

**DIAMONDBNK**

**5-Aug-08**

Business summary: Commercial Banking  
 Sector: Banking  
 Year End: 30th April  
 Website: www.diamondbank.com  
 e-mail: info@diamondbank.com

## 12% earnings surprise keeps valuation robust

Technicals			
Current Price	14.25		
Price as at selected date	14.25		
52-week high	23.45	on	15-Jan-08
52-week low	13.05	on	24-Jul-08
Beta $\beta$ (Volatility Index)	1.09		
Current RSI (14)	43.10		Within band

Returns Profile	DIAMONDBNK	NSE ASI
1-Week Returns	-5.57%	-1.07%
1-Month Returns	-16.18%	-5.84%
6-Month Returns	-34.48%	-11.76%
52 Week Returns	-28.54%	-3.82%
Sharpe Ratio	-14.63	-0.15
Stand. Dev. of Returns	2.69%	0.91%

Quarterly Updates	2007FYE	Prev Yr	Growth
Gross Earnings (Nb)	60.44	39.87	52%
PBT (Nb)	16.21	7.64	112%
Tax (Nb)	3.47	1.90	82%
PAT (Nb)	12.75	5.74	122%
			<b>Ind. Avg</b>
Pre-Tax Margin	26.83%		30.53%
Net Margin	21.09%		23.35%
Earnings Yield	6.80%		5.01%

Valuation Metrics	DIAMONDBNK	Ind. Avg.
Shares Outstanding (bn)	13.16	15.97
Market Cap (Nbn)	187.52	310.11
Trailing GEPS	4.59	4.89
Trailing EPS (N)	0.97	1.05
BVPS	4.11	4.62
P/E ratio (x)	14.71	23.21
PBV ratio (x)	3.47	5.66
PGE (x)	3.10	4.39

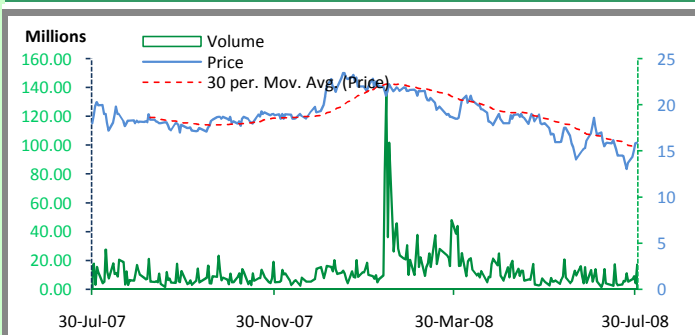
**Analyst's Comment and Recommendation BUY**  
 DIAMONDBANK's current price of 14.71x earnings makes it one of the cheapest in the sector. Based on trading comparables, which look very attractive compared to both industry and the market, and a 2009 forecast EPS of N1.26k, we arrived at a 12-month target price of N24.38k. Our forecast translates into forward price of 11.3x 2009FYE earnings and 5.1x 2009E BV. This presents an upside potential of 53%. We therefore maintain our BUY recommendation on Diamond Bank for both momentum traders and value investors.

DuPont Analysis (Prev FYE)	DIAMONDBNK	Ind. Avg.
Asset Turnover (x)	0.12	0.12
Equity Multiplier	5.92	7.64
Profit Margin	14.39%	18.41%

ROE	10.61%	15.69%
ROA	1.79%	2.19%

Historical Price-Volume Chart



Relative Strength Index (RSI)



**Disclosures**

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