

2010 ANNUAL REPORT AND ACCOUNTS

200
GEM YEARS



Diamond Bank

AS WE CELEBRATE

200

GEM YEARS
OF OUR EXISTENCE,
OUR PROMISE
IS AS INDESTRUCTIBLE AS OUR NAME;

TO CONTINUE TO DEMONSTRATE
OUR COMMITMENT TO
OUR CUSTOMERS,
OUR PEOPLE,
THE FINANCIAL COMMUNITY
AND ALL THOSE WHO BELIEVE
A BANK SHOULD
BE TRUSTWORTHY...

STRIVING TO
PROVIDE OUR CUSTOMERS WITH
SERVICE OFFERINGS OF UNEQUALLED
QUALITY AND CONVENIENCE.



2010
ANNUAL REPORT
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vision

A strong financial services institution with effective presence in Nigeria, Africa and indeed all the key financial centres of the world.

mission

To create a unique international bank focused on providing creative solutions to customers' business problems, with an absolute commitment to quality.



Our shared values and culture

We are a customer service oriented institution.

Our people, our community and the physical environment are the core constituents of our value system.

We seek to carve the image of a strong stakeholder and player in the national and global wealth creation process.

Our goal is to build a culture of excellence in collaboration with like-minded institutions and organizations in Nigeria and around the world.

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Key Milestones

- 1990 ▶ Diamond Bank Limited founded
- 1991 ▶ Diamond Bank formally opened for business
- 1992 ▶ Introduced Nigeria's pioneer virtual banking platform- The Diamond Integrated Banking Services (DIBS)
- 1996 ▶ Introduced the Diamond Savings Gold Card – availed customers access to their funds in any Diamond Bank branch nationwide.
▶ Introduced the Diamond Connect, which gave customers remote access to their accounts via personal computers.
▶ Introduced Nigeria's pioneer electronic purse product- the Diamond PayCard.
- 1999 ▶ Migrated to the FLEXCUBE banking application platform
▶ Introduced the Diamond Bank Dial Account, which provides customers access to their accounts through the telephone.
▶ Commenced the Annual Free Eye Surgical Expedition in Partnership with The Eye Foundation Hospital, Lagos.
▶ Introduced a code of conduct handbook which contains ethical principles and code of conduct for staff - an industry precedent.
- 2001 ▶ Established first overseas subsidiary, Diamond Bank S.S., in Cotonou, Benin Republic.
▶ Adoption of the universal banking structure.
- 2000 ▶ Joined the ATM Consortium (ATMC), giving customers access to ATMs nationwide
▶ Executed a successful Private Placement that shot up its capital base to N19 billion.
- 2005 ▶ Converted to a Public Limited Company (PLC) on February 28, 2005
▶ Listed on the Nigeria Stock Exchange (NSE) on May 27, 2005
▶ Acquire Lion Bank of Nigeria PLC - increased the branch network by 22, predominantly in the North
▶ Initial Public Offering of 1,000,000,000 Ordinary shares of 50 Kobo each N6.8 per share (Offer opened August 15 and closed September 12, 2005)
▶ Executed a re-branding of the Diamond Bank identity – November, 2005
- 2006 ▶ Got CBN's approval to continue banking business after successful consolidation
▶ Established Diamond Pension Fund Custodian Limited (Diamond PFC)
▶ Acquired ADIC Insurance Limited
▶ Entered into external reserves management agreement with Crown Agents Investment Management (CAIML)
- 2007 ▶ Acquired a mortgage company, rebranded Diamond Mortgages Limited.

Key Milestones

- ▶ Promoted Aspire Nigeria, along with Shell Nigeria and Grofin South Africa, in support of SMEs' growth in Nigeria.
- ▶ Upgraded banking IT platform from Flexcube 4.6 to 6.6 version.
- ▶ ACTIS-led equity investment of \$134m and strategic partnership in support of the Bank's growth plans.
- ▶ Won the "Best Bank in Merger & Acquisition" at the ThisDay Awards on February 24, 2007.
- ▶ Raised additional \$500m equity capital through Global Depository Receipts (GDR) offering.

2008

- ▶ Listed GDR on the Professional Securities Market (PSM) of London Stock Exchange (LSE) on January 10, 2008.
- ▶ Voted "Most Improved Bank of the Year" at the ThisDay Awards
- ▶ Launched Diamond Life Campaign, an integrated communication of all the Bank's products and services as Saving Money, Borrowing, Channels & Transactions, Living Life, and Doing Business.
- ▶ Bagged "Deal of the Year" award by the Trade Finance Magazine, London.
- ▶ Launched SavingsXtra Rewards Campaign
- ▶ Launched Diamond Visa Credit Card, the first 'Naira denominated Credit Card' in Nigeria

2009

- ▶ Voted "Nigeria's Bank of the Year" at the ThisDay Awards
- ▶ Gave away N50 million, the biggest prize money in Nigeria's history to a customer in the SavingsXtra Campaign.
- ▶ Appointed Primary Dealer of Federal Government Nigeria Bonds by the Debt Management Office (DMO).
- ▶ Introduced Salary 4life reward scheme where two winners in its monthly draw are placed on N100,000 salary for 20 years. The first of its kind in Sub-Saharan Africa

2010

- ▶ Inaugurated the Diamond Bank Award for Excellence in Financial Reporting
- ▶ Launched the Naija Diamonds Series in collaboration with Inspire Africa to celebrate the unsung heroes of Nigeria

20 years of service

OUR HISTORY IN BRIEF

Diamond Bank PLC began as a private limited liability company on March 21, 1991 (the company was incorporated on December 20, 1990). Ten years later, in February 2001, it became a universal Bank. In January 2005, following a highly successful Private Placement share offer which substantially raised the Bank's equity base, Diamond Bank became a Public Limited Company (PLC). In May 2005, the Bank was listed on The Nigerian Stock Exchange. In October 2005, the Bank acquired former Lion Bank of Nigeria Plc. It is on record that we are the first Bank under the consolidation regime that had the smoothest and seamless integration in the industry. In January 2008, Diamond Bank's \$500m Global Depository Receipts (GDRs) was listed on the Professional Securities Market of the London Stock Exchange, the first African bank to achieve this feat.

Today, Diamond Bank is one of the leading banks in Nigeria - respected for its excellent service delivery, driven by innovation and operating on the most advanced banking technology platform in the market. Diamond Bank has over the years leveraged on its underlying resilience to grow its asset base and to successfully retain its key business relationships. And like a diamond, our strength makes us even more valued and valuable.

ABOUT US

- ◆ One of Nigeria's leading banks with strong offerings in retail, corporate and public sector banking, as well as insurance, mortgage, pension fund administration and investment banking.
- ◆ We are in a strategic partnership with International Finance Corporation (IFC) who availed the Bank a \$20 million facility, dedicated specifically to support the growth of African Micro, Small and Medium Enterprises (AMSME) lending in the country.
- ◆ The first Nigerian bank to operate in the Francophone West Africa with strong presence in the Republic of Benin.

- ◆ Actis invested N17 billion in equity in Diamond Bank in 2007, a transaction adjudged as the largest single private equity investment made in Nigeria by foreign investors.
- ◆ In 2009, we were rated A- by Fitch, A+ by Agosto and A by GCR, reflecting the bank's sustainable liquidity, sound and professional practices and good standing as a high investment grade institution.
- ◆ 1st African company/Bank quoted on the Professional Securities Market of the London Stock Exchange.
- ◆ We set up a "\$30 million Aspire Nigeria Fund" in partnership with Shell BP, dedicated to boosting the growth and development of SMEs in Nigeria. The fund is managed by GroFin, a renowned firm in this regard.

RECOGNITION AND AWARDS

Over the years, Diamond Bank has enjoyed a wide recognition for its unflinching customer service delivery, excellent financial results, good governance, and prudent management.

- ◆ "Deal of the Year" 2008 award by a London based Trade Finance Magazine, an affiliate of Euromoney.
- ◆ "The Most Improved Bank of the Year" 2007- Thisday Annual Awards
- ◆ "Best Bank in Benin 2007"- the highest financial industry award in the Republic of Benin.
- ◆ "Nigeria's Bank of the Year" 2009 - Thisday Annual Awards

OUR OPERATIONAL PERFORMANCE

Diamond Bank has over the years leveraged on its underlying resilience to grow its asset base and to successfully retain its key business relationships. As at December 31, 2010, the Bank had

over 200 branches located in various cities and commercial centers in Nigeria and over 14 branches in the Benin Republic subsidiary.

In the same period, our balance sheet size stood at N774.8bn, while deposit base was N482.1bn. Total assets were about N650.8bn and Shareholders funds stood at N114.4bn.

At Diamond Bank, we strive to avail our clients a service offering of unequalled quality and convenience. We are reputed for providing solutions to customers through innovative products and exceptional service. We believe less in immediate gains and more in the long-term benefits of reshaping the financial services sector. Our investment in customer satisfaction has placed Diamond Bank in good stead - and our customer base continues to grow as significantly as our reputation.

In doing this, we have developed four special business units to provide services to our different market segments- Business Banking (developed to cater for the banking needs of the middle markets, small and medium scale entrepreneurs etc), Corporate Banking (provides services to multi-nationals and big corporations in oil and gas, power generation, maritime, hospitality, aviation, telecommunication etc.) Retail Banking (provides solutions to customers through innovative products and exceptional service) and Public Sector (structured to deal with the three tiers of government, its agencies and parastatals).

SME BUSINESS DEVELOPMENT

Diamond Bank is in the league of top providers of financial services to small, medium and middle market enterprises.

In 2009, we further intensified our determination to continuously support the real sector of the economy in line with our Small and Medium Enterprises (SMEs) model. This is in recognition of the fact that the sector is the base on which the future growth and development of the nation depends. Building on some of the SME initiatives, we undertook last financial year to give life to businesses by providing the platform for easy access not just to capital but also in the area of capacity building, we further built more alliances with reputable international agencies.

We entered into a strategic partnership with International Finance Corporation (IFC), an arm of the World Bank that availed Diamond Bank a \$20 million facility, dedicated specifically to support the growth of African Micro, Small and Medium

Enterprises (AMSME) lending in the country. IFC also provided help in the area of building platform to accelerate the rate at which the Bank provides effective and efficient banking services to MSMEs.

The Corporation also seconded a Resident Expert with extensive international experience in MSME funding to the Bank for two years. During his stay in the bank, he initiated and developed new products, operational and risk management frameworks for the Bank's MSME in particular and contributed to our retail banking business in general. Clearly, we are determined to continue our support for the growth and development of the real sector, in concrete terms, in the years ahead.

NETWORK EXPANSION

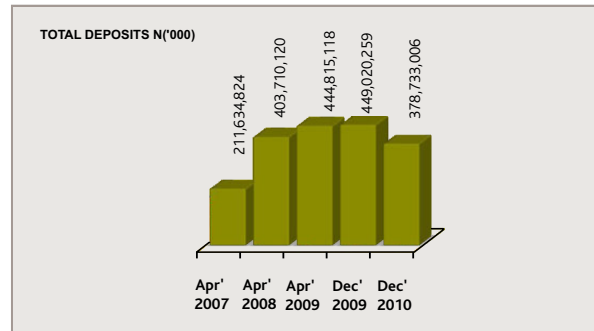
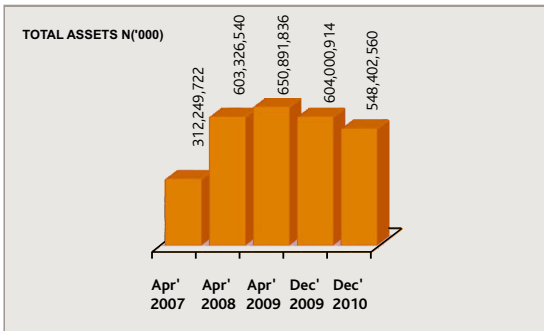
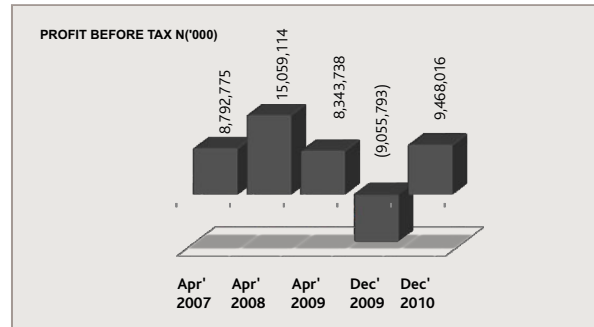
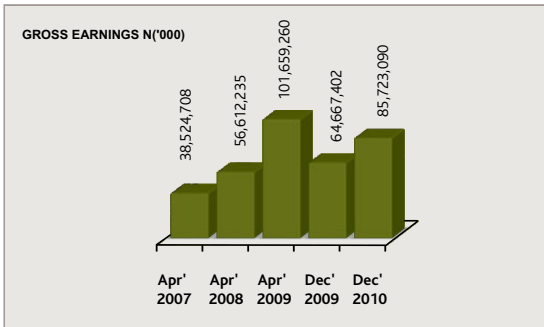
In line with our retail banking strategy of bringing banking convenience to our existing and potential customers, we are expanding our branch network very rapidly. This will also further our developmental goal of bringing the largely un-banked population into the mainstream banking.

Beyond expanding our networks through "bricks and mortar" in our quest to capture the growing retail wave in the country, we are also leveraging on our robust technology to further deploy e-banking solutions to reach out to more customers. We increased the number of ATMs in our locations from 201 to 236 in addition to being a member of the ATM Consortium that have ATMs in strategic locations outside bank premises. Our POS terminals also increased from 148 to over 300 while the number of Diamond Bank cards in circulation rose significantly during the year. The phenomenal growth in our card and alternative channel services have resulted in queues disappearing from our banking halls, thereby contributing to our customers overall satisfaction.

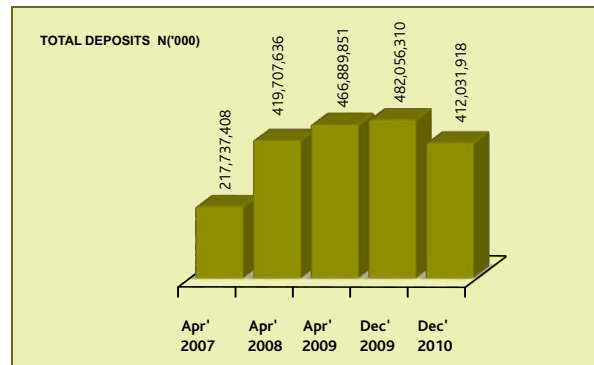
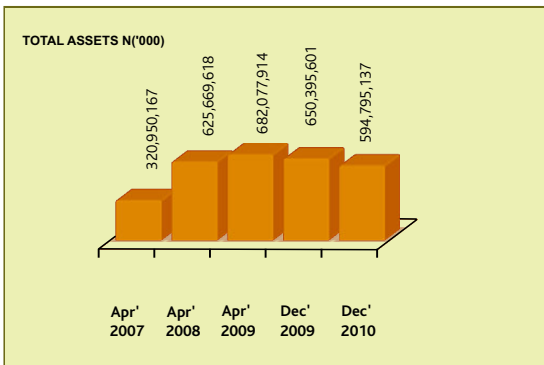
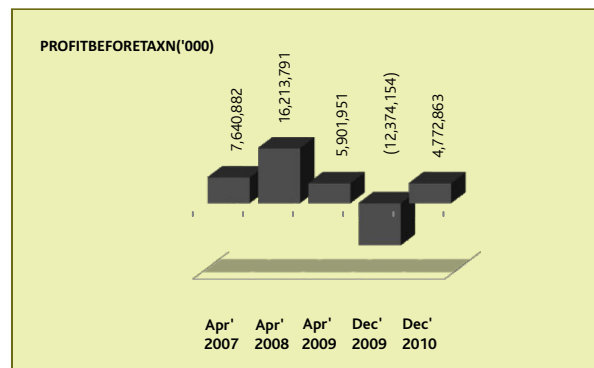
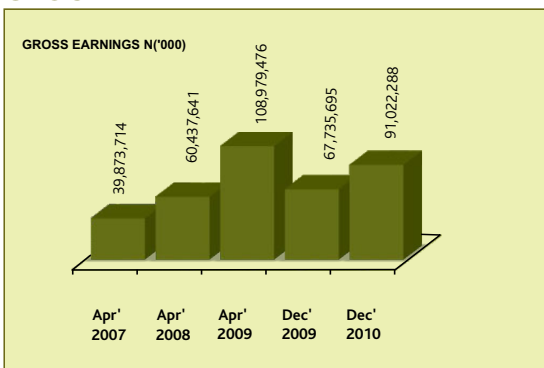
In late 2008, Diamond Bank launched a new range of Visa branded credit cards that are the first naira denominated internationally functional Visa cards, which are accepted at 29 million merchant locations and 1.2 million ATMs both locally and abroad to transact in the Nigerian currency. The product range includes a Classic, Gold and Platinum card that will employ the global standard Europay MasterCard Visa (EMV) application to ensure the cards work at all Visa merchants. As the first naira denominated internationally functional Visa credit card, Nigerians travelling abroad will now be billed in naira rather than US dollars.

Result At A Glance

BANK



GROUP



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of **DIAMOND BANK PLC** will be held on Friday, the 29th day of April 2011 at The Civic Centre, Ozumba Mbadiwe Avenue, Victoria Island, Lagos State, Nigeria at **10:00am prompt** to transact the following business:

AGENDA

Ordinary Business

1. To receive the Report of the Directors, the Audited Financial Statements for the period ended December 31, 2010, and the Reports of the Auditors and Audit Committee thereon
2. To declare a dividend
3. To elect/re-elect Directors
4. To authorise Directors to fix the remuneration of the Auditors
5. To elect the members of the Audit Committee.

Dated this 31st day of March 2011

BY ORDER OF THE BOARD



Nkechi Nwosu
Company Secretary

Notes

1. Proxy

A member of the Company entitled to attend and vote at any Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar of the Company, Diamond Registrars Limited, 59, Ogunlana Drive, Surulere, Lagos State not less than 48 hours before the time fixed for the meeting.

2. Dividend

If the proposed dividend of 15 kobo per share is approved, the Dividend Warrants will be posted on Tuesday, May 03, 2011 to members whose names appear in the Register of members at the close of business on Tuesday, April 19, 2011.

3. Closure of Register

The Register of Members will be closed from April 20, 2011 to April 21, 2011 (both days inclusive) to enable the Registrar

Notice of Annual General Meeting

make necessary preparations for the payment of dividend.

4. Election & Re-election of Directors

In accordance with the provisions of the Articles of Association, HRM. Igwe Alfred Nnaemeka Achebe, Mazi Clement Owunna and Mr. Simon Harford retire by rotation and being eligible, offer themselves for re-election. The appointments of Mr. Ian Greenstreet, Mrs. Omobola Johnson, Ms. Ngozi Edozien, Mr. Benson Adenuga (Alternate to Mr. Simon Harford) as non executive directors and Dr. Alex Otti, Mr. Victor Ezenwoko and Mr. Abdulrahman Yinusa as executive directors are also being tabled for your approval.

5. To elect the members of Audit Committee

In accordance with Section 359 (5) of the Companies and Allied Matters Act, 1990, any shareholder may nominate another shareholder for appointment to the audit committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the Annual General Meeting. The Central Bank of Nigeria's Code of Corporate Governance has indicated that some of the members of the Audit Committee should be knowledgeable in internal control processes. We would therefore request that nominations be accompanied by a copy of the nominees's curriculum vitae.





Chairman's Statement

Chairman's Statement

Distinguished stakeholders, Ladies and Gentlemen.

As we mark our 20th anniversary of banking excellence, it is with great pleasure that I welcome you all to this Annual General Meeting (AGM) of our great Bank. Indeed, we have cause to be cheerful given that our Bank survived the impacts of the recent global economic downturn on the Nigerian economy and the banking industry. The economic crisis put corporate performance under severe pressure in 2008/2009. Consequently, a lot of organizations recorded unprecedented losses in 2009, our Bank inclusive.

During last year's AGM, I alluded to the effectiveness of our strategy in returning the Bank to profitability. I am happy to confirm that the key actions we took in 2010 financial year were fruitful. Your Bank returned to profitability and you should expect steady growth in the years ahead. This will be supported by the Board's and Management's sustained focus on strategic initiatives to enhance the future resilience of the Bank, irrespective of the fluctuation in the economy.

Before I present the Group's financial scorecard, I would like to share with you our perspective on the macro-economic scenario which had a bearing on the Bank's performance in 2010.

ECONOMIC AND BANKING SCENARIO

Global Economy: Uneven recovery pace

In 2010, the global economic recovery progressed better than expected, but with varying degrees in different economies. The positive performance of the world economy in the first half of 2010 decelerated in the second half of the year. Growth was uneven as emerging economies picked-up significantly compared with the advanced economies. According to the International Monetary Fund (IMF), year on year change of global output for 2010 was about 5.0 percent - 3.0 percent for advanced economies and 7.1 percent for emerging economies. This development was largely driven by huge inventory accumulation, fiscal stimulus measures, remarkable consumption and improved investments.

Global financial conditions improved in the second half of 2010. At some point, equity markets spiked, risk spreads were tightened, and banks became less risk averse particularly in major advanced economies. But, as if the storm was yet to be over, financial turbulence reemerged at the periphery of the Euro area in the last quarter of 2010. Funding pressure also reappeared, but its spillover to other countries was curtailed. However, the consequences of capital inflow to the emerging economies particularly Sub-Saharan Africa, began to have an overheating effect.

The current economic situation and, in particular, the short-term outlook are still affected by major uncertainties. The international financial markets are also faced with a multitude of proposals and ideas, sometimes conflicting, on how to reform the global financial system and make it more resilient. The uncoordinated approach of individual countries in some areas is also a cause for concern. Fragmentation could lead to regulatory arbitrage and distort competition, while excessive burdens on financial market players could have an undesirable effect on the real economy.

Another cause for worry is the recent political unrest in the Middle East and North African (MENA) countries which was sparked mainly by economic issues, such as high income inequality, growing unemployment and high inflation rates. The crisis which started in Tunisia has resulted in the change of government in that country and in Egypt. The spread of the unrest to Libya, the first major crude oil exporter affected by the crisis, unsettled the international crude oil markets with oil prices rising above \$100 per barrel. If the crisis is prolonged and spreads to other major oil exporting countries in the area, the impact could be damaging to the fragile global economic recovery.

Overall, the World Bank noted that growth in both high-income and developing countries is expected to slow somewhat in 2011, initially reflecting the easing already observed in the second half of 2010, before picking up again toward mid-2011. The developments in the MENA countries may further dampen growth in the second half of the year.

Chairman's Statement

The Domestic Economy: Sustaining recovery despite challenges

Emerging data shows that Nigeria weathered not only the global economic recession, but also the challenges of the domestic banking crisis. The National Bureau of Statistics (NBS) indicated that real Gross Domestic Product (GDP) growth for 2010 was about 7.8 percent compared to 6.9 percent in 2009. The non-oil sector remained the major driver of overall growth, with agriculture, wholesale and retail trade, and services contributing 2.4 percent, 2.0 percent and 2.1 percent respectively.

The year-on-year headline inflation declined during most of 2010, to 11.8 percent in December from 15.6 percent in February. However, the single digit benchmark was not achieved partly as a combined result of global commodity price recovery and liquidity injection. Inflationary risks were high especially in the face of heightened expectations of government spending in the run up to the April 2011 elections, likely impact of public sector wage increase, Asset Management Company's (AMCON) purchases of banks' toxic assets, as well as rising global energy and food prices. These expectations reinforced the Central Bank of Nigeria's (CBN) monetary policy tightening towards the end of 2010.

On the part of the financial market, the Naira depreciated moderately and the external reserve fell. Naira/Dollar exchange rate depreciated to N150.66/US\$ by December 2010 from N149.6/US\$ at end-2009. However, the exchange rate was well within the +/- 3percent target range. External reserves stood at US\$32.4 billion as at end-December 2010, representing a drop of 23.7percent, compared with US\$42.41bn as at December 31, 2009. Although retail lending rates remained relatively high, the average maximum lending rate declined from 23.2 percent in January 2010 to 21.9 percent in December 2010. The average prime lending rate also declined from 18.4 percent in January to 15.7 percent in December 2010.

The domestic capital market recovered significantly in 2010, after the decline associated with the global financial and economic crises in 2008/2009. The All-Share Index (ASI) rose from 20,827.17 points at end-December 2009 to 24, 770.52 points at end-December 2010, representing a growth of 18.9 percent. Market Capitalization rose from N4.98 trillion at end-December 2009 to N7.91 trillion at end-December 2010,

representing a growth of 58.8 percent as a result of both price gains and new listings.

Against the above backdrop, and given the policy changes that characterized the banking industry through most of 2010, credit to the real sector declined. Growth in aggregate net credit to the domestic economy (net) was at 6.13 percent in 2010 compared with 59.6 percent recorded in the corresponding period of 2009. However, aggregate credit to the Federal and State/Local governments grew by 67.8 percent and 19.2 percent, respectively, while credit to the private sector contracted by 4.9 percent in contrast to the indicative benchmark growth of 31.5 percent for 2010. In effect, government borrowing crowded out private sector credit in the year under review. In the light of the effect of the 2008/2009 economic downturn on the balance sheets of banks and the continuous existence of numerous externalities capable of spurring higher credit defaults, banks adopted a measured approach to lending, which depressed revenue.

Looking ahead, we hope to consolidate on our 2010 performance by leveraging emerging opportunities, particularly the government's plans to focus on critical infrastructures like transport and power. We expect these to rejuvenate growth in the economy significantly. We equally hope to continue to extend credit to the real sector.

Banking Industry: Improving performance and corporate governance

In 2010 financial year, the economy witnessed a gradual return to recovery following global economic downturn of 2008 and 2009. Regulatory bodies rolled out measures, both fiscal and monetary, to address issues relating to how to return banks to lending, strengthen corporate governance including effective risk management, and ultimately enhance the performance of banks.

The volatility and uncertainty in global financial markets notwithstanding, most banks including some under CBN administration returned to profitability from the turbulent times in the preceding year. Data from the CBN shows that the total assets of the banking industry in December 2010 stood at N18. 4 trillion, a growth of 4.9 percent from N17.5 trillion in December 2009. As part of the actions taken by CBN to restore

Chairman's Statement

banking stability and support lending to the real sector, the apex bank made N500 billion intervention funds available to banks for on-lending to stimulate long term credit to both the power and manufacturing sectors. Similarly, the CBN set up a N200 billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) with a view to promoting access to credit by manufacturers and SMEs in Nigeria.

The CBN also extended guarantees for all inter-bank transactions, foreign credit lines and pension funds placements with banks up till June 30, 2011. This seeks to boost the confidence of investors and the banking public through the process of recapitalisation of the rescued banks. Inter-bank rate and other key money market rates moderated significantly compared to the pre-reform period. The consolidated deposit rate initially declined from 6.1 percent in January to 2.1 percent in September 2010 but rose marginally to 2.2 percent in December.

Entrenching good corporate governance in the industry took centre stage as the CBN enforced a 10-year term for banks' external auditors, 12-year tenure limit for non-executive directors, comprising three terms of four years each, and 10-year tenure for CEOs, comprising two terms of five years each. To address concerns over disclosure, enhance transparency and ensure standardization in financial reporting, the CBN also released guidelines on the minimum information to be disclosed by banks and discount houses in annual financial statements. It is interesting to note that our erstwhile reporting format complied substantially with the minimum requirement as we had earlier stepped up our level of disclosures ahead of the industry.

During the period, the CBN also released new prudential guidelines for banks towards strengthening risk management. The guidelines revised the single obligor limit downward from 25.0 percent to 20.0 percent of shareholders' funds. In the area of credit concentration, banks are expected to put in place effective internal policies, systems and controls to identify, measure, monitor, and control their credit risk concentrations. The policies should cover the different forms of credit risk concentrations to which a bank may be exposed, including significant exposures to an individual counterparty or group of related counterparties, and credit exposures to counterparty in the same industry, economic sector or geographic region.

In December 2010, the Asset Management Company of Nigeria (AMCON) issued N1.036 trillion zero coupon initial consideration bond due end-December 2013 for the purchase of eligible bank assets of 21 out of 24 banks in the country. This gesture is in line with its timeline of absorbing all the non-performing loans from 9 rescued banks and the margin loans of the non-intervened banks at the end of 2010. AMCON plans to purchase the other non-performing loans of the non-intervened banks in 2011. It is expected that these transfers of non-performing loans will help the banking industry return to lending, set in positive trend in the stocks market prices and assist rescued banks in dealing with their asset quality and recapitalization issues.

Overall, the banking industry in 2009/2010 witnessed an array of regulatory interventions, whose effects on the structure of the industry are yet to fully play out. 2011 therefore remains a year of transition for the industry. The number of players is expected to shrink when the process of recapitalizing the intervened banks is concluded. Late 2010, the apex bank released rules and guidelines for terminating Universal Banking regime and reclassifying banks into commercial (with regional, national or international authorization), merchant or specialized banks (i.e. primary mortgage institutions and non-interest bearing banks). In compliance with the new banking regime, each bank is required to divest from its subsidiaries in non-banking financial services and apply for its preferred banking license. All these developments present challenges as well as opportunities for us as stakeholders in the industry.

FINANCIAL PERFORMANCE

On behalf of my fellow Directors, I place before you the results of your Bank and the Group for the fiscal year ended December 31, 2010.

The Bank recorded a Profit Before Tax (PBT) of N9.5 billion for the year compared to the loss before tax of N9.0 billion for the 8-month financial year ended December 31, 2009. This improved performance was as a result of the significant increase in our interest margin and the gains from the initiatives that were implemented to improve operating efficiency and organizational productivity. The Bank's focus on its retail banking strategy over the years is paying off with significant

Chairman's Statement

improvement of the balance sheet through low-cost deposits, thus improving the net interest margin. The risk-adjusted returns on retail assets have also been very encouraging. The Bank's ratio of operating expenses to operating income improved from 68.1 percent recorded in 2009 to 62.6 percent in 2010. The Bank had focused on implementing cost effective business structures and processes which has culminated in more efficient staffing and operating model. The impact of these measures has resulted in improved efficiency.

At the Group level, the Bank's profit was eroded largely by the losses in Diamond Capital Group (our capital market/investment banking subsidiary) and Diamond Mortgages. Consequently, the Group's PBT was N4.8 billion compared to a loss before tax of N12.4 billion for the 8-month financial year ended December 31, 2009.

The Group's balance sheet size (inclusive of contingents) stood at N837.9 billion at 31 December 2010, against N774.7 billion the year prior, representing a growth of N63.2 billion, or 8.2 percent. However, total assets as at 31st December 2010 stood at N598.0 billion representing a drop of N52.7 billion or 8.1 percent when compared to N650.8 billion recorded in December 2009. This was mainly due to the decrease of N70.1 billion, or 14.5 percent, in the Group's total deposit liabilities in both local and foreign currency from N482.1 billion at 31st December 2009 to N412.0 billion at 31st December 2010. During the same period, the Group's average deposit mix showed remarkable improvement with low-cost deposits to total deposits ratio moving up to 73.2 percent as at 31st December 2010 compared to 51.2 percent as at 31st December 2009.

Taking into account the vigorous implementation of our risk management and other business transformation initiatives, I have no doubt that our Bank is set on steady and sustainable profit path. The current implementation of 2010 shareholders' resolution for the Bank to divest from non-bank subsidiaries or combine the relevant activities with its operations will enable the Bank focus on the areas of its core competence. Considering the steps taken in the last two years to optimize the business, I sincerely believe that your Bank is now well positioned to conclude the clean-up of the legacy loan losses in the 2011 Financial Year and move progressively to becoming one of the top Nigerian banks in terms of ROE, and the champion in customer experience and operational efficiency.

DIVIDEND PAYMENT

Your Bank has a dividend policy that balances the dual objectives of appropriately rewarding shareholders through dividends and reinvesting profit to support future growth. Consistent with this policy and in recognition of the Bank's overall performance, your directors are pleased to recommend a dividend of 15 kobo per share for the financial year ended December 31, 2010. This decision was taken in order to appreciate our shareholders for their patience, commitment and support especially in 2009 when the Bank could not pay any dividend.

We have every reason to look forward to better returns on our investment after the clean-up exercise in 2011 as our Bank continues on the path of profitability and commitment to adequate return on investment for all our shareholders.

DIVESTMENT FROM SUBSIDIARIES

Currently, your Bank has four non-bank subsidiaries and one bank subsidiary. The bank subsidiary is Diamond Bank Benin while the non-bank subsidiaries are ADIC Insurance Limited, Diamond Capital & Financial Markets Limited (with Diamond Securities Limited and Diamond Registrars Limited as its own subsidiaries), Diamond Pension Fund Custodian Limited and Diamond Mortgages Limited.

You will recall shareholders' approval, at the June 2010 AGM, for the Bank to enter into business combination with, or transfer, assign or otherwise dispose its shareholding in any of its subsidiaries as may be determined by the Board of Directors. Coincidentally, the CBN in second half of 2010 directed all banks to divest from all its non-bank subsidiaries following the review of the Universal Banking Model. The Board of Directors of your Bank, after due consideration and analysis, approved the Bank's plans to divest from its non-bank subsidiaries and focus on International Commercial Banking.

The Board's decision was based on the primary objective of allowing the Bank to concentrate on its core banking business in the new regulatory environment, drive operational efficiency, provide unique customer services and ensure improved shareholders' value in the short to medium term. By the

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approved divestment plan, the transition to Commercial Banking with international authorisation will be completed by the end of third quarter of this year.

CORPORATE GOVERNANCE

In keeping with the commitment of the Board to the highest standards of Corporate Governance and Risk Management, I am happy to inform you that our Bank has completed the implementation of a number of initiatives to enhance the Bank's Enterprise Risk Management Framework.

A new economic model has been developed in the Bank to assess the volatility associated with all the risks facing the Bank and also provide a measure of how much capital is needed against potential shocks. The Bank has also implemented portfolio planning that recognizes relative threats and opportunities in the various economic sectors. At the micro level, a new Corporate Master Rating Framework has been developed which ensures that the rating of each obligor is mapped to the probability of default.

The Bank's risk appetite criteria which are based on capital adequacy, stable profitability and growth, liquidity, and strategic focus were approved by the Bank's Board of Directors in 2010. Compliance with the risk appetite is currently being monitored by the Management and Board through monthly risk dashboard report, which is also useful for making informed decisions on managing all major risks facing the Bank.

These world-class risk management initiatives exceed the specific areas of concern to the CBN in its new prudential guidelines of 2010. I am confident that the rigorous implementation of these initiatives and enhancements will significantly bring down the cost of risk and keep the Bank resilient in future economic and financial crises.

BOARD CHANGES

Two independent directors were appointed during the year. They are Mrs. Omobola Johnson and Mr. Ian Greenstreet. These appointments are in line with the CBN's Code of Corporate Governance for the banking industry. Mrs. Johnson was until recently the Country Managing Director of Accenture in Nigeria

and the first woman to hold that position. She is vastly experienced in enterprise transformation, strategy development, process re-engineering, HR transformation, technology developments and change and programme management.

Mr. Ian Greenstreet is one of the world's best risk management professionals. He is a chartered accountant and his career spans over 25 years in the financial sector, specialising in risk management and credit analysis. He also has in-depth understanding of wholesale banks' products and project finance.

In addition, three other directors were appointed in 2010 and early 2011. They are Ms. Ngozi Edozien (Non-Executive Director), Mr. Victor Ezenwoko (Executive Director) and Mr. Abdulrahman Yinusa (Executive Director/CFO). Ms Edozien is the CEO of Actis West Africa responsible for all aspects of Actis private equity business in West Africa, including investment in Diamond Bank. She brings on board extensive experience in investment banking, strategy and business development as well as a keen understanding of global businesses and operational management in Africa gained from world class institutions.

Until his appointment, Victor Ezenwoko was Head, Regional Business Upcountry, a position he attained in 2008. Since he joined the Bank, he has worked in virtually every part of the country and his performance over the years justifies his elevation to the Board.

Mr. Abdulrahman Yinusa who was appointed to the Board in February 2011, joined us from Finbank Plc where he was the Executive Director Finance and Strategy since 2009. Before his secondment by CBN to Finbank, he was Managing Director/CEO of UBA Sierra Leone a position he assumed in 2008. He comes on board with over 21 years of varied banking experience.

These appointments reflect Diamond Bank's commitment to attracting seasoned and tested professionals of integrity and diverse backgrounds into its Board. I have no doubt that the new directors will contribute invaluablely to the Board's leadership of your Bank in the face of challenges ahead. On behalf of the Board of Directors and shareholders of our Bank, I welcome and congratulate all the new directors.

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I would also like to thank the other directors for their service, support and guidance. As always, I have confidence in our continued commitment to our Bank's success.

CHANGE OF LEADERSHIP

I wish to announce the retirement of Emeka Onwuka in April 2011 after nineteen years of dedicated service to our great Bank and the end of his second term as Group Managing Director/CEO. I take this opportunity to express our profound gratitude to him for his track record of contributions to the growth and development of the Bank during his service.

Under Emeka's leadership, the Bank recorded a number of milestones which include private placement in 2004 through which we successfully raised significant capital, listing on the Nigerian Stock Exchange (NSE) and Initial Public Offering in 2005, acquisition of Lion Bank Plc and its seamless integration into the Bank in 2005, strategic equity partnership with Actis, Global Depository Receipts (GDR) offering in December 2007, and listing on the Professional Securities Market of the London Stock Exchange (LSE) in January 2008. During this period, the Bank's branch network increased to 210 branches from 75 in 2005 while the balance sheet size rose to N710billion from N170billion. He also successfully led the diversification of the Bank's business through the acquisition or establishment of subsidiaries in insurance, pensions fund custodian, mortgage finance and investment banking businesses. Please join me in wishing him the very best in his future endeavors.

I am delighted to announce the appointment of Dr. Alex Otti as the new Group Managing Director/CEO of Diamond Bank effective March 1, 2011. Alex Otti was an Executive Director in First Bank of Nigeria Plc before this appointment. His earlier banking career spans Operations, Treasury and Financial Services, and Corporate Banking including the development of the Oil and Gas business at various times in Nigeria International Bank Limited (Citibank) and United Bank for Africa Plc.

Alex comes highly recommended and the Board looks forward to working with him as the Bank seeks to pursue its growth ambitions and enhance shareholder returns. We hope that he

will take the Bank to the next level of leadership in the industry as the Bank continues to deliver on its commitment to provide creative solutions to customers' business problems with an absolute commitment to quality.

A STRONG WORKFORCE

The core of our banking heritage remains our people. Our people are our best asset in enabling the Group to deliver its corporate objectives. This is the secret of our success. On behalf of the Board of Directors, I would like to thank all our people including the management team for their expertise and professionalism in returning the Bank to profitability in record time and also for providing the good services to our esteemed and growing clientele base. That our Bank remains resilient, despite the turbulence of the last two years, is a result of the dedication and commitment of our staff. The Board's interest in the welfare, growth and development of the entire workforce will remain top priority in the days ahead.

In addition, the Board is committed to strengthening the performance-driven culture within the Bank. Accordingly, we approved a new performance management system for all staff in 2010 to ensure that their goals are aligned and consistent with the Bank's long term corporate objectives. We are also committed to making Diamond Bank not only the employer of choice by creating an environment where all staff are able to excel and achieve their full potential.

THE ROAD AHEAD

Expectations for 2011 are hinged on an understanding of the dual rates of growth observed in 2010, where recoveries in advanced economies lagged those in emerging economies. Within this context, we expect growth in the advanced markets to be moderate while emerging markets are expected to continue with their robust growth. Specifically, world economy is forecast to grow at 3.8 percent in 2011, championed by the implementation of further stimuli, while Sub-Saharan Africa is projected to grow at roughly over 5.0 percent.

The Nigerian economy is likely to continue to grow by

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around 7.5 percent in 2011. Investment and capacity expansion will be a crucial link in driving the recovery forward. Buoyant domestic demand should help the economy absorb the impacts from rising interest rates and inflation. With capital expenditure and infrastructure spending likely to improve after the 2011 elections, the ongoing recovery will be sustained, and should translate into stronger growth prospects for the banking sector.

At the same time, we expect that the recent challenges facing the banking industry in terms of risk asset quality, high cost of doing business and recapitalization of the rescued banks will continue well into 2011. Nevertheless, the Board is committed to guiding the Bank safely through the uncertainties that lie ahead. The Bank intends to capitalize on its strengths to take advantage of the opportunities that will emerge in the short to medium term in order to justify the trust of its stakeholders.

APPRECIATION

Finally, I thank all our customers for their continued patronage and unwavering support even during the trying periods. We will intensify our efforts towards building an enduring brand that is highly valued across all our markets.

Let me also use this opportunity to express gratitude to our regulatory bodies, especially the CBN and NDIC, for their valuable support and guidance. My sincere appreciation also goes to all other stakeholders, including NSE, SEC and EFCC for their continued support.

To our esteemed shareholders, I say thank you for your patience, confidence and faith. We will work assiduously not to disappoint you.

Thank you all for your attention and I look forward to having you with us in 2011.



HRM, Nnaemeka Alfred Ugochukwu Achebe,
Obi of Onitsha
Chairman



Group Chief Executive Officer's review

Group Chief Executive Officer's Review

Accelerating on the path of sustainable growth

Distinguished stakeholders, I thank you all for joining us at this special 20th anniversary AGM of our great Bank. Indeed I am honoured by the opportunity to present the overview of the Bank's operation for the last financial year ended December 31st 2010.

As you may be aware, I assumed duty as the Bank's Group Managing Director/Chief Executive Officer on March 1 this year – just at the end of the Bank's 20th year in operation. Consequently, this report covers a period when my predecessor was still at the helm of affairs of the Bank. Permit me therefore to first pay tribute to Emeka Onwuka for his contribution to the growth of the Bank. I wish him the best in his future endeavours.

Despite the challenging marketplace of 2010, an intense customer-focused approach to business development combined with disciplined planning, prioritizing of resource utilization and dedicated execution of our robust policies enabled the Bank to return to some modest profitability after the less than impressive performance of 2009. The specific measures introduced towards strengthening the Bank's position included limiting capital expenditure to the development of high-growth market segments, aggressively mobilizing low-cost deposits, deepening our risk management capabilities as well as improving organizational productivity and efficiency amongst others.

During the period, the Bank's Management took prudent measures to protect the assets of the Group with a view to ensuring long term stability and growth. Further to its mission statement, especially as it relates to innovativeness and service quality, the Bank's performance was consistently benchmarked against international standards and best practices, in terms of product offerings, technology deployment, service levels, risk management and compliance.

PERFORMANCE

Amidst the challenging economic environment in 2010, your Bank was able to achieve respectable financial results and took major steps to accelerate growth, improve business efficiency and focus activities more on satisfying the needs of our growing customer base. Diamond Bank Group recorded Profit Before Tax (PBT) of N4.8 billion for the full financial year ended December 31, 2010 from a loss position of N12.4 billion for the 8-month financial year ended December 31, 2009. The improvement in the Group's profitability was due to the impact of the Bank's performance – Diamond Bank Nigeria, which accounted for over 90 percent of the Group's activities.

Although the Bank's gross earnings for the financial year under review dropped by 11.6 percent annualized to N85.7 billion from N64.7 billion for the 8-month previous financial year, the operating income increased by 16.5 percent to N70.3 billion. While the drop in gross earnings resulted from the deliberate reduction in lending activities, the increase in operating income was by reason of 32.5 percent rise in net interest income.

Significant savings in interest expense impacted positively on the net interest margin which improved from 7.4 percent in 2009 to 9.7 percent in 2010. During the year, the Management took a deliberate decision to improve the efficiency of the balance sheet, thereby improving the net interest margin. On the other hand, non-interest income dropped by 9.0 percent to N21.1 billion due mainly to low lending activities.

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Given relative stability in operating expenses, the Bank's Profit Before Tax (PBT) was N9.5 billion, representing a significant turnaround compared to a loss of N9.0 billion for the previous 8-month period. The ratio of operating expenses to operating income improved from 68.1 percent recorded in 2009 to 61.4 percent in 2010. The Bank had focused on implementing cost effective business structures and processes which has culminated in improved efficiency in the utilization of resources and improved staff productivity.

The Bank's balance sheet size as at 31st December 2010 stood at N703.8 billion (inclusive of contingents), representing a marginal growth of 6.8 percent during the year. The growth in balance sheet size was as a result of the increase in off-balance sheet items as total assets recorded a net drop of 9.2 percent to close at N548.4 billion from N604.0 billion in December 2009. The drop in total assets was principally due to the drop of 15.7 percent in total deposit liabilities from N449.0 billion as at December 31, 2009 to N378.7 billion as at December 31, 2010. This was a result of the resolve to focus on growing low-cost deposits and discourage high cost funds. Thus, the average deposit mix for the year improved remarkably, with low-cost deposits to total deposits ratio rising to 74.1 percent from 49.6 percent in 2009. In view of the need for a cautious approach to risk asset creation, the Bank's liquidity ratio remained high throughout the year - closing at 41.5 percent, well above the minimum statutory requirement of 25 percent at that time.

The operations of some of our subsidiaries during the year under review resulted in value destruction as their losses outweighed the profit performance of the others such that the collective performance amounted to a loss before tax of N4.7 billion. The highest loss before tax of N4.9 billion was recorded by Diamond Capital & Financial Markets Limited due principally to between 50 percent and 100 percent provision for diminution in value of some of the company's principal investments. Diamond Mortgages Limited had a loss before tax of N737.8 million attributable to the impact of the interest cost of borrowings to finance mortgage assets which the company was unable to sell down before

the end of the financial year. Diamond Securities Limited and Diamond Registrars Limited suffered losses before tax of N306.4 million and N78.5 million respectively due to low volume of business.

On the other hand, ADIC Insurance made a Profit before tax of N413.7 million against a loss of N695 million recorded in 2009. The significant improvement in profitability, despite the drop in gross premium, was due to a reduction in claims incurred, significant savings in operating expenses and reduction in loan loss expenses. Diamond Bank Benin S.A. achieved a net profit before tax of N406.0 million from N457 million recorded in 2009 while Diamond Pension Fund Custodian recorded a profit before tax of N97.9 million.

Following the review of the operations of our subsidiaries and in line with the resolution passed by shareholders at the last AGM, the Board of Directors has taken a decision to divest from the non-bank subsidiaries, with the exception of Diamond Mortgages whose operations are being integrated into the Bank. This decision also aligns with the implementation of the new banking regime introduced by the Central Bank of Nigeria (CBN) late last year. The new regime replaces universal banking model with commercial banking (with regional, national and international authorization), merchant banking, mortgage banking and non-interest banking licenses. The effective date for the commencement of the new banking regime is April 3, 2012. By our plan, we should complete the divestment process by this year-end and subsequently, the Bank will focus on its core business by adopting the International Commercial Banking model.

BUSINESS STRATEGY

Up until the climax of the 2008/2009 crisis, many of the industry professionals' collective business judgments missed the target. However, we believe strongly that the changes being made in the Bank since 2009 will put us in a much better position to anticipate and respond to macroeconomic risks in the future. Accordingly, we have re-worked our strategy and put in place a robust framework that will enable the Bank move swiftly to the next level of

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leadership in the banking industry.

Going forward and as part of our market tactics, we are poised to consistently deliver market-beating customer experience, engage in superior deployment of resources including capital, and utilize technological capabilities as an effective business enabler in all its ramifications. The purpose is to drive organic profit growth optimization. We are building a springboard for the Bank to move into a consistent top-5 industry position in terms of returns on equity through a rigorous implementation of our organizational productivity and efficiency improvement initiatives. Our increased business focus on the retail segment to capture the skewed growth potential has proved to be very supportive of our tactics and goal.

Our business strategy emphasizes leveraging our technology platform and opening scalable systems as well as investing in our capabilities to deliver superior customer service, enhance operating cost control, and maintain high standards for asset quality through disciplined credit risk management. We have indeed institutionalized our enterprise risk management framework with a new approach to risk management which, we believe, will bring consistency and predictability to our earnings in 2011 and beyond. In short, we are combining our heritage of ingenuity with an emerging culture based on focus and discipline, consistent execution and sustained intensity to serve customers better in order to guarantee strong and sustainable growth in shareholder value.

BUSINESS DEVELOPMENT

In 2010, our business development activities were geared towards building a sound customer franchise across our operating landscape so as to be a preferred provider of banking solutions for target retail and wholesale customer segments consistent with the Bank's risk appetite, and to achieve a healthy growth in profitability. Indeed, we remained steadfast in doing this while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

Retail Banking

Retail Banking encompasses consumer banking and the lower end of business banking (MSME). We have moved boldly in recent years to put our strengths to work as we reorganized our Bank to focus more on growing our increasing share of retail businesses by executing our clear and consistent retail banking strategy. We leveraged our range of value-adding products and services and distribution network to grow our retail business in 2010. Our competitive advantage is our ability to serve our clients' evolving needs through our broad range of products and services, delivered by dedicated retail banking experts.

2010 was an excellent year for Retail Banking in the Bank as we cemented our position as the leading and most innovative retail bank in the country. Retail deposit balances continued the stellar growth seen in previous periods, growing from N110 billion to over N176 billion – 60 percent growth. At the same time, the dependence on more expensive term deposits dropped from 30 percent of the portfolio to less than 10 percent. Retail lending also grew significantly in the year, from under N10 billion to over N27 billion. The growth was well spread across all products ranging from credit card, to auto and personal loans, mortgages and MSME lending. We had strong partnerships with vehicle manufacturers/retailers in 2010 - Peugeot, Honda, Kia, Hyundai, Mitsubishi, National Truck, to name but a few - resulting in very good business volumes and delinquency levels well within our target range. In 2011, we anticipate that our retail banking assets will cross the N50 billion mark.

During the year under review, we further enhanced our products and propositions bouquet with the introduction of Xclusive Banking, aimed at the mass affluent segment. This value-adding proposition offers the Bank's esteemed customers access to Xclusive lounges at selected branches and airports, discounted rates on loans and credit cards, interest paid on current account, free life assurance and so much more. We had more than 3,000 customers at the end of 2010 and we confidently expect to double that number in 2011. Feedback from Xclusive Banking members has been

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very positive and we will continue to add more values to this product in future. Over 350,000 retail customers were acquired in 2010 - the highest in the history of the Bank, and we are confident to cross the record mark in 2011. Our flagship product, Savings Xtra, showed the biggest growth in customer numbers with almost 1,000 new business customers every week. Overall, our increasing customer base, now in excess of 1.5 million gives us a strong sustainable and low cost liability base and a robust lending outlet.

Customer satisfaction has always been a priority for the Bank. Significant resources and efforts have been devoted to this objective. Given our tremendous franchise and customer base, the job now is to grow net income by deepening relationships through our entire range of products and services. We will continue to attract, retain and deepen customer relationships.

MSME Banking

During the year under review, we entrenched our industry position as MSME Bank of Nigeria with the massive success we recorded in that vital and critical segment of the real sector, an area we are very much committed to. Our highly successful Diamond BusinessXpress Account (DBXA) liability product experienced significant growth from N10.64 billion in December 2009 to N29.06 billion in December 2010, with over 30,000 new customers. Similarly, the MSME loan portfolio also increased tremendously, from N3.74 billion (availed to 863 customers nationwide) in December 2009 to a new level of N10.03 billion availed to 3,385 customers by end-December 2010.

Our growing status as industry leader in this business segment was further underlined by many external organizations who partnered with us in development of the real sector in Nigeria. Some of these strategic partnerships include Diamond Bank/USAID Healthcare Risk Sharing Guarantee loan scheme of \$8.3 million (N1.245 billion) executed in October 2010. The scheme allows MSME operators specifically in the Health sector, access to bank financing, up to the sum of N37.5 million (\$250,000) over a

maximum period of four years. This product is what we named Mediloan, the first in the market. Extensive and positive mileage has already been gained in discussions with the French Development Bank (AFD) towards their provision of a Risk-Sharing Credit Guarantee Scheme directed towards the educational and agricultural sectors. Women's Worldwide Banking (in association with Goldman Sachs) has also concluded risk assessment of the Bank with a view to identifying ways of creating a partnership with the Bank to develop a gender-based MSME loan scheme.

The Bank also partnered with Enterprise Development Centre (EDC of Pan African University) on an MSME-based Corporate Social Responsibility (CSR) project tagged 'Building Entrepreneurs Today' which sponsored 50 entrepreneurs nationwide to attend the Entrepreneurship Program of the EDC at the Bank's expense. The best five entrepreneurs would receive grants of N3 million each in aid of their businesses in demonstration of our genuine commitment to develop the MSME. In 2010, we created a distributorship scheme for distributors of major commercial companies in order to boost MSME customer base while creating deeper relationships and increased business volumes from the major commercial companies involved.

National Corporates

National Corporates, otherwise referred to as the Middle Market, incorporating all banking activities relating to companies that are not Multinationals and having annual business turnover of greater than N500 million but less than N12 billion, remains the Bank's core business. It contributed 27 percent of the Bank's deposit base and 52 percent of total risk assets during the year, enhanced by longstanding excellent relationship management and products/service capabilities to meet the needs of the customer segment.

Our value-added transaction banking services including trade-related and cash management services have always helped to make the Bank the first choice of national corporate customers for transaction banking activities. The services are reliable, efficient and convenient, supporting customers' business needs. The superior, value-adding and

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state-of-the-art technology-backed quality of our transaction banking services has been the pillar of our customer retention and acquisition through thick and thin over the years. Our cutting edge transaction banking solutions have helped us to remain relevant, if not indispensable, in our customers' economic web encompassing their financial transactions with customers, suppliers, and other relevant parties.

Our customers' trade transactions are handled quickly and efficiently using Diamond Trade Tracker - our trade document and transaction processing and monitoring service which gives the customers access to real-time information on their trade transactions enabling them track and manage their trade transactions from anywhere in the world. This service which is free and available 24/7 provides customers with notifications on each stage of their transaction and provides details on the customer's trade activities. Since its introduction, it has proved to be an invaluable tool for the management of trade customer relationships. We further provide our customers with an end-to-end trade solution that covers all aspects of their trade transactions from inception (form M) to the delivery of goods at the customer's warehouse. This innovative logistic service (DLSupport) leverages on a partnership with a leading logistic service provider.

We also provide trade advisory services via our Diamond Trade Centre, leveraging on a combination of sector and industry knowledge, trade experience, in-depth understanding of customer requirements and strategic partnerships with relevant organizations. In recent times, our trade advisory offering has been enriched by the enhancement of our export advisory services which has positioned us as the bank of choice in export circles for extensive export advisory services covering all aspects of an export transaction from how to secure export contracts, identifying local sources of export items to guidance on the actual execution of the export contracts. Through it, we are strengthening exporters to step up their efforts in taking advantage of the African Growth Opportunity Act (AGOA) to export to the US market.

We provide comprehensive cash management services ranging from collection to payment services to our national corporate clients, especially those operating in the manufacturing sector. Beyond maximizing the use of cash through efficient collections and disbursements, our customers find our working capital and liquidity management service readily available to deal with the challenge of managing their excess cash. It also affords them the opportunity to reap very high return while still maintaining the liquidity necessary to meet daily working capital expenses. The business segment also provides avenue for synergy with the conglomerates through aggressive deployment of customized dealership schemes to their distributors.

Furthermore, we provide access to long-term finance from Export Credit Guarantee Agencies (ECGAs) to the customers as well as strengthen our foray into export businesses, leveraging our expanding network and pre/post export funding windows. We supported a number of our National Corporate customers with access to the CBN's N200 billion intervention fund for Nigerian Manufacturers. We have strategic partnerships with funds providers for structured lending and capacity building in focus sectors within the business segment. Our funding of the agricultural sector is receiving significant attention not just in terms of increased funding but also in exploring better ways to support this very important sector.

Over the years, the Bank has leveraged its strong customer base in the National Corporate segment to create strong earnings stream from transaction banking services. Following the gradual return to normalcy by the global economy and given our positive outlook for 2011, we hope to support more businesses in this area and increase our services to existing customers.

Corporate Banking

We have also capitalized on the excellent relationship management and value-adding transaction banking service capabilities that we developed in serving National Corporate customers to position effectively as a niche

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player in selected sectors of the top-end of corporate business segment.

During the year under review, we granted new credit lines to fund the critical sectors of the economy like agriculture, oil & gas, manufacturing, power, real estate development, and transport. A review of our loan book shows that over N85 billion has been invested in oil & gas and power infrastructures by our customers. Some of the transactions we carried out in these sectors during the year were driven by the appointment of your Bank by Nigeria Maritime Administration and Safety Agency (NIMASA) and three others for the disbursement of the Cabotage Vessel Financing Fund (CVFF). The banks are to guarantee the CVFF as well as put up a 35 percent contribution to the loan system. The fund was introduced to provide financial support and assistance through the agency with the sole aim of increasing indigenous ship acquisition capacity. Accordingly our Energy group provided US\$20.3 million to NIMASA for on-lending under the CVFF for 7 years to help promote cabotage activities.

With the active support of the Bank, one of our oil service customers has become a foremost indigenous provider of jack up barge services to the International Oil Companies - specifically SPDC and EXXONMOBIL. By providing its guarantees to USEXIM, Diamond Bank has enabled the company to successfully attract and execute on-going contracts in excess of US\$150 million. The Bank has contributed considerably towards the achievement of the government's local content objectives of empowering indigenous entities to develop capacity and undertake large scale contracts in the industry, which were hitherto the preserve of foreign companies.

Branch Development

In our quest to bring banking services to more people, especially the unbanked, we grew our brick and mortar outlets by 10 new locations to 212. This is in furtherance of our corporate vision to have effective presence in the country. Currently, we are in the process of completing seven new locations which will become operational this

year. Overall, we expect to open many more branches in 2011.

Our subsidiary in the Republic of Benin has 15 business locations spread across the country. This subsidiary is also serving as a hub for our expansion into other Francophone West Africa countries with immediate focus on Togo, Cote D'Ivoire and Senegal. While we commenced operations in Senegal in early-April 2011, we should open for business in Togo in May 2011. The Cote D'Ivoire office is ready to open as soon as the political climate stabilizes.

We also intensified our ATM services by deploying 20 more ATMs across the country to bring our total ATM network to 224 as at December 31, 2010. Total transactions value on our ATM machine also grew by over 35 percent from N53 billion in 2009 to over N70 billion by end-2010. We are also a member of ATM Consortium that has responsibility for deploying ATMs outside the premises of banks.

HUMAN RESOURCES

Our Bank's human resource philosophy revolves around performance-driven recognition and reward. It promotes the inherent human potential in every employee through training and sharpening of skills to meet the ever dynamic job requirements. This has continued to place the Bank as the employer of choice in Nigeria's financial landscape, with over 2,000 dedicated professionals in its employment as at end-2010.

Competency based recruitment is our key strategy in building a winning team. This has resulted in a number of key recruitments into business-critical positions in 2010. While some of these new team mates came from the financial services industry, many came from other industries. These new hires have impacted our Bank positively, contributing to its revenue growth, business processes, customer satisfaction and retention through their skills set and wealth of experience. Our commitment is to ensure the health, safety and welfare of all employees and to provide and maintain safe working environment.

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Also, developing both existing and new employees is critical to our future success. In furtherance of this belief, we undertake formal classroom-based training, informal on-the-job training and robust e-learning training. Minimum mandatory training is provided to ensure that our employees understand Diamond Bank policies and procedures as well as their roles in meeting our regulatory responsibilities.

Going by the Bank's achievements in 2010, our staff once again demonstrated why they are the most valued asset of our institution. On behalf of our shareholders, I thank all our employees who have remained the fulcrum of our operations, for their commitment and dedication during these difficult times. While our people have done well to keep the Bank afloat and the brand intact, we still have a long way to go and cannot afford to rest on our oars. We certainly need to push ourselves harder to sustain the momentum and improve on the gains so far made.

OUTLOOK

The banking industry in 2009 - 2010 witnessed an array of regulatory intervention making 2011 a year of transition for the industry with the number of players expected to shrink possibly below twenty from the current twenty-four. A juxtaposition of the expansionary outlook of fiscal policy against possible tightening posture of monetary policy points to rising interest rates and thinning interest margin. The debate over whether or not to devalue the Naira at a time of rising foreign exchange earnings from crude oil is another pointer to the confusion over short time exigency. These elements of uncertainties to what should be a year of increased growth in addition to the probable outcomes of the April general elections underway pose both challenges as well as opportunities for us as stakeholders in the industry.

We have concluded a diagnosis of our current position and the events that affected our performance in recent years, and learning from them, we are consciously designing and implementing a strategic roadmap that would take us from

where we are to where we want to be. There was a misalignment of our corporate organization with our business strategy and the necessary changes have been made to enhance our organizational effectiveness and efficiency. We cannot continue to sustain provisions at the current levels and consequently, we have strengthened the risk management function by elevating it to a directorate. This should enhance the implementation of a number of strategic initiatives to ensure that the quality of our risk management improves significantly, ultimately leading to lower provisioning and better results. Whilst our cost to income ratio improved throughout 2010, we will ensure that only costs that drive business volume and income higher are incurred going forward.

Armed with our current strategy of organic profit growth optimization, we are prepared to ride on any economic scenario that unfolds to strengthen our competitive position. The retail side of the Bank has grown significantly in the past three years but there remains a huge potential for a higher and faster growth. We have the best products and propositions in the country and we now have to unlock and deliver the full potential. We are also strengthening our business development capabilities in our current core National Corporate business and our niche sectors of the top-end corporate segment. All hands are on deck towards focused implementation and speedy delivery in the execution of our strategic roadmap to ensure successful and enduring outcomes.

In preparation for the successful navigation of the current financial year, our business architecture also received further retooling effective January 1, 2011, as the Board of Directors approved the splitting of our Regional Businesses Upcountry Directorate into two - North and South. The split will, no doubt, help to facilitate speedy service delivery, and accelerate business development in the affected regions. It should also contribute to strengthening our competitive positioning in the industry.

Looking ahead, we are determined to accomplish greater market penetration and customer service delivery milestones leveraging on our mission of building a unique

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international bank. While transiting from universal banking into an international commercial bank business model, our strategy arsenal is full of internationally competitive weapons which, I believe, would strengthen our resilience and staying power required to effectively withstand the challenges of the times and emerge a leader in the industry. Our eyes are really on a very bright future.

CONCLUSION

On behalf of our Board of Directors, Management and staff, I am grateful to all our customers for their confidence and unwavering support that motivated us to do better in 2010 financial year following the difficult period of 2009. Being at the helm of the Bank's affairs following the recent leadership change, I can assure you that we will continue to leverage the strong balance sheet backed by sound liquidity and capital adequacy positions as well as invest in capacity building to support our customers' business aspirations.

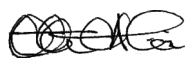
I also appreciate the members of the Board for their supportive, dynamic, dependable and focused leadership that enabled the Bank to withstand the challenges of the recent past. It is indeed a rare privilege for me to work with such distinguished board members. I look forward to their guidance and direction in the flight to our desired destination in 2011 and beyond. To our shareholders, I thank

you for your patience particularly during those periods the Bank was unable to pay dividends. Management and staff are prepared more than ever to ensure that we consistently achieve one of the best returns on equity in the industry.

Our brand is all about commitment. We are here for good, to support and partner our customers, to create value for our shareholders, and to make a positive contribution to the broader community. This is the way we do business. It has underpinned our strategy and success in the last 20 years and it will be the foundation for our future.

Distinguished stakeholders, as we celebrate our Bank's 20th anniversary, our promise is to continue to demonstrate to you and to all who believe a bank should be trustworthy, that we remain committed to you all as you are to us. Our promise is as indestructible as our name.

We thank you all for your support thus far, and look forward to a more mutually beneficial relationship in the years to come.



Dr. Alex Otti
Group Managing Director/CEO

Board of Directors



1. HRM Igwe Nnaemeka Alfred Ugochukwu Achebe - *Chairman*
2. Dr. Alex Otti - *Group Managing Director/Chief Executive Officer*
3. U.K. Eke - *Executive Director - Regional Businesses, Lagos/West*
4. Uzoma Dozie - *Executive Director - Corporate Banking*
5. Oladele Akinyemi - *Executive Director - Regional Businesses, North*
6. Victor Ezenwoko - *Executive Director - Regional Businesses, South*
7. Abdulrahman Yinusa - *Executive Director - Chief Financial Officer*
8. Mazi Clement I. Owunna - *Director*

9. Chris Ogbechie - *Director*
10. Lieutenant General Jeremiah Timbut Useni (RTD) - *Director*
11. Dr. Olubola Adekunle Hassan - *Director*
12. Mr Simon Harford - *Director*
13. Chief John Edozien - *Director*
14. Mrs Omobola Olubusola Johnson - *Independent Director*
15. Mr Ian Greenstreet - *Independent Director*
16. Ms Ngozi Edozien - *Director*

Management Team

Dr. Alex Otti	Group Managing Director/CEO
UK Eke	Executive Director, Regional Businesses, Lagos /West
Uzoma Dozie	Executive Director, Corporate Banking
Oladele Akinyemi	Executive Director, Regional Businesses, North
Victor Ezenwoko	Executive Director, Regional Businesses, South
Abdulrahman Yinusa	Executive Director, Chief Financial Officer
Caroline Anyanwu	Executive Director, Risk Management / Group Chief Risk Officer
Garry Marsh	Senior Advisor, Retail Banking
Benjamin Kouakou	Regional Managing Director, Diamond Bank Francophone
Nkechi Nwosu	Company Secretary/Legal Adviser
Chioma Nwabuoku	Head, Group-wide Human Capital Management
Humphrey Akachukwu	Head, Compliance and Audit
Benedict Ihekire	Managing Director, Diamond Bank Benin
Premier Oiwoh	Ag. Head, Customer Services & Technology
John Ayuba	Regional Manager, Abuja
Obinna Uruakwa	Regional Manager, Lagos Central
Charles Nkata	Regional Manager, South East
Chris Ofikulu	Regional Manager, Victoria Island
Benson Oraelosi	Head, Credit Risk Management
Anya Duroha	Divisional Head, Specialized Industries
Yomi Olorungbeja	Head, Strategic Planning & Research Group
Chizoma Okoli	Regional Manager, Apapa
Abiye Koko	Head, IT Services
Awele Ajibola	Divisional Head, Internal Control
Chiugo Ndubisi	Head, Financial Management Division
Adegboyega Adebajo	Investment Banking
Chidinma Lawanson	Head, MSME Propositions
Angela Okonmah	Group Head, Products and Propositions
Chinedu Okoro	Regional Manager, East Central
Chinedu Ekeocha	Operations Optimization, Work Stream Leader 3
Folorunsho Odom	Business Manager, Garki Abuja, Mohamadu Buhari Way
Maureen Offor	Regional Manager, Ikeja
Sampson Aneke	Business Manager, Public Sector Collections
Jude Anele	Group Head, Marketing Support Group
Paul Okoroafor	Head, Credit Analysis and Processing
Lanre Showunmi	Head, Business Transformation Group
Abubakar Suleiman	Regional Manager, North East
Akinleye Ogunleye	Regional Manager, West
Francis Adesuyi	Head, Direct Sales

The little things that count...

are often taken for granted.

At Diamond Bank, you can always rely on us to be there for you every step of the way.

That's our promise.



Diamond Bank

Banking ♦ Insurance ♦ Mortgages ♦ Capital Market ♦ Pension Funds

☎ +234 1 6283892, +234 1 2793500 ✉ enquiries@diamondbank.com

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When no one seems to care...

You can rely on us every step of the way.

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Directors' Report

For period ended 31 December 2010

The directors present their annual report on the affairs of Diamond Bank Plc ("the Bank") and its subsidiaries ("the Group"), together with the financial statements and auditors' report for the period ended 31 December, 2010.

a. Legal Form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act 1990 as a private limited liability company on 20 December 1990. It was granted license on the 15 March 1991 to carry on the business of commercial banking and commenced business on 21 March 1991. The Bank converted into a Public Limited Liability Company on 28 February 2005. The Bank's shares were listed on the 27 May 2005 on the floor of the Nigerian Stock Exchange by way of introduction.

b. Principal Activity and Business Review

The principal activity of the Group continues to be the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities.

The Bank has seven operating subsidiaries including Diamond Bank du Benin S.A (95.38%), Diamond Capital and Financial Markets Limited (DCL) (100%), Diamond Pension Fund Custodian Limited (100%), Diamond Mortgages Limited (100%) and ADIC Insurance Limited (96.15%). The Bank's consolidated financial statements include the results of all operating subsidiaries.

The indirectly wholly owned subsidiaries (via DCL) are Diamond Securities Limited (DSL) and Diamond Registrars Limited (DRL). DSL has a wholly owned subsidiary - DBLS Insurance Brokers Limited, whose operations have been discontinued.

c. Operating Results

Gross earnings of the Group increased by N23.29billion and profit before tax increased by N17.15billion.

Highlights of the Group's operating results for the period under review are as follows:

	12months to Dec.' 2010 N'000 Group	8months to Dec.' 2009 N'000 Group	12months to Dec.' 2010 N'000 Bank	8months to Dec.' 2009 N'000 Bank
Gross earnings	<u>91,022,288</u>	<u>67,735,695</u>	<u>85,723,090</u>	<u>64,667,402</u>
Profit/(loss) before taxation	<u>4,772,863</u>	<u>(12,374,154)</u>	<u>9,468,016</u>	<u>(9,055,793)</u>
Taxation	<u>(3,444,208)</u>	<u>4,199,741</u>	<u>(2,945,561)</u>	<u>4,172,347</u>
Profit/(loss) after taxation	<u>1,328,655</u>	<u>(8,174,413)</u>	<u>6,522,455</u>	<u>(4,883,446)</u>
Non-controlling interest	<u>(40,241)</u>	<u>32,402</u>	<u>-</u>	<u>-</u>
Profit/(loss) attributable to group shareholders	<u>1,288,414</u>	<u>(8,142,011)</u>	<u>6,522,455</u>	<u>(4,883,446)</u>
Appropriations:				
Transfer to statutory reserves	990,016	-	978,368	-
Transfer to SME reserves	326,123	-	326,123	-
Transfer to contingency reserve	120,733	70,365	-	-
Transfer to retained earnings reserve	(148,458)	(8,212,376)	5,217,964	(4,883,446)
	<u>1,288,414</u>	<u>(8,142,011)</u>	<u>6,522,455</u>	<u>(4,883,446)</u>

Directors' Report

For period ended 31 December 2010

d. Directors and their Interests

The direct and indirect interests of directors in the issued share capital of the Bank as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is noted:

	<u>Direct Shareholding</u>		<u>Indirect Shareholding</u>	
	Number of 50k Ordinary Shares Held Dec 2010	Number of 50k Ordinary Shares Held Dec 2009	Number of 50k Ordinary Shares Held Dec 2010	Number of 50k Ordinary Shares Held Dec 2009
HRM Igwe Nnaemeka Alfred Achebe (Chairman)	3,547,637	3,547,637	-	-
Mr. Emeka Onwuka (Managing)(Resigned 2011)	10,000,000	26,284,677	-	-
Mr. Ohis Ohiwerei (Executive)(Resigned-30/04/10)	336,119	20,630,610	-	-
Mr. Urum Kalu Eke (Executive)	3,422,311	12,579,981	-	-
Mr. Uzoma Dozie (Executive)	20,630,630	20,630,610	769,220,403	735,627,169
Mr. Oladele Akinyemi (Executive)	8,503,293	3,699,702	-	-
Mazi Clement Owunna MFR	33,000	33,000	260,917,398	269,917,398
Mr. Chris Ogbechie	10,295,959	9,383,959	-	-
Lt. General Jeremiah Timbut Useni (Rtd)	6,672,306	6,672,306	184,690,219	115,575,859
Dr. Olubola Adekunle Hassan	6,101,500	5,101,500	-	-
Mr. Simon Harford	-	-	2,141,349,189	2,141,349,189
Ms. Ngozi Edozien	-	-	-	-
Chief John D. Edozien	4,842,400	4,614,700	-	-
Mr. Victor Ezenwoko	12,044,157	9,408,781	-	-
Mr. Ian Greenstreet	-	-	-	-
Mrs. Omobola Johnson	-	-	-	-

In line with the provisions of the Articles of Association the directors to retire by rotation are HRM Igwe Nnaemeka Achebe, Simon Harford and Mazi Clement Owunna who being eligible for re-election offer themselves for re-election.

e. Directors interests in contracts

For the purpose of section 277d of the Companies and Allied Matters Act 1990, none of the directors had direct or indirect interest in contracts or proposed contracts with the company during the year.

f. Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 24 to the financial statements.

Directors' Report

For period ended 31 December 2010

e (i) Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2010 is as stated below:

Share Range	No. of Shareholders	Percentage (%) of Shareholders	No. of Holdings	Percentage Holdings
1 - 10,000	93,762	76.88	176,288,077	1.22
10,001 - 50,000	18,640	15.28	363,593,051	2.51
50,001 - 100,000	5,210	4.27	329,417,050	2.28
100,001 - 500,000	3,458	2.84	632,819,945	4.37
500,001 - 1,000,000	336	0.28	228,773,420	1.58
1,000,001- 5,000,000	351	0.29	705,063,933	4.87
5,000,001 - 10,000,000	75	0.06	565,363,238	3.91
10,000,001 - 50,000,000	86	0.07	1,894,865,211	13.09
50,000,001 - 100,000,000	13	0.01	935,455,668	6.46
100,000,001 – 500,000,000	14	0.01	2,403,254,243	16.60
500,000,001 - 1,000,000,000	3	0.00	1,823,696,661	12.60
1000,000,001 - 10,000,000,000	3	0.00	4,416,652,608	30.51
TOTAL	121,951	100.00	14,475,243,105	100.00

Actis DB Holdings Limited holds 14.79% of the Bank's ordinary shares while the balance is held by other individual and institutional investors.

(ii) Share Capital History

YEAR	INCREASE	CUMULATIVE	INCREASE	CUMULATIVE	CONSIDERATION
1991	25,000,000	25,000,000	25,000,000	25,000,000	Cash
1992	25,000,000	50,000,000	25,000,000	50,000,000	Cash
1993	50,000,000	100,000,000		50,000,000	
1994	100,000,000	200,000,000	45,000,000	95,000,000	Bonus issue of N20m and Cash deposit of N25m for share
1995		200,000,000	19,000,000	114,000,000	Bonus issue of N19,000,000
1996		200,000,000	38,000,000	152,000,000	Bonus issue of N38,000,000
1997	800,000,000	1,000,000,000	412,300,000	564,300,000	Bonus issue of N412,300,000
1998		1,000,000,000	156,750,000	721,050,000	Rights issue of N156,750,000
1999		1,000,000,000		721,050,000	
2000		1,000,000,000		721,050,000	
2001		1,000,000,000		721,050,000	
2002	1,000,000,000	2,000,000,000	360,525,000	1,081,575,000	Bonus issue of N360,525,000
2003		2,000,000,000		1,081,575,000	
2004		2,000,000,000	458,230,033	1,539,805,033	Rights issue of N458,230,033

Directors' Report

For period ended 31 December 2010

<u>YEAR</u>	<u>INCREASE</u>	<u>CUMULATIVE</u>	<u>INCREASE</u>	<u>CUMULATIVE</u>	<u>CONSIDERATION</u>
2004	1,500,000,000	3,500,000,000	513,268,327	2,053,073,360	Bonus issue of N513,268,327
2004		3,500,000,000	3,159,809	2,056,233,169	Rights issue of N3,159,809
2005		3,500,000,000	981,373,342	3,037,606,511	Private placement proceed of N12,365,304,109
2005	1,500,000,000	5,000,000,000	420,000,000	3,457,606,511	Share exchange btw DB & LB
2005		5,000,000,000	344,197,564	3,801,804,075	IPO proceed of N4,681,086,875
2006	2,000,000,000	7,000,000,000	898,152,632	4,699,956,707	Private placement proceed of N17,064,900,000 (Actis Holding Limited)
2007		7,000,000,000	1,879,699,250	6,579,655,957	GDR proceeds of N59,050,000,000.00
2008	3,000,000,000	10,000,000,000	657,965,596	7,237,621,553	Bonus issue of N657,965,596
2009		10,000,000,000		7,237,621,553	

h. Substantial interest in shares

According to the register of members as at 31 December 2010, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	Number of shares held	Percentage Of Shareholding (%)
Actis DB Holdings Limited	2,141,349,189	14.79%
Kunoch Limited	735,627,169	5.08%

I. Charitable Contributions

The Bank made contributions to charitable and non-political organizations amounting to N249million (December 2009: N89 million) during the period.

Description of charitable donation	Total N'000
SME Development Initiative Programme	93,750
Education and youth development	29,531
Sponsorship of Vision 2020	25,000
17th National Sports Festival	19,373
Financial Markets Dealers Association OTC Initiative	15,000
Sponsorship Annual Bankers Retreat	15,000
Sponsorship Golf Tournament	11,000
Sponsorship Association Of Pathology Of Nigeria Conference	10,000
Kebbi State Poverty Alleviation Programme	9,450
Donation to women In Agriculture And Youth Empowerment	5,000
Sponsorship Gem Of History (Nigeria @ 50)	2,442
Sponsorship Nigerian Economics Summit Group	2,000
9th Annual Conference, Women In Business Management	1,000
Sponsorship Of Lagos Economic Summit Group	1,000
Sponsorship Of Breakfast Meeting Nigeria British Chambers	500
Sponsorship Of Chartered Institute Of Personnel Management Conference	500
Sponsorship Of Nigeria Institute Of Management Conference	500
Others	8,127
Total	249,173

Directors' Report

For period ended 31 December 2010

j. Post Balance Sheet Events

The erstwhile Group Managing Director, Mr. Emeka Onwuka retired from the Bank and a new Group Managing Director; Mr. Alex Otti and Chief Financial Officer (CFO) were appointed.

k. Human Resources

Employment of Disabled Persons

The Bank operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Bank continues and that appropriate training is provided. It is the policy of the Bank that the training, career development and promotion of disabled persons should as far as possible, be identical with those of other employees.

Health, Safety and Welfare at Work

The Bank's employees are adequately insured against occupational hazards. In addition, medical facilities to specified limits are provided to employees and their immediate families at the Bank's expense.

l. Employee Involvement and Training

The Bank places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Bank. This is achieved through regular meetings between management and staff.

The Bank has in-house facilities for staff training supplemented by facilities of local and foreign educational institutions.

m. Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 357 (2) of the Companies and Allied Matters Act.

BY ORDER OF THE BOARD



Nkechi Nwosu
Company Secretary

Plot 1261, Adeola Hopewell Street
Victoria Island
Lagos

15 March 2011

Compliance with Code of Corporate Governance For period ended 31 December 2010

Diamond Bank Plc was conceived with the vision of creating a "strong financial services institution with effective presence in Nigeria, Africa and indeed all the key financial centres of the world." We are pleased to state that over the years, as our vision has been fulfilled we have not lost sight of our core values of integrity, excellence, customer and stakeholder satisfaction.

Diamond Bank is managed in compliance with the relevant Codes of Corporate Governance and International Best Practices. Compliance is the joint responsibility of the Board, Management and the entire staff of the Bank, and there is an established system of controls to ensure strict adherence with these principles.

THE BOARD

The primary mission of the Board is to effectively represent and promote the interest of shareholders and relevant stakeholders, by adding value to the Company's performance. In order to achieve this and other objectives, we have brought together sixteen highly accomplished individuals who comprise the Board of Directors of Diamond Bank Plc. These are:

HRM IGWE NNAEMEKA ALFRED UGOCHUKWU ACHEBE, CFR, MNI, The Obi of Onitsha - Chairman

HRM Nnaemeka Achebe is a Chemistry graduate of the Stanford University, California USA. He holds Masters in Business Administration (MBA) from Columbia University, New York amongst others. He is the traditional ruler (Obi) of Onitsha, Anambra State. During the extensive period of his career in the Royal Dutch Shell companies (both local and international), he held several top level managerial positions before he was appointed Executive Director at Shell Petroleum Development Company in 1981, a position he held till 1996 when he was appointed Senior Corporate Adviser, Shell International Co. Limited, London.

He has held directorship positions in many multinationals and reputable organizations and is a patron of the MTN Foundation. In 2004, Igwe Achebe was honoured by the Federal Government of Nigeria with a national merit award, Commander of the Order of the Federal Republic (CFR). He belongs to a number of professional bodies such as the Nigeria Economic Society, Nigerian Institute of Management and the Nigerian Institute of Public Relations. He is Chancellor of Kogi State University and Chairman, Anambra State Traditional Rulers Council. HRM Nnaemeka Achebe joined the Board in 2005.

MAZI CLEMENT I. OWUNNA MFR - Non-Executive Director

An accomplished pharmacist and businessman, Mazi Owunna is a graduate of the Drake College of Pharmacy, Iowa, United States. He is a director of Diamond Bank. Mazi Owunna is the Chairman of several successful companies spanning pharmaceuticals, manufacturing, commerce, real estate, food and chemicals. He is also a Fellow of the Nigerian Institute of Management.

OLUBOLA ADEKUNLE HASSAN, M.B, B.S, D.O, FRCS, FRCOPH, FWACS - Non-Executive Director

Dr. Hassan holds a Bachelor of Medicine, Bachelor of Surgery, M.B.B.S and Diploma in Ophthalmology amongst other qualifications. He is the Chief Consultant Ophthalmic Surgeon and Medical Director, Eye Foundation Hospital, Lagos and also acts as a consultant ophthalmologist to a number of local and foreign hospitals. He has sixteen academic distinctions and awards and belongs to a host of professional and academic bodies locally and internationally.

LIEUTENANT GENERAL JEREMIAH TIMBUT USENI (Rtd) DSS, PSC, MNI - Non-Executive Director

Lt. General Useni (Rtd) is a graduate of the Indian Military Academy and holds a Diploma in Advance Military Transportation from the US Army. He passed through notable institutions including the British Army Apprentices College Chepstow, and Command and Staff College, Jaji. He is a fellow of the following institutions: the Nigerian Institute of Management (FNIM), the Chartered Institute of Transport (UK and Nigeria) and the National War College (FNWC). During his many years of meritorious service in the Nigerian Army,

Compliance with Code of Corporate Governance For period ended 31 December 2010

Lt. Gen Useni held various top military and political appointments including Director of Supply and Transport, Director of Ordnance Services and Quartermaster General of the Nigerian Army. He was Chairman of the National Railway Corporation, Military Governor of the former Bendel State, and Minister of the Federal Capital Territory. He received many Military decorations including Forces Service Star, Long Service Medal, Defence Medal, and Independence Medal. As a nationalist, Lt Gen Useni is bestowed with twelve (12) chieftaincy/traditional titles from various states of federation most notably the Sardauna of Plateau and Nasarawa States. He is currently the Chairman of the Arewa Consultative Forum.

CHRIS IKE OGBECHIE - Non-Executive Director

Chris Ogbechie has a First Class Honours degree in Mechanical Engineering from Manchester University and an MBA from Manchester Business School. He has wide experience in marketing and strategy derived from his work as head of marketing/sales at Nestle Nigeria, Xerox and from his consulting work with Nigerian firms over the years. While in Nestle he had wide international exposure in Malaysia, Singapore and Switzerland. He has been involved with several start-ups and is on the board of several companies. Mr. Ogbechie is a faculty staff of the Lagos Business School, where he teaches Strategy and Corporate Governance.

SIMON HARFORD - Non-Executive Director

Simon represents Actis on the Board of Diamond Bank. He is a Partner of Actis based in the Johannesburg office, and was previously based in Lagos as the Head of Actis West Africa from 2006 to 2009. Prior to Actis, Simon was founder and CEO of Virgin Nigeria, with his earlier career encompassing S.G Warburg, Boston Consulting Group, British Airways and various entrepreneurial ventures.

Simon holds an MBA from INSEAD, France and a BA (Hons) in Philosophy, Politics and Economics from Oxford University, UK. He has been a director of Diamond Bank from 2007.

JOHN D. EDOZIEN - Non-Executive Director

John Edozien holds a B.Sc. (Hons) (Econs.) from the University of Ibadan and an M.A. Economics from the University of Wisconsin. As a Civil Servant, he rose to the position of Permanent Secretary of the Cabinet Office in 1987 and National Planning, Office of Planning and Budget both in The Presidency. Chief Edozien served as Deputy Governor of Bendel state and later Delta State. He was the Group Managing Director/CEO of Afribank Nigeria Plc as well as Chairman of Afribank International Limited (Merchant Bankers) from 1993 to 1999. He is the Chairman of a number of Nigerian companies such as Jenkyns Consult Nigeria Limited and Mercedes Benz Automobile Services Limited. He also holds other directorate positions in several companies.

EMEKA ONWUKA - Group Managing Director/Chief Executive Officer (out-going)

Prior to joining Diamond Bank, Emeka worked with Arthur Andersen and Co., where he was exposed to both local and offshore training in accounting and management consulting for the finance as well as oil and gas industries. Emeka joined the Bank in 1992, and has worked in the key areas of corporate and investment banking, branch banking, treasury and commercial banking, among others. He was Head of the Bank's Commercial Banking Division before his appointment as the Managing Director.

U. K. EKE - Executive Director, Regional Businesses, Lagos & West

Mr. Eke started his working career with Deloitte Haskins Sells International in 1985, and majored as an accounting professional with specialisation in audit, taxation and management consulting. In 1992, he joined Diamond Bank after a year's stint at Abacus Merchant Bank Ltd. He has attended various business, leadership and professional courses both in Nigeria and overseas. He was the Bank's Head of Commercial Banking Division (Lagos/West) prior to his appointment as Executive Director (Commercial Banking).

UZOMA DOZIE - Executive Director, Corporate Banking

Mr. Dozie graduated in 1991 with a Bachelor of Science degree in Chemistry from the University of Reading, Berkshire England. He obtained a Master of Science degree in Chemical Research from University College, London in 1992 and an MBA from Imperial College Management School, London in 1998. Mr. Dozie started his banking career in the Commercial Banking Unit at Guaranty Trust Bank Plc

Compliance with Code of Corporate Governance For period ended 31 December 2010

where he worked for some years and later moved to Citizens International Bank Limited where he worked in the Oil and Gas Division. In 1998, he joined Diamond Bank Limited as an Assistant Manager and Head of the Bank's Oil and Gas Unit.

He was at a time Head, Financial Control, then Retail banking (where he spear-headed the introduction of lifestyle-changing retail products in the bank) and also headed two distinctive strategic business units in the Bank before his appointment as Executive Director in 2005. He has attended various specialist and executive development courses in Nigeria and overseas

OLADELE AKINYEMI - Executive Director, Regional Businesses, North

Mr. Akinyemi first joined Diamond Bank from erstwhile Lead Merchant Bank in 1991 as head of Systems Unit. He later headed the Commercial & Consumer Banking and the Retail Banking units of the Bank before leaving for UBA in 1997. He left UBA to become an Executive Director of One-to-One Nigeria Limited and whilst there, he built the first database marketing service company in Nigeria and pioneered List Rental business in Nigeria. He then joined Citibank Nigeria in 1999 as Head of Cards, Cash Management and e-Solutions Group. He rejoined Diamond Bank in 2002 as Head of the Information Technology Group.

IAN GREENSTREET – Independent Director

Mr. Ian Greenstreet is considered by many as one of the world's leading Risk Management professionals. Greenstreet, a Chartered Accountant (Institute of Chartered Accountants of England and Wales) holds a B.Sc (Hons) in Computer Science & Accounting from the University of Manchester. His career spans over 25 years in the financial sector, specialising in risk management and credit analysis. In 2006, he joined the Medicapital Bank as the head of risk where he set up enterprise risk management for the Bank covering market risk, credit risk and operational risk including systems, procedures and policy manuals which gained FSA approval. In 1996 Greenstreet was appointed Regional Country Risk Officer (Managing Director) ABN AMBRO Bank- London. For ten years he was responsible for the bank's credit approval, credit monitoring and credit risk quantification of exposures working closely with client coverage and trading floors providing structuring advice on transactions to ensure that risks are mitigated and comply with the bank's risk appetite. This enabled him to gain in-depth understanding of all wholesale bank's products and project finance. Earlier in his career, he had worked as the Head of Credit Yamaichi International (Europe) Ltd, Lloyds Bank, Luxembourg (Privat Bank), Stoy Hayward, Luxembourg, Henderson Fund Management, Luxembourg, Midland Bank and +Touche Ross & Co London.

OMOBOLA JOHNSON – Independent Director

Mrs. Omobola Olubusola Johnson was until recently the Country Managing Director of Accenture in Nigeria and the first woman to hold that position. Omobola holds a Bachelor's Degree in Electrical and Electronic Engineering from the University of Manchester and a Masters degree in Digital Electronics from King's College, London. She joined Accenture, then Andersen Consulting, in 1985. At Andersen, she garnered experience in the areas of enterprise transformation- having worked with the Board and Management of several major banks and CBN of Nigeria to successfully transform these organisations in a more competitive and dynamic environment. Some of the initiatives in these transformation projects range from strategy development to process re-engineering, HR transformation, technology developments and change and programme management.

NGOZI EDOZIEN- Non Executive Director

Ngozi Edozien is the Chief Executive Officer of Actis West Africa. Ms. Edozien is responsible for all aspects of Actis's Private Equity Business in West Africa, including Diamond Bank. Ms Edozien started her professional career in investment banking with training in financial markets and corporate finance first at Solomon Brothers and then at JP Morgan (JPM), both in New York City. She subsequently left JPM returning to Harvard University to conclude her academic training by pursuing an MBA. Post MBA, Ms Edozien worked for McKinsey & Co. in London and Paris where she became an Associate Principal. At McKinsey she gained experience in strategy and business development.

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ALEX OTTI – Group Managing Director/Chief Executive Officer

Alex Otti graduated from the University of Port Harcourt with a First Class Honours Degree in Economics in 1988. He subsequently received an MBA from the University of Lagos in 1994. At the University of Port Harcourt, he was the best graduating student in the Department of Economics and won the subject prize. He was also the best graduating student in the Faculty of Social Sciences and won the Dean's Prize, as well as the overall Best Graduating Student for the Year and Valedictorian. He started his banking career with Nigeria International Bank Limited, a subsidiary of Citibank N.Y. in 1989 where he worked in the Operations Department. He subsequently moved on to Nigerian Intercontinental Merchant Bank Ltd (now Intercontinental Bank Plc). At Intercontinental, he was at various times in the Treasury and Financial Services and Corporate Banking Divisions. In 1992, he joined the then Societe Bancaire Nigeria Ltd (Merchant Bankers), a subsidiary of Banque SBA Paris. He left as Senior Manager in 1996. Towards the end of 1996, he moved to United Bank for Africa Plc as Principal Manager, heading Corporate Banking Sector, South. His major responsibility was the development of the Oil and Gas businesses for the Bank. In the year 2000, he was promoted Assistant General Manager.

In May 2001, he joined First Bank of Nigeria Plc as an Assistant General Manager with responsibility for Energy Group. In April 2004, he was promoted Deputy General Manager.

In September 2005, Alex Otti was appointed Executive Director in First Bank Nigeria Plc. As Executive Director, he started as Head of Commercial Banking and subsequently, Head of the Regional Businesses in the South-Southern and South-Eastern Geo-Political Zones comprising over 180 branches.

VICTOR EZENWOKO – Executive Director, Regional Businesses, South East

Victor Ezenwoko was Head, Regional Businesses Upcountry, a position he attained in 2008 with the Bank. Since he joined Diamond Bank Plc, Victor has worked across virtually every part of the country and his performance over the years underscores the aptness of his elevation to the Board.

Victor is a 1986 Accountancy Graduate and qualified as a Chartered Accountant in 1991. He is an Alumnus of the prestigious Wharton Business School and an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He has attended several business, professional and manpower development courses both within and outside Nigeria.

He has altogether over 23 years working experience as an accountant and a banker from manufacturing, information technology and banking sectors with over 18 of those years in the banking sector. His banking career started at Ecobank Nigeria Plc in 1992 where he worked in the Financial Controls Department and later moved into a branch management position. He joined Diamond Bank in July 1997 as a startup Branch Manager for Onitsha Bridgehead Branch and subsequently Branch Manager for Onitsha New Market Road Branch (1998-1999) and for Abuja Branch (1999-2000). Having made his mark in Branch Management, Victor was promoted to Regional Manager East (2000-2002). Between 2002 and 2003, he functioned as Group Head, Large Commercial Businesses (Head Office) and Group Head, Commercial Banking Lagos Island.

YINUSA ABULRAHMAN – Executive Director/Chief Financial Officer

Yinusa Abdulrahman joined Diamond Bank as Chief Financial Officer from his CBN appointment in Finbank as Executive Director, Finance and Strategy. Prior to the CBN appointment, he was managing Director/CEO of United Bank for Africa subsidiary in Sierra Leone. And prior to that, he was the Managing Director/CEO of UBA Asset Management Limited, where he launched four Mutual Funds within the two years of his tenor.

He has over two decades of quality banking experience, since joining Nigeria International Bank (Citibank Group) for NYSC in 1989

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and rose to the position of Senior Financial Analyst when he left in 1993 to join FSB International Bank (now part of Fidelity Bank) as the Financial Controller, a position he combined with being Head of Strategy till he left in 1996 to join UBA Plc. He held various senior level positions within U. B. A., including Treasurer and Chief Finance Officer, before being posted to head two subsidiaries at various times, prior to his appointment to Finbank by CBN.

BENSON ADENUGA (Alternate to Simon Harford)

Mr. Benson Adenuga joined Actis in 2004. He is the Africa Coordinator for the Financial Services Sector for Actis LLP, based in Lagos, Nigeria.

Prior to joining Actis, Mr. Adenuga worked for a decade at Arthur Andersen and KPMG Professional Services in Nigeria and South Africa where he provided statutory and investigative audit, consulting and transaction support services to a wide range of corporations including multinationals and S&P 500 companies.

Mr. Adenuga holds a Bachelor and Masters degrees in Agronomy from the University of Ibadan, Nigeria and an MBA from the University of Warwick in England.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and was awarded First Prize for all four qualifying examinations of the Institute.

TRAINING AND EVALUATION:

In order to further develop the skill levels of the Board, members attend courses and training programmes suited to enhancing their functions. If the situation necessitates it, the directors are entitled to seek independent professional advice on matters for which they require clarification.

Diamond Bank has always placed emphasis on the performance of the Board as a whole as well as on the performance of individual members in relation to their contributions to the Board and the Bank. Evaluation of the Executive Directors is carried out by the Governance and Personnel Committee which is comprised entirely of Non-Executive Directors while the evaluation of the Non Executive Directors is done by external consultants.

FUNCTIONS OF THE BOARD:

The Board meets regularly (at least once every quarter) to perform its stewardship and oversight functions, primary among which are:

- ◆ Review of the Bank's goals as well as the strategy for achieving these goals.
- ◆ Evaluation of present and future strengths, weaknesses and opportunities of the Bank. Comparisons with competitors, locally and internationally, and best practice.
- ◆ Review and approval of the Bank's financial objectives, plans and actions and significant allocation and expenditure.
- ◆ Approval of the annual budget;
- ◆ Approval of the annual and half-yearly financial statements, annual report and reports to shareholders;
- ◆ Consideration and where appropriate, declaration or recommendation of the payment of dividends.
- ◆ Reviewing the Bank's audit requirements.
- ◆ Reviewing the performance of, necessity for, and composition of Board Committees.
- ◆ Approval of the remuneration of the Chairman, Non-Executive Directors and Management
- ◆ Reviewing risk management policies and controls, including compliance with legal and regulatory requirements.
- ◆ Reviewing the Bank's code of conduct and ethical standards.
- ◆ Reviewing shareholder and client relationships.

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The Board also performs certain of its functions through Board Committees and Management Committees. The delegation of these functions does not in any way mitigate or dissipate the discharge by members of their duties and responsibilities.

BOARD COMMITTEES

The Board Governance and Personnel Committee: The Governance and Personnel Committee is made up of six Non-Executive Directors. As the name suggests, this Committee is responsible for the overall governance and personnel function of the Bank. Some functions of the Committee are as follows: To consider and make recommendations to the Board on its composition and that of the Committees and Subsidiaries; Review and recommend nomination of directors to the Board based on a proper selection process; Ensure adequate succession planning for Board of Directors and the Chief Executive Officer; Ensure the orientation and continuous education of Directors; Monitor the procedures established for compliance with regulatory requirements for related party transactions; Monitor staff compliance with the Code of Ethics and Business Conduct of the Bank; Ensure compliance with regulatory standards of Corporate Governance and regularly identify international Best Practices of Corporate Governance and close any identified gaps; Recruitment or promotion of staff to Assistant General Manager level and above and to approve the remuneration, benefits and other terms and conditions of the service contracts of such officers; Recommend to the Board the terms and conditions of the service contract, including remuneration packages of the Executive Directors with a view to ensuring that these officers are fairly rewarded for their effort; Review cases of infractions of the Bank's policies committed by staff of Assistant General Manager level and above and apply appropriate sanctions where necessary; Review and approval of policies on staff welfare and fringe benefits; Annual review of the Board Charter; and Ensuring the annual review of the Board and Board Committees' performance.

Members of the Board Governance and Personnel Committee are: Chief John D. Edozien (Chairman), Mazi Clement Owunna, Mr. Chris Ogbegie, Dr Bola Hassan, Mrs Omobola Johnson and Simon Harford.

The Board Audit and Risk Management Committee: The Board Audit and Risk Management Committee is comprised of 6 (Six) Non-Executive Directors and 3 (Three) Executive Directors. The functions of this Committee include: Understanding the principal risks to achieving the Group's strategy; Establishing the Bank's risk appetite and ensuring that the business profile and plans are consistent with the risk appetite; Establish and communicate the risk management framework including responsibilities, authorities and key controls; Establishing key control processes and practices, including limit structures, impairment, allowance criteria and reporting requirements; Monitoring the operation of the controls and adherence to risk direction and limits; Interpret and report on risk exposures, concentrations and risk- taking outcomes as well as on sensitivities and key risk indicators; Reviewing and challenging all aspects of the Group's risk profile; Review the financial reporting process with a view to ensuring the company's compliance with accounting and reporting standards, other financial matters and the applicable laws and regulations; and Reviewing and challenging risk management processes.

Members of the Board Audit and Risk Management Committee are: Ian Greenstreet (Chairman), Mazi Clement Owunna, Chief John D. Edozien, Lt. Gen. Jeremiah T. Useni (rtd), Dr. Olubola Hassan, Mr. Simon Harford, Mr. Emeka Onwuka, Mr. U. K. Eke and Mr Uzoma Dozie.

The Board Credit Committee: The Credit Committee is made up of 7 (Seven) members, 4 (Four) Non-Executive Directors and 3 (Three) Executive Directors. The primary function of this Committee is to consider all matters pertaining to the granting of credits by the Bank in accordance with approved policies and approval of credits in excess of the limits delegated to the Management Credit Committee, significant revisions to credit policies, and establish portfolio distribution guidelines in conformity with government regulations. In achieving this objective, the Committee ensures that the overall credit policies are aligned with the Bank's Risk Tolerance level. In addition, the Committee performs the following functions: Reviewing the policies and methodologies for assessing the Bank's credit risks and recommending appropriate exposure limits; and Reviewing large exposures and impaired assets.

Members of the Board Credit Committee are: Mazi Clement Owunna (Chairman), Mr. Chris Ogbegie, Mr. Ian Greenstreet, Mr. Simon Harford, Mr. Emeka Onwuka, Mr. Uzoma Dozie and Mr. Oladele Akinoyemi

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Audit Committee: This Committee is established in accordance with the provisions of section 359(3) to (6) of the Companies and Allied Matters Act and in compliance with the provisions of the CBN Code of Corporate Governance for Banks Post Consolidation. The Committee consists of 3 (Three) Shareholder Representatives and 3 (Three) Non-Executive Directors. The Chairman of the Committee is a Shareholder and a Chartered Accountant. All members of the Committee are independent of the Bank's management. The Committee's primary functions are, to review and ensure the effectiveness of accounting systems and internal controls; review the scope and planning of audit requirements; make recommendations to the Board regarding the appointment, removal and remuneration of the external auditors; and to ensure that the accounting policies of the Bank are in accordance with legal requirements and agreed ethical principles.

Members of the statutory Audit Committee are Mr. Kabir Alkali Mohammed mni (Chairman) Mr Abayomi Olaofe - Shareholder, Sir Enoch Iwueze - Shareholder, Lt. Gen. Jeremiah T. Useni (rtd)mni, Mrs. Omobola Johnson and Mr. Chris Ogbegie.

MANAGEMENT COMMITTEES

Assets and Liabilities Committee (ALCO): The primary function of this Committee is the creation of a balance sheet structure to allocate resources and fund utilization in a manner that it improves the Bank's financial performance; maximizing the value of capital overtime whilst controlling risk exposures; and managing the Bank's liquidity with respect to the composition of portfolio of liquid assets, control of cash flow, control of short-term borrowing capacity, monitoring of undrawn commitments, and contingency funding plans.

Management Credit Committee (MCC): Primarily, the Management Credit Committee approves credits in line with the Bank's credit policy. All credits exceeding the approval limit of the MCC are recommended to the Board Credit Committee for approval. The MCC also regularly assesses the Bank's risk asset portfolio to determine the optimum mix; the amount of exposures per customer and related group of customers; and approves the limits of inter bank placements. The MCC meets regularly to review watch-listed/non-performing accounts and approve specific provisions to be made on non-performing accounts.

Personnel Management Committee (PMC): The Personnel Management Committee reviews and makes recommendations on policies regarding Manpower Planning and Career Development; recruitment, selection and training of staff; performance management and staff appraisal; compensation, staff welfare and benefits schemes; Staff Movement and Audit; moderation of staff appraisal exercises and the implementation of the existing staff personnel policies and guidelines. The PMC reviews cases of infraction on the Bank's policies and procedures and applies adequate sanctions where necessary.

Risk Management Committee (RMC): Diamond Bank's Group Risk Management Committee have oversight and are responsible for all risk except credit, market and liquidity risks. Risk within the purview of the committee will include, but not be limited to, the following: Operational Risk; Strategic Risk; Accounting and Taxation Risk; Legal Risk; Compliance Risk; Reputational Risk; Human Capital Risk; Insurance Underwriting Risk; and Information Security Risk.

IT Steering Committee: The Committee serves as a Think Tank for all Information Technology (IT) matters and determines IT strategy and policies and coordinates the implementation of these policies.

Budget and Revenue Sharing Committee: This Committee prepares budget outlines for all the units of the Bank. The Committee carries out half yearly review of the budget in order to prepare and update the budget for the remaining months of the year. It evaluates and approves extra budgetary expenditure.

New Product Committee: Serves as a clearing house for new product proposals and in the process, determines and makes appropriate recommendations to Executive Management concerning product name and features; co-ordinates activities for the introduction of new products; and reviews existing products where necessary

Cost Management Committee: The Committee periodically reviews the costs/expenses of the Bank and recommends appropriate cost reduction/control measures; reviews and streamlines the acquisition of capital expenditure and bulk purchases of consumables with a view to reducing cost without comprising quality; and generally reviews the procurement procedures of the Bank.

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Business Continuity and Security Committee: This Committee implements contingency response plans and strategies; and formulates and reviews strategies and plans geared towards safeguarding the Bank's properties and personnel.

SHAREHOLDER RELATIONS

Diamond Bank believes in strengthening shareholder relations and has a dedicated Investor Relations Unit to cater to shareholders' needs. In addition to this, the entire staff of the Bank are always on hand to resolve any issues which our highly esteemed shareholders may bring forward.

The establishment of Shareholders' Associations has further improved the lines of communication between shareholders and the Bank such that the duly appointed representatives are able to table the concerns of the shareholders to the Management of the Bank.

Shareholders are also encouraged to express their opinions at General Meetings and Shareholders' Forums which are organised by the Bank from time to time.

Corporate Governance Principles

Diamond Bank ensures compliance with the Corporate Governance Principles established by the Code of Corporate Governance for Banks in Nigeria, Post Consolidation, issued by the Central Bank of Nigeria (CBN). In the quest to adopt best practices in the industry, the Bank established its own Corporate Governance Framework Manual which sets out a top-level framework for corporate governance in the Bank. For example:

Tenure of Non-Executive Directors and External Auditors

While the CBN Code recommends the tenure for Non-Executive Directors and Auditors, the Bank's Code adopts a more stringent recommendation.

The CBN Code recommends a maximum tenure of 3 (three) terms of 4 (four) years, i.e. 12 years, for Non-Executive Directors and a maximum period of 10 (ten) years for external Auditors.

The Bank's Code provides for a maximum tenure of 3 (three) terms of 3 (three) years, i.e. 9 years, for Non-Executive Directors, 8 (eight) years for Audit Firms.

Appointment of Independent Directors

In compliance with Section 5.3.6 of the CBN Code as well as Section 2.5.4 of the Bank's Code, 2 independent directors were duly appointed to the Board (Mr. Ian Greenstreet and Mrs Omobola Johnson)

FINANCIAL REPORTING AND ACCOUNTING

The audit for the period under review was conducted by the firm of PriceWaterhouseCoopers which is independent of the Bank. In keeping with the provisions of section 359 subsections (3) & (4) of the Companies and Allied Matters Act, the report of the Auditors is submitted to the Audit Committee which examines the report and makes recommendations to the shareholders at each Annual General Meeting.

INTERNAL CONTROL AND COMPLIANCE

The entire staff and management of the Bank are responsible for protecting the Bank against fraudulent transactions. However, the Compliance & Audit Division is vested with internal control functions. This division is divided into three units, namely: Compliance,

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Corporate Audit, and Security. The Compliance unit is responsible for promoting compliance with statutory and regulatory requirements and the anti- money laundering program of the Bank among other things. The primary function of the Corporate Audit Group is to review all operational transactions entered into by the Bank to ensure accuracy and avoid the processing of erroneous or fraudulent entries. The Security unit of the Bank is responsible for developing, implementing and monitoring the Bank's Security and Loss Prevention policies.

The Bank's branches, units and subsidiaries are inspected and audited regularly. In addition, spot checks or investigations are carried out where cause arises for such. The Bank in line with the constantly evolving nature of Information Technology has made substantial investments in Information Technology to provide the best services for its customers while ensuring the safety of information.

To further strengthen its Corporate Governance structure, the Bank implemented a Compliance Risk Management framework, which highlights the strategies required to effectively manage the risk of non-compliance. This includes the following:

- ◆ Development of a regulatory universe comprising a rule book of all the laws, rules and regulations governing the banking industry with inbuilt controls to ensure transactions and relationships are conducted in consonance with the laws of the land.
- ◆ Establishment of a full-fledged compliance unit and ensuring its independence by appointing a senior management staff who reports to the Board through the Board Audit Committee as the Bank's Chief Compliance Officer. Adequate human and financial resources are made available to Compliance Unit to ensure effective management of Compliance Risk.
- ◆ To effectively identify and assess Compliance Risks presented by customers, products and services, the Bank, through the Compliance function developed a risk measurement and monitoring information system that will provide management with timely and meaningful reports related to compliance with laws and regulations at the business unit and transaction levels.
- ◆ The Compliance Unit through risk management process analyses rules, regulations and laws in order to ensure that these are incorporated into the Bank's processes and procedures on day-to-day relationship management and transactions.
- ◆ Establishment of a well-defined and clearly communicated process for ensuring that identified compliance risks and breaches are escalated to the appropriate level and corrective actions taken promptly.
- ◆ Implementation of a robust whistle-blowing procedure that encourages reporting of financial improprieties through confidential channels. The Board of Directors has full ownership of the procedure and encourages all stakeholders to utilize the facility.
- ◆ Deployment of world-acclaimed Anti-Money Laundering (AML) software, OMNIEnterprise, by Infrasoftware Technologies Ltd (India) to ease identifying, tracking and reporting of suspicious transactions in line with the Money Laundering (Prohibition) Act, 2004.

Details of related party contracts are as follows:

Name of Contractor/Vendor	Relationship	Name of Director	Nature of Contract
Mr. Pascal G. Dozie	Director/Ex-Director	Uzoma Dozie	Consultancy
Elpina Associates Limited	Director	Uzoma Dozie	Supply and Maintenance
Mercedes Benz Automobile Services Limited	Director	Chief John D. Edozien	Supply and Maintenance

RISK MANAGEMENT

Risk Management is a fundamental part of Diamond Bank's business activities and an essential component of our planning process. To keep risk management at the centre of the executive agenda, it is embedded in everyday management of our business.

We remain committed to the objective of increasing shareholder value by developing and growing sustainable business that is

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consistent with our risk appetite.

Risk Management Philosophy & Culture

Diamond Bank undertakes all profitable transactions that it considers prudent and which meet our risk appetite and risk profile. The Bank continuously evaluates the risk and rewards inherent in its business endeavours, from strategy development and implementation to its day-to-day activities.

Thus, our risk culture is guided by the following key elements:

- ◆ The Diamond Bank Group (“the Group”) considers sound risk management as the bedrock for building a strong financial institution;
- ◆ Risk officers are empowered to perform their duties professionally and independently with clearly defined authority;
- ◆ Business units formally involve and view the risk management division as a thought partner;
- ◆ The Group strives to maintain a balance between risk/opportunities & revenue considerations with the Group's risk appetite. Thus, risk-related issues are considered in all business decisions;
- ◆ The Board and Management promote a strong culture of adherence to limits and managing risk exposure;
- ◆ The Group avoids products, markets and businesses for which it cannot objectively measure and manage their associated risks;
- ◆ There is open and full reporting of risks to the appropriate levels once they are identified; and
- ◆ The Group has zero tolerance for breach of regulations and laws.

Risk Management Objectives

The following are the key elements of Diamond Bank's Risk Management objectives:

- i) To identify the Group's material risks and ensure that risk management plans are consistent with risk appetite;
- ii) To optimise risk/return decisions by ensuring business units acts as primary risk managers while establishing strong and independent review and challenge structures;
- iii) To protect against unforeseen losses and ensure stability of earnings;
- iv) To maximise opportunities, earnings potential and ultimately stakeholder value; and
- v) To contribute to building a risk-smart workforce and environment that allows for innovation and responsible risk-taking by our staff while ensuring cost effective and legitimate precautions are taken to protect the shareholder's interest.

Scope of Risks

The scopes of risks we manage are as follows: (i) Credit Risk; (ii) Operational Risk; (iii) Market risk; (iv) Liquidity Risk; (v) Accounting and Taxation Risk; (vi) Legal Risk - which involves Litigation Risk, Contract Risk, Regulatory Compliance Risk and Collateral Default Risk; (vii) Strategic Risk; (viii) Human Capital Risk; (ix) Compliance Risk; (x) Insurance Underwriting Risk; (xi) Information Risk; and Reputational Risk.

Risk Management Strategy

Our strategy for managing risks is to establish and sustain a robust Enterprise-wide Risk Management framework that is process driven and IT enabled with emphasis on protecting the Group from risks while maintaining profitability and shareholders' value.

The Group's Risk Management & Control Division provides central oversight of risk management across the Group to ensure that the full spectrum of risks facing the Group are properly identified, measured, monitored and controlled to minimize adverse outcomes.

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The Risk Management & Control Division is however complemented by other departments in the management of certain important risks as illustrated below:

Risk Mgt. & Control	Legal Unit	Financial Control Unit	Strategic Planning & Research Unit	Human Capital Mgt. Unit	Corporate Communications Unit
<ul style="list-style-type: none"> ♦ Credit Risk ♦ Operational Risk ♦ Market Risk ♦ Liquidity Risk ♦ Information Security Risk ♦ Insurance Underwriting Risk 	<ul style="list-style-type: none"> ♦ Litigation Risk ♦ Contract Risk ♦ Regulatory Compliance Risk? (SEC & CAC) ♦ Collateral Default Risk 	<ul style="list-style-type: none"> ♦ Accounting Risk ♦ Taxation Risk 	<ul style="list-style-type: none"> ♦ Strategic Risk 	<ul style="list-style-type: none"> ♦ Human Capital Risk 	<ul style="list-style-type: none"> ♦ Reputational Risk

Role of Corporate Audit

Without prejudice to the above, Corporate Audit is responsible for auditing the Risk Management & Control Division to provide assurance that all units charged with risk management perform their roles efficiently and effectively on a continuous basis. Corporate Audit also evaluates the adequacy of internal controls and makes appropriate recommendations where weaknesses are identified.

Risk Appetite

The Group's Risk Appetite is the level of risk the Group is prepared to accept to achieve its business strategy and objectives. The Board sets and monitors the Group's Risk Appetite and ensures that Risk Appetite is fully integrated into its strategy and business plans. Thus, our risk appetite is defined by the extent to which we tolerate risks as described by our performance indicators, operational parameters and process controls.

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Our risk appetite is guided by the following considerations:

Financial:

The following performance indicators govern our Group's financial risk appetite:

- a. Losses due to frauds and operational inefficiencies are set at levels not exceeding a defined percentage of annual earnings;
- b. Maintenance of sustainable returns;
- c. Financial and prudential ratios are set at levels more conservative than statutory requirements; and
- d. Financial and prudential ratios are set at levels better than the average of benchmarked banks.

Credit:

The Group's appetite for credit risk is governed by high quality risk assets measured by the following key performance indicators:

- a. Ratio of non-performing loans to total loans;
- b. Ratio of loan loss expenses to total revenue;
- c. Ratio of loan loss expense to interest revenue;
- d. Provision coverage target
- e. Concentration of portfolio by industry, product, rating buckets and geographical regions;
- f. Cost of risk and

Reputational:

The following performance indicators govern our Group's reputational risk appetite:

- a. Favourable reports from the auditors, regulatory bodies and external rating agencies;
- b. Financial and Prudential ratios at a level more conservative than regulatory requirements and better than the average of benchmark banks;
- c. Zero tolerance for any utterance that may impact negatively on the Group;
- d. Zero appetite for association with disreputable individuals and organisations; and
- e. Zero appetite for unethical or illegal and unprofessional conduct by board members and staff.

Ratings:

The Bank aims to achieve consistently good ratings issued by any local and/or internationally recognised rating agency. The ratings must reflect sound financial fundamentals, excellent asset quality, strong liquidity position, strong capital level, strategic positioning in the economy and potential for higher earnings.

Customer Service:

The following performance indicator governs our Groups customer service: Unintended customer attrition below industry average at any point in time.

Regulatory:

The following performance indicators govern our Group's regulatory risk appetite:

- a. Zero tolerance to payment of fines and other penalties associated with infractions and non-compliance with laws, rules and regulations; and

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- b. Minimized exception reporting by auditors and regulatory examiners.

Operational:

The following performance indicators govern our Group's operational risk appetite:

- a. Compensation scheme that discourages a short-term reward culture;
- b. Zero tolerance to payment of fines and other penalties associated with infractions; and
- c. Minimise serious exception reporting by auditors and regulators.

Market:

The following performance indicators govern our Group's market risk appetite:

- a. Ratio of Rate Sensitive Assets (RSA)/Rate Sensitive Liabilities (RSL)
- b. Interest Rate Gap Limit [i.e. (RSA-RSL)/Total Assets]
- c. CBN approved open position limit for foreign exchange position
- d. Value at Risk
- e. Concentration limits
- f. Stop loss limits
- g. Profit take limits

Liquidity:

The following performance indicators govern our Group's liquidity risk appetite:

- a. Loan to Deposit
- b. Liquidity ratio
- c. Capital adequacy ratio Demand Deposits/Total LCY Deposits (Bank's limits 65%)
- d. Total Deposits/Total Assets
- e. Government funds/Total Deposits
- f. Liquid Assets/Total deposits
- g. Total loans/Total deposits
- h. Capital Adequacy

RISK MANAGEMENT GOVERNANCE FRAMEWORK

Diamond Bank's risk management framework is based on the "three lines of defence" model for risk management. Under this model, responsibilities and accountabilities for risk management resides with all levels within the Group, from the Board of Directors down to the lowest levels.

Risk Management & Ownership – First line of defence

This line consists of all groups and business line functions with primary responsibilities for risk management. The process for assessing, evaluating and measuring risks is embedded in their day-to-day activities. The primary responsibilities and objectives of the first line of defence are listed below:

- a. identifying, analysing, reporting and prioritizing ongoing and emerging risks;
- b. implementing the Group's policies and managing day-to-day risk exposures by using appropriate procedures and internal controls;
- c. ensuring the effectiveness of risk management and risk outcomes and allocating resources to execute risk management

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- activities;
- d. monitoring risk events and losses, identifying issues and implementing remedial actions to address these issues; and
- e. reporting and escalating material risks and issues to Risk Management & Control Division and Executive Management as appropriate.

Risk Oversight – Second line of defence

The second line of defence consists of all divisions with primary responsibilities for independent risk oversight and monitoring. They provide support to the business, review and report key risk to the risk committees. The primary responsibilities of this line of defence are as follows:

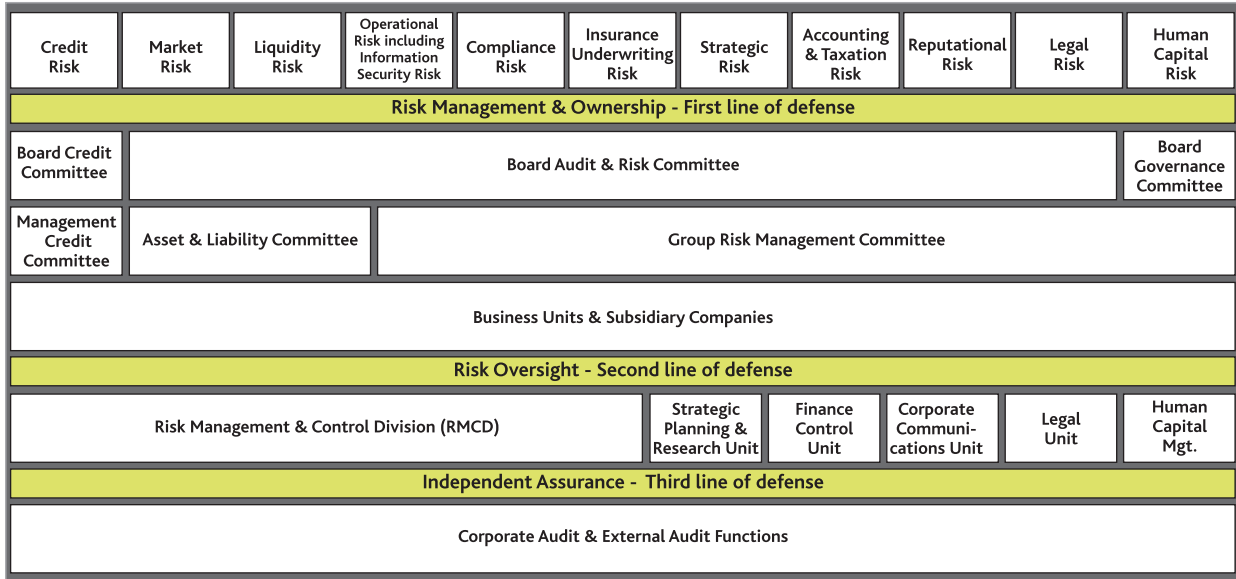
- a. establishing risk policy, standards, limits and monitoring adherence;
- b. providing oversight and independent reporting to executive management and the Board;
- c. assisting the first lines of defence in implementing the Group's risk management framework and policy;
- d. establishing a measurable and systematic process for risk evaluation and governance reporting;
- e. providing analytics, guidance and coordination among diverse business units; and
- f. providing independent review and reporting the effectiveness of risk management implemented by the first line of defence.

Independent Assurance – Third line of defence

The third line of defence consists of all functions with primary responsibilities for evaluating and providing independent assurance on the adequacy, appropriateness and effectiveness of the Group's overall risk management framework, risk governance structure, and risk management process and controls. The third line of defence also maintains an independent reporting line with the Board Audit & Risk Management Committee.

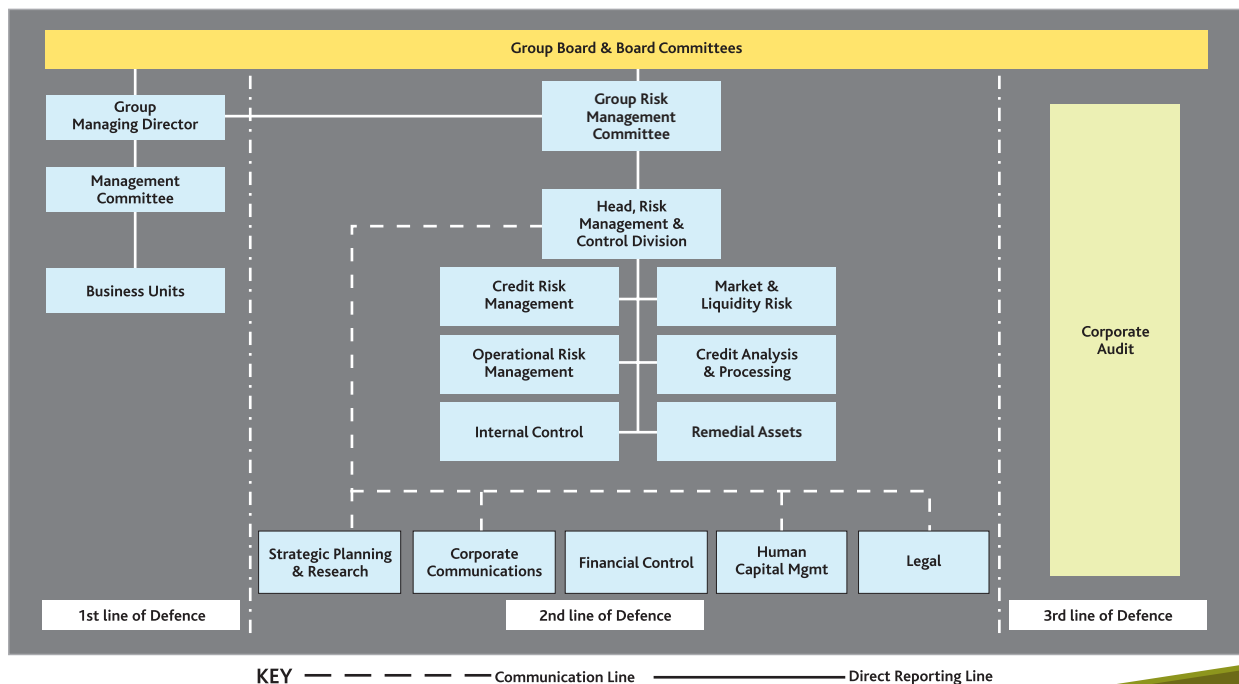
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The figure below is an overview of the Group's Risk Management framework.



Risk Management Governance Structure

The figure below depicts the Diamond Bank Risk Management Governance Structure



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I. Risk Ownership & Management - 1st Line of Defence

Board of Directors

The Board sets the Group's overall risk appetite, approves risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control.

The Board oversees the risk management of the Group through its committees. Without prejudice to the roles of these Committees, the full Board retains ultimate responsibility for risk management.

Executive Management

The Executive Management of Diamond Bank under the leadership of the Group Managing Director/Chief Executive Officer is responsible for managing risk inherent in the Group's business transactions. In addition to the aforementioned, the Executive Management is also responsible for the following:

- a. designing and implementing the risk management framework approved by the Board;
- b. implementing strategies, processes and procedures set by the Board of Directors;
- c. implementing the internal control systems;
- d. setting risk management priorities; and
- e. acting as the final enforcer on such matters as aligning objectives, strategies, risk appetite, eliminating gaps and overlaps in risk management responsibilities and authorities and resolving significant internal conflicts.

The following management committees comprising of senior management staff support the executive committee in performing its risk management roles: the Assets and Liabilities Committee, the Management Credit Committee and the Risk Management Committee

Business Units

Business Units include all core business units in the Bank and subsidiary companies. They are responsible for the day-to-day identification, mitigation, management and monitoring of risks within their business units. The business units shall also be responsible for the following:

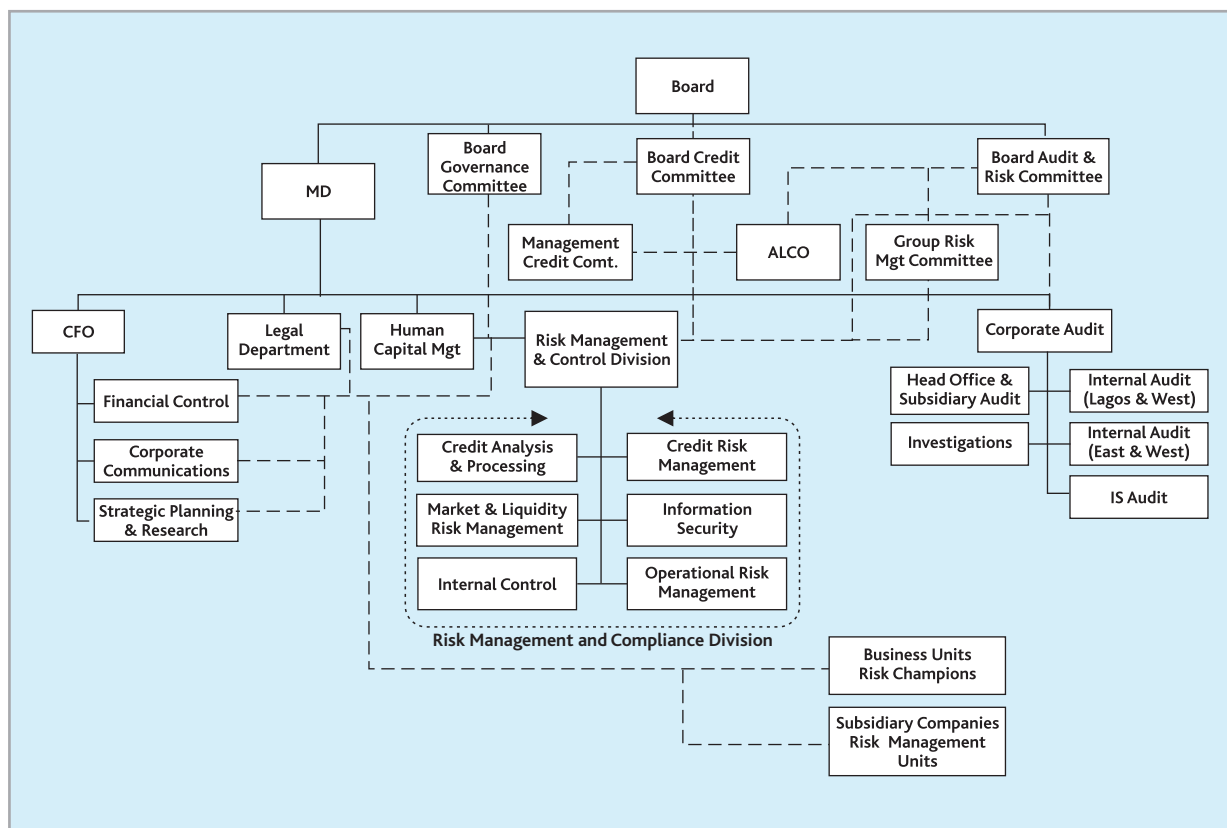
- a. implementing the Group's risk management strategies;
- b. managing day-to-day risk exposures by using appropriate procedures and controls in line with the Group's risk management framework;
- c. identifying risk issues and implementing remedial actions to address these issues; and
- d. reporting and escalating material risk and issues to appropriate authorities.

II. Risk Oversight – 2nd Line of Defence

This level of control provides independent oversight and challenge of the effectiveness of the Group's risk management processes, assists business unit managers by providing training courses and counsel in relation to risk management and report on risk management activities to the various risk committees.

Compliance with Code of Corporate Governance For period ended 31 December 2010

The Group's risk management structure integrates the various control units to the Group's risk management function through the Group Risk Management Committee as shown below.



Enterprise-Wide Risk Management (ERM) Organizational Structure.

The Group Risk Management Committee under the leadership of the Head, Risk Management & Control provides central oversight of risk management across the Group to ensure that the full spectrum of risks facing the Group are properly identified, measured, monitored and controlled in order to minimize adverse outcomes. It also provides high-level policies and standards for the overall corporate governance and risk management function. The Committee supported by the Risk Management & Control Division performs research, quality assurance, and provides analytical support to the business units. Risk management in the business units is the responsibility of the risk champions, who have a functional reporting line to the Head, Risk Management & Control Division.

The Finance Function (specifically Corporate Communications, Financial Control, and Strategic Planning & Research Units) and Legal Department complement the Risk Management Division in the management of reputational, accounting & taxation, strategic and legal risks respectively.

The Risk Management & Control Division ("Risk Division") provides technical assistance and counsel to assist them identify, evaluate,

Compliance with Code of Corporate Governance For period ended 31 December 2010

mitigate, manage, track and report all the risks within the group. Risk Division recommends the Group's policies for Board approval, provides objective oversight and coordinate ERM activities Group-wide.

The following are important elements of the Division's responsibilities:

- a. Champion the implementation of the Enterprise-wide Risk Management framework across the Group;
- b. Develop risk policies, principles, process and reporting standards that define the Group's risk strategy and appetite in line with the Group's overall business objectives;
- c. Ensure that controls, skills and systems are in place to enable compliance with the Group's policies and standards;
- d. Facilitate the identification, measurement, assessment, monitoring, and controlling the level of risks in the Group;
- e. Collect, process, verify, monitor and distribute risk information across the Group and other material risk issues to senior management, the Board and Regulators;
- f. Monitor compliance with the Group's risk policies and limits;
- g. Provide senior management with practical, cost effective recommendations for mitigating risks;
- h. Act as a key contact for senior management who may wish to request ad hoc reviews/investigations;
- i. Ensure that laws, regulations and supervisory requirements are complied with including consequence management;
- j. Champion the implementation of Basel II and other related initiatives as directed by the regulatory bodies;
- k. Promote risk awareness and provide education on risk management; and
- l. Provide assurance on compliance with internal and external policies with respect to risk management.

Finance Function

The Finance Function, specifically through the Strategic Planning & Research (Strategic Risk Management), Financial Control and Corporate Communications Units, provides independent risk oversight for strategic risk, accounting and taxation risk, and reputational risk. Specific responsibilities are as follows:

Strategic Planning & Research Unit:

- a. Identify, assess and report potential risks posed to the Group by its strategies;
- b. Conduct strategic and operational review of the Group's activities to determine the strengths, weaknesses, opportunities and threats that supports or limits the achievement of the Group objectives;
- c. Monitor, evaluate and report on the implementation of the Group's strategic plan;
- d. Conduct regular scanning of the Group's operating environment noting factors such as political, economic, technological, regulatory, social, etc. that may impact the Group;
- e. Prepare business intelligence reports for the Group's management; and
- f. Perform competitive analysis in comparison with industry peers.

Financial Control Unit:

- a. Review the Group's major financial and tax exposures and proffer steps to monitor and control these exposures;
- b. Ensure that the approved budget is complied with and utilised as a monitoring tool;
- c. Review compliance with regulatory ratios such as liquidity ratios, cash reserve ratios, capital adequacy ratios, etc.;
- d. Monitor compliance with tax regulations, payment and filing requirements to prevent penalties;
- e. Ensure reports of financial information required by regulatory agencies are complete, accurate and timely to prevent exposure to fines, penalties and sanctions; and
- f. Monitor significant transactions of the Group to ensure they do not result in adverse tax consequences that could have been avoided had they been structured differently.

Compliance with Code of Corporate Governance For period ended 31 December 2010

Corporate Communications Unit:

- a. Promote the Group's image and perception in the public mind;
- b. Maximise the value of the Group's brand;
- c. Coordinate and monitor press and public relations; and
- d. Propose and coordinate social responsibility initiatives/sponsorships.

Legal Division

The Group's Legal Division is responsible for the identification, management and control of legal risk within the Group. To achieve this, the department:

- a. Establishes written guidance to staff on the appropriate implementation of the laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
- b. Advises Management on applicable laws, rules and standards, including any amendments/updates thereto;
- c. Monitors, manages and supervises litigations involving the Group;
- d. Selects solicitors and advocates that are competent and experienced to represent the Group and protect its interests;
- e. Reviews and approves all contracts, agreements and other legal documentations to safeguard and protect the Group including the documentation with respect to security for loans;
- f. Manages and keep custody of all collateral documents;
- g. Ensures perfection of legal mortgage; and
- h. Ensures adequate procedures for reviewing new products and services for risk of litigation.

III. Independent Assurance – 3RD Line of Defence

Corporate Audit

Corporate Audit provides independent and objective evaluation of the effectiveness of the Group's risk management and internal control system. Corporate Audit performs the following responsibilities:

- a. Provide independent assessment and evaluation on the adequacy and effectiveness of the Group's Risk Management Framework;
- b. Monitor Business Units and support function's compliance with the Group's risk policies;
- c. Assess the adequacy of the Group's risk assessment and measurement methodology;
- d. Assess the effectiveness of the Group's Risk Management and Control Division process; and
- e. Conduct an independent assessment and evaluation of the risks in Business Unit's activities.

External Audit

The External Audit function is statutorily responsible to shareholders to provide an independent opinion on the Group's financial statements. The function also reports on the adequacy of the Group's risk management and internal controls framework.

ENTERPRISE RISK MANAGEMENT (ERM)

Diamond Bank's ERM Vision is: "To build a world-class risk management culture". We consider risk as the quantifiable probability that the outcome of an action or event (internal or external) may result in adverse impacts that could severely hamper the achievement of its strategic objectives.

Compliance with Code of Corporate Governance For period ended 31 December 2010

Diamond Bank seeks to achieve an appropriate balance between risk and reward in its business and strategy, and continue to build and enhance the risk management capabilities that will assist the Bank in delivering its growth plans in a controlled environment. To this end, the Bank took a conscious decision to implement Enterprise Risk Management in the Diamond Bank Group.

During the financial year, Diamond Bank worked with an International firm of management consultants to update its Enterprise Risk Management (ERM) framework and other frameworks for specific risk areas such as credit, market, liquidity, operational, strategic and reputational risk. The enhanced framework has been approved by the Board of Directors and full implementation has started. We are committed to achieve full implementation by the end of 2011.

The main benefits and objectives of the ERM implementation include the following:

- ◆ It provides a platform for the Board and Management to confidently make informed decisions regarding the trade off between risk and reward;
- ◆ It aligns business decisions at the operating level to the Group's appetite for risk;
- ◆ It balances operational control with the achievement of strategic objectives;
- ◆ It enables Executives to systematically identify and manage significant risks on an aggregate basis;
- ◆ It enables the evaluation of new and existing investments on both a standalone and portfolio basis; and
- ◆ It minimises operational surprises and related costs or losses

We are currently implementing its Enterprise Risk Management Framework. The goal is to actualise our vision of building a world-class risk management culture.

In recognition of the enormous benefits of this implementation, the Bank has put in place appropriate organisational structures for key risk areas. Also preparatory for the challenges ahead with regards to risk measurement and reporting, the Bank is adopting appropriate technology to aid implementation. Our belief considering our conservative approach to banking is that Enterprise-Wide Risk Management is a competitive tool that will ultimately guarantee the expected returns and sustainability.

Attendance At Meetings

DIRECTORS	FULL BOARD	BOARD GOVERNANCE AND PERSONNEL COMMITTEE (BGPC)	BOARD AUDIT AND RISK MANAGEMENT COMMITTEE (BARMC)	BOARD CREDIT COMMITTEE (BCC)	AUDIT COMMITTEE
TOTAL NUMBER OF MEETINGS	8	12	6	9	4
HRM Igwe Nnaemeka Alfred Ugochukwu Achebe (The Obi of Onitsha)	8	N/A	N/A	N/A	N/A
Mazi Clement Owunna	8	11	6	9	N/A
Mr. Chris Ogbechie	7	10	N/A	8	3
Dr. Olubola Adekunle Hassan	6	2	5	N/A	2
Lt. Gen. Jeremiah Useni (rtd)	8	N/A	5	N/A	3
Mr. Simon Harford	8	6	3	3	N/A
Chief John D. Edozien	8	9	5	N/A	N/A
Mr Ian Greenstreet	5	N/A	2	3	N/A
Mrs Omobola Johnson	4	2	N/A	N/A	1
Ngozi Edozien	0	N/A	0	N/A	N/A
Mr. Emeka Onwuka	7	N/A	6	8	N/A
Mr. U.K. Eke	7	N/A	5	N/A	N/A
Mr. Uzoma Dozie	7	N/A	N/A	8	N/A
Mr. Dele Akinyemi	7	N/A	N/A	6	N/A
Mr. Victor Ezenwoko	2	N/A	N/A	N/A	N/A

- ◆ Mr. Ian Greenstreet = Independent Director – Appointment effective 2nd August 2010. Appointment to BCC and BARMC effective 17th September 2010.
- ◆ Mrs. Omobola Johnson = Independent Director – Appointment effective 2nd August 2010. Appointment to Audit Committee and BGPC effective 17th September 2010.
- ◆ Ms. Ngozi Edozien = Non Executive Director representing Actis – Appointment effective December 22, 2010
- ◆ Mr. Victor Ezenwoko = Executive Director – Appointment effective October 25, 2010

Responsibility for Annual Financial Statements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act 1991, require the directors to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the Bank at the end of the period and of its profit or loss. The responsibilities include ensuring that the Bank:

- i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act 1991;
- ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with,

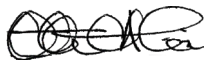
- Nigerian Accounting Standards;
- Prudential Guidelines for Licensed Bank;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act of 1991; and
- The requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and its subsidiary operations and of their profit for the period. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of approval of the financial statements.



HRM Igwe Nnaemeka Alfred Achebe
Chairman



Alex Otti
Managing Director/CEO



Abdulrahman Yinusa
Executive Director/CFO

Report of External Consultant on The Board Appraisal



We conducted the appraisal of the Board of Directors ('the Board') of Diamond Bank Plc ("the Bank") for the year ended 31 December, 2010 in accordance with the standards set by the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria Post Consolidation ("the CBN Code"). Corporate governance is the system by which business corporations are directed and controlled to enhance performance and long term shareholder value.

We reviewed the Bank's corporate governance report included on pages 35 to 54 of the Annual Report for the year ended 31 December 2010 as prepared by the Board, and assessed the level of compliance of the Board with the CBN Code.

The principal recommendations arising from our appraisal of the Board of the Bank, in accordance with the CBN Code, were in the following areas: succession planning, Director remuneration.

A handwritten signature in black ink, appearing to be 'Dimeji Salaudeen', written over a horizontal line.

Dimeji Salaudeen
Partner, KPMG Professional Services
Lagos, Nigeria

18 April 2011.

Audit Committee Report

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act. Cap. C20 Laws of the Federation of Nigeria, 2004, we, the Members of the Audit Committee of the Board of Directors of Diamond Bank Plc, having carried out our statutory functions under the Act with the co-operation of management and staff, hereby report that:

1. the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices;
2. the scope and planning of both the external and internal audit programmes for the year ended 31 December, 2010 were satisfactory and reinforce the Group's internal control system;
3. having reviewed the external auditor's findings and recommendations on the management matters, we are satisfied with the management responses thereon;

In addition to the foregoing, we have complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February, 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregate amount of N25.8 billion was outstanding as at 31 December, 2010.



Mr. Kabir Alkali Mohammed (mni)
Chairman, Audit Committee

14 March 2011

Members of the Audit Committee

Mr. Kabir Alkali Mohammed (mni)	Chairman
Lt. Gen. Jeremiah T. Useni (RTD) (mni)	Member
Mr. Chris Ogbechie	Member
Sir Enoch Iwueze	Member
Mrs. Omobola Johnson	Member
Mr. Abayomi Olaofe	Member

In attendance
Nkechi Nwosu

Secretary



Report of The Independent Auditor to The Members of Diamond Bank Plc

Report on the financial statements

We have audited the accompanying financial statements of Diamond Bank Plc ("the Bank") and its subsidiaries (together "the group") which comprise the balance sheet as of 31 December 2010 and the profit and loss account, and statement of cash flows for the year 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 these 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 control 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 independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the Bank and Group as of 31 December 2010 and of their profit and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

Report on other legal requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;
- iii) the company's balance sheet and profit and loss account are in agreement with the books of account;
- iv) our examination of loans and advances was carried out in accordance with the prudential Guidelines for licensed banks issued by the Central Bank of Nigeria;
- v) loans and advances to insiders are disclosed in Note 36 to the financial statements in accordance with the central Bank of Nigeria circular BSD/1/2004;
- vi) to the best of our information, the Bank has not contravened any regulation of the Banks and Other Financial Institutions Act during the period;
- vii) to the best of our information, the Bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.


Chartered Accountants
Lagos, Nigeria



22 March 2011

Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a. Basis of preparation

These financial statements are the stand alone and consolidated financial statements of Diamond Bank Plc ("the Bank"), and its subsidiaries (together, "the Group"). The financial statements are prepared under the historical cost convention and comply with the Statements of Accounting Standards (SAS) issued by the Nigerian Accounting Standards Board.

The financial statements are presented in Nigerian Naira rounded to the nearest thousand (unless otherwise stated). Nigerian Naira is the Bank's reporting currency.

b. Consolidation

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half the voting rights or otherwise has power to control have been consolidated. However, subsidiaries in which the bank has temporary control and intention to dispose, are not consolidated. Subsidiaries are consolidated from the date effective control is transferred to the Group and are no longer consolidated from the date of disposal. The accounting policies of the subsidiaries are consistent with those of the Bank. Separate disclosure is made for non-controlling interest.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

d. Foreign currency conversion and translation

i. Transactions and balances

Foreign currency transactions are converted into the reporting currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

ii. Group companies

The results and financial position of all Group entities that have a reporting currency different from that of the Bank are translated into the Bank's reporting currency as follows:

Statement of Significant Accounting Policies

- assets and liabilities for each balance sheet presented are translated at the exchange rate ruling at the balance sheet dates;
- income and expenses for each profit and loss account presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing in the operating period, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in a separate component of reserves.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to reserves. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and other adjustments (e.g. previously unrecognised deferred tax asset) arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

e. Recognition of income

Interest income is recognised on an accrual basis, except for interest overdue by more than 90 days, which is suspended and recognised only to the extent of cash received.

Fees and commissions, where material are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service. Lease finance income is recognised on a basis that provides a constant yield on the outstanding principal over the lease term.

Income from bond or guarantee and letters of credit (clean line) are recognised as earned on issuance of the bond or guarantee, or at the time the service or transaction is effected, while income from guaranteed commercial papers is recognised and reported net in the financial statements.

Trading income is the net gains or losses on valuation or sale of proprietary investments (treasury bills, bonds, equity instruments, etc) held by the group.

f. Provision against credit risk

Provision is made in accordance with the Prudential Guidelines for Licensed Banks issued by the Central Bank of Nigeria for each account that is not performing in accordance with the terms of the related facility as follows:

<u>Interest and/or Principal outstanding for over:</u>	<u>Classification:</u>	<u>Provision:</u>
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Lost	100%

The bank normally makes provision of at least 1% for performing risk assets to recognize risk inherent in any credit portfolio. In compliance with the revised Prudential Guidelines for Licensed Banks effective July 2010, the Group has not made a 1% provision on performing credit assets.

Statement of Significant Accounting Policies

g. Underwriting results

The Group conducts life assurance and non-life insurance business through its subsidiary operations. The Group accounts for its underwriting activities as follows:

i. Underwriting results for non-life insurance business

The underwriting results for non-life insurance business are determined on an annual basis whereby the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums as follows:

1. Premiums written relate to risks assumed during the period, and include estimates of premium due but not yet received, less an allowance for cancellations.
2. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date which relate to the unexpired terms of policies in force at the balance sheet date, and are calculated on time apportionment basis.
3. Claims paid represent all payments made during the period, whether arising from events during that or earlier periods. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the period are closed, and include provisions for claims incurred but not reported ("IBNR").
4. Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business.

ii. Underwriting results for life insurance business

The underwriting results for life assurance business are determined on a fund accounting basis in accordance with SAS 16 – Accounting for Insurance Business. The incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums as follows:

1. Premiums written relate to risks assumed during the period, and include estimates of premiums due but not yet received, less an allowance for estimated lapses.
2. Claims arising on maturity are recognised when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.
3. Expenses and commissions are allocated to the life fund as incurred in the management of the life business.

The life assurance contracts (accounted for in the life fund) are assessed every three years by qualified consulting actuaries in accordance with Section 29 of the Insurance Act, 2003. Any resulting actuarial loss is charged to the profit and loss account.

Actuarial surpluses are allocated between the shareholders and the policy holders. The Group transfers a maximum of 40% of surpluses arising on actuarial valuation to the profit and loss account. Any balance remaining is retained in the life fund and attributable to "with profit" policyholders as of the date of actuarial valuation.

In accordance with Section 22(1) of the Insurance Act 2003, an additional provision of not less than 25% of net written premium is maintained between valuation dates. This provision is transferred to the life fund from the profit and loss account.

Statement of Significant Accounting Policies

h. Deferred acquisition and maintenance expenses

Prepaid expenses include deferred acquisition expenses and deferred maintenance expenses. These expenses are incurred as a result of direct business earned from brokers. The deferred portion is calculated based on the percentage of unexpired risk to premium income.

i. Outstanding claims and provisions

Full provision is made for the estimated cost of all claims notified but not settled at the date of the balance sheet, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the balance sheet date on the basis of 10% of claims notified but not settled in compliance with Section 20(1)(b) of the Insurance Act, 2003. Similarly provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the balance sheet date in settling all claims outstanding as at that date, including IBNR. Differences between the provisions for outstanding claims at a balance sheet date and the subsequent settlement are included in the Revenue Account of the following period.

j. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

k. Investment securities

The Bank categorises its investment securities as short term investments and long term investments.

i. Short term investments

Short-term investments are investments that management intends to hold for not more than one period.

Short-term investments are carried at the lower of cost and market value. The amount by which cost exceeds market value (unrealised loss) is charged to the profit and loss account.

ii. Long term investments

Long-term investments are investments other than short term investments. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost or at a revalued amount. When there has been a permanent decline in value of a long term investment, the carrying amount of the investment is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of long-term investments is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase for the same investment, that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than income.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same investment, that

Statement of Significant Accounting Policies

was charged to the profit and loss account, is credited to the profit and loss account to the extent that it offsets the previously recorded decrease.

A decline in value of a quoted long term investments is considered permanent when market value remains below carrying value for at least 2 years consistently.

Dividend received is reported as dividend income. Gains or losses on sale of long term investments are recognized as gains or losses on sale of investment securities.

l. Investment in subsidiaries

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

m. Investment property

Investment Property comprises land or buildings held primarily for income generation or capital appreciation and not occupied substantially for the operations of the Group. An occupation of more than 15% of a property is considered substantial.

Investment properties are carried in the balance sheet at their market values and revalued on a systematic basis at least once every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in the value of an investment property, the carrying amount of the property is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Group's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase for the same property, that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account is credited to the profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separately from the property, plant and equipment used for the purposes of the business.

n. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Statement of Significant Accounting Policies

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group and the cost can be measured reliably. Repairs and maintenance expenditure are charged to the profit and loss account for the financial period they are incurred.

Land and buildings comprise mainly branches and offices. Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property, plant and equipment.

Depreciation is calculated on a straight line basis to write down the cost of property, plant and equipment to their residual values over their estimated useful lives as follows:

Motor vehicles	- 4 Years
Furniture and fittings	- 4 Years
Computer equipment	- 3 Years
Leasehold land & buildings	- Over the lease period
Leasehold improvement	- Over the unexpired lease term

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the profit and loss account.

o. Leases

The Group classifies a lease as a finance lease if the following conditions are met:

- (a) Lease is non-cancelable, and
- (b) Any of the following is applicable:
 - (i) The lease term covers substantially (80% or more) the estimated useful life of the asset or,
 - (ii) The net present value of the lease at its inception using the minimum lease payments and the implicit interest rate is equal to or greater than the fair value of the leased asset or,
 - (iii) The lease has a purchase option which is likely to be exercised.

A lease that does not qualify as a finance lease as specified above should be treated as an operating lease.

A Group company can be a lessor or a lessee in either a finance lease or an operating lease.

i. A Group company is the lessor

When assets are subject to a finance lease, the transactions are recognized in the books of the Group at the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment is the sum of the minimum lease payments plus any residual value payable on the lease. The discount on lease is

Statement of Significant Accounting Policies

defined as the difference between the gross investment and the present value of the asset under the lease. This discount is recognized as unearned and amortized to income as it is earned over the life of the lease at a basis that reflects a constant rate of return on the Group's net investment in the lease.

Finance leases are treated as risk assets and the net investment in the lease is subject to the provisioning policy listed in (f).

When assets are held subject to an operating lease, the assets are recognized as property and equipment based on the nature of the asset and the Group's normal depreciation policy for that class of asset applies.

Lease income is recognized on a straight line basis over the lease term.

All initial direct costs associated with the operating lease are charged as incurred to the profit and loss account.

ii. A Group company is the lessee

When the assets leased are subject to an operating lease, the total lease payments due are charged to profit and loss on a systematic basis in line with the time pattern of the user's benefit.

When the assets are subject to a finance lease, the Group accounts for it by recording the lease as an acquisition of an asset and the incurrence of a liability.

To capitalize the lease right, the Group determines the following:

- (a) The initial value of the leased asset and the corresponding liability.
- (b) The amortization rate or amount; and
- (c) The amount by which the lease liability is to be reduced.

At the beginning of the lease term, the Group records the initial asset and liability at amounts equal to the fair value of the leased asset less the present value of unguaranteed or partially guaranteed residual value which would accrue to the lessor at the end of the term of the lease. The discount factor to apply in calculating the present value of the unguaranteed residual value accruing to the lessor is the interest rate implicit in the lease.

Where the Group cannot determine the fair value of the leased asset, at the inception of the lease or is unable to make a reasonable estimate of the residual value of the lease without which the interest rate implicit in the lease could not be computed, the initial asset and liability are recorded at amounts equal to the present value of the minimum lease payments using the Group's incremental borrowing rate as the discount factor.

The leased assets should be depreciated or the rights under the leased asset should be amortized in a manner consistent with the depreciation policy on the Group's own assets.

The minimum lease payment in respect of each accounting period is allocated between finance charge and the reduction of the outstanding lease liability. The finance charge is determined by applying the rate implicit in the lease to the outstanding liability at the beginning of each period.

p. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less

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accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units is represented by each primary reporting segment.

q. Cash and cash equivalents

Cash comprises cash on hand and demand deposits denominated in Naira and to foreign currencies. Cash equivalents are short-term highly liquid instruments which are:

- (i) Readily convertible into cash, whether in local or foreign currency; and
- (ii) So near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rate.

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

r. Provisions, contingent liabilities and contingent assets

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are normally made for restructuring costs and legal claims. In addition, general provisions are made on performing risk assets balances in accordance with the Prudential Guidelines for Licensed Banks. Risk assets comprise of loans and advances, advances under finance lease, other facilities, etc.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to eventuate.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is never recognized rather they are disclosed in the financial statements when they arise.

s. Retirement benefits

Retirement benefit costs comprise current service and past service costs. Current service cost refers to increase in the present value of defined benefit obligations arising from employee service in current period and charged to the profit and loss account of the period. Past service cost is the increase in present value of defined benefit obligations for employee service in prior periods, resulting from the

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introduction of, or changes to past employment benefits. Past service costs can be negative or positive and are recognised over 4 years in accordance with SAS 8- Accounting for employee retirement benefits.

The Bank operates an employee provident scheme and a non-contributory defined gratuity scheme. The Bank also operated a defined gratuity scheme which was discontinued in 2008.

t. Deferred taxation

Deferred income tax is provided using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation of property and equipment, provisions for retirement benefits, provisions for loan losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the timing differences can be utilized.

Income tax payable on profits or losses, based on the applicable tax law in each jurisdiction, is recognized as an expense in the period in which the profits or losses arise. The tax effects of income tax losses available for carry forward are recognized as an asset when it is probable that taxable profits will be available against which such losses can be utilized.

u. Borrowed funds

Borrowed funds (or borrowings) are recognized initially at their issue proceeds and subsequently stated at costs less any repayments.

Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortized over the life of the loan.

Interest paid on borrowings is recognized in the profit and loss account for the period.

v. Share capital

i. Share issue costs

Incremental costs directly attributable to the issue of new shares at a premium or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

ii. Dividends on ordinary shares

Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the period that are approved by the shareholders after the balance sheet date are dealt with in the subsequent events note

Dividends proposed by the Directors' but not yet approved by members are disclosed in the financial statements in accordance with

Statement of Significant Accounting Policies

the requirements of the Company and Allied Matters Act.

w. Off-balance sheet transactions

Contingent liabilities arising from guaranteed commercial papers, letters of credit (clean line), performance bonds and guarantees issued on behalf of customers in the ordinary course of business are reported off-balance sheet in recognition of the risk inherent in those transactions.

Income on these transactions is recognized as earned issuance of the bond or guarantee.

x. Sale of loans or securities

A sale of loans or securities without recourse to the seller is recognized by the seller is accounted for as a disposal and the asset excluded from the balance sheet.

Profits or losses on sale of loans or securities without recourse to the seller are recognized by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse.

- ◆ control over the economic benefits of the asset must be passed on to the buyer;
- ◆ the seller can reasonably estimate any outstanding cost; and
- ◆ there must not be any repurchase obligations

A sale or transfer of loans or securities with recourse where there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognized as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortized over the remaining life. However, losses are recognized as soon as they can be reasonably estimated.

Where there is no obligation to or assumption of repurchase, the sale should be treated as a disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

y. Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

Profit and Loss Accounts For the 12 months period ended 31 December 2010

		Group 12months to Dec.' 2010 N'000	Group 8months to Dec.' 2009 N'000	Bank 12months to Dec.'2010 N'000	Bank 8months to Dec.' 2009 N'000
	Note				
Interest income	3	66,176,253	50,745,637	64,175,555	48,858,078
Interest expense	4	(16,293,369)	(24,895,914)	(15,009,911)	(24,126,283)
Net interest income		<u>49,882,884</u>	<u>25,849,723</u>	<u>49,165,644</u>	<u>24,731,795</u>
Fee and commission income	5	17,777,104	11,796,307	16,202,842	11,653,129
Fee and commission expense		(529,033)	(381,931)	(451,091)	(349,462)
Net fee and commission income		<u>17,248,071</u>	<u>11,414,376</u>	<u>15,751,751</u>	<u>11,303,667</u>
Foreign exchange income		1,908,688	1,946,669	1,759,740	1,851,749
Trading income		1,461,745	1,801,839	1,607,937	1,787,970
Underwriting profit		716,785	108,412	-	-
Investment income	6	1,049,409	988,481	265,019	448,180
Profit on loans sold to AMCON		1,408,525	-	1,408,525	-
Other operating income		523,779	348,350	303,472	68,296
Operating income		<u>74,199,886</u>	<u>42,457,850</u>	<u>70,262,088</u>	<u>40,191,657</u>
Operating expenses	7	(46,564,543)	(30,087,301)	(43,115,551)	(27,356,396)
Provision for losses	14	(22,862,480)	(24,744,703)	(17,678,521)	(21,891,054)
Profit/(loss) before taxation		4,772,863	(12,374,154)	9,468,016	(9,055,793)
Taxation	8	(3,444,208)	4,199,741	(2,945,561)	4,172,347
Profit/(loss) after taxation		1,328,655	(8,174,413)	6,522,455	(4,883,446)
Non-controlling interest	32	(40,241)	32,402	-	-
Profit/(loss) attributable to the group		<u>1,288,414</u>	<u>(8,142,011)</u>	<u>6,522,455</u>	<u>(4,883,446)</u>

The profit/(loss) for the period is appropriated as follows:

Transfer to statutory reserve	34	990,016	-	978,368	-
Transfer to small scale industries reserve	34	326,123	-	326,123	-
Transfer to contingency reserve	34	120,733	70,365	-	-
Transfer to retained earnings reserve	34	(148,458)	(8,212,376)	5,217,964	(4,883,446)
		<u>1,288,414</u>	<u>(8,142,011)</u>	<u>6,522,455</u>	<u>(4,883,446)</u>
Earnings per share (basic)	40	9k	(56k)	45k	(34k)
Earnings per share (diluted)	40	9k	(56k)	45k	(34k)

The accompanying statement of significant accounting policies and explanatory notes form an integral part of these financial statements.

Balance Sheets As at 31 December 2010

		Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
Assets					
Cash and balances with central banks	9	27,606,200	70,428,505	17,764,318	62,470,986
Treasury bills	10	51,302,987	9,090,252	43,063,637	6,414,452
Due from other banks	11	66,815,068	101,663,746	61,609,150	96,202,493
Loans and advances	12	294,227,900	302,486,935	294,920,909	296,537,785
Advances under finance lease	15	5,071,279	6,962,870	5,071,279	6,962,870
Other facilities	16	12,907,261	20,333,580	12,907,261	20,333,580
Insurance receivables	17	187,577	265,730	-	-
Investments	18	73,491,632	68,415,479	49,528,513	41,819,256
Investment in subsidiaries	19	-	-	17,442,980	16,442,980
Deferred tax assets	21	4,757,142	7,858,279	3,265,430	6,573,106
Other assets	22	17,922,171	21,848,223	8,386,866	15,294,128
Investment property	23	3,755,064	3,474,612	-	-
Property, plant and equipment	24	36,750,856	37,567,390	34,442,217	34,949,278
		<u>594,795,137</u>	<u>650,395,601</u>	<u>548,402,560</u>	<u>604,000,914</u>
Liabilities					
Customer deposits	25	412,031,918	482,056,310	378,733,006	449,020,259
Due to other banks	26	15,347,216	14,659,352	4,104,098	3,970,670
Liability on investment contracts	27	3,856	39,085	-	-
Borrowings	28	28,281,011	19,050,996	28,281,011	19,050,996
Current income tax payable	8	1,995,250	3,653,521	1,649,557	3,360,544
Dividend payable		86,263	177,635	86,263	177,635
Other liabilities	29	27,673,045	21,271,403	18,068,295	15,915,606
Provisions on insurance contracts	30	1,685,126	1,238,238	-	-
Deferred tax liabilities	21	580,464	1,962,128	580,464	1,959,203
Retirement benefit obligations	31	26,125	193,862	18,707	187,297
		<u>487,710,274</u>	<u>544,302,530</u>	<u>431,521,401</u>	<u>493,642,210</u>
Equity					
Share capital	33a	7,237,622	7,237,622	7,237,622	7,237,622
Share premium	33b	89,629,324	89,629,324	89,629,324	89,629,324
Retained earnings	34	(5,098,158)	(4,949,700)	6,011,755	793,791
Other reserves	34	14,860,414	13,729,737	14,002,458	12,697,967
Attributable to equity holders of the parent					
Non controlling interest	32	455,661	446,088	-	-
		<u>107,084,863</u>	<u>106,093,071</u>	<u>116,881,159</u>	<u>110,358,704</u>
Total equity and liabilities		<u>594,795,137</u>	<u>650,395,601</u>	<u>548,402,560</u>	<u>604,000,914</u>
Acceptances and guarantees	35	228,845,811	123,992,746	155,424,498	55,251,224

The accounting policies on pages 66 to 75 and financial statements and notes on pages 79 to 108 were approved by the Board of Directors on 15 March 2011 and signed on its behalf by:


HRM Igwe Nnaemeka Alfred
Chairman


Alex Otti
Managing Director/CEO


Abdulrahman Yinusa
Executive Director/CFO

Cash Flow Statements For the period ended 31 December 2010

	Note	Group 12 Months to Dec.' 2010 N'000	Group 8 Months to Dec.' 2009 N'000	Bank 12 Months to Dec.'2010 N'000	Bank 8 Months to Dec.' 2009 N'000
Operating activities					
Cash generated from operations	38	(19,356,322)	(11,882,132)	(32,509,884)	(14,299,183)
Net Value Added Tax remitted		(804,855)	(361,742)	(800,457)	(477,219)
Income Tax paid	8	(3,383,006)	(979,612)	(2,727,611)	(580,069)
Net cash from operating activities		<u>(23,544,183)</u>	<u>(13,223,486)</u>	<u>(36,037,952)</u>	<u>(15,356,471)</u>
Investing activities					
Purchase of long term investment securities		(9,851,099)	(1,543,923)	(9,688,084)	(293,500)
Sale of long term investments		1,327,323	1,315,906	328,462	1,315,906
Additional investment in subsidiaries		-	-	(1,000,000)	-
Addition to investment property		(427,452)	(1,629,287)	-	-
Proceeds from sale of investment property		147,000	805,262	-	-
Purchase of property, plant and equipment		(4,385,205)	(6,524,834)	(4,166,145)	(5,973,661)
Proceeds from sale of property, plant and equipment		232,315	245,097	266,607	145,487
Net cash from investing activities		<u>(12,957,118)</u>	<u>(7,331,779)</u>	<u>(14,259,160)</u>	<u>(4,805,768)</u>
Financing activities					
Dividend paid to shareholders		(91,372)	(1,288,699)	(91,372)	(1,288,699)
Repayment of borrowings		(6,279,985)	(12,077,613)	(6,279,986)	(12,077,613)
Proceeds of new borrowings		15,510,000	7,420,500	15,510,000	7,420,500
Net cash from financing activities		<u>9,138,643</u>	<u>(5,945,812)</u>	<u>9,138,642</u>	<u>(5,945,812)</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(305,883)</u>	588,983	-	-
Decrease in cash and cash equivalents		<u>(27,668,541)</u>	<u>(25,912,094)</u>	<u>(41,158,470)</u>	<u>(26,108,051)</u>
Analysis of changes in cash and cash equivalents					
Balance, beginning of period		170,016,028	195,928,122	160,218,807	186,326,858
Balance, end of period	41	<u>142,347,487</u>	<u>170,016,028</u>	<u>119,060,337</u>	<u>160,218,807</u>
Decrease in cash and cash equivalents		<u>(27,668,541)</u>	<u>(25,912,094)</u>	<u>(41,158,470)</u>	<u>(26,108,051)</u>

The accompanying statement of significant accounting policies and explanatory notes form an integral part of these financial statements.

Notes to the Financial Statements

For period ended 31 December 2010

1. The bank

Diamond Bank Plc (the Bank) was incorporated in Nigeria as a private limited liability company on 20 December 1990. The Bank is licensed and supervised by the Central Bank of Nigeria. Together with its subsidiary operations, Diamond Bank provides a full range of financial services including investment, commercial and retail banking, securities dealing, custodian and insurance services.

The Bank converted to a public company in February 2005 and its shares are listed on the Nigerian Stock Exchange. Actis DB Holdings Limited, a financial investor, holds 14.79% of the Bank's equity while the balance is held by other individual and institutional investors.

2. Segment analysis

(a) By business segment

The Group's business is organized along the following business segments:

- ◆ Regional businesses – incorporating all banking activities relating to individuals (Personal Banking); Non-profit organizations and Focused Groups (Clubs, Associations, NGOs, Churches, Travel Agencies, Educational Institutions); and all companies with a monthly turnover of less than N1.2 billion.
- ◆ Corporate banking – incorporating all banking activities relating to Multinationals; other large/well-structured companies in Oil & Gas, Power & Infrastructures, Maritime & Transportation, Telecomm./General Services, Manufacturing/Trade and Construction, having monthly business turnover of greater than N1.2 billion; Financial Institutions; Federal Government ministries and agencies; Embassies and Foreign Missions; and Subsidiary activities in Mortgage and Pension Custody.
- ◆ Insurance business – incorporating all services rendered by ADIC Insurance company Limited. These include life and non-life business activities.
- ◆ Investment banking – incorporating all services rendered by Diamond Capital Group. These include Asset Management; Corporate Finance & Advisory; Principal Investments; and Debt Capital Markets.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business segment. Revenue sharing agreements are used to allocate external customer revenues to business segments on a reasonable basis.

At 31 December 2010	Regional businesses N'000	Corporate banking N'000	Insurance business N'000	Investment banking N'000	Group N'000
External revenues	55,307,783	33,128,353	1,279,722	1,306,430	91,022,288
Revenues from other segments	520,768	(520,768)	-	-	-
Total	55,828,551	32,607,585	1,279,722	1,306,430	91,022,288
Operating Profit / (loss)					
before tax	5,394,158	3,863,096	413,703	(4,898,094)	4,772,863
Income tax expense					(3,444,208)
Profit for the period					1,328,655

Notes to the Financial Statements For period ended 31 December 2010

2. Segment analysis (continued)

At 31 December 2010	Regional businesses N'000	Corporate banking N'000	Insurance business N'000	Investment banking N'000	Group N'000
Segment assets	353,824,506	215,071,184	8,677,013	17,222,434	594,795,137
Unallocated assets	-	-	-	-	-
Total assets	353,824,506	215,071,184	8,677,013	17,222,434	594,795,137
Segment liabilities	324,809,263	142,329,659	2,420,235	18,151,117	487,710,274
Unallocated liabilities	-	-	-	-	-
Total liabilities	324,809,263	142,329,659	2,420,235	18,151,117	487,710,274
Other segment information					
Depreciation	3,956,065	652,702	114,322	38,900	4,761,989
At 31 December 2009	Regional businesses N'000	Corporate banking N'000	Insurance business N'000	Investment banking N'000	Group N'000
External revenues	36,025,542	30,486,743	254,627	968,783	67,735,695
Revenues from other segments	2,651,553	(2,651,553)	-	-	-
Total	38,677,095	27,835,190	254,627	968,783	67,735,695
Operating profit / profit before tax	4,875,162	(14,421,745)	(732,062)	(2,095,509)	(12,374,154)
Income tax expense					4,199,741
Profit/(Loss) for the period					(8,174,413)
Segment assets	334,882,712	283,812,147	6,882,726	24,818,016	650,395,601
Unallocated assets	-	-	-	-	-
Total assets	334,882,712	283,812,147	6,882,726	24,818,016	650,395,601
Segment liabilities	318,682,323	199,962,675	2,222,080	23,435,452	544,302,530
Unallocated liabilities	-	-	-	-	-
Total liabilities	318,682,323	199,962,675	2,222,080	23,435,452	544,302,530
Other segment information					
Depreciation	1,894,900	1,187,843	50,496	54,572	3,187,811

Notes to the Financial Statements For period ended 31 December 2010

(b) By geographical segment

The Group's three business segments operate in two main geographical areas.

Nigeria is the home country of the parent bank, which is also the main operating company. The areas of operation include all the primary business segments. Revenue from external customers is based on the country in which the customer is located. Assets are shown by the geographical location of the assets.

	Nigeria N'000	West Africa N'000	Total N'000
At 31 December 2010			
External revenues	85,943,148	5,079,140	91,022,288
Segment result	4,418,430	354,433	4,772,863
Income tax expense	(3,392,675)	(51,533)	(3,444,208)
Profit for the period	1,025,755	302,900	1,328,655
Segment assets	536,076,887	58,718,250	594,795,137
Unallocated assets	-	-	-
Total assets	536,076,887	58,718,250	594,795,137
Segment liabilities	433,640,834	54,069,440	487,710,274
Unallocated liabilities	-	-	-
Total liabilities	433,640,834	54,069,440	487,710,274
Other segment items			
Depreciation	4,470,183	291,806	4,761,989
At 31 December 2009			
External revenues	64,213,558	3,522,137	67,735,695
Segment result	(12,748,786)	374,632	(12,374,154)
Income tax expense	4,235,088	(35,347)	4,199,741
Profit for the period	(8,513,698)	339,285	(8,174,413)
Segment assets	643,572,875	6,822,726	650,395,601
Unallocated assets	-	-	-
Total assets	643,572,875	6,822,726	650,395,601
Segment liabilities	542,092,428	2,210,102	544,302,530
Unallocated liabilities	-	-	-
Total liabilities	542,092,428	2,210,102	544,302,530
Other segment items			
Depreciation	3,137,315	50,496	3,187,811

Notes to the Financial Statements For period ended 31 December 2010

	Group 12 Months to Dec.' 2010 N'000	Group 8 Months to Dec.' 2009 N'000	Bank 12 Months to Dec.' 2010 N'000	Bank 8 Months to Dec.' 2009 N'000
3. Interest income				
Placements and short-term funds	4,371,555	12,797,923	4,116,417	12,170,741
Treasury bills and investment securities	6,610,336	3,500,992	5,845,114	3,500,992
Loans and advances	54,339,175	33,477,108	53,358,837	32,216,731
Advances under finance leases	855,187	969,614	855,187	969,614
	<u>66,176,253</u>	<u>50,745,637</u>	<u>64,175,555</u>	<u>48,858,078</u>

Interest income earned outside Nigeria amounted to Group N875 million (Dec. 2009: N2.5 billion) and Bank N128 million (Dec. 2009: N108 million).

4. Interest expense

Inter-bank takings	414,769	1,231,365	1,144	269,708
Current accounts	703,911	743,686	573,242	687,104
Time deposits	11,262,544	20,061,227	10,637,187	19,912,606
Savings deposits	3,014,272	2,443,880	2,885,183	2,360,031
Credit related borrowings	897,873	415,756	913,155	896,834
	<u>16,293,369</u>	<u>24,895,914</u>	<u>15,009,911</u>	<u>24,126,283</u>

Interest expense paid outside Nigeria amounted to Group N1.4 billion (Dec. 2009: N1.8 billion) and Bank N913 million (Dec. 2009: N897 million).

5. Fee and commission income

Credit related fees	5,660,877	4,692,968	5,623,179	4,652,417
Commission on turnover	5,007,672	2,976,067	5,006,397	2,968,835
Letters of credit commission	896,390	1,499,990	762,821	1,314,528
Corporate finance fees	202,918	-	30	-
Other fees and commissions	6,009,247	2,627,282	4,810,415	2,717,349
	<u>17,777,104</u>	<u>11,796,307</u>	<u>16,202,842</u>	<u>11,653,129</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group 12 Months to Dec.' 2010 N'000	Group 8 Months to Dec.' 2009 N'000	Bank 12 Months to Dec.' 2010 N'000	Bank 8 Months to Dec.' 2009 N'000
6. Investment income				
Dividend income	797,107	502,908	12,717	-
Profit on sale of investments	252,302	485,573	252,302	448,180
	<u>1,049,409</u>	<u>988,481</u>	<u>265,019</u>	<u>448,180</u>
7. Operating expenses				
Staff costs (note 37)	16,476,583	11,387,714	14,631,165	10,055,050
Depreciation (note 24)	4,761,989	3,187,811	4,219,415	2,862,915
Auditors' remuneration	148,500	126,933	120,000	100,000
Directors' emoluments (note 37)	342,311	226,474	342,311	226,474
Loss on disposal of fixed assets	71,683	42,335	50,544	42,923
Other operating expenses	24,763,477	15,116,034	23,752,116	14,069,034
	<u>46,564,543</u>	<u>30,087,301</u>	<u>43,115,551</u>	<u>27,356,396</u>
8. Taxation				
Charge Current tax	1,389,735	803,479	708,261	608,722
Education tax	234,124	2,359	213,683	-
Information technology levy	100,876	710	94,680	-
Current tax	1,724,735	806,548	1,016,624	608,722
Deferred tax charge (note 21)	1,719,473	(5,006,289)	1,928,937	(4,781,069)
Charge for the period	<u>3,444,208</u>	<u>(4,199,741)</u>	<u>2,945,561</u>	<u>(4,172,347)</u>
Payable				
At 1 January	3,653,521	3,826,585	3,360,544	3,331,891
Tax paid	(3,383,006)	(979,612)	(2,727,611)	(580,069)
Income tax charge	1,724,735	806,548	1,016,624	608,722
At 31 December	<u>1,995,250</u>	<u>3,653,521</u>	<u>1,649,557</u>	<u>3,360,544</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
9. Cash and balances with central banks				
Cash	9,433,800	7,552,099	7,859,065	5,891,931
Operating accounts with central banks	14,795,632	51,709,931	6,528,485	51,709,931
Included in cash and cash equivalents (Note 41)	24,229,432	59,262,030	14,387,550	57,601,862
Mandatory reserve deposits with central banks	3,376,768	7,697,247	3,376,768	3,725,730
Escrow balances with central banks	-	3,469,228	-	1,143,394
	<u>27,606,200</u>	<u>70,428,505</u>	<u>17,764,318</u>	<u>62,470,986</u>

10. Treasury bills

Treasury bills	<u>51,302,987</u>	<u>9,090,252</u>	<u>43,063,637</u>	<u>6,414,452</u>
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Treasury bills amounting to N21.15 billion (Dec. 2009: N6.4 billion) are held by third parties as collateral for various transactions.

11. Due from other banks

Current balances with banks within Nigeria	18,647	67,264	-	-
Current balances with banks outside Nigeria	24,441,867	30,911,057	19,377,042	27,458,723
Placements with banks and discount houses	42,354,554	70,685,425	42,232,108	68,743,770
	<u>66,815,068</u>	<u>101,663,746</u>	<u>61,609,150</u>	<u>96,202,493</u>

Balances with banks outside Nigeria include N13.6 billion (Dec. 2009: N6.2 billion) which represents the naira value of foreign currency bank balances held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (See Note 29).

Included in placements with banks and discount houses are placements with banks in Nigeria of N35 billion (Dec. 2009: N70.7 billion)

At start of period	-	4,274	-	-
Amounts written off	-	(4,274)	-	-
At end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
12. Loans and advances				
Overdrafts	76,728,580	87,465,617	99,870,391	85,998,630
Term loans	249,886,165	200,105,269	223,080,813	191,143,971
Commercial papers	393,511	58,892,110	-	58,231,595
	<u>327,008,256</u>	<u>346,462,996</u>	<u>322,951,204</u>	<u>335,374,196</u>
Loan loss provision (note 13a)	(23,708,591)	(34,241,058)	(19,749,088)	(30,295,434)
Interest in suspense (note 13b)	(9,071,765)	(9,735,003)	(8,281,207)	(8,540,977)
	<u>294,227,900</u>	<u>302,486,935</u>	<u>294,920,909</u>	<u>296,537,785</u>
<i>Analysis by security</i>				
Secured against real estate	222,155,545	65,963,210	215,364,944	63,553,599
Otherwise secured	85,918,578	278,498,820	107,572,075	271,802,175
Unsecured	18,934,133	2,000,966	14,185	18,422
	<u>327,008,256</u>	<u>346,462,996</u>	<u>322,951,204</u>	<u>335,374,196</u>
<i>Analysis by performance</i>				
Performing	275,886,582	278,321,608	276,345,697	273,273,055
Non-performing :				
Substandard	13,838,934	28,580,712	13,711,259	32,345,670
Doubtful	16,824,470	16,350,810	14,652,494	14,250,946
Lost	20,458,270	23,209,866	18,241,754	15,504,525
	<u>327,008,256</u>	<u>346,462,996</u>	<u>322,951,204</u>	<u>335,374,196</u>
<i>Analysis by maturity</i>				
0 - 30 days	99,136,624	132,139,694	94,690,532	130,164,072
1-3 months	53,739,520	106,684,093	48,728,761	105,342,579
3-6 months	26,744,503	8,743,354	24,399,114	7,962,629
6-12 months	33,429,485	20,380,659	27,042,019	17,417,288
Over 12 months	113,958,124	78,515,196	128,090,778	74,487,628
	<u>327,008,256</u>	<u>346,462,996</u>	<u>322,951,204</u>	<u>335,374,196</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group 12 Months to Dec.' 2010 N'000	Group 8 Months to Dec.' 2009 N'000	Bank 12 Months to Dec.' 2010 N'000	Bank 8 Months to Dec.' 2009 N'000
13. Loan loss provision and interest in suspense				
a. Movement in loan loss provision				
At start of period				
- Non-performing	34,241,058	15,419,657	30,295,434	13,451,300
- Performing	-	9,053,494	-	9,033,290
	<u>34,241,058</u>	<u>24,473,151</u>	<u>30,295,434</u>	<u>22,484,590</u>
Additional provision:				
- Non-performing	17,822,570	27,338,603	16,517,965	25,361,337
- Performing	-	(9,053,494)	-	(9,033,291)
Provision no longer required	(1,965,380)	(73,494)	(1,616,361)	(73,494)
Amounts written off	<u>(26,389,657)</u>	<u>(8,443,708)</u>	<u>(25,447,950)</u>	<u>(8,443,708)</u>
	<u>(10,532,467)</u>	<u>9,767,907</u>	<u>(10,546,346)</u>	<u>7,810,844</u>
At end of period				
- Non-performing	23,708,591	34,241,058	19,749,088	30,295,434
- Performing	-	-	-	-
	<u>23,708,591</u>	<u>34,241,058</u>	<u>19,749,088</u>	<u>30,295,434</u>
b. Movement in interest-in-suspense				
At start of period	9,735,003	3,039,495	8,540,977	2,356,997
Suspended during the period	17,855,945	11,001,294	15,690,111	10,489,765
Recognized during the period	(6,579,876)	(246,622)	(4,010,574)	(246,621)
Amounts written off	<u>(11,939,307)</u>	<u>(4,059,164)</u>	<u>(11,939,307)</u>	<u>(4,059,164)</u>
At end of period	<u>9,071,765</u>	<u>9,735,003</u>	<u>8,281,207</u>	<u>8,540,977</u>
14. Provision for losses				
<i>The charge for the period is analysed as follows:</i>				
Loans and advances	15,857,190	18,211,615	14,901,604	16,254,552
Advances under finance lease	(23,154)	(82,644)	(23,154)	(82,644)
Other facilities	-	(237,081)	-	(237,081)
Direct write-offs	939,306	617,446	939,306	616,855
Recovery on previously written-off accounts	(1,295,776)	(97,073)	(959,027)	(96,678)
Investment securities	3,632,842	1,208,219	-	-
Insurance receivables	60,326	473,671	-	-
Other assets	3,691,746	4,650,550	2,819,792	5,436,050
	<u>22,862,480</u>	<u>24,744,703</u>	<u>17,678,521</u>	<u>21,891,054</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.'2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
15. Advances under finance lease				
Gross investment	5,737,504	7,729,059	5,737,504	7,729,059
Less: Unearned income	<u>(666,225)</u>	<u>(743,035)</u>	<u>(666,225)</u>	<u>(743,035)</u>
Net investment	5,071,279	6,986,024	5,071,279	6,986,024
Less: Specific provision	-	(23,154)	-	(23,154)
Less: General provision	-	-	-	-
	<u>5,071,279</u>	<u>6,962,870</u>	<u>5,071,279</u>	<u>6,962,870</u>
Analysis by performance				
Performing	5,071,279	6,893,169	5,071,279	6,893,169
Non-performing:				
Substandard	-	62,703	-	62,703
Doubtful	-	30,152	-	30,152
Lost	-	-	-	-
Total	<u>5,071,279</u>	<u>6,986,024</u>	<u>5,071,279</u>	<u>6,986,024</u>
Analysis by maturity				
0 – 30 days	15,236	316,762	15,236	316,762
1-3 months	418,075	355,103	418,075	355,103
3-6 months	1,068,315	221,243	1,068,315	221,243
6-12 months	852,605	1,056,467	852,605	1,056,467
Over 12 months	<u>2,717,048</u>	<u>5,036,449</u>	<u>2,717,048</u>	<u>5,036,449</u>
	<u>5,071,279</u>	<u>6,986,024</u>	<u>5,071,279</u>	<u>6,986,024</u>
Movement in provision				
At start of period				
- Non-performing	23,154	45,559	23,154	45,559
- Performing	-	60,239	-	60,239
	<u>23,154</u>	<u>105,798</u>	<u>23,154</u>	<u>105,798</u>
Additional provision:				
- Non-performing	(23,154)	(22,405)	(23,154)	(22,405)
- Performing	-	(60,239)	-	(60,239)
	<u>(23,154)</u>	<u>(82,644)</u>	<u>(23,154)</u>	<u>(82,644)</u>
At end of period				
- Non-performing	-	23,154	-	23,154
- Performing	-	-	-	-
	<u>-</u>	<u>23,154</u>	<u>-</u>	<u>23,154</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
16. Other facilities				
Otherwise secured	12,907,261	20,333,580	12,907,261	20,333,580
Less:				
General provision	-	-	-	-
	<u>12,907,261</u>	<u>20,333,580</u>	<u>12,907,261</u>	<u>20,333,580</u>
<i>Analysis by performance</i>				
Performing	12,907,261	20,333,580	12,907,261	20,333,580
Non-performing	-	-	-	-
	<u>12,907,261</u>	<u>20,333,580</u>	<u>12,907,261</u>	<u>20,333,580</u>
<i>Analysis by maturity</i>				
0 – 30 days	2,946,680	8,240,316	2,946,680	8,240,316
1-3 months	1,668,173	1,356,687	1,668,173	1,356,687
3-6 months	15,759	1,908,965	15,759	1,908,965
6-12 months	126,689	365,266	126,689	365,266
Over 12 months	8,149,960	8,462,346	8,149,960	8,462,346
	<u>12,907,261</u>	<u>20,333,580</u>	<u>12,907,261</u>	<u>20,333,580</u>
<i>Movement in provisions</i>				
At start of period				
- Performing	-	237,081	-	237,081
	-	237,081	-	237,081
Additional provision:				
- Performing	-	(237,081)	-	(237,081)
Provision no longer required	-	-	-	-
	-	(237,081)	-	(237,081)
At end of period				
- Performing	-	-	-	-
	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Other facilities are loans funded via medium to long-term on-lending facilities from development and international finance institutions.

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
17. Insurance receivables				
Due from contract holders	105,373	119,874	-	-
Due from agents and brokers	742,272	752,980	-	-
	<u>847,645</u>	<u>872,854</u>	-	-
Provision for doubtful receivables	(660,068)	(607,124)	-	-
	<u>187,577</u>	<u>265,730</u>	-	-
Movement in provision for insurance receivables				
At start of period	607,124	150,746	-	-
Additional provision	60,326	473,671	-	-
Amounts written off	(7,382)	(17,293)	-	-
At end of period	<u>660,068</u>	<u>607,124</u>	-	-
18. Investments				
Short term investments				
<i>Securities - at lower of cost and market value</i>				
Listed equity securities	5,709,752	2,811,647	-	-
Unlisted equity securities	10,000	1,403,097	-	-
Listed debt instruments	1,150,000	2,900,000	1,150,000	2,900,000
Unlisted debt instruments	12,330	-	-	-
	<u>6,882,082</u>	<u>7,114,744</u>	<u>1,150,000</u>	<u>2,900,000</u>
Provision for diminution in value	(170,610)	(906,937)	-	-
	<u>6,711,472</u>	<u>6,207,807</u>	<u>1,150,000</u>	<u>2,900,000</u>
Long term investments				
<i>Debt securities - at cost Quoted</i>				
Unquoted	44,120,953	34,495,602	39,361,663	34,496,148
AMCON bonds	3,115,696	8,110,600	-	-
Equity securities - at cost	4,424,283	-	4,424,283	-
Listed	5,559,629	4,270,548	1,280,073	-
Unlisted	14,573,279	15,330,922	4,480,432	4,423,108
	<u>71,793,840</u>	<u>62,207,672</u>	<u>49,546,451</u>	<u>38,919,256</u>
Provision for diminution in value	(5,013,680)	-	(1,167,938)	-
	<u>66,780,160</u>	<u>62,207,672</u>	<u>48,378,513</u>	<u>38,919,256</u>
	<u>73,491,632</u>	<u>68,415,479</u>	<u>49,528,513</u>	<u>41,819,256</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.'2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
18. Investments (continued)				
<i>The movement in long term investments is summarised as follows:</i>				
At start of period	62,207,672	62,341,171	38,919,256	40,302,632
Additions	13,858,548	1,543,923	13,694,433	293,500
Redemption of long term bonds	-	(1,295,455)	-	(1,295,455)
Sale of long term investments	(1,546,103)	(20,451)	(340,961)	(20,451)
Unearned income on bonds	(2,726,277)	(361,516)	(2,726,277)	(360,970)
Provision	(5,013,680)	-	(1,167,938)	-
At end of period	<u>66,780,160</u>	<u>62,207,672</u>	<u>48,378,513</u>	<u>38,919,256</u>

- i. Short term unlisted equity securities are carried at cost as there is no observable market price
- ii. Included in listed debt securities is N43.5 billion (Dec.2009: N37.6 billion) in various Federal Government of Nigeria Bonds. The maturity dates of these bonds range from July 2011 to November 2029 with interest rates ranging from 8% to 15%.
- iii. The market value of long term listed equity securities are Group N466 million and Bank, N112 million.
- iv. The market value of long term listed debt securities disclosed at cost is N29.3 billion. Management believes that the diminution is not permanent in nature.
- v. The Bank makes investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) per the Policy Guidelines for 2001 Fiscal Period (Monetary Policy Circular No. 35). These investments are made directly in qualifying entities and through two vehicles – the SME Partnership Fund and Grofin Aspire Fund.

Grofin Aspire Fund is a joint venture between the Bank, Shell Petroleum Development Company Limited and Grofin of South Africa aimed at funding Nigerian small and medium enterprises. As at the balance sheet date, the Bank had invested N1.3 billion in the Grofin Aspire Fund and N424 million (Dec. 2009: N1.3bn in the Groffin aspire fund and N433 million in the SME partnership) in the SME Partnership Fund.
- vi. The market value of short term listed equity securities are Group N3 billion (Dec. 2009: N2.7 billion) and Bank nil (Dec. 2009: Nil)
- vii. The market value of short term debt securities is N1.2 billion for the Group and bank.

Notes to the Financial Statements For period ended 31 December 2010

	Group	Group	Bank	Bank
	Dec.' 2010	Dec.' 2009	Dec.' 2010	Dec.' 2009
Holding	N'000	N'000	N'000	N'000
19. Investment in subsidiaries				
Diamond Bank du Benin S.A (DBB)	95.38%	-	3,135,020	3,135,020
Diamond Securities Limited (DSL)	100%	-	-	-
Diamond Pension Fund Custodian Limited (DPFC)	100%	-	2,000,000	2,000,000
Diamond Mortgages Limited (DML)	100%	-	1,000,000	1,000,000
ADIC Insurance Limited (ADIC)	96.15%	-	6,307,960	5,307,960
DBLS Insurance Brokers Limited (DBLS)	100%	-	-	-
Diamond Capital and Financial Markets Limited (DCL)	100%	-	5,000,000	5,000,000
Diamond Registrars Limited (DRL)	100%	-	-	-
			17,442,980	16,442,980

- i. All subsidiaries are incorporated in Nigeria with the exception of Diamond Bank du Benin S.A., which is incorporated in the Republic of Benin. The results of all the subsidiaries have been consolidated with those of the Bank. The condensed financial statements of the consolidated subsidiaries are included in Note 20.
- ii. Diamond Capital and Financial Markets Limited (DCL) is licensed to provide corporate investment advisory and asset management services. It was incorporated in December 2007 and commenced operations May 2008. DCL has two wholly owned subsidiaries – DRL and DSL.
- iii. Diamond Registrars Limited was incorporated in December 2007, it is 100% owned by DCL.
- iv. ADIC Insurance Limited is the insurance arm of the group. The bank increased its holding in ADIC by N1billion in 2010 thereby increasing its ownership from 95% to 96.15% as of 31 December 2010.

Notes to the Financial Statements For period ended 31 December 2010

20. Condensed results of consolidated entities

	DBB N'000	DSL N'000	DPFC N'000	DML N'000	ADIC N'000	DCL N'000	DRL N'000
<i>Profit and loss account</i>							
Operating income	3,650,909	(545,825)	323,335	(403,140)	1,238,266	197,911	42,961
Operating expenses	(2,412,745)	(232,025)	(225,414)	(294,620)	(539,230)	(612,761)	(117,554)
Provision expense	(832,199)	471,419	-	(50,682)	(285,332)	(4,483,243)	(3,922)
Profit/(loss) before tax	405,965	(306,431)	97,921	(748,442)	413,704	(4,898,093)	(78,515)
Tax	(51,533)	54,045	(34,554)	(149,033)	206,189	(517,968)	(5,793)
Profit/(loss) after tax	354,432	(252,386)	63,367	(897,475)	619,893	(5,416,061)	(84,308)

Statement of financial position

Assets	DBB N'000	DSL N'000	DPFC N'000	DML N'000	ADIC N'000	DCL N'000	DRL N'000
Cash and balances with central banks	9,337,862	-	4	2,791	500,001	-	-
Treasury bills	8,239,350	-	-	-	-	-	-
Due from other banks	5,064,825	181,830	24,129	42,556	167,862	503,305	985,408
Loans and advances to customers	23,353,331	32,695	147,235	1,599,327	-	22,436	-
Insurance receivables	-	-	-	-	187,577	-	-
Investment securities	4,731,395	226,222	1,942,330	9,925	6,162,517	13,603,663	-
Investment in subsidiaries and associates	-	-	-	-	-	473,000	-
Deferred tax asset	-	990,157	1,655	161,102	335,405	-	3,392
Other assets	6,613,077	190,569	44,598	41,119	564,651	2,553,664	184,209
Investment property	-	-	378,131	3,376,933	-	-	-
Property, plant and equipment	1,378,410	9,342	39,515	38,191	759,000	66,366	17,814
	58,718,250	1,630,815	2,577,597	5,271,944	8,677,013	17,222,434	1,190,823

Notes to the Financial Statements For period ended 31 December 2010

20. Condensed results of consolidated entities (continued)

	DBB N'000	DSL N'000	DPFC N'000	DML N'000	ADIC N'000	DCL N'000	DRL N'000
<i>Financed by:</i>							
Customer deposits	37,156,373	-	-	218,244	-	-	-
Due to other banks	11,243,118	-	-	-	-	-	-
Investment contracts liabilities	-	-	-	-	3,856	-	-
Borrowed funds	-	3,406,313	-	5,976,736	-	16,495,181	-
Income tax payable	-	11,185	105,048	2,914	211,746	-	14,800
Other liabilities	5,669,949	1,194,775	48,823	335,590	515,090	1,654,587	1,212,320
Provisions on insurance contracts	-	-	-	-	1,685,126	-	-
Retirement benefit obligations	-	210	90	597	4,418	1,349	754
Share capital and reserves	4,648,810	(2,981,668)	2,423,636	(1,262,137)	6,256,777	(928,683)	(37,051)
	<u>58,718,250</u>	<u>1,630,815</u>	<u>2,577,597</u>	<u>5,271,944</u>	<u>8,677,013</u>	<u>17,222,434</u>	<u>1,190,823</u>
<i>Statement of cash flow</i>							
Increase/(decrease) in cash and cash equivalents:							
At period start	15,576,098	242,852	1,784,324	60,602	4,795,848	413,283	1,417,814
At period end	<u>22,642,037</u>	<u>181,830</u>	<u>1,966,463</u>	<u>45,347</u>	<u>6,265,795</u>	<u>503,305</u>	<u>985,407</u>
	<u>7,065,939</u>	<u>(61,022)</u>	<u>182,139</u>	<u>(15,255)</u>	<u>1,469,947</u>	<u>90,022</u>	<u>(432,407)</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
21. Deferred tax				
At 1 January	5,896,151	890,107	4,613,903	(167,165)
Charge / (abatement):				
- depreciation on property, plant and equipment	1,443,308	952,922	1,336,638	937,703
- general provisions and operating losses	(32,521)	(2,604,033)	(50,576)	(2,813,790)
- operating losses	(3,172,865)	6,517,404	(3,257,099)	6,517,404
- gratuity provision	-	(171,785)	-	(171,785)
- unrealized exchange gains	42,605	311,536	42,100	311,536
	<u>4,176,678</u>	<u>5,896,151</u>	<u>2,684,966</u>	<u>4,613,903</u>
<i>The balance sheet amounts</i> comprise:				
Deferred tax assets	4,757,142	7,858,279	3,265,430	6,573,106
Deferred tax liabilities	(580,464)	(1,962,128)	(580,464)	(1,959,203)
Net deferred tax asset/(liability)	<u>4,176,678</u>	<u>5,896,151</u>	<u>2,684,966</u>	<u>4,613,903</u>
Deferred income tax assets and liabilities are attributable to the following items:				
<i>Deferred tax liabilities:</i>				
Unrealized exchange gains	426,032	468,132	426,032	468,132
Depreciation of property, plant and equipment	154,432	1,493,996	154,432	1,491,071
	<u>580,464</u>	<u>1,962,128</u>	<u>580,464</u>	<u>1,959,203</u>
<i>Deferred tax asset:</i>				
General loan loss provision	474,937	1,285,173	-	-
Operating loss	4,264,613	6,517,405	3,260,306	6,517,405
Gratuity provision	17,592	55,701	5,124	55,701
	<u>4,757,142</u>	<u>7,858,279</u>	<u>3,265,430</u>	<u>6,573,106</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
22. Other assets				
Prepayments	10,635,192	11,832,061	5,659,700	8,112,251
Accrued interest and fees receivable	4,731,601	6,490,917	2,156,846	4,346,231
Due from stock broking clients	496,215	792,761	-	-
Accounts receivable	11,592,228	11,782,513	8,696,655	11,320,526
	27,455,236	30,898,252	16,513,201	23,779,008
Provision for doubtful receivables	(9,533,065)	(9,050,029)	(8,126,335)	(8,484,880)
	<u>17,922,171</u>	<u>21,848,223</u>	<u>8,386,866</u>	<u>15,294,128</u>
<i>Movement in provision for doubtful receivables</i>				
At start of period	9,050,029	3,293,297	8,484,880	3,048,830
Charge for the period	3,691,746	5,858,769	2,819,792	5,436,050
Provision no longer required	-	(102,037)	-	-
Amount reclassified to investments	(1,167,938)	-	(1,167,938)	-
Amounts written off	(2,040,772)	-	(2,010,399)	-
At end of period	<u>9,533,065</u>	<u>9,050,029</u>	<u>8,126,335</u>	<u>8,484,880</u>
23. Investment property				
At start of period	3,474,612	2,650,587	-	-
Additions and capital improvements	427,452	1,629,287	-	-
Disposals	(147,000)	(805,262)	-	-
At end of period	<u>3,755,064</u>	<u>3,474,612</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements For period ended 31 December 2010

24. Property, plant and equipment

Group	At 1 Jan 2010 =N= 000	Additions =N= 000	Disposals =N= 000	Reclassification =N= 000	Exchange difference =N= 000	At 31 Dec' 2010 =N= 000
Cost						
Work in progress	12,080,396	1,412,535	-	(5,079,295)	(11,687)	8,401,949
Leasehold improvement	3,063,705	122,388	(18)	194,701	-	3,380,776
Leasehold land and building	15,889,378	591,494	-	3,636,406	(497)	20,116,781
Motor vehicles	5,048,093	571,498	(756,321)	23,295	(13,373)	4,873,192
Office equipment	10,871,796	587,280	(128,336)	398,932	(6,550)	11,723,122
Computer hardware	3,114,686	869,257	(10,712)	53,581	(10,852)	4,015,960
Computer software	1,477,016	54,255	(40,219)	397,248	(4,360)	1,883,940
Furniture & Fittings	1,315,344	176,496	(47,829)	228,729	(44,474)	1,628,266
	52,860,414	4,385,203	(983,435)	(146,403)	(91,793)	56,023,986

Accumulated Depreciation Exchange

Group	At 1 Jan 2010 =N= 000	Additions =N= 000	Disposals =N= 000	Reclassification =N= 000	Exchange difference =N= 000	At 31 Dec' 2010 =N= 000
Leasehold improvement	1,636,822	428,945	(3,359)	(11,570)	-	2,050,838
Leasehold land and building	1,567,270	618,908	-	(37,829)	-	2,148,349
Motor vehicles	2,427,357	1,018,886	(509,614)	(75,180)	(11,494)	2,849,955
Office equipment	5,273,637	1,619,230	(125,778)	58,945	(5,507)	6,820,527
Computer equipment	2,366,430	523,364	(10,864)	250,799	(10,208)	3,119,521
Computer software	1,250,253	204,651	-	(154,349)	(12,640)	1,287,915
Furniture & Fittings	771,255	348,005	(29,823)	(73,546)	(19,866)	996,025
	15,293,024	4,761,989	(679,438)	(42,730)	(59,715)	19,273,130
Net book value	37,567,390					36,750,856

Notes to the Financial Statements For period ended 31 December 2010

24. Property, plant and equipment (continued)

Bank	At 1 Jan 2010 =N= 000	Additions =N= 000	Disposals =N= 000	Reclassification =N= 000	At 31 Dec' 2010 =N= 000
Work in progress	11,598,367	1,424,814	-	(4,746,467)	8,276,714
Leasehold improvement	2,819,088	124,315	-	194,695	3,138,098
Leasehold land and building	15,420,815	559,172	-	3,636,330	19,616,317
Motor vehicles	4,363,987	674,751	(734,892)	10,959	4,314,805
Office equipment	9,546,716	625,585	(121,641)	393,973	10,444,633
Computer hardware	2,627,196	259,536	(8,109)	2,785	2,881,408
Computer software	1,307,067	337,434	-	239,438	1,883,939
Furniture & Fittings	1,171,705	160,538	(26,848)	121,883	1,427,278
	48,854,941	4,166,145	(891,490)	(146,404)	51,983,192

Accumulated Depreciation

	At 1 Jan 2010 =N= 000	Charge for the period =N= 000	Disposals =N= 000	Reclassification =N= 000	At 31 Dec' 2010 =N= 000
Leasehold improvement	1,488,644	381,158	-	842	1,870,644
Leasehold land and building	1,530,283	615,527	-	(842)	2,144,968
Motor vehicles	2,070,886	874,833	(443,655)	(3,570)	2,498,494
Office equipment	4,897,820	1,571,106	(102,043)	(6,975)	6,359,908
Computer equipment	2,114,527	376,847	(8,108)	-	2,483,266
Computer software	1,095,422	192,493	-	-	1,287,915
Furniture & Fittings	708,081	207,451	(20,532)	780	895,780
	13,905,663	4,219,415	(574,338)	(9,765)	17,540,975
Net book value	34,949,278				34,442,217

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
25. Customer deposits				
Demand	203,871,527	200,926,788	189,025,468	181,792,387
Time	110,468,884	235,127,057	98,270,906	226,113,967
Savings	97,691,507	46,002,465	91,436,632	41,113,905
	<u>412,031,918</u>	<u>482,056,310</u>	<u>378,733,006</u>	<u>449,020,259</u>
<i>Analysis by maturity</i>				
0 - 30 days	213,289,511	277,899,563	190,768,363	262,254,126
1-3 months	49,533,663	88,555,651	49,871,961	80,676,610
3-6 months	16,084,352	5,992,467	14,811,998	4,183,799
6-12 months	31,760,731	4,180,303	28,468,732	2,446,300
Over 12 months	101,363,661	105,428,326	94,811,952	99,459,424
	<u>412,031,918</u>	<u>482,056,310</u>	<u>378,733,006</u>	<u>449,020,259</u>
26. Due to other banks				
Items in course of collection	14,158,684	5,876,486	2,916,163	3,970,670
Overnight borrowing	1,188,532	8,782,866	1,187,935	-
	<u>15,347,216</u>	<u>14,659,352</u>	<u>4,104,098</u>	<u>3,970,670</u>
27. Liability on investment contracts				
As at start of period	39,085	87,809	-	-
Additions	1,734	129,358	-	-
Withdrawals	(58,904)	(178,082)	-	-
Interest income	21,941	-	-	-
At end of the period	<u>3,856</u>	<u>39,085</u>	<u>-</u>	<u>-</u>
Investment contracts are deposit administered funds of customers who are guaranteed their invested funds plus interest at a predetermined rate.				
28. Borrowings				
Local banks	15,373,750	-	15,373,750	-
Foreign banks	12,907,261	17,429,527	12,907,261	17,429,527
Multilateral credit institutions	-	1,621,469	-	1,621,469
	<u>28,281,011</u>	<u>19,050,996</u>	<u>28,281,011</u>	<u>19,050,996</u>
At start of period	19,050,996	23,708,109	19,050,996	23,708,109
New borrowings	15,510,000	7,420,500	15,510,000	7,420,500
Repayments	(6,279,985)	(12,077,613)	(6,279,985)	(12,077,613)
At end of period	<u>28,281,011</u>	<u>19,050,996</u>	<u>28,281,011</u>	<u>19,050,996</u>

The above borrowings are long term in nature and are at coupon rates ranging from 1% to 7.5%.

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
29. Other liabilities				
Customers' deposit for letters of credit	13,649,471	6,425,073	11,570,466	6,425,073
Due to stock-broking clients	570,674	225,820	-	-
Subscription deposits for public offers	59,994	53,336	7,496	50
Interest payable	1,055,306	4,483,867	560,696	3,625,056
Insurance claims outstanding	16,369	25,058	-	-
Accounts payable	4,491,410	3,884,801	875,985	1,137,603
Accrued expenses	2,034,110	1,758,112	1,347,415	1,095,636
Deposit for shares	-	450	-	-
Other	5,795,711	4,414,886	3,706,237	3,632,188
	<u>27,673,045</u>	<u>21,271,403</u>	<u>18,068,295</u>	<u>15,915,606</u>
30. Provision on insurance contracts				
Life assurance contracts	539,495	497,731	-	-
Non-life insurance contracts	1,145,631	740,507	-	-
	<u>1,685,126</u>	<u>1,238,238</u>	<u>-</u>	<u>-</u>
<i>Movement in liabilities on</i>				
<i>life assurance contract:</i>				
At 1 January	497,731	390,703	-	-
Net written premiums	361,918	456,513	-	-
Investment Income	15,463	29,095	-	-
Claims Incurred	(67,418)	(67,312)	-	-
Surrenders	(7,200)	-	-	-
Commissions	(124,399)	(246,540)	-	-
Other direct expenses	(66,551)	(64,728)	-	-
Transfer to profit and loss account	(70,049)	-	-	-
	<u>539,495</u>	<u>497,731</u>	<u>-</u>	<u>-</u>
<i>Liability on non-life insurance</i>				
<i>contracts is analyzed as:</i>				
Motor	406,928	438,840	-	-
Fire	396,383	13,318	-	-
Accident	207,627	1,821	-	-
Engineering	42,014	152,514	-	-
Marine	81,715	77,056	-	-
Bond	10,964	56,958	-	-
	<u>1,145,631</u>	<u>740,507</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
31. Retirement benefit obligations				
Defined contribution schemes	9,045	8,192	1,627	1,627
Gratuity scheme	17,080	185,670	17,080	185,670
	<u>26,125</u>	<u>193,862</u>	<u>18,707</u>	<u>187,297</u>
<i>Movement in the liability</i> recognized on the balance sheet:				
a. Defined contribution schemes:				
At start of period	8,192	69,184	1,627	56,897
Charge / contributions for the period	457,548	312,466	432,894	312,466
Contributions remitted	<u>(456,695)</u>	<u>(373,458)</u>	<u>(432,894)</u>	<u>(367,736)</u>
At end of period	<u>9,045</u>	<u>8,192</u>	<u>1,627</u>	<u>1,627</u>
The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.				
b. Gratuity scheme				
At start of period	185,670	758,289	185,670	758,289
Charge to profit and loss	1,170,200	310,326	1,170,200	310,326
Payments	<u>(1,338,790)</u>	<u>(882,945)</u>	<u>(1,338,790)</u>	<u>(882,945)</u>
At end of period	<u>17,080</u>	<u>185,670</u>	<u>17,080</u>	<u>185,670</u>
The Bank had a non-contributory defined gratuity scheme whereby on separation, staff who have spent a minimum number of periods are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Bank. With effect from October 2008, this Scheme was discontinued and payments to staff vested over a three-year period.				
32. Non-controlling interest				
At 1 January	446,088	434,015	-	-
Transfer from profit and loss account	40,241	(32,402)	-	-
Net change due to exchange rate movement and increase in controlling interest	<u>(30,668)</u>	<u>44,475</u>	<u>-</u>	<u>-</u>
	<u>455,661</u>	<u>446,088</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
33. Share capital				
a. Ordinary shares. Authorised:				
i. Authorised:				
20 billion ordinary shares of 50k each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
ii. Issued and fully paid:				
Beginning and end of period				
14,475,243,000 ordinary shares of 50k each	<u>7,237,622</u>	<u>7,237,622</u>	<u>7,237,622</u>	<u>7,237,622</u>
b. Share premium				
Beginning and end of period	<u>89,629,324</u>	<u>89,629,324</u>	<u>89,629,324</u>	<u>89,629,324</u>

Notes to the Financial Statements For period ended 31 December 2010

34. Reserves

Group	Statutory reserve N'000	SSI reserve N'000	Contingency reserve N'000	Revaluation Reserve N'000	Translation reserve N'000	Retained earnings N'000	Total N'000
At 1 May 2009	10,224,848	2,486,834	106,437	-	(246,993)	4,565,447	17,136,573
Dividend paid	-	-	-	-	-	(1,302,771)	(1,302,771)
Net change due to exchange rate movement and increase in controlling interest	-	-	-	170,059	918,187	-	1,088,246
Transfer from profit and loss account	-	-	70,365	-	-	(8,212,376)	(8,142,011)
At 31 Dec. / 1 Jan 2010	<u>10,224,848</u>	<u>2,486,834</u>	<u>176,802</u>	<u>170,059</u>	<u>671,194</u>	<u>(4,949,700)</u>	<u>8,780,037</u>
Net change due to exchange rate movement And increase in controlling interest	-	-	57,206	-	(364,500)	-	(307,294)
Revaluation of investment securities	-	-	-	1,099	-	-	1,099
Transfer from profit and loss account	990,016	326,123	120,733	-	-	(148,458)	1,288,414
At 31 Dec' 2010	<u>11,214,864</u>	<u>2,812,957</u>	<u>354,741</u>	<u>171,158</u>	<u>306,694</u>	<u>(5,098,158)</u>	<u>9,762,256</u>

The translation reserve is used to record exchange movements on the Group's net investment in foreign subsidiaries.

Notes to the Financial Statements

For period ended 31 December 2010

34. Reserves (continued)

Bank	Statutory reserve N'000	SSI reserve N'000	Retained earnings N'000	Total N'000
At 1 May 2009	10,211,133	2,486,834	6,980,008	19,677,975
Dividend paid	-	-	(1,302,771)	(1,302,771)
Transfer from profit and loss account	-	-	(4,883,446)	(4,883,446)
At 31 Dec. / 1 Jan 2010	<u>10,211,133</u>	<u>2,486,834</u>	<u>793,791</u>	<u>13,491,758</u>
Transfer from profit and loss account	978,368	326,123	5,217,964	6,522,455
At 31 Dec' 2010	<u>11,189,501</u>	<u>2,812,957</u>	<u>6,011,755</u>	<u>20,014,213</u>

35. Contingent liabilities and commitments

a. *Legal proceedings*

The bank has contingent liabilities in respect of ongoing arbitration and legal proceedings amounting to N4.2 billion (Dec.2009:N2.7 billion). No provision has been made in these financial statements as based on professional advice, the directors are of the opinion that no significant liability will eventuate.

b. *Commitments*

At the balance sheet date, the bank had capital commitments amounting to N915 million (Dec. 2009: N1.2 billion) in respect of authorised and contracted capital projects.

c. *Credit related commitments*

In the normal course of business, the Bank is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance sheet financial instruments are:

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
Performance bonds and guarantees	129,809,177	53,567,544	129,809,177	41,235,332
Guaranteed pension assets	73,421,313	56,409,310	-	-
Confirmed and unfunded Letters of Credit	25,615,321	14,015,892	25,615,321	14,015,892
	<u>228,845,811</u>	<u>123,992,746</u>	<u>155,424,498</u>	<u>55,251,224</u>

Notes to the Financial Statements For period ended 31 December 2010

36. Related party transactions

The Group has related party relationships, where significant influence exists. The Group normally enters into commercial transactions with related parties on an arm's length basis. Details of insider credits by the bank (as defined by CBN Circular BSD/1/2004) are as shown below:

S/N	NAME OF BORROWERS	FACILITY TYPE	RELATIONSHIP	DIRECTOR	DATE GRANTED	EXPIRY DATE	STATUS	CREDIT LIMIT NGN	OUTSTANDING BALANCE NGN	NATURE OF SECURITY/STATUS
1	ADESEMI NIGERIA LIMITED	OVERDRAFT	DIRECTOR	CLEMENT ONWUNA	05/10/2007	05/10/2009	PERFORMING	37,242,157	5,040	DEBENTURE ON FIXED AND FLOATING ASSETS & LEGAL OWNERSHIP OF LEASED EQUIPMENTS
2	CONTACT MARKETING SERVICES LTD	TERM LOAN	DIRECTOR	SIR CHRIS OGBECHIE	14/12/2010	13/06/2012	PERFORMING	12,000,000	3,843,000	LIEN ON 6M UNITS OF BANK PHB SHARES & PG OF THE CHAIRMAN
3	FLOBY ENTERPRISES	OVERDRAFT	EX-DIRECTOR	MRS FLORENCE ANYAMENE	29/07/1998	29/10/1998	LOST	250,000,000	55,423,578	FLOATING DEBENTURE & LEGAL CHARGE ON CLIENTS
4	GEOMETRIC POWER LIMITED	TERM LOAN	DIRECTOR	UZOMA DOZIE	01/05/2009	29/04/2019	PERFORMING	27,920,089,249	23,071,897,645	MORTGAGE DEBENTURE MANAGED BY FIRST TRUSTEE
5	I.D.F LTD/OBUDU PROJECT	TERM LOAN	EX-DIRECTOR	ISHAYA ABOI SHEKARI	19/08/2010	18/08/2017	PERFORMING	347,914,989	347,914,989	CHARGE OVER FIXED AND FLOATING ASSET OF INTEGRATED DAIRY FARM
6	INTEGRATED DAIRY FARM (I.D.F.)LTD	OVERDRAFT	EX-DIRECTOR	ISHAYA ABOI SHEKARI	19/08/2010	19/08/2011	PERFORMING	122,085,011	90,467,379	CHARGE OVER FIXED AND FLOATING ASSET OF INTEGRATED DAIRY FARM
7	MEDIA MONITORING SERV NIG LTD	FINANCE LEASE	DIRECTOR	SIR CHRIS OGBECHIE	25/06/2010	25/12/2011	PERFORMING	2,100,000	14,703,335	LEGAL OWNERSHIP OF THE LEASED EQUIPMENTS
8	MOUKA LTD	TERM LOAN	DIRECTOR	ACTIS	29/11/2010	01/03/2011	PERFORMING	600,000,000	510,291,126	ALL ASSETS DEBENTURE, LIEN ON GOODS IMPORTED & LEGAL OWNERSHIP OF ASSETS PURCHASED
9	SIR OGBECHIE CHRIS IKE	TERM LOAN	DIRECTOR	SIR OGBECHIE CHRIS IKE	06/05/2009	30/04/2024	PERFORMING	60,000,000	39,868,687	LEGAL MORTGAGE ON LAND & PROPERTY
10	STARLINE NIG LTD	FINANCE LEASE	DIRECTOR	CLEMENT ONWUNA	06/09/2010	06/09/2011	PERFORMING	41,986,931	10,803,639	LEGAL MORTGAGE ON PROPERTIES, LEGAL OWNERSHIP OF VEHICLES & EQUIPMENT PURCHASED
11	UCL-MODERN INDUSTRIES LIMITED	OVERDRAFT	DIRECTOR	UZOMA DOZIE	13/08/2010	13/08/2015	PERFORMING	1,616,725,280	1,621,741,280	MORTGAGE DEBENTURE ON ASSETS & OWNERSHIP OF LEASED EQUIPMENT
	TOTAL							31,029,043,617	25,766,959,698	

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
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37. Employees and directors

a. Employees

The number of persons employed by the Bank during the period was as follows:

	Number	Number	Number	Number
Executive directors	5	5	5	5
Management	405	110	342	40
Non-management	2,576	2,838	2,278	2,560
	<u>2,986</u>	<u>2,953</u>	<u>2,625</u>	<u>2,605</u>

Compensation for the above staff:

	N'000	N'000	N'000	N'000
Salaries and wages	14,848,835	10,864,666	13,028,071	9,538,916
Retirement benefit costs	1,627,748	523,048	1,603,094	516,134
	<u>16,476,583</u>	<u>11,387,714</u>	<u>14,631,165</u>	<u>10,055,050</u>

The number of employees of the Group, other than directors, who received emoluments in the following ranges (including pension contributions and certain benefits), were:

	Number	Number	Number	Number
N300,001 - N2,000,000	189	216	4	13
N2,000,001- N2,800,000	766	1,095	704	1,045
N2,800,001- N3,500,000	29	9	4	1
N3,500,001- N4,000,000	13	41	-	-
N4,000,001- N5,500,000	887	636	864	631
N5,500,001- N6,500,000	445	634	429	625
N6,500,001- N7,800,000	280	14	273	3
N7,800,001- N9,000,000	143	110	131	99
N9,000,001- and above	229	193	211	183
	<u>2,981</u>	<u>2,948</u>	<u>2,620</u>	<u>2,600</u>

b. Directors

Remuneration paid to the Bank's directors (including certain allowances) was:

	Dec.' 2010 N'000	Group Dec.' 2009 N'000
Fees and sitting allowances	114,200	47,950
Executive compensation	120,642	105,675
Other director expenses	107,469	72,849
	<u>342,311</u>	<u>226,474</u>

Notes to the Financial Statements

For period ended 31 December 2010

37. Employees and directors (continued)

	Dec.' 2010 N'000	<u>Group</u>	Dec.' 2009 N'000
Fees and other emoluments disclosed above include amounts paid to:			
The chairman	<u>14,400</u>		<u>8,000</u>
The highest paid director	<u>32,375</u>		<u>30,014</u>

The number of directors who received fees and other emoluments (including pension contributions and certain benefits) in the following ranges was:

	Dec.' 2010 Number	<u>Group</u>	Dec.' 2009 Number
Below N1,600,000	-		2
N3,400,001 - and above	<u>14</u>		<u>12</u>
	<u>14</u>		<u>14</u>

38. Reconciliation of profit/(loss) before tax to cash generated from operations

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
Operating profit	4,772,863	(12,374,154)	9,468,016	(9,055,793)
Provision for loan losses	17,822,570	18,285,109	16,517,965	16,328,047
Provision no longer required for loans	(1,965,380)	(73,494)	(1,616,361)	(73,494)
Provision no longer required for leases	(23,154)	(82,643)	(23,154)	(82,644)
Provision no longer required for other facilities	-	(237,081)	-	(237,081)
Provision for insurance receivable	52,944	456,378	-	-
Interest in suspense	17,855,945	11,001,294	15,690,111	10,489,765
Provision for other assets	3,691,746	5,756,732	2,819,792	5,436,050
Provision for investment balances	3,109,415	(462,517)	-	-
Loss on sale of investment	218,780	-	12,500	-
Loss on sale of investment property	-	170,059	-	-
Loss on disposal of fixed assets	71,683	42,335	50,544	42,923
Depreciation	4,761,989	3,199,815	4,219,415	2,862,915
Gratuity charge and Contributions to staff retirement scheme	1,627,748	622,792	1,603,095	622,792
Remittance to pension fund administrators	(456,695)	(373,458)	(432,895)	(367,736)
Value Added Tax charge	830,200	(381,412)	825,523	442,357
Cash paid to staff for gratuity	(1,338,790)	(882,946)	(1,338,790)	(882,946)
Operating profit before changes in operating assets and liabilities	<u>51,031,864</u>	<u>24,666,809</u>	<u>47,795,761</u>	<u>25,525,155</u>

Notes to the Financial Statements For period ended 31 December 2010

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
38.Reconciliation of profit before tax to cash generated from operations (continued)				
<i>(Increase) / decrease in operating assets:</i>				
Cash reserve balances	7,789,707	(3,187,018)	1,492,356	(1,316,917)
Loans to customers	(25,454,100)	(46,354,900)	(28,974,839)	(34,016,146)
Advances under finance leases	1,914,745	(729,738)	1,914,745	(729,738)
Other facilities	7,426,319	3,374,529	7,426,320	3,374,529
Insurance receivables	25,209	97,034	-	-
Short term investments	232,662	(1,628,656)	1,750,000	(2,900,000)
Treasury bills under open buy back	-	31,900,000	-	31,900,000
Interest receivable and prepayment	2,956,185	(831,833)	4,641,935	1,149,072
Due from broking clients	296,546	(243,379)	-	-
Accounts receivable	(3,026,887)	(3,724,811)	(529,959)	(3,766,641)
	<u>(7,839,614)</u>	<u>(21,328,772)</u>	<u>(12,279,442)</u>	<u>(6,305,841)</u>
<i>Increase/(decrease) in operating liabilities:</i>				
Customer deposits	(70,024,392)	15,166,460	(70,287,253)	4,205,141
Due to other banks	687,864	6,101,634	133,428	523,793
Customers' deposit for foreign currency denominated obligations	7,224,398	(9,274,435)	5,145,393	(9,274,435)
Investment contract liabilities	(35,229)	(48,723)	-	-
Insurance contract liabilities	446,888	335,291	-	-
Due to stock broking clients	344,854	(461,468)	-	-
Interest payable and unearned income	(3,428,561)	2,817,667	(3,064,360)	2,010,996
Accounts payable	581,264	675,704	(286,685)	164,945
Liability on open buy back treasury bills	-	(31,900,000)	-	(31,900,000)
Outstanding claims, public offer proceeds and other payables	1,654,342	1,367,701	333,274	751,063
	<u>(62,548,572)</u>	<u>(15,220,169)</u>	<u>(68,026,203)</u>	<u>(33,518,497)</u>
Cash generated from operations	<u>(19,356,322)</u>	<u>(11,882,132)</u>	<u>(32,509,884)</u>	<u>(14,299,183)</u>

39. Compliance with banking regulations

The bank did not contravene any regulation of the Banks and Other Financial Institutions Act 1991 or relevant circulars issued by the Central Bank of Nigeria.

Notes to the Financial Statements

For period ended 31 December 2010

40. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

The adjusted EPS is calculated using the number of shares in issue at the balance sheet date. Where a stock split or bonus issue has occurred, the number of shares in issue in the prior period is adjusted to achieve comparability.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potential dilutive shares in 2010 (2009: nil)

	Group Dec.' 2010	Group Dec.' 2009	Bank Dec.' 2010	Bank Dec.' 2009
Net profit attributable to shareholders (N'000)	1,328,655	(8,142,011)	6,522,455	(4,883,446)
Number of ordinary shares in issue as at period end (thousands)	14,475,244	14,475,244	14,475,244	14,475,244
Time weighted average number of ordinary shares in issue (thousands)	14,475,244	14,475,244	14,475,244	14,475,244
Adjusted number of ordinary shares in issue (thousands)	14,475,244	14,475,244	14,475,244	14,475,244
Basic earnings per share	9K	(56k)	45K	(34k)
Diluted earnings per share	9K	(56k)	45K	(34k)
Adjusted earnings per share	9K	(56k)	45K	(34k)

41. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000	Bank Dec.' 2010 N'000	Bank Dec.' 2009 N'000
Cash and balances with central banks (excluding restricted balances)	24,229,432	59,262,030	14,387,550	57,601,862
Treasury bills and other eligible bills	51,302,987	9,090,252	43,063,637	6,414,452
Due from other banks	66,815,068	101,663,746	61,609,150	96,202,493
	<u>142,347,487</u>	<u>170,016,028</u>	<u>119,060,337</u>	<u>160,218,807</u>

Statement of Value Added

For the period ended 31 December 2010

42. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period

Group	Dec.'2010 N'000	%	Dec.' 2009 N'000	%
Gross income	91,022,288		67,735,695	
Interest , fees and commissions paid	(16,822,402)		(25,277,845)	
	74,199,886		42,457,850	
Administrative overheads	(24,983,660)		(15,285,302)	
Value added	<u>49,216,226</u>	<u>100</u>	<u>27,172,548</u>	<u>100</u>
Distribution				
Employees				
- Salaries and benefits	16,818,894	35	11,614,188	43
Government				
- Taxation	3,444,208	7	(4,199,741)	(15)
The future				
- Asset replacement (depreciation)	4,761,989	10	3,187,811	12
- Asset replacement (loan loss provision)	22,862,480	45	24,744,703	91
- Expansion (transfers to reserves and minority interest)	1,328,655	3	(8,174,413)	(30)
	<u>49,216,226</u>	<u>100</u>	<u>27,172,548</u>	<u>100</u>
Bank				
Gross income	85,723,090		64,667,401	
Interest , fees and commissions paid	(15,461,002)		(24,475,744)	
	70,262,088		40,191,657	
Administrative overheads	(23,922,660)		(14,211,956)	
Value added	<u>46,339,428</u>	<u>100</u>	<u>25,979,701</u>	<u>100</u>
Distribution				
Employees				
- Salaries and benefits	14,973,476	32	10,281,525	40
Government				
- Taxation	2,945,561	7	(4,172,347)	(16)
The future				
- Asset replacement (depreciation)	4,219,415	9	2,862,915	11
- Asset replacement (loan loss provision)	17,678,521	38	21,891,054	84
- Expansion (transfers to reserves)	6,522,455	14	(4,883,446)	(19)
	<u>46,339,428</u>	<u>100</u>	<u>25,979,701</u>	<u>100</u>

Five Year Financial Summary For period ended 31 December 2010

Balance Sheet - Group

	Dec.'2010 N'000	Dec.' 2009 N'000	Apr.' 2009 N'000	Apr.' 2008 N'000	Apr.' 2007 N'000
Assets:					
Cash and balances with central banks	27,606,200	70,428,505	54,766,850	62,864,387	85,657,352
Treasury bills and other eligible bills	51,302,987	9,090,252	11,502,437	42,059,448	40,639,878
Due from other banks	66,815,068	101,663,746	137,638,292	137,205,435	26,132,542
Loans and advances to customers	294,227,900	302,486,935	285,344,944	240,448,808	100,971,665
Advances under finance lease	5,071,279	6,962,870	6,150,488	11,500,680	8,050,730
Other facilities	12,907,261	20,333,580	23,471,028	18,317,241	7,742,372
Insurance receivables	187,577	265,730	819,142	673,682	259,996
Investment securities	73,491,632	68,415,479	66,457,805	30,833,652	11,798,059
Investment in subsidiaries	-	-	-	-	-
Deferred tax assets	4,757,142	7,858,279	4,415,531	1,101,725	450,844
Other assets	17,922,171	21,848,223	54,704,932	51,821,378	21,543,196
Investment property	3,755,064	3,474,612	2,650,587	1,319,925	833,076
Property and equipment	36,750,856	37,567,390	34,155,878	27,523,257	16,870,457
	<u>594,795,137</u>	<u>650,395,601</u>	<u>682,077,914</u>	<u>625,669,618</u>	<u>320,950,167</u>
Financed by:					
Share capital	7,237,622	7,237,622	7,237,621	6,579,657	4,699,957
Reserves	99,391,579	98,409,361	106,765,897	109,543,713	48,074,680
Minority interest	455,661	446,088	434,015	1,132,474	479,352
Customer deposits	412,031,918	482,056,310	466,889,851	419,707,636	217,737,408
Due to other banks	15,347,216	14,659,352	8,557,718	8,531,338	16,307,420
Liability on investment contract	3,856	39,085	87,809	35,393	27,211
Borrowings	28,281,011	19,050,996	23,708,110	18,587,249	7,820,579
Current income tax	1,995,250	3,653,521	3,826,585	2,813,476	1,702,890
Dividend payable	86,263	177,635	163,563	-	-
Other liabilities	27,673,046	21,271,403	59,150,901	54,358,658	21,639,940
Provision on insurance fund	1,685,126	1,238,238	902,947	606,504	144,441
Deferred income tax liabilities	580,464	1,962,128	3,525,424	2,533,705	1,325,076
Retirement benefit obligations	26,125	193,862	827,473	1,239,815	991,213
	<u>594,795,137</u>	<u>650,395,601</u>	<u>682,077,914</u>	<u>625,669,618</u>	<u>320,950,167</u>
Acceptances and guarantees	<u>228,845,811</u>	<u>123,992,746</u>	<u>157,194,139</u>	<u>214,608,564</u>	<u>129,277,939</u>
	Dec.'2010 N'000	Dec.' 2009 N'000	Apr.' 2009 N'000	Apr.' 2008 N'000	Apr.' 2007 N'000
Net operating income	72,971,270	42,457,850	71,874,237	47,732,805	30,675,194
Operating expenses	(46,744,452)	(30,087,301)	(41,349,177)	(26,710,988)	(20,798,262)
Provision for losses	(21,453,955)	(24,744,703)	(24,623,109)	(4,808,026)	(2,236,050)
Profit/(loss) before taxation	4,772,863	(12,374,154)	5,901,951	16,213,791	7,640,882
Taxation	(3,444,208)	4,199,741	(730,195)	(3,392,717)	(1,870,068)
Profit/(loss) after taxation	1,328,655	(8,174,413)	5,171,756	12,821,074	5,770,814
Minority Interest	(40,241)	32,402	(27,637)	(72,453)	(31,999)
Profit/(loss) attributable to shareholders	<u>1,288,414</u>	<u>(8,142,011)</u>	<u>5,144,119</u>	<u>12,748,621</u>	<u>5,738,815</u>
Earnings per share (basic)	9k	(56k)	36k	118K	74K
Earnings per share (diluted)	9k	(56k)	36k	118K	74K
Earnings per share (adjusted)	9k	(56k)	36k	97K	61K

Five Year Financial Summary

For period ended 31 December 2010

Balance Sheet - Bank

	Dec.'2010 N'000	Dec.' 2009 N'000	Apr.' 2009 N'000	Apr.' 2008 N'000	Apr.' 2007 N'000
Assets:					
Cash and balances with Central Bank of Nigeria	17,764,318	62,470,986	50,223,343	60,021,067	78,928,707
Treasury bills and other eligible bills	43,063,637	6,414,452	9,087,437	42,059,448	40,518,896
Due from other banks	61,609,150	96,202,493	130,568,284	127,603,340	25,055,982
Loans and advances	294,920,909	296,537,785	289,265,955	231,445,158	96,384,941
Advances under finance lease	5,071,279	6,962,870	6,150,488	11,500,680	8,050,730
Other facilities	12,907,261	20,333,580	23,471,028	18,317,241	7,742,372
Investment securities	49,528,513	41,819,256	40,302,632	26,669,535	9,989,680
Investment in subsidiaries	17,442,980	16,442,980	16,442,980	11,682,980	8,983,852
Deferred tax assets	3,265,430	6,573,106	3,340,135	1,049,505	398,624
Other assets	8,386,866	15,294,128	50,012,610	46,815,911	20,243,153
Property and equipment	34,442,217	34,949,278	32,026,944	26,161,675	15,952,784
	<u>548,402,560</u>	<u>604,000,914</u>	<u>650,891,836</u>	<u>603,326,540</u>	<u>312,249,721</u>
Financed by:					
Share capital	7,237,622	7,237,622	7,237,622	6,579,656	4,699,957
Reserves	109,643,537	103,121,082	109,307,298	110,403,352	49,191,821
Customer deposits	378,733,006	449,020,259	444,815,118	403,710,120	211,634,824
Due to other banks	4,104,098	3,970,670	3,446,876	6,383,845	14,743,860
Borrowings	28,281,011	19,050,996	23,708,109	18,587,249	7,820,578
Current income tax	1,649,557	3,360,544	3,331,891	2,691,903	1,568,695
Dividend payable	86,263	177,635	163,563	-	-
Other liabilities	18,068,295	15,915,607	54,558,873	51,214,901	20,287,951
Deferred income tax liabilities	580,464	1,959,203	3,507,300	2,527,556	1,318,927
Retirement benefit obligations	18,707	187,296	815,186	1,227,958	983,108
	<u>548,402,560</u>	<u>604,000,914</u>	<u>650,891,836</u>	<u>603,326,540</u>	<u>312,249,721</u>
Acceptances and guarantees	<u>155,424,498</u>	<u>55,251,224</u>	<u>97,928,053</u>	<u>140,358,013</u>	<u>93,883,063</u>
	Dec.'2010 N'000	Dec.' 2009 N'000	Apr.'2009 N'000	Apr.'2008 N'000	Apr.' 2007 N'000
Net operating income	68,853,563	40,191,657	66,598,400	44,211,851	29,443,918
Operating expenses	(43,115,551)	(27,356,396)	(36,504,408)	(24,570,069)	(18,665,528)
Provision for losses	<u>(16,269,996)</u>	<u>(21,891,054)</u>	<u>(21,750,254)</u>	<u>(4,582,668)</u>	<u>(1,985,615)</u>
Profit/(loss) before taxation	9,468,016	(9,055,793)	8,343,738	15,059,114	8,792,775
Taxation	<u>(2,945,561)</u>	<u>4,172,347</u>	<u>(1,412,611)</u>	<u>(3,237,103)</u>	<u>(1,862,021)</u>
Profit/(loss) after taxation	<u>6,522,455</u>	<u>(4,883,446)</u>	<u>6,931,127</u>	<u>11,822,011</u>	<u>6,930,754</u>
Earnings per share (basic)	45k	(34k)	48k	110k	89k
Earnings per share (diluted)	45k	(34k)	48k	110k	89k
Earnings per share (adjusted)	45k	(34k)	48k	90k	53k

Financial Risk Analysis

For period ended 31 December 2010

Credit risk

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments. The credit risk management is centralized in Risk management and Control at the group level and reports to the board of directors and interacts with the head of each business segment regularly.

Diamond Bank has a Credit Risk Management framework approved by its Board. The Credit Risk Management Objectives are:

- 1) To provide a clear and consistent direction for the Bank for creating and managing credit exposures;
- 2) To maintain a high quality risk assets portfolio and minimize credit losses arising from errors of judgment
- 3) To achieve the lowest level of non-performing loans in the industry while maximizing returns on assets created;
- 4) To maximize stakeholder value;
- 5) To develop a strong credit risk culture where all staff actively participate in the Bank's risk management process and respond to them with cost effective actions.

The Credit Risk Appetite of the bank is defined by its expression or willingness to accept risk up to a level that minimizes erosion of earnings or capital due to avoidable losses from credit activities. The Bank's Credit Risk Management Strategy is driven by its objectives and includes adoption of the following strategies for the management of credit risk;

- a) A selective and disciplined approach to credit origination and focus on customers that will create attractive value for the Bank;
- b) Adherence by all lending and approval individuals to the Bank's credit risk policies, developed to enable staff identify, measure and manage credit risk exposures;
- c) The Board and Senior Management set the tone for the right risk culture in the Bank;
- d) Adequate pricing for the risks taken by the Bank;
- e) Maintenance of a diversified and balanced loan portfolio;
- f) Establishment and enforcement of the Bank's exposure and provisioning policies in accordance with the Prudential Guidelines and other regulatory requirements; and
- g) Broadening of the knowledge and skills of all credit personnel through training and capacity building programmes.

Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects the following components (i) the client or counterparty's character and capacity to pay off its contractual obligations; (ii) current exposures to the counterparty and its likely future development; (iii) credit history of the counterparty and (iv) the likely recovery ratio in case of default obligations – value of collateral and other ways out.

The Group's rating scale, the Diamond Master Rating (DMR), reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

Financial Risk Analysis For period ended 31 December 2010

DIAMOND BANK	CBN EQUIVALENT	CBN MID POINT WEIGHT	DB REMARK	CBN REMARK
D01	AAA		Investment grade	Extremely low risk
D02	AAA	1.5	Investment grade	
D03	AAA		Investment grade	
D04	AA		Sub investment grade	Very low risk
D05	AA	2.5	Sub investment grade	
D06	A		Sub investment grade	
D07	A	3.5	Sub investment grade	Low risk
D08	A		Sub investment grade	
D09	BBB		Sub investment grade	
D10	BBB	4.5	Sub investment grade	Acceptable risk
D11	BB	5.5	Sub investment grade	Moderately high risk
D12	B		Sub investment grade	
D13	B	6.5	Watchlist	High risk
D14	CCC	7.5	Watchlist	Very high risk
D15	CC/C	8.5/9.5	Watchlist	Extremely high risk
DEFAULT	D		PDO	

(b) Debt securities and other bills

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Treasury for primarily to manage their liquidity risk exposures.

Risk limit control and mitigation policies

The Group manages limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers (single obligor limits), and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

The Group also sets internal credit approval limits for various levels in the credit process and are shown in the table below.

Authorizing level	Approval limit
BOARD	N1.5BN TO LEGAL LENDING LIMIT
BOARD CREDIT COMMITTEE	N500MM TO N1.5BN
MCC	N250MM TO N500MM
MINI-MCC	N100MM TO 250MM
MANAGING DIRECTOR	N75MM TO N250MM
EXECUTIVE DIRECTORS	N50MM TO N75MM
REGIONAL MANAGERS	N25MM TO N50MM (Categorized)

Financial Risk Analysis For period ended 31 December 2010

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- a. Mortgages over residential properties;
- b. Charges over business assets such as premises, inventory and accounts receivable;
- c. Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as loss indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(b) Master netting arrangements

The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(c) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Methodology for risk rating

Diamond Bank plc. uses the Moody's rating tool as the core rating for all its corporate credits. In addition to the core rating, the bank has recently developed a new rating framework for rating all corporate exposures in its credit portfolio.

Through the new corporate framework, each corporate borrower will be given a rating on the 15-grade Diamond Master Rating Scale, which signifies the borrower's creditworthiness and risk of default. These ratings will be used to determine pricing, availability of credit, required collateral and other important decisions such as in relation to the extension of loans.

The new rating framework takes the core rating (i.e. Moody's) as a foundation and uses other factors such as the Group/country rating, early warning signals and any relevant new information to arrive at a more realistic rating for the borrower.

Financial Risk Analysis

For period ended 31 December 2010

Enterprise risk review

The underlying premise of Enterprise Risk Management is that every entity exists to provide value for its stakeholders. All organizations face uncertainty, uncertainty presents both risks and opportunities, with the potential to erode or enhance value.

In recent years, managing an enterprises' risk in a consistent, efficient and sustainable manner has become a critical priority, as the business environment faces unprecedented levels of complexity changing geopolitical threats, new regulations and increasing shareholders demands.

The Diamond Bank Group seeks to achieve an appropriate balance between risk and reward in its business and strategy, and continues to build and enhance the risk management capabilities that will assist it in delivering its growth plans in a controlled environment.

The Group has made significant progress in its vision to become world-class at managing risk. Recently an International firm of management consultants updated the Group's Enterprise Risk Management (ERM) framework and frameworks for specific risk areas such as credit, market, liquidity, operational, strategic and reputational risks.

Full implementation of the requirements of the ERM Framework is on-going under the oversight of the Board Audit & Risk Committee (BARC), which is tasked with monitoring the implementation on behalf of the Board.

The Group's Enterprise Risk Management (ERM) Framework ensures risks are managed using a structured and disciplined approach that aligns strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the opportunities and threats faced. The Group's "Enterprise-wide" Risk Management methodology ensures the removal of functional, divisional, departmental or cultural barriers to managing risks.

The main benefits and objectives to the Group of the ERM implementation include the following:

- ◆ It provides a platform for the Board and Management to confidently make informed decisions regarding the trade-off between risk and reward;
- ◆ It aligns business decisions at the operating level to the Group's appetite for risk;
- ◆ It balances operational control with the achievement of strategic objectives;
- ◆ It enables Executives to systematically identify and manage significant risks on an aggregate basis;
- ◆ It enables the evaluation of new and existing investments on both a standalone and portfolio basis; and
- ◆ It minimizes operational surprises and related costs or losses.

Enterprise Risk Management (ERM) Vision

Diamond Bank's ERM Vision is:

"To build a world-class risk management culture"

Risk Management governance structure

The Group's Risk Management Governance Structure is based on the "*three lines of defence*" model which entails residing responsibility and accountability for risk management with all levels within the Group, from the Board of Directors down through the organisation to each business manager, risk officer, support staff and, indeed, every employee. These responsibilities are distributed in such a way as to ensure that risk/reward decisions are taken at the most appropriate levels and as close as possible to the business, but subject to robust and effective reviews.

Major stakeholders in the risk management governance structure include the following:

Board of Directors

The Board sets the Group's overall risk appetite, approves the risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal controls.

The Board oversees the risk management of the Group through the following committees:

- ◆ Board Credit Committee;
- ◆ Board Audit & Risk Committee; and
- ◆ Board Governance Committee

Financial Risk Analysis

For period ended 31 December 2010

Executive Management

Executive Management under the leadership of the Group Managing Director/Chief Executive Officer is responsible for managing risks inherent in the Group's business endeavours and activities. In addition to the aforementioned, Executive Management is also responsible for the following:

- ◆ Implementing the risk management framework approved by the Board;
- ◆ Implementing strategies, processes and procedures set by the Board of Directors;
- ◆ Implementing the internal control systems;
- ◆ Setting risk management priorities; and
- ◆ Acting as the enforcer on such matters as aligning objectives, strategies, risk appetite, elimination of gaps and overlaps in risk management responsibilities and authorities and resolving significant internal conflicts (if any).

The following management committees, comprising of senior management staff, support the Executive Committee in performing its risk management roles:

I. Asset & Liability Management Committee (ALCO)

The Asset & Liability Committee (ALCO) is responsible for market and liquidity risk management.

II. Management Credit Committee (MCC)

The Management Credit Committee (MCC) is responsible for managing credit risks in the Group. The committee focuses on management of the Group's credit risk exposures.

III. Group Risk Management Committee (RMC)

The Group Risk Management Committee (RMC) has oversight responsibility for all other risk categories except credit, market and liquidity risks. Risk categories within the purview of the committee include, but are not limited to, the following: Operational risk; Strategic risk; Legal risk; Compliance risk; Reputational risk; Accounting & Taxation risk; Human Capital risk; and Information Security risk.

Business units

Business Units and their staff, as primary risk owners/managers, are responsible for the day-to-day identification, mitigation, management and monitoring of risks within their respective functions.

Business Units and their staff are also responsible for the following:

- ◆ Implementing the Group's risk management strategies;
- ◆ Managing day-to-day risk exposures by using appropriate procedures and controls in line with the Group's risk management framework;
- ◆ Identifying risk issues and implementing remedial action to address these issues; and
- ◆ Reporting and escalating material risks and associated issues to appropriate authorities.

Units and functions with primary responsibility for independent risk oversight and monitoring

These units and functions include the following:

- ◆ Risk Management & Control Division;
- ◆ Legal Unit;
- ◆ Corporate Communications Unit;
- ◆ Strategic Planning & Research Unit; and
- ◆ Financial Control Unit.
- ◆ Human Capital Management Unit and
- ◆ Compliance Unit

Financial Risk Analysis

For period ended 31 December 2010

Units and functions with primary responsibility for evaluating and providing independent assurance

This is made of the following:

- ◆ Internal Auditors (i.e. Corporate Audit function); and
- ◆ The External Auditors.

Provisioning policies

The internal and external rating systems described above focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, loan loss provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on criteria set out in the Prudential Guidelines for Licensed Bank.

Risk Assets (Loans and Advances, Advances under Finance Leases, on-balance sheet direct credit substitutes, etc.)

Risk assets are summarised as follows:

	Group Dec.' 2010 N'000	Group Dec.' 2009 N'000
Performing	293,865,122	305,548,357
Non-performing		
-substandard	13,838,934	28,643,415
-doubtful	16,824,470	16,380,962
-lost	20,458,270	23,209,866
	<u><u>344,986,796</u></u>	<u><u>373,782,600</u></u>

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing were as follows:

At 31 Dec.' 2010	Retail N'000	Corporate N'000	SME N'000	Financial Institutions N'000	Total N'000
Past due up to 30 days	311,065	318,275	345,350	-	974,690
Past due 30 - 60 days	23,467	-	75,843	-	99,310
Past due 60 - 90 days	4,091	-	30,546	-	34,637
	<u><u>338,623</u></u>	<u><u>318,275</u></u>	<u><u>451,739</u></u>	<u><u>-</u></u>	<u><u>1,108,637</u></u>
 At 31 Dec.' 2009					
	Retail N'000	Corporate N'000	SME N'000	Financial Institutions N'000	Total N'000
Past due up to 30 days	1,082,243	-	-	-	1,082,243
Past due 30 - 60 days	538,479	-	-	-	538,479
Past due 60 - 90 days	2,398,212	-	21,085	-	2,419,297
	<u><u>4,018,934</u></u>	<u><u>-</u></u>	<u><u>21,085</u></u>	<u><u>-</u></u>	<u><u>4,040,019</u></u>

Financial Risk Analysis

For period ended 31 December 2010

Non-performing loans by Industry

	Dec. 2010 N'000	Dec. 2009 N'000
Agriculture	136,012	937,595
Oil & Gas	17,463,857	12,692,166
Capital Market	2,856,369	11,598,652
Consumer Credit	390,647	608,414
Manufacturing	6,765,609	12,208,543
Mortgage	1,361,663	2,900,069
Real Estate & Construction	611,062	460,368
Financial & Insurance	179,455	10,907
Government	997	8,649
Transportation	4,645,986	441,929
Communication	1,393,937	6,373,966
Education	617,941	180,515
General Commerce	13,903,501	11,514,043
Others	794,638	8,298,427
	<u>51,121,674</u>	<u>68,234,243</u>

Non-performing loans by Geography

	Dec. 2010 N'000	Dec. 2009 N'000
South – South	1,352,329	4,423,764
South – West	39,817,874	41,523,463
South – East	1,086,652	1,852,975
North – West	4,679,013	11,233,718
North – Central	1,864,342	6,649,289
North – East	21,810	491,268
Rest of Africa	2,299,654	2,059,766
	<u>51,121,674</u>	<u>68,234,243</u>

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2010. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 Dec.'2010	Loans N'000	Advance under finance lease N'000	Other Facilities N'000	Total N'000
South - South	27,490,336	466,432	789,418	28,746,186
South - West	202,599,742	3,806,190	12,109,705	218,515,637
South - East	23,848,685	560,590	8,138	24,417,413
North - West	22,103,627	59,847	-	22,163,474
North - Central	23,698,093	178,220	-	23,876,313
North - East	2,124,009	-	-	2,124,009
Rest of Africa	25,143,764	-	-	25,143,764
	<u>327,008,256</u>	<u>5,071,279</u>	<u>12,907,261</u>	<u>344,986,796</u>

Financial Risk Analysis For period ended 31 December 2010

	Loans N'000	Advance under finance lease N'000	Other Facilities N'000	Total N'000
At 31 Dec.'2009				
South - South	12,878,953	179,568	12,482,761	25,541,282
South - West	242,025,073	5,431,282	7,826,618	255,282,973
South - East	20,599,653	164,394	24,201	20,788,248
North - West	17,528,947	993,002	-	18,521,949
North - Central	21,522,764	217,778	-	21,740,542
North - East	1,559,143	-	-	1,559,143
Rest of Africa	30,348,463	-	-	30,348,463
	346,462,996	6,986,024	20,333,580	373,782,600

(b) Industry sectors

	Loans N'000	Advance under N'000	Other Facilities N'000	Total N'000
At 31 Dec.'2010				
Agriculture	4,721,498	1,212	-	4,722,710
Capital Market	8,335,520	-	-	8,335,520
Communication	20,455,624	13,070	42,399	20,511,093
Consumer Credit	23,018,471	11,125	-	23,029,596
Educational	1,249,763	12,399	-	1,262,162
Finance and Insurance	4,736,384	8,581	-	4,744,965
General Commerce	69,636,498	1,296,665	1,734,672	72,667,835
Government	50,565	-	-	50,565
Manufacturing	52,156,212	645,418	1,091,510	53,893,140
Mining & Quarrying	15,089	-	-	15,089
Mortgage	3,304,760	-	-	3,304,760
Oil & Gas	56,485,047	124,046	6,657,701	63,266,794
Others	12,847,781	1,710,769	1,982,929	16,541,479
Power	26,576,902	-	1,091,938	27,668,840
Real Estate & Construction	35,623,064	1,012,894	-	36,635,958
Transportation	7,795,078	235,100	306,112	8,336,290
Grand Total	327,008,256	5,071,279	12,907,261	344,986,796

At 31 Dec.'2009				
Agriculture	13,389,371	38,032	213	13,427,616
Capital Market	23,766,627	-	310,905	24,077,532
Communication	39,421,767	-	181,755	39,603,522
Consumer Credit	14,197,672	57	-	14,197,729
Educational	1,531,799	5,263	-	1,537,062
Finance and Insurance	7,638,353	2,005,283	5	9,643,641
General Commerce	70,231,173	274,467	1,118,843	71,624,483
Government	752,691	-	-	752,691
Manufacturing	46,193,445	1,543,665	636,743	48,373,853
Mining & Quarrying	20,066	2,225	-	22,291
Mortgage	3,669,922	-	-	3,669,922
Oil & Gas	46,654,762	84,250	15,083,257	61,822,269
Others	19,885,764	1,094,028	98,332	21,078,124
Power	25,791,895	-	2,541,817	28,333,712
Real Estate & Construction	20,987,108	1,654,960	-	22,642,068
Transportation	12,330,581	283,794	361,710	12,976,085
Grand Total	346,462,996	6,986,024	20,333,580	373,782,600

Financial Risk Analysis

For period ended 31 December 2010

Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Group's exposure to foreign currency exchange rate risk at 31 December 2010.

Included in the table are the Group's financial instruments at carrying amounts, categorized by currency.

31st Dec. 2010	Naira '000	Dollar '000	GBP '000	Euro'000	Others'000	Total '000
Assets						
Cash and balances with Central Bank	16,740,831	1,152,730	214,790	159,474	9,338,375	27,606,200
Treasury bills	43,063,637	-	-	-	8,239,350	51,302,987
Due from other banks	41,515,102	15,484,971	2,406,729	2,324,804	5,083,462	66,815,068
Loans and advances	247,729,855	23,144,714	-	-	23,353,331	294,227,900
Advances under finance lease	5,071,279	-	-	-	-	5,071,279
Other facilities	-	12,907,261	-	-	-	12,907,261
Insurance receivables	187,577	-	-	-	-	187,577
Investments	68,760,237	-	-	-	4,731,395	73,491,632
Investment in subsidiaries	-	-	-	-	-	-
Deferred tax assets	4,757,142	-	-	-	-	4,757,142
Other assets	11,309,094	-	-	-	6,613,077	17,922,171
Investment property	3,755,064	-	-	-	-	3,755,064
Property, plant and equipment	35,372,446	-	-	-	1,378,410	36,750,856
Total Assets	478,262,264	52,689,676	2,621,519	2,484,278	58,737,400	594,795,137
Liabilities						
Customer deposits	342,482,330	29,993,730	1,217,129	1,182,113	37,156,616	412,031,918
Due to other banks	2,809,742	1,290,040	4,264	52	11,243,118	15,347,216
Liability on insurance contracts	3,856	-	-	-	-	3,856
Borrowings	15,373,750	12,907,261	-	-	-	28,281,011
Current income tax payable	1,995,250	-	-	-	-	1,995,250
Dividend payable	86,263	-	-	-	-	86,263
Other liabilities	9,714,108	9,494,892	1,386,727	1,277,636	5,799,682	27,673,045
Provision on insurance contracts	1,685,126	-	-	-	-	1,685,126
Deferred tax liabilities	580,464	-	-	-	-	580,464
Retirement benefit obligations	26,125	-	-	-	-	26,125
	374,757,014	53,685,923	2,608,120	2,459,801	54,199,416	487,710,274
Net on-balance sheet financial position	103,505,250	(996,247)	13,399	24,477	4,537,984	107,084,863
Off-balance sheet	202,191,795	26,420,886	56,893	176,237	-	228,845,811
Total financial Assets	478,262,264	52,689,676	2,621,519	2,484,278	58,737,400	594,795,137
Total financial Liabilities	374,757,014	53,685,923	2,608,120	2,459,801	54,199,416	487,710,274
Net on-balance sheet financial position	103,505,250	(996,247)	13,399	24,477	4,537,984	107,084,863
Off-balance sheet	202,191,795	26,420,886	56,893	176,237	-	228,845,811

Financial Risk Analysis For period ended 31 December 2010

Maturity profile - on Balance Sheet

31 Dec. 2010	Up to 1 Month N'000	1-3 Months N'000	3-6 Months N'000	6-12 Months N'000	1-5 Years N'000	Over 5 Years N'000	Total N'000
Liabilities							
Customer deposits	213,289,511	49,533,663	16,084,352	31,760,731	101,136,523	227,138	412,031,918
Due to other banks	15,347,216	-	-	-	-	-	15,347,216
Claims payable	-	-	-	-	-	-	-
Finance Lease obligations	-	-	-	-	-	-	-
Liability on investment contracts	-	-	-	-	-	-	-
Liability on insurance contracts	-	-	-	3,856	-	-	3,856
Debt securities in issue	-	-	-	-	-	-	-
Borrowings	4,620,960	3,766,500	5,158,351	6,688,937	8,046,263	-	28,281,011
Dividend payable	86,263	-	-	-	-	-	86,263
Current income tax	1,995,250	-	-	-	-	-	1,995,250
Other liabilities	23,302,858	6,962	123,162	2,455,917	1,784,146	-	27,673,045
Provision on insurance fund	-	-	-	-	1,685,126	-	1,685,126
Deferred income tax liabilities	580,464	-	-	-	-	-	580,464
Retirement benefit obligations	19,304	-	-	5,472	1,349	-	26,125
Equity	-	-	-	-	-	107,084,863	107,084,863
Total financial liabilities	259,241,826	53,307,125	21,365,865	40,914,913	112,653,407	107,312,001	594,795,137

Financial Risk Analysis For period ended 31 December 2010

Maturity profile - on Balance Sheet

31 Dec. 2010	Up to 1 Month N'000	1-3 Months N'000	3-6 Months N'000	6-12 Months N'000	1-5 Years N'000	Over 5 Years N'000	Total N'000
Assets							
Cash and balances with CBN	27,606,200	-	-	-	-	-	27,606,200
Treasury bills	578,200	19,139,005	17,443,709	13,413,541	728,532	-	51,302,987
Due from other banks	65,120,397	503,305	-	1,191,366	-	-	66,815,068
Loans and advances	66,157,000	48,882,376	24,299,250	28,789,791	81,651,769	44,447,714	294,227,900
Advances under finance lease	15,236	418,075	1,068,315	852,605	2,717,048	-	5,071,279
Other facilities	2,946,680	1,668,173	15,759	126,689	8,149,960	-	12,907,261
Insurance receivables	-	-	-	187,577	-	-	187,577
Investment securities	1,829,242	-	-	6,546,622	51,704,444	13,411,324	73,491,632
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	1,269,704	3,487,438	-	4,757,142
Other assets	16,927,223	17,345	-	769,056	208,547	-	17,922,171
Investment Property	-	-	-	378,130	3,376,934	-	3,755,064
Property and equipment	-	-	-	39,516	393,631	36,317,709	36,750,856
Total assets	181,180,178	70,628,279	42,827,033	53,564,597	152,418,303	94,176,747	594,795,137

Financial Risk Analysis For period ended 31 December 2010

Maturity profile - on Balance Sheet

31 Dec. 2009	Up to 1 Month N'000	1-3 Months N'000	3-6 Months N'000	6-12 Months N'000	1-5 Years N'000	Over 5 Years N'000	Total N'000
Liabilities							
Customer deposits	280,394,282	88,555,651	5,992,467	4,180,303	100,976,570	1,957,037	482,056,310
Due to other banks	14,659,352	-	-	-	-	-	14,659,352
Claims payable	-	-	-	-	-	-	-
Finance Lease obligations	-	-	-	-	-	-	-
Liability on investment contracts	39,085	-	-	-	-	-	39,085
Liability on insurance contracts	-	-	-	-	-	-	-
Debt securities in issue	-	-	-	-	-	-	-
Borrowings	-	-	-	121,024	18,929,972	-	19,050,996
Dividend payable	177,635	-	-	-	-	-	177,635
Current income tax	3,653,521	-	-	-	-	-	3,653,521
Other liabilities	21,271,403	-	-	-	-	-	21,271,403
Provision on insurance fund	1,238,238	-	-	-	-	-	1,238,238
Deferred income tax liabilities	-	-	-	-	1,962,128	-	1,962,128
Retirement benefit obligations	193,862	-	-	-	-	-	193,862
Equity	-	-	-	-	-	106,093,071	106,093,071
Total financial liabilities	321,627,378	88,555,651	5,992,467	4,301,327	121,868,670	108,050,108	650,395,601

Financial Risk Analysis For period ended 31 December 2010

Maturity profile - on Balance Sheet

31 Dec. 2009	Up to 1 Month N'000	1-3 Months N'000	3-6 Months N'000	6-12 Months N'000	1-5 Years N'000	Over 5 Years N'000	Total N'000
Assets							
Cash and balances with CBN	70,428,505	-	-	-	-	-	70,428,505
Treasury bills	9,090,252	-	-	-	-	-	9,090,252
Due from other banks	101,663,746	-	-	-	-	-	101,663,746
Loans and advances	98,270,053	112,234,953	11,733,815	22,675,138	26,143,634	31,429,342	302,486,935
Advances under finance lease	316,762	355,103	221,243	1,056,467	5,013,295	-	6,962,870
Other facilities	8,240,316	1,356,687	1,908,965	365,266	8,462,346	-	20,333,580
Insurance receivables	265,730	-	-	-	-	-	265,730
Investment securities	2,900,000	-	-	4,538,426	54,311,908	6,665,145	68,415,479
Investment in subsidiaries	-	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-
Deferred tax assets	7,858,279	-	-	-	-	-	7,858,279
Other assets	21,848,223	-	-	-	-	-	21,848,223
Investment Property	-	-	-	-	3,474,612	-	3,474,612
Property and equipment	-	-	-	-	21,818,399	15,748,991	37,567,390
Total assets	320,881,866	113,946,743	13,864,023	28,635,297	119,224,194	53,843,478	650,395,601

Financial Risk Analysis For period ended 31 December 2010

Maturity profile – off Balance Sheet

(a) *Financial guarantees and other financial facilities*

Performance Bonds and financial guarantees (Note 35), are also included below based on the earliest contractual maturity date.

(b) *Contingent letters of credits*

Unfunded letters of credit (Note 35) are also included below based on the earliest contractual payment date.

(c) *Operating lease commitments*

Where a Group company is the lessee, the future minimum lease payments under non-cancellable operating leases, as disclosed in Note 38, are summarised in the table below.

(d) *Capital commitments*

Capital commitments for the acquisition of buildings and equipment (Note 35) are summarised in the table below.

Financial Risk Analysis For period ended 31 December 2010

31 Dec. 2010	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 - 12 months N'000	1 - 5 Years N'000	Over 5 Years N'000	Total N'000
Performance bonds and financial guarantees	4,480,466	34,054,838	57,938,071	53,985,896	50,832,100	1,939,119	203,230,490
Contingent Letters of credit	4,756,528	9,898,200	4,882,209	3,072,784	3,005,600	-	25,615,321
Bankers acceptances	-	-	-	-	-	-	-
Guaranteed commercial papers	-	-	-	-	-	-	-
Capital commitments	-	-	-	-	-	-	-
Operating lease commitments	-	-	-	-	-	-	-
	9,236,994	43,953,038	62,820,280	57,058,680	53,837,700	1,939,119	228,845,811
31 Dec. 2009	Up to 1 month N'000	1 - 3 months N'000	3 - 6 months N'000	6 - 12 months N'000	1 - 5 Years N'000	Over 5 Years N'000	Total N'000
Performance bonds and financial guarantees	31,833,004	7,903,728	9,074,893	18,488,940	4,958,367	37,717,922	109,976,854
Contingent Letters of credit	2,612,999	2,000,738	9,402,155	-	-	-	14,015,892
Bankers acceptances	-	-	-	-	-	-	-
Guaranteed commercial papers	-	-	-	-	-	-	-
Capital commitments	-	-	-	-	-	-	-
Operating lease commitments	-	-	-	-	-	-	-
	34,446,003	9,904,466	18,477,048	18,488,940	4,958,367	37,717,922	123,992,746

Financial Risk Analysis

For period ended 31 December 2010

Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- a. To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
- b. To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- c. To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis. Auditors to the Group are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC) that includes the computed capital adequacy ratio of the Group.

The CBN requires each bank to: (a) hold the minimum level of the regulatory capital of N25 billion and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The Group's regulatory capital as managed by its Financial Control and Treasury Units is divided into two tiers:

- d. Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and
- e. Tier 2 capital: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

Financial Risk Analysis For period ended 31 December 2010

The table below summarises the composition of regulatory capital and the ratios of the Group for the periods ended 31 December. During those two periods, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

Capital commitments for the acquisition of buildings and equipment (Note 35) are summarised in the table below.

	Group Dec.'2010 N'000	Group Dec.'2009 N'000
Tier 1 capital		
Share capital	7,237,622	7,237,622
Share premium	89,629,324	89,629,324
Statutory reserves	11,214,864	10,224,848
Contingency reserve	354,741	176,802
SMEIS reserve	2,812,957	2,486,834
Retained earnings	(5,098,158)	(4,949,700)
Total qualifying Tier 1 capital	<u>106,151,350</u>	<u>104,805,730</u>
Tier 2 capital		
Minority interest	455,661	446,088
Revaluation reserve	171,158	170,059
Translation reserve	306,694	671,194
Total qualifying Tier 2 capital	<u>933,513</u>	<u>1,287,341</u>
Total regulatory capital	<u><u>107,084,863</u></u>	<u><u>106,093,071</u></u>
	Group Dec.'2010 N'000	Group Dec.'2009 N'000
Risk-weighted assets:		
On-balance sheet	405,555,144	433,871,838
Off-balance sheet	213,785,530	110,651,832
Total risk-weighted assets	<u>619,340,674</u>	<u>544,523,670</u>
Risk-weighted Capital Adequacy Ratio (CAR)	16.6%	19.5%

Financial Risk Analysis For period ended 31 December 2010

The decrease in the regulatory capital in 2010 is mainly due to the increase in off-balance sheet engagements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk arise from the execution of an organization's business functions

Operational risk is the risk that occurs as a result of doing business and includes: technology failures, breaches in internal controls, frauds, unforeseen catastrophes, or other operational problems which may result in unexpected losses. Operational risks exist in all products and business activities.

Business units and support functions in the Bank have primary responsibility and accountability for the management of operational risks in their units. The various units and functions are supported by an Operational Risk Management Unit which reports to the Group Risk Management Committee through the Head of Risk Management and Control, while Corporate Audit Group performs an independent assessment of the implementation of the bank's operational risk management framework.

Strategy risk

Strategic risk is the risk of current or prospective impact on the Group's earnings, capital, reputation or standing arising from the changes in the operating environment and from adverse strategic decisions, improper implementation of decisions, or lack of responsiveness to industry, economic or technological changes. It is a function of the compatibility of the Group's strategic goals, strategies developed to achieve these goals, the resources deployed to meet these goals, and the quality of the implementation of the strategic plan.

The Group strategic risk management focus is to proactively identify, understand, promptly analyse and appropriately manage strategic risks that could affect the achievement of the Group's strategic intent. In the process the Group:

- a) Ensures that exposures reflect strategic goals that are not overly aggressive and are also compatible with developed business strategies.
- b) Avoids products, markets and business for which it cannot objectively measure and manage their associated risk; and
- c) Strives to maintain a balance between risk/opportunities and revenue consideration with the Group's risk appetite. Thus, risk-related issues are considered in all business decisions.

The Board of directors has the ultimate responsibility for establishing and approving the Group's strategy in an integrated manner that aligns strategies, goals, tactics and resources. The Board members participate in the Bank's Annual Strategy Session towards the review of the Strategic Plan. When approved, such plans are cascaded to the various business units/subsidiaries for creating business unit/subsidiary plans and budgets. It is the responsibilities of the Executive Management Committee to assist the board in developing and formulating strategies to meet the Group's strategic goals and objectives, and ensuring adequate implementation of the Group's strategic plan as approved by the board.

The Group Risk Management Committee is responsible for establishing a suitable reporting system which will ensure timely monitoring of strategic risk exposures, and undertaking measures for the elimination of any possible problems pertaining to internal and external factors. The strategic planning group has the primary responsibility for supporting the board and senior management in managing the Group's strategic risk and facilitating change in corporate strategic plan that contribute to the Group's organizational development and continuous improvement.

Diamond Bank Plc Locations Nationwide

LOCATIONS	CODE	TELEPHONE NUMBERS
◆ Abia		
◆ 2, Eziukwu Road.	001	082-221209; 871644, 225302; 440021
◆ Umuahia, 10, Library Avenue	039	088/224345, 486790
◆ 74, Asa Road	078	082-225358; 082-225496
◆ Ariaria Mkt Mini, Faulks Road, Aba	001	082-871602
◆ Osisioma, Umuakpara Osisioma, Ngwa Local Government	001	082502138
◆ Ngwa Rd Mini, 20, Ngwa Road Aba.	078	082- 233 176; 233 178
◆ Umuahia Mini, 2 Owerri Rd, Umuahia	039	082-441247
◆ Abuja (FCT)		
◆ Ahmadu Bello Way , Plot 1486	077	3146480-2; 3146483 DL
◆ Dei-Dei, Building Material Market	014	09-6700796/6712522
◆ N417, UAC Building, Plot 273, Central Business Area	013	09-6282976, 6282970
◆ Plot 792, Mohammed Buhari Way, Central Business District	061	09-2344200 – 3; 09-7805208
◆ Nyanya, Opposite Nyanya Shopping Complex	065	09-6700115; 09-7818022; 2909230; 2909231
◆ Wuse 2, Plot 21, AdeTokunboh Ademola Crescent, Cadastral Zone 8.	041	09-4134248 D/I; 4134250-51
◆ NASS, National Assembly Complex	013	09-7804046
◆ Savannah Suite Hotel	013	09-2341204
◆ Gudu Market, Shop R 144, Block 6, Gudu Market After Apo	077	09-6702726
◆ Federal Secretariat, Phase 3, Federal Ministry of Education, Ground Floor, Ahmadu Bello Way, Central Business District	061	09- 6281218,6281219, 8701672
◆ Kubwa, Plot 27, Cadastral Zone 0705, Gado Nasco Road, Kubwa (Phase IV)	106	09- 780 7128; 780 7131; 780 7134
◆ Zone 4, Plot 2097, Herbert Macaulay Way, Zone 4, Abuja	111	09-5236956 - 9
◆ Area 1, 1st Floor, Area 1 Shopping Complex, Abuja	077	097808309
◆ Mararaba, New Karu, Keffi Road, Near Royal Dreams Hotel, Abuja	123	097820492; 098701559
◆ Gwagwalada, Plot 52 Park Lane FCT Abuja	138	07098203480, 09-07831099
◆ Gwarinpa, 1st Avenue Gwarinpa, Abuja	150	09-8703441, 09- 8703437
◆ Adamawa		
◆ Yola, 10, Galadima Aminu Way	049	075-627960; 627836
◆ Mubi, Ahmadu Bello Way, Wuro Bulude 'B',	097	075-882907; 882908; 882909
◆ Akwa Ibom		
◆ 74, Abak Rd, Uyo	048	085-204667 , 201210,200913
◆ Eket, No. 6/8 Grace Rd, Eket	112	085-480161; 480140
◆ Ikot Ekpene, Essienton Rd, Off Aba-Ikot Ekpene Rd	134	082-441245; 082-441246
◆ Banking Layout, Udo Idoma Avenue, Uyo	146	07-023044030, 087480203
◆ Anambra		
◆ Awka, 208, Azikiwe Street	067	048-553350 048-553292
◆ Old Nkwo Mkt Road	071	046-662860,300320
◆ 1/3, Edo-Ezemewi Street	033	046-497378
◆ 46, Iweka Road	059	046-218046, 218900, 046- 662866 , 218700
◆ Ogbaru Enamel Ware Mkt	066	046-812007; 812008;313806
◆ 63A, New Market	006	046-410407; 410189, 046-410189
◆ 1, Sokoto Road, Main Market	053	046-413291; DI: 046-662864
◆ 36, Port Harcourt Road, Bridgehead	019	046-216411, 211098, 216971
◆ NAU, Nnamdi Azikiwe University, Awka	067	046 -322589, 322587
◆ Awka, Enugu/Onitsha Expressway, Awka	116	046-325007
◆ Ogidi, Plot No. 37, Block 23, Phase 1, Nkwelle Ogidi	122	046-665794; 665793
◆ Nkpor, 1, Demude Street, By Nkpor Spare Parts Junction	125	046-665791; 66592
◆ Bauchi		
◆ Bauchi, Along Abdulkadir Ahmed Road, Commercial Area	045	077-543846,077-543774

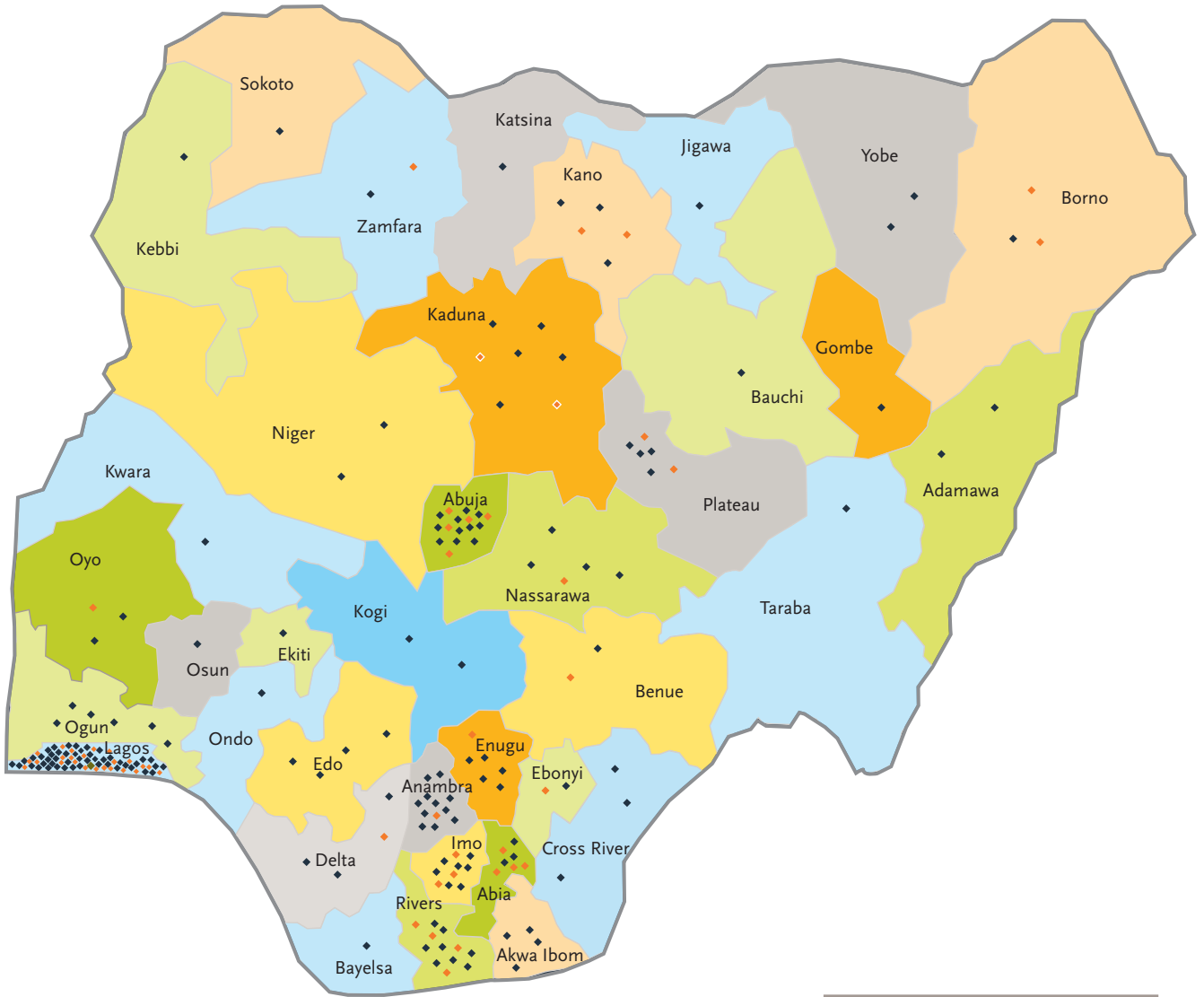
LOCATIONS	CODE	TELEPHONE NUMBERS
◆ Bayelsa		
◆ Yenegoa, Plot A6B Central Buz District	082	089 504313
◆ Benue		
◆ 7, New Bridge Road, Makurdi	034	044-534164; 044-534161
◆ North Bank, NO.1, Udei Street, North Bank, Makurdi	034	0703 406 3120 ; 0703 406 3119
◆ Borno		
◆ Maiduguri, NSITF Building, 20, Shehu Laminu Way	020	076-236460; 236428
◆ UNIMAID, University of Maiduguri	020	076-940502
◆ Maiduguri, 7 Baga Road,	020	076-342231/ 342130/ 342136
◆ Cross River		
◆ Calabar, 7, Mary Slessor Street	032	087-237482 / 237484
◆ Ikom, 6 Okim Osabor, Ikom; Cross Rivers State.	147	08023333701,08051265829
◆ Ogoja, Hospital Rd., Cross River State	149	08021070229
◆ Delta		
◆ Asaba, 252, Nnebisi Road	038	046-870580, 662868, 056-280010
◆ Warri, 84, Warri-Sapele Road, Effurun	005	053-254301-3; 255271
◆ Warri Refinery, Warri Refinery And Petroleum Company (WRPC) Uvwie	005	07029547005
◆ Plot 49, Olodi Oki, Okumagba Avenue, Warri	151	053-817100
◆ Ebonyi		
◆ Abakaliki, 2d, Ogoja Road	035	043-220843, 043-220597
◆ EBSU, Ebonyi State University, Abakiliki	035	043 - 220069
◆ Edo		
◆ Benin, 6, Akpakpava Street	036	052-258503; 052-258713
◆ Sapele Road, 81, Sapele Road, Benin City	108	052-253750; 253783; 259068; 255 742
◆ Ugbowo, No. 170, Ugbowo - Lagos Road, Benin, Edo State	109	052-602143
◆ Mission Road, No. 109, Mission Road, Benin	115	052-876691, 052-880593
◆ Ekiti		
◆ Ado-Ekiti, 146, Secretariat Road	094	030-207058, 030-251872
◆ Enugu		
◆ 22, Okpara Avenue	052	042-250979; 252193
◆ Plot 40, Garden Avenue	018	042-259625 D/I; 042-259624-6 S/b
◆ Nsukka, No. 69B, Enugu / Oba Road, Nsukka	113	042- 771903, 771919, 771935, 771982
◆ UNN, University of Nigeria, Nsukka	113	042-770707; 771818
◆ 9th Mile Corner, Plot 87, Ifueke/Okwe Uwani, Ngwo, Udi, Enugu	145	042-290571-2
◆ 100 Agbani Rd, Enugu State	139	042-290498, 042-290499
◆ Gombe		
◆ Gombe, No 31, Biu Road	092	072-222464;221515
◆ Imo		
◆ Plot 6, Waast Avenue, Ikenegbu Layout	017	083-232789; 233568
◆ 89, Douglas Rd, Owerri	090	083-232309, 083-232232
◆ Orlu, Orlu International Market, Imo	103	083-300012; 520643; 520533; 520084
◆ Orlu Road, Amakohia, Owerri, Imo State	114	083—233136,232231
◆ Wetheral Road, No. 4 MCC Road, Owerri	126	083-234848,234909, 082-507201
◆ Imo State Secretariat, Port Harcourt Road, Owerri	090	083-483136
◆ FUTO Mini, Federal University Of Technology, Ihiagwa, Owerri	017	083-801255
◆ Building Materials Market, Naze, Owerri	090	
◆ Mbaise Branch, Ahiara Junction	157	
◆ 157, Okigwe Rd Branch, Owerri	152	




LOCATIONS	CODE	TELEPHONE NUMBERS
◆ Jigawa		
◆ Dutse, Plot C1 Sanni Abacha Way, Dutse	104	(Fax/Dl:07034045314), 07034045313/5
◆ Kaduna		
◆ 1, Kachia Rd	012	062-236939,236867 (dl),236862
◆ 23, Ahmadu Bello Way	064	062-213 971-5
◆ Kafanchan, Along Kagoro Rd	133	08054338867;0706418887
◆ Aji, Command And Staff College	096	0703 4060759, 08051455144
◆ Zaria, F13, Kaduna Road	127	069-330522; 330606; 331671; 875685
◆ Kaduna Refinery, KRPC, Kaduna	012	07029060882
◆ 60 Sokoto Rd. Samaru, Zaria	127	069-875749, 069-890524
◆ Kano		
◆ 5b, Bank Rd	058	064-645356; 644091
◆ 36/38, M/Mohammed Way	007	064-642482,640200; 064-963220
◆ Dawanau Mini, Dawanau Market, Along Kano- Katsina Rd	058	0703 406 3118
◆ Bayero University Road, C31, Kofa Wuka Duya, Kano	007	064-946190
◆ 2 France Rd., Sabon Gari	148	064-925572, 064-0896152
◆ Katsina		
◆ Katsina, 6, Nagode Road	044	065-430292; 230294; 431421; 431422
◆ Kebbi		
◆ Birnin Kebbi, No. Nw614, Sultan Abubakar Road, Birnin Kebbi	105	068 – 321 224; 07064864848
◆ Kogi		
◆ Lokoja, Government House Junction, Murtala Mohammed Way	089	058-223041-3
◆ Obajana, (B2, Bank Area, Obajana Cement Factory)	100	07034050900
◆ Kwara		
◆ Ilorin, 199, Ibrahim Taiwo Rd	042	031-743043 Sb 031- 749456
◆ Lagos		
◆ Dobbil Plaza Avenue, Alaba International Market	068	01 – 8541095 ; 4710226
◆ Old Garage, Alaba International Market	024	01 8791360; 01 4809694
◆ 16 Creek Road	069	01-8126490
◆ Sagittarius Block, Eleganza Plaza, Wharf Road	010	01-5978606; 5804605; 5804608
◆ 30, Apapa – Oshodi Expressway, Coconut B/stop	083	01-7614536 / 7614537
◆ Balogun Business Association (BBA 1), Atiku Abubakar Plaza, Trade Fair Complex, Badagry Expressway	040	01-3455550; 3455551; 3455549; 01-8712345
◆ Balogun Business Association, (BBA 2), Bank Plaza, Trade Fair Complex, Badagry Expressway	074	01-8963944; 01-8966753;
◆ Coker, Km 19, Lagos/ Badagry Expressway, Coker Bus Stop Orile	031	01-7743231; 8129081
◆ Ebute Metta, 1, Market Street, Oyingbo, Opp. Bhojsons Limited	050	01-5821253; 01- 7411423
◆ 10, Opebi Road, Ikeja	027	01-2711814; 2798074; 2712772; 4602020
◆ 60, Opebi Road, Ikeja	057	D/l:01-2798266 ,2703520,8122089
◆ 34, Ladipo Oluwole Street, Off Adeniyi Jones	011	01-4976904 D/l; 4976902, 8977759
◆ 80, Awolowo Road, Ikoyi	054	01-2696334-8; 2693706; 8753893
◆ Isolo, 25, Asa-afariogun Street, Ajao Estate	004	01-2719735/ 8522337; 7769866
◆ Balogun, 136, Balogun Street, Lagos Island	021	01-2643027-30; 26430978; 2642926,40
◆ Broad Street, 121, Broad Street, Lagos Island	056	01-2669543; 2667735 4710053
◆ Idumota, 118, Nnamdi Azikiwe Street, Lagos Island	002	01-2641826; 2641005-6; 2660858
◆ Marina, 23a, ,mamman Kontagora House, Marina	008	01-2646639/2600225-9/2646732
◆ Oke Arin, 1, Oke Arin Street	085	01-8713017; 7614560
◆ Matori, 129, Ladipo Street, Matori	029	01- 2710167-9
◆ Ogba, 36, Ijaiye Road	080	01-4920049; 4920369; 7618687; 8752003
◆ Surulere, 31 Bode Thomas Str.	051	01-2793661; 8736761; 8736819
◆ Trade Fair Complpex, 1, Hall 2 Aspamda Plaza, Trade Fair Complex, Badagry Expressway	028	01-7919230; 8935887; 7919706

LOCATIONS	CODE	TELEPHONE NUMBERS
◆ Trade Fair Complex 2, Asпамda Office Block 2, Trade Fair Complex, Badagry Expressway	076	01-3455528; 3455545, 8190799.
◆ Plot 730, Adeola Hopewell Street 4618736	026	01-2626094-8; 4618732-5; 4618275;
◆ Plot 64, Adeola Odeku Street	025	01-2601902-6 Dl:4627245
◆ 238, Herbert Macaulay Street, Yaba	087	01-8776148, 7647139
◆ Head Office, Plot 1261, Adeola Hopewell Street	016	01-2701500,2620740-80
◆ Tejuosho Retail, No. 6, Ojuelegba Road, Opp. Tejuosho Market	050	01-4063110; 2793331-2
◆ The Palms Retail Shop 41, The Palms Shopping Complex, Victoria Island	026	01-2714506 - 8
◆ Okota Retail, No. 116/118, Ago Palace Way, Okota	004	01-7618690
◆ Ikota Retail Shop, C96 - 101, Ikota Shopping Complex, VGC	095	01-4613328; 4613349; 4613350
◆ Satellite Town Mini, Block 11, Plot 4, Old Ojo Road, Satellite Town	028	01 - 8161972
◆ Festac Mini, Plot 1609, E Close, 4th Avenue, Festac Town	107	01-5990415, 8919192
◆ Ikorodu, 83, Lagos Road	088	7642703; 7642746 ; 7324689
◆ Lekki, Plot 10, Block 117, Lekki Peninsula	095	01-2793492; Dl: 01-2793490
◆ Mushin, No, 281, Agege Motor Road, Olorunsogo, Mushin	099	01-7450244
◆ Mafoloku, No, 77/79, Old Ewu Road, Mafoloku	099	01-7450248
◆ Daleko, Shops 661-670, Bank Rd, Daleko Mkt, Mushin	099	7450246
◆ Aluminium Village, No. 17, Ogeretedo Street, Aluminium Village, Dopemu	011	01-7450245
◆ Bariga, Plot 103 & 105, St. Finbarrs Road, Akoka	087	01-7450151
◆ Enu Owa, No. 71, Enu Owa Street, Lagos Island	102	01-2665319
◆ Ketu, Plot 608, Lagos - Ikorodu Road, Ketu Mile 12	088	01-7450154
◆ Festac, House 20, 2nd Avenue Festac Town	107	01-5590414-7 Dl-01-5590417
◆ Coker Mini, Agric Market, Coker-orile	031	N/A
◆ Ogunlana Drive, 33 Ogunlana Drive, Surulere	051	01-7450153
◆ Iyana Ipaja, No. 166, Abeokuta Expressway, Iyana Ipaja	110	01-7450152
◆ Kirikiri, Karimu Street, Kirikiri Town, Apapa	083	01-7450155
◆ Ojuwoye Market, (190, Agege Motor Road, Ojuwoye)	099	01- 740 2240
◆ Nahco Shed, (Nigeria Aviation Handling Compnay, Ikeja)	027	01-7403161
◆ Seme Border, (Seme Border, Badagry, Lagos State)	118	07029738956
◆ Isheri Road, (Plot 47, George Crescent, Ogba)	080	01- 870 1066
◆ Lawanson (58, Lawanson Road)	119	01-7402235
◆ King George V (11, King Georg V Road, Onikan)	120	01-2806077
◆ Jankara Market (no. 7 Idumagbo Road, Lagos Island)	002	01-7403160
◆ Iyana Ipaja (55/57 New Ipaja Road, Alimosho)	110	01-7349819
◆ Liverpool, (21, Liverpool, Apapa)	129	01-8736207
◆ Roro Port (Roro Port, Tin Can Island, Apapa)	010	01-8133498
◆ Alausa (Plot J, Asitabi Cole Street, Central Business District, Agidingbi)	130	01-4482020; 4482021
◆ College Road, 71, College Road, Ogba	080	017369076
◆ Amuwo Odofin, Plot Nos 21, 22 & 23 Opposite Abc Transport Terminal	124	01 7403093
◆ Jibowu, 32, Ikorodu Road, Jibowu	128	018929539, 019504876
◆ Maza Maza, 37, Old Ojo Rd, Ojo	135	01-7412166
◆ Gbagada/ifako, 20, Diya Street, Ifako, Gbagada	087	01-736-9077
◆ 51, Mushin Rd, Isolo	143	01-7360224
◆ Ilupeju, 26A & B Ilupeju Bypass, Ilupeju	140	017360852
◆ 11 Burma Rd, Apapa	144	017360854
◆ Oregon Branch, Plot E Ziatech Rd, Oregon	154	01-7359513; 01-8104818
◆ Iddo Market Mini, Iddo Ultra modern Market	050	01-7387489
◆ Ajah Branch, Lekki-epe Expressway, Opp. Oluwole Baker St	153	07-8540101
◆ 79/80 Awolowo Way, Ikeja	158	
◆ Nassarawa		
◆ Akwanga, Plot 1, Opposite Akwanga Police Division, Off Keffi Rd	062	047-52184 – 5
◆ Keffi, Plot 27, Abubakar Burga Road	073	047-620526; 620525
◆ 20/21 Doma Road, Lafia	060	047-221421; 047-220081
◆ 2, Jos Road, Lafia	075	047-220720; 047-221319
◆ Nassarawa State University, Keffi	073	0703 405 4060

LOCATIONS	CODE	TELEPHONE NUMBERS
◆ Niger		
◆ Minna, 118, Paiko Road	043	066-223061/224297;224709
◆ Suleja, Opposite IBB Main Market, Along Minna Road	079	07035999408
◆ Ogun		
◆ Abeokuta, UACN Complex, Ibara	030	039-240741; 039-2441190; 241389, 771264
◆ Otta, Abeokuta Exp Km 38, Abeokuta Expressway, Sango Otta	081	(039) 721826,721828721829, DL 01-7638831
◆ Agbara, Plot C2/9A, Ilaro Road, Beside PHCN, Agbara Industrial Estate, Agbara, Ogun State	117	01-7389273
◆ Ajilete (Ajilete International Market, Yewa, Ajilete)	121	01-4533278
◆ Sagamu, 145, Akarigbo Street, Sagamu	137	01-7369302
◆ Idi Roko, Opposite Mayowa Bus-stop, Idiroko Road	131	01-4536868
◆ Ondo		
◆ Akure, 82, Oyemekun Street	046	034-216148,02-2006172
◆ Osun		
◆ Osogbo, 73, Gbongan-Ibadan Road, Olosan Bus-stop, Adjacent The Redeemed Christian Church of God	093	035-207946; 035-207945
◆ Oyo		
◆ 11, Lebanon Street, Ibadan	022	02-2414506 D/I 02-2413063; 027522294
◆ 53, Iwo Rd, Ibadan	084	02- 8100123; 02- 8100130; 02-7525538
◆ Bodija, UI, Secretariat Road, Near Pastoral Insitute, Bodija, Ibadan	022	02-8731063
◆ Plateau		
◆ Old Jos Road, Bukuru	072	073-281721 – 2
◆ 34, Ahmadu Bello Way	055	073-457143 073-456275
◆ 13, Commercial Area	015	073/460798(DI); 460997; 461311
◆ 1, Club Road	070	073-452331 – 3
◆ Katako Market, No. 68 & 70, Mallam Kure Street, Laranto	015	073-612 992
◆ University of Jos, Jos	055	073-613991
◆ Rivers		
◆ Aba Road, 145, Aba Road, PH	086	084-232285; 794352; 232270; 794351
◆ 222 Ikwerre Road, PH	009	084-237920(Sb); 231062, 796844(DIs)
◆ 48, Ikwerre Road, PH	063	DI: 084-754296; 231641; Fax: 231647
◆ Bonny Island, PH	023	084-270728; 270730; 270729;556926
◆ FOT Onne, Federal Ocean Terminal (FOT), FOT Onne, ITT Base	037	084784675
◆ Trans Amadi, Plot 71, Elekahia Industrial Estate Road, PH	003	084-239685;461069,239689
◆ 1, Odual Rd, PH	003	084768340
◆ PPMC, Eleme Refinery, PH	037	084-797680
◆ 13, Old Aba Road, PH	086	084,236612; 799131
◆ 316, Aba Road, PH	003	084-740076
◆ Oyigbo, No. 11, Location Road, Obigbo, PH	136	084-894862
◆ Sokoto		
◆ Sokoto, No.541, Along Gusau Rd	047	08082521075; 08036465013
◆ Taraba		
◆ 194 Jalingo, Hamman Ruwa Way, Jalingo	098	079-224162;079-224174
◆ Yobe		
◆ Damaturu, 596A, Njiwaji Layout, Opposite Central Mosque, Maiduguri Rd	091	074-521738 DI, 074-521739
◆ Potiskum, Plot 1140 &1141, Idris Muhammad Way	159	
◆ Zamfara		
◆ Gusau, 160, Sani Abacha Way, Gusau	101	08136100800

Our Branch Network



Key	
	Head Office
	Branches
	Mini Branches

**ANNUAL GENERAL MEETING TO BE HELD ON 29TH OF APRIL AT THE CIVIC CENTRE,
OZUMBA MBADIWE ROAD VICTORIA ISLAND, LAGOS AT 10.00 A.M PROMPT**

<p>I/We* _____ being a member/members of DIAMOND BANK PLC hereby appoint** _____ _____ of _____ _____</p> <p>Or failing him/her the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 29th April 2011 and at any adjournment thereof.</p> <p>Dated this _____ day of _____ 2011</p> <p>Signature _____</p> <p>NOTE:</p> <p>1. Please sign this form and return it to the Company Secretary not later than 48 Hours, before the time fixed for the meeting. If executed by a Corporation, this form should be sealed under its common seal or under the hand of some officer or an attorney duly authorized in writing.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: left; padding: 5px;">Number of shares held:</th> </tr> <tr> <th style="width: 80%; text-align: left; padding: 5px;">RESOLUTION</th> <th style="width: 10%; text-align: center; padding: 5px;">FOR</th> <th style="width: 10%; text-align: center; padding: 5px;">AGAINST</th> <th style="width: 10%; text-align: center; padding: 5px;">ABSTAIN</th> </tr> <tr> <td style="padding: 5px;"> 1. That the Directors' Report, the Balance Sheet as at 31st December 2010 together with the Profit and Loss Account and Auditor's Report be and are hereby adopted. </td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;"> 2. That the Directors are hereby Authorized to declare dividend </td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;"> 3. That having offered themselves up for re-election, and being eligible, HRM Igwe Alfred Nnaemeka Achebe, Mazi Clement Owunna and Simon Harford be and are hereby re-elected as Directors of Diamond Bank Plc. That the appointment of Ian Greenstreet, Omobola Johnson, Ngozi Edozien and Benson Adenuga (as alternate to Simon Harford) as Non Executive Directors be and is hereby approved. That the appointment of Alex Otti, Victor Ezenwoko, Abdulrahman Yinusa as Executive Directors be and is hereby approved. </td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;"> 4. That the Directors are hereby authorised to fix the remuneration of the Auditors. </td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;"> 5. That the appointment of the members of the Audit Committee be and is hereby approved. </td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="4" style="padding: 5px;"> <i>Please indicate with "X" in the appropriate space above how you wish your votes to be cast on the Resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.</i> </td> </tr> </table>	Number of shares held:				RESOLUTION	FOR	AGAINST	ABSTAIN	1. That the Directors' Report, the Balance Sheet as at 31st December 2010 together with the Profit and Loss Account and Auditor's Report be and are hereby adopted.				2. That the Directors are hereby Authorized to declare dividend				3. That having offered themselves up for re-election, and being eligible, HRM Igwe Alfred Nnaemeka Achebe, Mazi Clement Owunna and Simon Harford be and are hereby re-elected as Directors of Diamond Bank Plc. That the appointment of Ian Greenstreet, Omobola Johnson, Ngozi Edozien and Benson Adenuga (as alternate to Simon Harford) as Non Executive Directors be and is hereby approved. That the appointment of Alex Otti, Victor Ezenwoko, Abdulrahman Yinusa as Executive Directors be and is hereby approved.				4. That the Directors are hereby authorised to fix the remuneration of the Auditors.				5. That the appointment of the members of the Audit Committee be and is hereby approved.				<i>Please indicate with "X" in the appropriate space above how you wish your votes to be cast on the Resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.</i>			
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*Shareholder's name to be inserted in BLOCK CAPITALS in the blank space marked. In the case of joint shareholders, anyone of such may complete this form, but the names of all joint holders may be inserted.

**In keeping with the normal practice, the Chairman of the Meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert the name and address of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf.

Note: Any instrument appointing a proxy to vote at a meeting must be duly stamped in accordance with the provisions of the Stamp Duties Act.

Before posting the above form, please tear off and retain this part for admission to the meeting.

**DIAMOND BANK PLC
20th ANNUAL GENERAL MEETING**

PLEASE ADMIT THE SHAREHOLDER NAMED ON THIS FORM OR HIS DULY APPOINTED PROXY TO THE ANNUAL GENERAL MEETING TO BE HELD ON 29TH APRIL 2011 AT THE CIVIC CENTRE , OZUMBA MBADIWE ROAD, VICTORIA ISLAND LAGOS STATE AT 10:00AM PROMPT.

Name of Shareholder _____

Signature of Shareholder _____

Signature of Person Attending _____

**PLEASE
AFFIX
STAMP HERE**

Dear Shareholder(s)

In view of the robust developments in the financial sector, Diamond Bank Plc is pleased to introduce our e-dividend module to you. This is to facilitate the payment of your dividend through direct credit to your bank account irrespective of the type of account, Current/Savings. It makes dividend payment faster and safer. We advise that you take advantage of this service by supplying the information as required below and return same to us accordingly.

Please ensure you state the actual name used in purchasing the shares and the signature(s) you signed at that time and fill in BOLD prints.

Thank you.

Basil Aharanwa
Registrar

The Registrar
Diamond Registrars Limited
59, Ogunlana Drive
Surulere
Lagos

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s) due on my/our shareholding particulars of which are stated below from the date hereof:

Shareholder's name	<input type="text"/>		
	(Surname)	(Other Names)	
Shareholders account no(s)	<input type="text"/>		
CSCS Investor Account No.	<input type="text"/>		
CSCS Clearing House No	<input type="text"/>		
Name of Stock Broker	<input type="text"/>		
Mobile Phone Number(s)	<input type="text"/>		
Fax Number	<input type="text"/>	E-Mail Address	<input type="text"/>
Bank Name	<input type="text"/>	Branch	<input type="text"/>
Bank Account Number	<input type="text"/>	Type of account	<input type="text"/>

Dated this ----- Day of ----- 20 -----

Authorized signatory/Bank Stamp

Authorized Signatory/Bank stamp

Shareholders signature

Joint Shareholders signature

Your completed forms should be returned to Diamond Registrars Limited or any of the Diamond Bank Plc branches nearest to you. Please note that it is very important that you clearly state your bank Name, Bank Account Number, E-mail Address and Mobile Phone Numbers to ensure proper processing of your mandate.

For more information, contact Funmi (01-8769533), Glory (01-8147153) or E-mail: registrar@diamondcapital.com

Corporate Information

REGISTERED OFFICE

HEAD OFFICE

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P. O. Box 70381, Victoria Island, Lagos.

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Fax: +234-1-2619728

Website: www.diamondbank.com

Email: enquiries@diamondbank.com,
complaints@diamondbank.com

Follow us on    

HEAD OFFICE ANNEX

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01 BP 955 Cotonou, BENIN

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Fax: +229--31-21-42

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Tel : +221-33-821-56-81

Fax : + 221 33 821 56 92

DIAMOND BANK TOGO

3519, Boulevard du 13 Janvier
BP 3925 Doulassamé Lomé (TOGO)

Tel: +228-253-10-01 / 02/ 03

DIAMOND BANK COTE D'IVOIRE

Angle avenue Terrasson de Fougères et rue Courgas,
Abidjan, Plateau 01 BP 11920 Abidjan 01

Tel: +225-20-30-95-95

Fax:+225-20-30-94-49



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