

## Diamond Bank Plc

### Unaudited Results for the 9-Months ended September 30, 2018

#### Challenging trading environment continues but steps taken to accelerate digital-led recovery

##### Financial Highlights

- Contribution of non-interest income to profit increased by 10.81% from N24.66 billion (9-Months 2017) to N27.32 billion (9-Months 2018).
- Impairment charges down 24.21% from N33.21 billion (9-Months 2017) to N25.17 billion (9-Months 2018).
- Interest expense up 18.32% to N41.26 billion year-on-year, but it has continued to decline in-line with guidance, falling by 15.36% from N14.83 billion (Q1 2018) to N12.56 billion (Q3 2018).
- 2.89% year-on-year increase in operating expense to N66.20 billion (9-Months 2018). However, cost containment measures are underway with the digitization process contributing to quarter-on-quarter gains with OPEX declining 0.36% from N22.07 billion (Q2 2018) to N22.15 billion (Q3 2018).
- Customer deposit dropped by 8.0% year-on year to N1,107 billion due to re-pricing and non-rollover of high priced maturing deposits.
- Liquidity position remains strong as current and savings account balances increased from 77.4% (FY2017) to 78.08% of total deposits in September 2018.

##### Strategic Highlights

- Continued expansion of financial inclusion programme with total number of banking agents rising to 70,052 (9-Months 2018) across Diamond Y'ello, BETA and CLOSA product lines.
- Disbursed N1 billion to Small and Medium Enterprises (SMEs), in partnership with Women's World Banking as of September 30, 2018.
- Introduced SMEzone to the market – an information-sharing platform, aimed at positioning entrepreneurs for competitiveness.

##### Corporate Highlights

- Sale of UK subsidiary expected to be completed by year-end.

**Commenting on the business, Chief Executive Officer, Mr. Uzoma Dozie said: “The global economy is currently witnessing a shift in trade relations alongside continued interest rate adjustments. This has led to greater volatility across markets and increasingly fragile economies.**

**Nigeria’s economy has not been immune to certain headwinds, so that while the economy recorded quarters of expansion, the rate of growth has weakened. However, against this backdrop, our digital-led retail strategy has remained robust. Through this strategy we have been able to continue scaling up by reaching a wide pool of customers both cost effectively and efficiently.**

*We are investing more in businesses in the middle market because we see entrepreneurs as a key driving force for economic growth. This focus is in line with and supportive of our own recovery and return to profitability.*

*As we move into the final quarter of the year, we expect the economic headwind to continue to be driven by emerging situations in developed economies as well as our domestic political realities. Despite this, we expect a further increase in our digital footprint and completion of the sale of the UK subsidiary. Through these actions we remain optimistic about the medium to long term outlook of Diamond Bank and its return to strong profitability."*

#### **Bank Statement of Comprehensive Income**

	30 Sep. 2018 N'000	30 Sep. 2017 N'000	YoY Change
Interest and similar income	107,967,048	112,117,923	(3.7%)
Interest expense	(41,261,430)	(34,874,174)	(18.3%)
<b>Net interest income</b>	<b>66,705,618</b>	<b>77,243,749</b>	<b>(13.6%)</b>
Net fee and comm. and other income	27,324,580	24,658,675	10.8%
Impairment Charge	(25,173,192)	(33,213,364)	24.2%
<b>Net operating income</b>	<b>68,857,006</b>	<b>68,689,060</b>	<b>0.2%</b>
Operating expenses	(66,197,348)	(64,336,924)	(2.9%)
<b>Profit/(loss) before tax</b>	<b>2,659,658</b>	<b>4,352,136</b>	<b>(38.9%)</b>
Income tax	(398,949)	(652,820)	(38.9%)
<b>Profit/(loss) after Tax</b>	<b>2,260,709</b>	<b>3,699,316</b>	<b>(38.9%)</b>
Other Comprehensive Income (net)	(1,351,557)	16,391	(8,345.7%)
<b>Total Comprehensive Income</b>	<b>909,152</b>	<b>3,715,707</b>	<b>(75.5%)</b>

#### **Bank Statement of Financial Position**

	30 Sep. 2018 N'000	31 Dec. 2017 N'000	YoY Change
Cash and cash equivalents	275,609,588	299,395,467	(7.9%)
Financial assets held for trading	17,584,947	38,333,109	(54.1%)
Derivative assets	106,870	1,318,528	(92.0%)
Assets pledged as collateral	124,735,118	116,357,892	7.2%
Loans to banks	67,149,881	77,610,730	(13.5%)
Loans & advances to customers	730,242,368	755,488,058	(3.3%)
Investment securities	209,209,895	223,781,594	(6.5%)
Investment in subsidiaries	2,000,000	2,000,000	(0.0%)
Fixed and intangible assets	71,313,392	67,651,317	5.4%
Deferred tax	4,984,388	4,984,388	0.00%
Other assets	41,395,723	100,661,210	(58.9%)
<b>Operating Assets</b>	<b>1,548,121,321</b>	<b>1,687,582,293</b>	<b>(8.3%)</b>
Assets held for sale and dis. ops	7,976,260	7,976,260	0.0%
<b>Total assets</b>	<b>1,556,097,581</b>	<b>1,695,558,553</b>	<b>(8.2%)</b>
Deposits from Banks	35,180,474	25,861,109	36.0%
Deposits from Customers	1,071,673,134	1,164,726,773	(8.0%)
Other liabilities	38,580,925	51,211,312	(24.7%)
Borrowings	120,382,442	169,680,170	(29.0%)
Long term debt	76,318,702	70,515,228	8.23%
Equity	211,996,205	213,563,961	(0.7%)
<b>Total liabilities and equity</b>	<b>1,556,097,581</b>	<b>1,695,558,553</b>	<b>(8.2%)</b>

### **Key Ratios & Per Share Data**

- Capital Adequacy Ratio of 16.3% (Dec.2017: 16.7%)
- Loan to Deposit Ratio at 73.2% (Dec. 2017: 69.9%)
- Liquidity Ratio of 38.0% (Dec: 2017: 44.4%)
- Cost of Risk at 4.3% (Dec. 2017: 6.8%)
- Coverage Ratio of 54.8% (Dec. 2017: 49.1%)
- Net Interest Margin of 5.9% (Dec. 2017: 6.3%)
- Cost to Income Ratio of 70.4% (Dec. 2017: 60.0%)
- NPL Ratio of 12.6% (Dec. 2017: 14.7%)
- ROAE of 1.4% (Dec. 2017: 0.4%)
- EPS of 10k (Dec. 2017: 4K)

### **Conference Call for Results**

Diamond Bank Plc (Bloomberg: DIAMONDB NL / Reuters DIAMONB.LG) will be hosting a teleconference call for analysts and investors on Monday November 5, 2018 at 3.00pm Lagos (2.00pm London / 10.00am New York / 4.00pm Johannesburg & Cape Town) with its senior management to discuss Diamond Bank Plc's financial results for the nine-months ended September 30 2018. There will be an opportunity at the end of the call for management to take questions from investors and analysts.

#### **The teleconference call facility can be accessed by dialing:**

Nigeria: +234 (0)18889001  
Nigeria: +234 (0)14405182  
South Africa: +27 0800 982 759  
United Kingdom: +44 020 7043 4129  
United States: +1 213 325 3283

#### **Then entering the following Participants' Code:**

**177263#**

#### **Participants can also pre-register for the call by clicking on the link below:**

[Diamond Bank Q3 2018 Analysts and Investors Conference Call.](#)

A copy of the presentation will be available on the Bank's website by 12 noon of Monday November 5, 2018 at [www.diamondbank.com](http://www.diamondbank.com).

A playback to the conference call will be available by dialing the numbers below, with the participants' code - 720660#.

Nigeria: +234 (0)18889001  
Nigeria: +234 (0)14405182  
United Kingdom: +44 020 7043 4129  
United States: +1 213 325 3283

*For the detailed Profit and Loss account, Balance Sheet, Cashflow statement and notes to accounts, please visit our website - <http://www.diamondbank.com>*

## **About Diamond Bank Plc**

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. In May 2005, the Bank was listed on The Nigerian Stock Exchange.

Today, Diamond Bank is the fastest growing retail bank in Nigeria with a track record of high quality banking solutions for customers. The Bank is a lead driver of financial inclusion, enhanced customer experience through innovation and technology, and regarded as supporter of lifestyle trends. The Bank's mobile banking app, "Diamond Mobile" currently has over 2 million active subscribers on its platform. Diamond Bank has over the years leveraged on its underlying resilience to grow its asset base and successfully retain its key business relationships.

It has also played a leading role in partnering with domestic and International institutions such as Women's World Banking, Bill and Melinda Gates Foundation, MTN etc. to create easy access to financial services for the unbanked.

Diamond Bank retained excellent banking relationships with a number of well-known international banks, allowing it to provide a bouquet of world class banking services to suit the business needs of her clients. These international banking partners include Diamond bank UK, Bank of Beirut, Banque Libano- Francaise, BHF Bank, BNP Fortis, BNP Paribas, Byblos Bank, Citibank, Commerzbank, Credit Suisse, Deutsche Bank, FBN bank UK, HSBC Bank, ING Bank, Intesa Sanpaolo, KBC Bank, Marsheq Bank, Standard Bank, Standard Chartered Bank, SMBC Ltd, Svenska Handelsbanken, UBS AG, UNICREDIT.

In addition, the Bank has maintained long standing mutually beneficial business relationships with leading multilateral and bilateral lending and development finance institutions such as International Finance Corporation (IFC), African Import Export Bank (AFREXIM) among others.

More information can be found at **[www.diamondbank.com](http://www.diamondbank.com)**

### **Investor Relations Contacts**

<b>Chiugo Ndubisi</b>	<a href="mailto:Cndubisi@diamondbank.com">Cndubisi@diamondbank.com</a>
Chief Financial Officer	<b>+234 (1) 448 9832</b>

<b>Ifeatu Onwuasoanya</b>	<a href="mailto:lonwuasoanya@diamondbank.com">lonwuasoanya@diamondbank.com</a>
Head, Investor Relations	<b>+234 (1) 448 9866</b>