DIAMOND BANK PLC

CONSOLIDATED FINANCIAL STATEMENT FOR THE QUARTER ENDED 31 MARCH 2013

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
As At 31st March 2013

1. General information

Diamond Bank Plc (the "Bank") was incorporated in Nigeria as a private limited liability company on 20 December 1990. In February 2005, following a highly successful Private Placement share offer which substantially raised the Bank's equity base, Diamond Bank became a public company.

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Diamond Bank provides a full range of financial services including investment, commercial and retail banking, securities dealing, custodian and insurance services.

Diamond Bank Nigeria Plc operates through subsidiaries, including Diamond Pension Fund Custodians, Diamond Bank du Benin SA, Diamond Bank Cote D'voire, Diamond Bank Senegal and Diamond Bank Togo. Other subsidiaries include Loneseed and Safel Resources International. The Bank divested from or liquidated the following subsidiaries during 2011: Diamond Capital and Financial Markets, Diamond Mortgages Limited and ADIC Insurance Limited.

2. Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

These financial statements are the separate and consolidated financial statements of the Bank, and its subsidiaries (together, "the Group").

The Group's consolidated financial statements for the year 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by national regulations is included where appropriate. These are the first financial statements of the Group prepared in accordance with IFRS and IFRS 1, First-time Adoption of IFRS ("IFRS 1") has been applied. Refer to note [43] for an explanation of the Group's transition to IFRS, including the applicable exceptions and exemptions under IFRS 1.

The consolidated financial statements comprise the consolidated statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the notes.

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets and financial liabilities measured at fair value as well as investment properties, also measured at fair value.

The consolidated financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the consolidated financial statements are stated in Naira thousands.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement o complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Standards, amendments and interpretations effective for the financial year beginning 1 January 2012

The following standards, amendments and interpretations became effective in 2012:

• Amendment to IAS 12: Income taxes - Deferred tax (effective for periods beginning on or after 1 January 2012)
This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value, namely the inclusion of a rebuttable presumption that investment property measured at fair value is recovered entirely by sale.

• Amendment to IFRS 7: Financial instruments: Disclosures - Transfers of financial assets (effective for periods beginning on or after 1 July 2011)
This amendment expands the disclosure in respect of transfers of financial assets with the aim of improving users' understanding of the risk exposures relating to such transfers and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

• Amendment to IFRS 1: First time adoption - Fixed dates and hyperinflation (effective for periods beginning on or after 1 July 2011)
The first amendment replaces references to a fixed date of '1 January 2004' with 'the date of transition to IFRSs', thus eliminating the need for companies adopting IFRS for the first time to restate derecognition transactions that occurred before the date of transition to IFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRS because its functional currency was subject to severe hyperinflation.

(b) Standards, amendments and interpretations issued but not yet effective for the 31 December 2012 year end

Management is in the process of assessing the impact of the guidance set out below on the Group and the timing of its adoption by the Group.

• Amendment to IAS 19: Employee benefits (effective for periods beginning on or after 1 July 2012)
This amendment eliminates the corridor approach and calculates funding costs on a net funding basis.

• Amendment to IAS 1: Financial statement presentation - Other comprehensive income (effective for periods beginning on or after 1 July 2012)
The main change resulting from this amendment is a requirement for entities to group items presented in Other comprehensive income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

• IFRS 9: Financial instruments: Classification and measurement (effective for periods beginning on or after 1 January 2013)
IFRS 9 addresses the recognition, derecognition, classification and measurement of financial assets and financial liabilities. In respect of financial assets, IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The classification and measurement of financial liabilities have remained as per IAS 39 with the exception of financial liabilities designated at fair value through profit or loss where the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income.

• IFRS 10: Consolidated financial statements (effective for periods beginning on or after 1 January 2013)
This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in the determination of control where this is difficult to assess

• IFRS 11: Joint arrangements (effective for periods beginning on or after 1 January 2013)
This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed

• IFRS 12: Disclosures of interests in other entities (effective for periods beginning on or after 1 January 2013)
This standard includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, and unconsolidated structured entities.

• IFRS 13: Fair value measurement (effective for periods beginning on or after 1 January 2013)
This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The following guidance is not expected to have a material impact on the Group's financial statements:

• IAS 27 (revised 2011): Separate financial statements (effective for periods beginning on or after 1 January 2013)
• IAS 28 (revised 2011): Associates and joint ventures (effective for periods beginning on or after 1 January 2013)
• IFRIC 20: Stripping costs in the production phase of a surface mine (effective for periods beginning on or after 1 January 2013)

None of the above guidance have been early-adopted by the Group.

2.3 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date.

(a) Subsidiaries

Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights and where it determines their financial and business policies and is able to exercise control over them in order to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

• *Special purpose entities:*

Even if there is no shareholder relationship, special purpose entities (SPEs) are consolidated in accordance with SIC-12, if the Group controls them from an economic perspective. When assessing whether the Group controls a SPE in addition to the criteria in IAS 27 it evaluates a range of factors, including whether:

(a) the activities of the SPE are being conducted on the Group's behalf according to its specific business needs so that the Group obtains the benefits from the SPE's operations;
(b) the Group has the decision-making power to obtain the majority of the benefits of the activities of the SPE, or the Group has delegated these decision-making power by setting up an 'autopilot' mechanism, or
(c) the Group has the rights to obtain the majority of the benefits of the activities of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or
(d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

Whenever there is a change in the substance of the relationship between the Group and the SPE, the Group performs a re-assessment of consolidation. Indicators for a re-assessment of consolidation are especially changes in ownership of the SPE, changes in contractual arrangements and changes in the financing structure.

• *Business combinations:*

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. Under IFRS 3 a business is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors or lower costs or other economic benefits directly and proportionately to policyholders or participants. A business generally consists of inputs, processes applied to those inputs, and resulting outputs that are, or will be, used to generate revenues. If goodwill is present in a transferred set of activities and assets, the transferred set is presumed to be a business.

For acquisitions meeting the definition of a business, the acquisition method of accounting is used. 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 the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference in recognised in profit or loss. Any goodwill arising from initial consolidation is tested for impairment at least once a year and whenever events or changes in circumstances indicate the need for an impairment. They are written down if required

For acquisitions not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities. The cost of acquired assets and liabilities is determined by (a) accounting for financial assets and liabilities at their fair value at the acquisition date as measured in accordance with IAS 39; and (b) allocating the remaining balance of the cost of purchasing the assets and liabilities to the individual assets and liabilities, other than financial instruments, based on their relative fair values at the acquisition date

In the separate financial statements of the Bank, investments in subsidiaries are accounted for at cost.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss; its share of post-acquisition movements is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intragroup gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intragroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of consolidated financial statements, equal accounting polices for similar transactions and other events in similar circumstances are used.

Dilution gains and losses in associates are recognised in the consolidated profit or loss.

For summarised financial information on the Group's associates accounted for using the equity method, see Note 21.

In the separate financial statements of the Bank, investments in associates are accounted for at cost.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Naira thousands, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit or loss.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows

- assets and liabilities are translated at the closing rate at the reporting date
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On the disposal of a foreign operation, the Group recognises in profit or loss the cumulative amount of exchange differences relating to that foreign operation. When a subsidiary that includes a foreign operation is partially disposed of or sold, the Group re-attributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In the case of any other partial disposal of a foreign operation, the Group reclassifies to profit or loss only the proportionate share of the cumulative amount of exchange differences recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

2.5 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities - which include derivative financial instruments - have to be recognised in the consolidated statement of financial position and measured in accordance with their assigned category.

A) Initial recognition and measurement
Financial instruments at fair value through profit or loss are initially recognised at fair value while transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, are recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments
Financial instruments are recognised or derecognised on the date that the financial instrument is delivered to or by the Group.

The Group does not currently apply hedge accounting.

B) Subsequent measurement
Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost depending on their classification.

C) Classification and related measurement
Management determines the classification of its financial instruments at initial recognition. Reclassification of financial assets are permitted in certain instances as discussed below.

i) Financial assets
The Group classifies its financial assets in terms of the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as fair value through profit or loss upon initial recognition (the so-called "fair value option"). At the reporting dates covered by these financial statements, financial assets at fair value through profit or loss comprise financial assets classified as held for trading only. Management did not apply the fair value option to any financial assets existing at these dates.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments.

Financial instruments included in this category are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in 'Net gains / (losses) from financial instruments at fair value' in the Statement of comprehensive income. Interest income and dividend income on financial assets held for trading are included in 'Interest income' and 'Other operating income' respectively.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;
- those that the Group upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method. Interest income is included in 'Interest income' in the Statement of comprehensive income. Refer to accounting policy 2.18 for the impairment of financial assets.

c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:
- those that the Group upon initial recognition designates as fair value through profit or loss;
- those that the Group upon initial recognition designates as available-for-sale; or
- those that meet the definition of loans and receivables.

These financial assets are subsequently measured at amortised cost using the effective interest rate method. Interest income is included in 'Interest income' in the Statement of comprehensive income. Refer to accounting policy 2.18 for the impairment of financial assets.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

Available-for-sale financial assets are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive income. Interest calculated using the effective interest method is recognised in 'Interest income', with dividend income included in 'Other operating income'. When available-for-sale financial assets are sold or impaired, the cumulative gain or loss recognised in a separate reserve in equity are reclassified to profit or loss

ii) Financial liabilities
Financial liabilities are classified as at fair value through profit or loss (including financial liabilities held for trading and those designated at fair value through profit or loss) and financial liabilities at amortised cost. The Group only has financial liabilities at amortised cost.

a) Financial liabilities at amortised cost
Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

D) Reclassification of financial assets
The Group may choose to reclassify a non-derivative financial asset held for trading out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the fair value through profit or loss category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

E) Determination of fair value
At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges and broker quotes.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, foreign exchange rates, volatilities and counterparty spreads) existing at the reporting dates.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in Note [x]

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations may therefore be adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the consolidated statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary.

F) Derecognition
Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvemen on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the Statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.6 Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7 Revenue recognition

Interest income and expense
Interest income and expense for all interest-bearing financial instruments are recognised within 'Interest income' and 'Interest expense' in the Statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commission income
Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. If it is unlikely that the loan will be drawn down, the commitment fee is recognised on a time basis over the commitment period. Loan syndication fees are recognised as revenue when the syndication has been completed and the Group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, are recognised on completion of the underlying transaction.

Income from bonds or guarantees and letters of credit
Income from bonds or guarantees and letters of credit are recognised on a straight line basis over the life of the bond or guarantee.

Dividend income
Dividends are recognised in the Statement of comprehensive income in 'Other income' when the entity's right to receive payment is established.

2.8 Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
- Contractual payments of principal or interest are past due by 90 days or more;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;
- Downgrading below investment grade level;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets although the decrease cannot yet be identified with the individual financial assets in the portfolio, including: adverse changes in the payment status of borrowers in the portfolio; and national or local economic conditions that correlate with defaults on the assets in the portfolic

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.
Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Impairment charges on financial assets are included in profit or loss within 'Impairment charges for credit losses'.

2.9 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.10 Share-based payments

The Group operates a share scheme which enables employees of the Bank to acquire shares in the Bank. The shares are bought on loan account and the fair value is calculated as the difference between the price paid and the fair value of the shares. The share vests immediately and the post vesting conditions are included in the valuation.

2.11 Statement of cash flows

The Statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

The cash flows from investing and financing activities are determined by using the direct method. The Group's assignment of the cash flows to operating, investing and financing category depends on the Bank's business model (management approach). Interest and dividends received and interest paid are classified as operating cash flows, while dividends paid are included in financing activities.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks.

2.13 Leases

Leases are divided into finance leases and operating leases.

(a) A group company is the lessee

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in 'Deposits from banks' or 'Deposits from customers' depending on the counter party. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

(b) A group company is the lessor

(i) Operating lease

When assets are subject to an operating lease, the assets continue to be recognised as property and equipment based on the nature of the asset. Lease income is recognised on a straight line basis over the lease term.
Lease incentives are recognised as a reduction of rental income on a straight-line basis over the lease term.

(ii) Finance lease

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

2.14 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the entities in the Group, are classified as investment properties.

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. This is usually the day when all risks are transferred.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing parts of an existing investment property at the time the cost was incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated profit or loss in the year in which they arise. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is obtained from professional third party valuators contracted to perform valuations on behalf of the Group. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers.

2.15 Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property and equipment used by the Group is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures 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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 'Other operating expenses' during the financial period in which they are incurred.

Land included in leasehold land and buildings is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:
- Leasehold buildings: Depreciated over the lease period
- Leasehold improvements: Over the unexpired lease term
- Motor vehicles: 4 years
- Furniture and fittings: 4 years
- Computer equipment: 3 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'Other operating expenses' in profit or loss.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, 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.

2.16 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 3 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses.

2.17 Non-current assets classified as held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable They are stated at the lower of the carrying amount and fair value less costs to sell.

The Group presents discontinued operations in a separate line in the consolidated statement of comprehensive income if an entity or a component of an entity has been disposed of or is classified as held for sale and:
(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale (for example, certain private equity investments).

Net profit from discontinued operations includes the net total of operating profit or loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group's operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the consolidated statement of comprehensive income.

2.18 Income taxation.

The tax expense for the period comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

(a) Current income tax
The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the respective jurisdiction.

(b) Deferred income tax
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxables entities where there is an intention to settle the balance on a net basis.

2.19 Employee benefits

Defined contribution scheme

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The Group contributes 7.5% of basic salary, rent and transport allowances, with the employee contributing a further 7.5%. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised a employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Gratuity scheme

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 will vest over a three year period.

2.20 Provisions

Provisions for restructuring costs and legal claims are recognised 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. The Group recognises no provisions for future operating losses

2.21 Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee liabilities are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium.

2.23 Share capital

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

(b) Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders.
Dividends for the year that are declared after the date of the Statement of financial position 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 the requirements of the Company and Allied Matters Ac

(c) Treasury shares
Where the Company or other members of the Group purchase the Bank's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.24 Comparatives
Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.25 Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Executive Committee as its chief operating decision maker.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in head office. Income and expenses directly associated with each segment are included in determining business segment performance. Refer to note [x] for the Group segment report.

2.27 Fiduciary activities
The Group acts as trustees and in other fiduciary capacities through Diamond Pension Fund Custodian Limited 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.

2.28 Insurance and investment contracts
The Group issues contracts that transfer insurance risk, financial risk or both.
Insurance contracts are those contracts that transfer significant insurance risk. The Group defines as significant insurance risk the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.
Investment contracts are those contracts that transfer financial risk without significant insurance risk. Financial risk refers to the risk of a possible future change in the value of an asset or financial instrument due to a change in interest rate, commodity price, index of prices, foreign exchange rate or other measurable variable.

a) Insurance contracts
In terms of IFRS 4, insurance liabilities are measured under the existing local practice at the date of adoption of IFRS 4.
The Group had prior to the adoption of IFRS 4 valued insurance liabilities using certain actuarial techniques as described below. The Group has continued to value insurance liabilities in accordance with these.
Insurance contracts are classified into two broad categories, depending on the duration of the risk and the type of risk insured, namely Life, Group Life and General Insurance.

(i) Life insurance
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.
Group Life contracts insure against death on a group basis. These contracts are short term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.
Where the same policy includes both insurance and investment components and where the policy is classified as insurance, the insurance and investment benefits are valued separately.

i.a) Individual life
These contract mainly insure against death. For the published accounts, the contracts are value based on a gross premium valuation taking into account the present value of expected future premium, claim and associated expense cash flow. The premium is recognised and credited to the fund when due for payment. 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.
Any resultant negative policyholder liabilities, measured on an individual policy level are set to zero ("zerorised") so as not to recognise profits prematurely.
Where the same policy includes both insurance and investment components and where the policy is classified as insurance, the insurance and investment benefits are valued separately.

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. The expense is determined in the same way as for general insurance. Claims handling expenses are charged to revenue when incurred.
Expenses and commissions are allocated to the life fund as incurred in the management of the life business. No deferred acquisition costs exist.

i.b) Group life
These contracts insure against death on a group basis. These contracts are short term in nature and typically renewed annually.
For these contracts, gross premiums are recognised as revenue when due.

(ii) General Insurance
Gross premiums are recognised as revenue when due. Premiums written relate to risks assumed during the period, and include estimates of premium due but not yet received, less an allowance for cancellations. 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.
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") until after the statement of financial position date. This IBNR provision is estimated 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.

Expenses are allocated to the relevant revenue accounts as incurred in the management of each class of business. 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.

(b) Insurance contracts with Discretionary Participation Features
The Group issues single and regular premium endowment contracts that provide primarily savings benefits to policyholders but also transfer insurance risk. The benefit payable under each contract increases each year by a revisionary bonus. 40% of the surplus arising is allocated to shareholders each period. Bonus distribution to policyholders out of the remaining surplus is at the discretion of the Group. These contracts are valued on a gross premium valuation basis.

(c) Outstanding claims provisions
A 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.
Similarly, provision is 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 the date, including IBNR. Differences between the provision for outstanding claims at a balance sheet date and the subsequent settlement are included in income of the following yea

(d) Guaranteed Annuity Options
Guaranteed options are offered on deferred annuity products. This feature provided an option to the policyholder and is analysed and valued separately where significant to the total liability, taking into account expected take-up rates, morality variation and investment variation.

Diamond Bank Plc

STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND THE SHAREHOLDERS ON THE EXTRACT OF UNAUDITED IFRS RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2013

Statement of Comprehensive Income for the Period ended 31, March 2013	Note	GROUP Q1 31 Mar. 2013	GROUP Q1 31 Mar. 2012	BANK Q1 31 Mar. 2013	BANK Q1 31 Mar. 2012
		N'000	N'000	N'000	N'000
Interest and similar income	1	33,839,974	24,915,774	31,945,120	23,436,260
Interest and similar Expense	2	(9,327,732)	(4,712,740)	(8,496,025)	(4,102,939)
Net interest income		24,512,242	20,203,034	23,449,095	19,333,321
Impairment charge for credit losses		(3,252,648)	(4,639,747)	(2,776,314)	(4,669,667)
Net interest income after impairment charge for credit losses		21,259,594	15,563,287	20,672,781	14,663,654
Fee and Commission income	3	5,578,656	5,157,146	5,048,991	4,581,811
Fee and Commission Expense		(468,691)	(85,287)	(468,691)	(87,976)
Net Fee and Commission Income		**5,109,965**	**5,071,859**	**4,580,300**	**4,493,835**
Net gains from financial assets classified as held for trading		371,049	156,100	371,049	149,387
Net gains/(losses) on available for sale investment securities		(300,000)	-	(300,000)	-
Foreign exchange income		585,237	475,954	562,908	441,547
Other income		261,067	28,019	220,491	28,019
Total operating income		**27,286,912**	**21,295,219**	**26,107,529**	**19,776,442**
Employee benefit expenses		(5,870,827)	(4,469,664)	(5,415,092)	(4,063,404)
Operating expenses		(12,680,982)	(8,983,415)	(11,769,359)	(8,028,173)
Operating profit/(loss)		**8,735,103**	**7,842,140**	**8,923,078**	**7,684,865**
Share of profit / (loss) of associates		-	-	-	-
Profit/(loss) before tax		8,735,103	7,842,140	8,923,078	7,684,865
Income tax expense		(2,445,829)	(2,744,749)	(2,498,462)	(2,689,703)
Profit/(loss) from continuing operations		**6,289,274**	**5,097,391**	**6,424,616**	**4,995,162**
Profit/(loss) for the period		6,289,274	5,097,391	6,424,616	4,995,162
Other comprehensive income:					
Exchange difference on translation of foreign operations		(248,082)	(209,708)	-	-
Net gains on available for sale financial assets		(37,680)	457,698	(37,679)	457,698
Other comprehensive income for the period,net of tax:		(285,762)	247,990	(37,679)	457,698
Total Comprehensive Income for the period		6,003,512	5,345,381	6,386,937	5,452,860
Total comprehensive income attributable to:					
Equity holders of the parent entity (total):		6,016,071	5,348,917	6,386,937	5,452,860
- Total comprehensive income for the period from continuing operations		6,016,071	5,348,917	6,386,937	5,452,860
Non-controlling interests (total)		(12,559)	(3,536)	-	-
- Total comprehensive income for the period from continuing operations		(12,559)	(3,536)	-	-
		6,003,512	**5,345,381**	**6,386,937**	**5,452,860**
Earnings per share from continuing and discontinued operations attributable to the equity holders of the parent during the period					
From continuing operations (Kobo)				177.53	150.68

Diamond Bank Plc

Statement of Financial Position as at March 31, 2013

	Note	GROUP 31 Mar. 2013 N'000	GROUP 31 Dec. 2012 N'000	BANK 31 Mar. 2013 N'000	BANK 31 Dec. 2012 N'000
Assets					
Cash and balances with central banks	4	128,948,425	132,196,061	124,668,284	123,224,590
Loans to banks	5	125,939,294	139,803,281	109,885,058	113,384,200
Loans and advances to customers	6	592,538,992	585,200,158	529,009,980	523,374,608
Financial assets held for trading	7	149,773,218	90,111,236	149,773,218	90,111,236
Investments Securities:	8				
- Available for sale		16,107,644	10,601,609	16,048,829	10,555,061
- Held to maturity investments		86,579,601	65,762,681	85,995,201	64,751,769
Assets pledged as collateral	9	82,781,734	79,302,531	54,792,867	57,438,896
Other assets	10	28,392,981	13,793,105	25,106,796	10,240,209
Investment in subsidiaries	11	-	-	7,865,622	7,865,622
Investment in associates		3,182,250	3,182,250	3,205,140	3,205,140
Investment Property	12	4,132,338	4,070,340	3,972,338	3,910,340
Property and equipment		45,379,643	44,980,333	42,406,872	41,879,449
Intangible assets		736,998	834,815	730,971	740,370
Deferred tax asset	13	8,265,437	8,265,354	8,455,767	8,455,767
Total assets		**1,272,758,555**	**1,178,103,754**	**1,161,916,943**	**1,059,137,257**
Liabilities					
Deposits from banks	14	31,361,245	31,207,298	11,195,754	8,173,286
Deposits from customers	15	989,013,308	910,234,444	904,383,909	823,090,787
Derivative liability		13,248,585	13,248,585	13,248,585	13,248,585
Other liabilities	16	43,041,189	42,194,670	38,244,029	35,038,809
Provision		7,400,291	1,056,378	7,400,291	1,056,378
Current income tax liabilities		4,414,707	1,972,540	4,315,738	1,878,880
Borrowings	17	49,804,582	49,966,360	49,804,582	49,966,360
Long term debt		19,620,704	19,367,757	19,620,704	19,367,757
Total liabilities		**1,157,904,611**	**1,069,248,032**	**1,048,213,592**	**951,820,842**
EQUITY					
Share capital	18	7,237,622	7,237,622	7,237,622	7,237,622
Share premium	18	89,629,324	89,629,324	89,629,324	89,629,324
Retained earnings		(339,947)	(6,629,221)	(426,875)	(6,851,491)
Other reserves					
- Statutory reserve		14,898,751	14,898,751	14,650,515	14,650,515
- Small scale industries (SSI) reserve		3,966,628	3,966,628	3,966,628	3,966,628
- Fair value reserve		(1,330,408)	(1,292,728)	(1,353,863)	(1,316,183)
- Foreign currency translation reserve		551,255	792,068	-	-
		114,613,225	108,602,444	113,703,351	107,316,415
Non-controlling interest		240,719	253,278	-	-
Total equity		**114,853,944**	**108,855,722**	**113,703,351**	**107,316,415**
Total equity and liabilities		**1,272,758,555**	**1,178,103,754**	**1,161,916,943**	**1,059,137,257**

Diamond Bank Plc

Summarized Consolidated Statement of Cashflows for the period ended
31 March, 2013

Net cash generated from operating activities	**33,748,660**	**23,887,375**	**41,789,829**	**35,525,155**
Investing Activities				
Proceeds of investment securities	6,058,513	482,939,008	6,058,513	325,014,475
Purchase of investment securities	(11,040,980)	(410,572,370)	(7,627,936)	(270,374,582)
Additions to investment property	(61,998)	(237,005)	(61,998)	(224,005)
Purchase of fixed and intangible assets	(4,350,572)	(11,304,765)	(3,352,329)	(10,428,678)
Proceed from sale of fixed and intangible assets	2,740,495	133,856	1,757,451	156,221
Fair value loss on derivative	-	5,639,247	-	-
Dividends received	-	281,253	-	281,253
Proceeds from sale and redemption of investments	-	-	-	-
Net Cash From Investing Activities	**(6,654,542)**	**66,879,223**	**(3,226,299)**	**44,424,684**
Financing Activities				
Dividend paid	(832)	-	(832)	-
Proceeds from new borrowings	-	7,103,460	-	7,038,770
Repayment of borrowings	-	(12,279,525)	-	(12,090,730)
Proceeds from long term borrowing (Tier 2 Capital)	-	26,741,809	-	26,741,809
Net Cash From Financing Activities	**(832)**	**21,565,744**	**(832)**	**21,689,849**
Increase In Cash and Cash Equivalents	**27,093,286**	**112,332,342**	**38,562,699**	**101,639,688**
Analysis of Changes In Cash and Cash Equivalents				
Cash and cash equivalents at start of year	228,148,010	114,052,389	195,990,643	94,115,669
Exchange gains/losses on cash & cash equivalents	(353,577)	1,763,279	-	235,286
Cash and cash equivalents at end of year	254,887,719	228,148,010	234,553,342	195,990,643
Increase In Cash and Cash Equivalents	**27,093,286**	**112,332,342**	**38,562,699**	**101,639,688**

Diamond Bank Plc

Consolidated Statement of Changes in equity for the period ended 31 March 2013

GROUP

(All amounts in thousands of Nigeria Naira unless otherwise stated)

	Attributable to equity holders of the parent									Non-controlling interest	Total equity
	Share capital	**Share premium**	**Retained earnings**	**Statutory reserve**	**SSI reserve**	**Fair value reserve**	**Contingency reserve**	**FCTR**	**Total**		
Balance at 1 January 2013	7,237,622	89,629,324	(6,629,221)	14,898,751	3,966,628	(1,292,728)	-	792,068	108,602,444	253,278	108,855,722
											-
Profit	-	-	6,289,274			-	-	-	6,289,274	(5,290)	6,283,984
Foreign currency translation differences	-	-	-	-	-	-	-	(240,813)	(240,813)	(7,269)	(248,082)
Fair value gains on available-for-sale financial assets, net of tax	-	-	-	-	-	(37,680)	-	-	(37,680)	-	(37,680)
Total comprehensive income	-	-	6,289,274	-	-	(37,680)	-	(240,813)	6,010,781	(12,559)	5,998,222
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer from/ (to) retained earnings	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2013	**7,237,622**	**89,629,324**	**(339,947)**	**14,898,751**	**3,966,628**	**(1,330,408)**	**-**	**551,255**	**114,613,225**	**240,719**	**114,853,944**

Diamond Bank Plc

Notes to the Financial Statements

	GROUP 31 Mar. 2013 N'000	GROUP 31 Mar. 2012 N'000	BANK 31 Mar. 2013 N'000	BANK 31 Mar. 2012 N'000
1. **Interest income**				
Loans to banks	2,126,972	-	1,986,669	-
Loans and advances	24,226,029	18,684,902	22,870,514	17,383,522.00
Investment securities	7,486,973	6,230,872	7,087,937	6,052,738.00
	33,839,974	**24,915,774**	**31,945,120**	**23,436,260**
2. **Interest expense**				
Deposits from banks	299,739	11,098	35,974	2,607
Deposits from customers	8,537,428	3,946,139	7,969,486	3,902,418
Borrowings	100,617	755,503	100,617	197,914
Long term debt	389,948	-	389,948	-
	9,327,732	**4,712,740**	**8,496,025**	**4,102,939**
3. **Fee and commission income**				
Commission on turnover	1,305,250	1,330,838	1,292,203	1,102,002
Letter of credit commission	573,118	525,890	515,828	525,890
Others	3,700,288	3,300,418	3,240,960	2,953,919
Fee and commission income	**5,578,656**	**5,157,146**	**5,048,991**	**4,581,811**
Other fees paid	(468,691)	(85,287)	(468,691)	(87,976)
Fee and commission expense	**(468,691)**	**(85,287)**	**(468,691)**	**(87,976)**
Net fee and commission income	**5,109,965**	**5,071,859**	**4,580,300**	**4,493,835**

	GROUP 31 Mar. 2013	GROUP 31 Dec. 2012	BANK 31 Mar. 2013	BANK 31 Dec. 2012
4. **Cash and balances with central banks**				
Cash	11,407,017	16,380,761	9,730,911	13,671,268
Balances with central banks other than mandatory reserve deposits	33,022,972	42,463,968	32,484,499	39,435,175
Included in cash and cash equivalents	44,429,989	58,844,729	42,215,410	53,106,443
Mandatory reserve deposits with central banks	84,518,436	73,351,332	82,452,874	70,118,147
	128,948,425	**132,196,061**	**124,668,284**	**123,224,590**
5. **Loans to Banks**				
Current balances with banks within Nigeria	98,802	-	-	-
Currrent balances with banks outside Nigeria	78,483,142	103,242,076	72,549,696	84,095,155
Placements with banks and discount houses	47,357,350	36,561,205	37,335,362	29,289,045
Carrying amount	**125,939,294**	**139,803,281**	**109,885,058**	**113,384,200**
6. **Loans and advances to Customers**				
Overdrafts	129,909,173	108,493,823	118,430,546	96,311,023
Term loans	479,632,182	485,664,861	426,342,302	434,752,491
Staff loans	4,821,597	4,910,944	4,572,206	4,615,759
	614,362,952	**599,069,628**	**549,345,054**	**535,679,273**
Advances under finannce lease	10,623,492	11,650,676	10,603,567	11,466,683
	624,986,444	**610,720,304**	**559,948,621**	**547,145,956**
Total Impairment	(32,447,452)	(25,520,146)	(30,938,641)	(23,771,348)
	592,538,992	**585,200,158**	**529,009,980**	**523,374,608**
7. **Financial assets held for trading**				
Government bonds	2,494,107	2,183,513	2,494,107	2,183,513
Treasury bills	147,279,111	87,927,723	147,279,111	87,927,723
Total assets held for trading	**149,773,218**	**90,111,236**	**149,773,218**	**90,111,236**
8. **Investment securities**				
Available for sale investments				
Debt securities – at fair value:				
– Treasury bills and government bonds	8,308,485	2,427,634	8,308,485	2,427,634
Equity securities – at fair value:				
– Listed	5,520,167	5,584,464	5,520,167	5,520,167
– Unlisted	8,756,807	8,790,855	8,703,773	8,790,855
Allowance for impairment	(6,477,815)	(6,201,344)	(6,483,596)	(6,183,595)
Total securities available for sale	**16,107,644**	**10,601,609**	**16,048,829**	**10,555,061**
Held to maturity investments				
Debt securities – at amortised cost:				
– Listed	86,579,601	65,762,681	85,995,201	64,751,769
Total securities held-to-maturity	**86,579,601**	**65,762,681**	**85,995,201**	**64,751,769**
Total investment securities	**102,687,245**	**76,364,290**	**102,044,030**	**75,306,830**

Diamond Bank Plc

	GROUP 31 Mar. 2013	GROUP 31 Dec. 2012	BANK 31 Mar. 2013	BANK 31 Dec. 2012
9. **Assets pledged as collateral**				
Investments - Bonds	62,811,734	43,520,516	34,822,867	31,161,591
Investments - Treasury Bills	19,970,000	35,782,015	19,970,000	26,277,305
	82,781,734	**79,302,531**	**54,792,867**	**57,438,896**
10. **Other assets**				
Prepayments and accounts receivable	16,656,431	15,051,702	14,454,930	11,498,806
Other receivables	13,085,849	102,060	11,993,033	102,060
	29,742,280	**15,153,762**	**26,447,963**	**11,600,866**
Less specific allowances for impairment	(1,349,299)	(1,360,657)	(1,341,167)	(1,360,657)
	28,392,981	**13,793,105**	**25,106,796**	**10,240,209**
11. **Investment in subsidiaries**				
Diamond Bank WAMU Zone (DBB) 97.07%	-	-	5,865,622	5,865,622
Diamond Pension Fund Custodian Limited (DPFC) 100%	-	-	2,000,000	2,000,000
	-	**-**	**7,865,622**	**7,865,622**
12. **Investment property**				
At beginning of the period	4,132,338	3,833,335	3,972,338	3,686,335
Additions arising from:				
- Additional expenditure	-	300,036	-	300,036
Fair value loss on investment property	-	(63,031)	-	(76,031)
At the end of the period	**4,132,338**	**4,070,340**	**3,972,338**	**3,910,340**
13. **Deferred tax**				
Deferred tax assets	9,244,758	9,170,137	9,240,428	9,288,142
Unrealized exchange gain	(979,321)	(904,783)	(784,661)	(832,375)
	8,265,437	**8,265,354**	**8,455,767**	**8,455,767**
14. **Deposit from banks**				
Items in the course of collection	9,953,674	7,207,067	9,170,372	6,077,279
Interbank takings within Nigeria	21,407,571	24,000,231	2,025,382	2,096,007
	31,361,245	**31,207,298**	**11,195,754**	**8,173,286**
15. **Deposit from Customers**				
Current	567,783,897	534,855,289	529,945,970	492,548,344
Savings	163,589,457	153,755,865	154,297,814	144,587,642
Term	257,639,954	221,623,290	220,140,125	185,954,801
	989,013,308	**910,234,444**	**904,383,909**	**823,090,787**
16. **Other liabilities**				
Customers deposit for letters of credit	22,942,576	17,343,021	20,482,723	15,181,972
Accounts payable	1,133,541	2,346,906	446,402	1,683,687
Accruals	2,727,454	7,643,288	1,591,247	7,110,446
Other payables	16,237,618	14,861,455	15,723,657	11,062,704
	43,041,189	**42,194,670**	**38,244,029**	**35,038,809**
17. **Borrowings**				
Foreign financial listitutions	10,017,333	10,010,596	10,017,333	10,010,596
Local financial institutions	39,787,249	39,955,764	39,787,249	39,955,764
	49,804,582	**49,966,360**	**49,804,582**	**49,966,360**
18. **Share capital**				
Ordinary shares				
i. *Authorised:*	10,000,000	10,000,000	10,000,000	10,000,000
20 billion ordinary shares of 50k each				
ii. *Issued and fully paid :*				
Beginning and end of period				
14,475,243,000 ordinary shares of 50k each	7,237,622	7,237,622	7,237,622	7,237,622
18. Share premium				
Beginning and end of period	89,629,324	89,629,324	89,629,324	89,629,324