

Dubai Islamic Bank

Stronger earnings but modest DPS progression – Neutral intact

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DIB UH

Reiterate Rating	Price	Price Objective	Upside	Market Cap	Average Daily Value
NEUTRAL	7.60	8.40 ▲	10.5%	55,030	13.70
	AED	from 7.90 AED		AED(mn)	USD(mn)

all data as of 13 February 2025

Key takeaways

- We increase 2025-27E net income by 5.1-6.6% pa and our PO by 6.3% to AED8.40 after release of 4Q results. Reiterate Neutral.
- 1) 4Q EPS came in strong but was helped by one-offs. 2) Bank's 2025 outlook is upbeat on financing, yet we await delivery.
- 3) DPS for 2024 stayed flat YoY despite NI +18% YoY. Divi yield (5.9%) is > GEM avg (4.9%), but we see only 2% DPS 3Y CAGR.

Glossary

CET1 - Core Equity Tier 1
NPF - Non-Performing Financing
NPM - Net Profit Margin
ROA - Return on Assets
ROAE - Return on Average Equity
ROTE -Return on Tangible Equity

*Source: National Debt Management Center, 10/30/2024

Increase 2025-27E EPS and PO to AED8.40

We increase 2025-27E net income by 5.1-6.6% pa and our PO by 6.3% to AED8.40 after release of 4Q results. 4Q bottom-line came in strong but was helped by one-offs. The dividend for 2024 stayed flat YoY, despite 18% net income growth. Management's 2025 outlook is upbeat on financing and investments expansion, yet we await delivery. Dividend yield (5.9%) is above GEM banks average (4.9%), but we see only modest 2% DPS CAGR for the next three years. The stock is fairly valued to us at 9.5x P/E in 2025E.

4Q24: strong EPS beat, helped by one-offs

4Q net income came in 44/59% above consensus/BofAe, suggesting a strong ROAE of 25.8% for 4Q and 19.8% for FY24. The beat was driven by: net financing income (NPM +0.4ppt QoQ); non-financing income (+37% QoQ, helped by fees, income from associates, and other); provisions (net release of 27bpt in 4Q) and financing expansion (+3.1% QoQ, +10% YoY). The bank confirmed the data included one-offs. Without one-offs, NPM would have stayed almost flat (+1bpt QoQ, as per the management). Other one-offs were not quantified. Our analysis of financing by geography shows: 1) a strong pick-up outside the UAE in 4Q (+34% QoQ; 13% of total financing); and 2) the tripling of government financing YoY outside the UAE over 2024. We do not rule out that SBG exposure (reclassified into MinFin exposure in 4Q*) could have triggered one-offs.

2025 outlook: upbeat on financing & Sukuk growth

For 2025, the bank guides for 15% growth in financing and Sukuk, a 2.8-3.0% NPM (vs 3.0% NPM for 2024, adjusted to one-offs, on DIB numbers), a 21% ROTE (vs 22% in 2024), a 26% Cost/Income ratio (vs 26.7% in 2024), 2.5% ROA (vs 2.5% in 2024), and a 3.5% NPF (vs 4.0% in 2024). We think the growth outlook might be ambitious: financing + Sukuks rose at a 9% CAGR over the past 3Y, while financing alone (+6.5% YoY in 2024) grew below the banking sector average in 2024 (+13.7% YoY - BofAe).

Capital management: moderate 2% DPS 3Y CAGR

DIB's AED0.45 DPS for 2024 came in line with our expectation and stayed flat YoY despite 18% profit growth. Thus, the bank preferred to adjust its net income to non-recurring profits to calculate the dividend payout. We see a 2% DPS CAGR for the next 3Y: we think capital is not excessive with 13.2% CET1 as of YE24 vs a 10.0% minimum.

Estimates & Valuation

Estimates (Dec) (AED)	2023A	2024A	2025E	2026E	2027E
Net Profit (AEDm)	6,373	7,511	5,790	6,179	6,449
EPS (Reported Diluted)	0.88	1.04	0.80	0.85	0.89
Dividend / Share	0.45	0.45	0.46	0.47	0.48
Valuation (Dec)					
EPS Change (YoY)	26.2%	17.9%	-22.9%	6.72%	4.38%
Price / BV	1.51x	1.38x	1.30x	1.22x	1.14x
Price / NAV	1.51x	1.38x	1.30x	1.22x	1.14x
Net Yield	5.92%	5.92%	6.05%	6.18%	6.32%
DPS Change (YoY)	50.0%	0%	2.22%	2.17%	2.13%

Key Changes

(AED)	Previous	Current
Price Obj.	7.90	8.40
2025E EPS	0.76	0.80
2026E EPS	0.81	0.85
2027E EPS	0.84	0.89

Stock Data

Price	7.60 AED
Price Objective	8.40 AED
Date Established	12-Feb-2025
Investment Opinion	A-2-7
52-Week Range	5.49 AED-7.93 AED

Mrkt Val / Shares Out	55,030 AED / 7,240.7
(mn)	
Average Daily Value (mn)	13.70 USD
Free Float	72.0%
BofA Ticker / Exchange	XUIBF / ABU
Bloomberg / Reuters	DIB UH / DISB.DU
ROE (2025E)	14.1%
Price to Book Value	1.3x

Exhibit 1: DIB 4Q24 results, AED mn

Net Income for 4Q24 came 44/59% above consensus/BofAe

	4Q24	3Q24	QoQ	4Q23	YoY	Consensus	Fact vs consensus	BofA est.	Fact vs BofA est.	FY24	FY23
P&L											
Net Financing Income	2,522	2,144	17.6%	2,237	12.7%	2,228	13.2%	2,146	17.5%	8,949	8,749
Total Non - financing Income	1,023	747	37.0%	777	31.7%	830	23.3%	693	47.6%	3,402	2,701
Total income from operations (Revenues)	3,545	2,891	22.6%	3,014	17.6%	3,052	16.1%	2,839	24.9%	12,351	11,450
Operating expenses	-871	-869	0.2%	-900	-3.2%	-830	4.9%	-952	-8.5%	-3,425	-3,162
Impairment losses	123	123	0.2%	13	845.1%	-201	-161.2%	-125	-198.1%	-407	-1,396
Net profit for the period(after deducting NCI Share)	2,634	2,030	29.8%	2,101	25.4%	1,826	44.3%	1,655	59.2%	7,934	6,798
Balance Sheet											
Net Financing and Sukuk Investments	294,587	285,783	3.1%	267,626	10.1%	293,007	0.5%	290,097	1.5%	294,587	267,626
Total Assets	344,687	329,169	4.7%	314,292	9.7%	336,890	2.3%	335,960	2.6%	344,687	314,292
Customers' Deposits	248,546	236,868	4.9%	222,054	11.9%	240,224	3.5%	241,278	3.0%	248,546	222,054
Shareholder Equity & Reserve excl. T1 Sukuk & NCI	39,724	37,754	5.2%	36,293	9.5%	39,110	1.6%	39,266	1.2%	39,724	36,293
Ratios											
NPM	3.18%	2.80%	0.38%	3.05%	0.14%	2.86%	0.32%	2.75%	0.43%	2.89%	3.12%
Cost / Income	24.57%	30.05%	-5.49%	29.86%	-5.29%	29.77%	-5.20%	33.52%	-8.95%	27.73%	27.61%
ROAA	3.0%	2.39%	0.58%	2.50%	0.46%	1.92%	1.05%	1.82%	1.15%	2.28%	2.12%
ROTE	25.16%	20.60%	4.57%	21.65%	3.52%	NA	NA	15.40%	9.77%	19.76%	18.38%
Cost of risk	-0.27%	-0.11%	-0.15%	0.17%	-0.44%	NA	NA	0.10%	-0.37%	0.19%	0.66%
CET 1	13.23%	13.90%	-0.67%	12.80%	0.43%	13.17%	0.06%	14.23%	-1.00%	13.23%	12.80%
NPF Ratio	3.93%	4.27%	-0.34%	5.16%	-1.24%	4.86%	-0.93%	4.95%	-1.02%	3.93%	5.16%

Source: company, BofA Global Research estimates, Visible Alpha (consensus)

BofA GLOBAL RESEARCH

Exhibit 2: DIB quarterly financials - tracker

NPM expanded by 38bpt QoQ on the back of growth in the asset yield and decline in cost of funds

	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
Profitability											
ROAE	16.0%	16.3%	15.8%	17.1%	17.8%	18.3%	22.1%	17.0%	17.7%	21.1%	25.8%
ROATE	15.8%	16.0%	15.6%	17.4%	17.4%	17.9%	21.6%	17.5%	17.3%	20.6%	25.2%
ROAA	1.7%	1.9%	1.8%	1.9%	2.0%	2.0%	2.5%	1.9%	1.9%	2.4%	3.0%
Margins											
Yield on assets	4.09%	4.83%	5.58%	5.69%	6.05%	6.28%	6.42%	6.34%	6.25%	6.30%	6.46%
QoQ, ppt	0.55%	0.73%	0.75%	0.11%	0.36%	0.23%	0.14%	-0.08%	-0.09%	0.06%	0.15%
Cost of funding	1.17%	1.75%	2.48%	2.85%	3.42%	3.63%	3.87%	3.97%	3.94%	4.04%	3.80%
QoQ, ppt	0.21%	0.58%	0.73%	0.37%	0.57%	0.21%	0.24%	0.10%	-0.03%	0.10%	-0.24%
NPM	3.06%	3.29%	3.41%	3.21%	3.07%	3.11%	3.05%	2.86%	2.80%	2.80%	3.18%
QoQ, ppt	0.37%	0.22%	0.12%	-0.20%	-0.14%	0.04%	-0.07%	-0.18%	-0.06%	0.00%	0.38%
Fees, AED mn											
Other non-interest income, AED mn	278	222	240	279	327	258	409	343	304	234	414
Fees, QoQ	274	244	312	271	348	441	368	398	587	513	609
Fees / avg assets	-16%	-20%	8%	16%	17%	-21%	59%	-16%	-11%	-23%	77%
Fees / avg assets	0.45%	0.37%	0.40%	0.44%	0.51%	0.39%	0.54%	0.48%	0.42%	0.32%	0.53%
Asset quality											
NPF ratio	6.2%	6.2%	6.2%	6.2%	6.1%	5.8%	5.2%	4.8%	4.8%	4.9%	3.9%
QoQ, ppt	-0.10%	0.03%	-0.06%	0.00%	-0.08%	-0.30%	-0.63%	-0.38%	0.07%	0.01%	-0.93%
Stage 2 ratio	8.6%	8.5%	8.0%	8.0%	9.2%	8.8%	6.9%	6.9%	6.5%	5.8%	5.0%
Stage 3 ratio	6.7%	6.7%	6.6%	6.6%	6.5%	6.2%	5.5%	5.1%	5.1%	5.1%	4.2%
Difference between Stage 3 and NPLs	0.46%	0.46%	0.45%	0.41%	0.37%	0.35%	0.33%	0.28%	0.24%	0.23%	0.23%
Coverage											
Stage 2 ratio	5.7%	6.3%	7.2%	7.5%	6.7%	7.2%	8.9%	8.0%	7.9%	8.3%	7.8%
Stage 3 ratio	54.9%	56.0%	53.3%	54.0%	54.6%	56.7%	59.4%	59.3%	60.1%	54.9%	56.1%
Provisions											
Write-offs / avg gross loans	0.53%	0.86%	0.30%	0.68%	0.48%	0.21%	0.30%	0.53%	0.10%	0.11%	0.57%
CoR - before recoveries	0.75%	0.81%	0.44%	0.94%	0.90%	0.91%	0.20%	0.60%	0.45%	0.05%	-0.65%
CoR - after recoveries	0.83%	0.73%	0.45%	0.86%	0.80%	0.85%	0.17%	0.52%	0.66%	-0.11%	-0.27%
Efficiency											
Cost / Income	25.7%	26.5%	25.0%	27.3%	26.1%	27.0%	29.9%	29.4%	27.6%	30.1%	24.6%
Costs growth YoY	4%	9%	6%	6%	11%	15%	30%	14%	15%	10%	-3%
BS ratios											
Total loans QoQ	1.9%	-3.7%	-0.6%	-0.6%	2.4%	5.0%	0.2%	0.7%	-0.8%	3.8%	2.7%
Retail loans QoQ	1.9%	0.2%	-0.8%	3.3%	-1.3%	5.0%	1.0%	3.1%	-4.3%	15.0%	0.3%
Corporate loans QoQ	1.9%	-4.9%	-0.7%	-1.9%	3.8%	5.0%	-0.4%	-0.6%	0.7%	-0.8%	2.7%
Deposits QoQ	-1.1%	-7.8%	6.5%	-0.2%	6.2%	4.9%	0.5%	6.2%	-0.7%	1.2%	4.9%
Term deposits QoQ	1.1%	-3.0%	2.4%	5.9%	9.2%	7.1%	1.2%	4.5%	-7.0%	7.1%	5.5%
CASA deposits QoQ	-3.8%	-13.8%	12.3%	-7.9%	1.9%	1.3%	-0.6%	9.1%	9.4%	-7.0%	4.0%
CASA ratio	44%	41%	43%	40%	38%	37%	37%	38%	42%	38%	38%
QoQ, ppt	-1.24%	-2.90%	2.20%	-3.40%	-1.58%	-1.32%	-0.42%	1.00%	3.94%	-3.37%	-0.32%
LDR (headline)	96%	100%	94%	93%	90%	90%	90%	85%	85%	87%	85%
Interbank											
Due from banks, AED bn	3	3	5	2	3	3	4	4	5	4	6
% of assets	1.1%	1.1%	1.6%	0.7%	0.9%	1.0%	1.4%	1.3%	1.6%	1.3%	1.6%
Due to banks, AED bn	4	7	5	6	5	6	5	4	2	3	2
% of assets	2%	2%	2%	2%	2%	2%	2%	1%	1%	1%	1%

Exhibit 3: DIB Gordon Growth valuation model

We increase our PO by 6.3%, reiterate Neutral rating

Cost of equity	10.7%
Risk free rate	4.70%
Equity risk premium	5.0%
Additional risk factor	1.0%
Beta	1.0
Long-term Growth rate	3.8%
Long-term ROAE	14.0%

	2024	2025E	2026E	2027E
Shareholders equity, AED mn	39,724	42,261	45,116	48,168
ROAE	19.8%	14.1%	14.1%	13.8%
ROATE	19.8%	14.1%	14.1%	13.8%

Fair P/BV ratio	1.48
Mcap, 2026E	66,767
Discount factor	10.7%
Discount period, years	0.9
Mcap, 12M FW	61,042

Number of shares, mn	7,227
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PO, AED	8.40
Current market price, AED	7.59
Potential upside	11%
2024E DPS, AED	0.45
PO change	6.3%
Dividend yield	5.9%
Rating	Neutral

Valuation on our PO

	2024	2025E	2026E	2027E
P/E	8.1	10.5	9.8	9.4
P/BV	1.5	1.4	1.3	1.3

Source: BofA Global Research estimates

BoFA GLOBAL RESEARCH

Exhibit 4: DIB financials, AED mn

We forecast 2% DPS CAGR in 2025-27E

	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Income Statement									
Net Financing Income	6,306	6,699	6,639	8,105	8,749	8,949	9,455	10,219	10,886
Commissions, fees and foreign exchange income	1,483	1,646	1,655	1,601	1,795	1,748	1,788	1,898	1,997
Income from other investments measured at fair value, net	66	51	21	56	31	17	17	18	18
Income from properties held for development and sale, net	126	54	82	138	237	342	321	326	331
Income from investment properties	295	83	225	230	344	739	554	564	575
Share of profit from associates and joint ventures	58	20	116	128	215	485	391	398	406
Other income	934	919	684	209	294	556	457	464	472
Total Non-Financing Income	2,903	2,752	2,666	2,234	2,701	3,402	3,137	3,270	3,393
Revenue	9,208	9,451	9,306	10,339	11,450	12,351	12,592	13,489	14,279
Total operating expenses	-2,358	-2,728	-2,529	-2,733	-3,162	-3,425	-3,625	-3,907	-4,212
Pre provisioning profit	6,850	6,723	6,776	7,606	8,289	8,926	8,967	9,581	10,066
Impairment charges, net	-1,764	-4,552	-2,448	-2,103	-1,396	-407	-1,746	-1,894	-2,056
Share of profit from associates and JV	58	20	116	128	215	485	391	398	406
Profit before tax	5,145	3,206	4,444	5,631	7,108	9,005	7,611	8,085	8,416
Income tax expense	-42	-46	-38	-79	-98	-840	-1,142	-1,213	-1,262
Profit after tax	5,103	3,160	4,406	5,552	7,010	8,165	6,469	6,872	7,153
Non-controlling interests	88	-134	15	77	212	231	183	194	202
Net income to shareholders	5,014	3,294	4,391	5,474	6,798	7,934	6,286	6,678	6,951
Profit attributable to T1 sukuk holders	-449	-535	-554	-404	-404	-404	-468	-468	-468
BoF'D remuneration paid	-20	-20	-25	-21	-20	-19	-29	-31	-34
Net attributable diluted profit	4,546	2,739	3,812	5,049	6,373	7,511	5,790	6,179	6,449
YoY %	3%	-40%	39%	32%	26%	18%	-23%	7%	4%

Ratios

	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
BS ratios									
Financing / Deposits	92%	96%	91%	94%	90%	85%	83%	81%	79%
Financing / Assets	65%	68%	67%	65%	63%	62%	60%	59%	58%
CASA ratio	33%	42%	44%	43%	37%	38%	37%	37%	37%
RWA / assets	82%	77%	82%	80%	79%	75%	75%	75%	75%
Asset Quality									
NPF Ratio	4.0%	5.3%	6.5%	6.2%	5.2%	3.9%	4.0%	3.9%	3.8%
Coverage Ratio	97.7%	77.5%	70.0%	73.0%	82.7%	78.6%	75.1%	74.3%	73.6%
Cost of risk (on gross financing)	1.08%	2.10%	0.98%	0.68%	0.66%	0.19%	0.60%	0.60%	0.60%
Cost of risk (on other assets)	0.16%	0.29%	0.55%	0.88%	0.07%	0.00%	0.30%	0.30%	0.30%
Provisions on property and equipment	na	9.62%	0.95%	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%
Efficiency									
Cost/income	25.6%	28.9%	27.2%	26.4%	27.6%	27.7%	28.8%	29.0%	29.5%
Costs/average assets	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Margins									
NPM	3.0%	2.8%	2.5%	3.1%	3.1%	2.9%	2.8%	2.7%	2.7%
Average yield on IEA	5.2%	4.4%	3.4%	4.5%	6.1%	6.3%	6.1%	6.1%	5.7%
Average cost of funds	2.4%	1.7%	1.0%	1.6%	3.5%	3.9%	3.9%	3.9%	3.4%
Fees / average assets	0.58%	0.51%	0.45%	0.44%	0.47%	0.43%	0.40%	0.39%	0.38%
Earnings									
RoAE	18.3%	10.1%	12.9%	15.9%	18.4%	19.8%	14.1%	14.1%	13.8%
RoAA	2.0%	1.1%	1.3%	1.8%	2.1%	2.3%	1.6%	1.6%	1.5%
RoTE	18.3%	10.1%	12.9%	15.9%	18.4%	19.8%	14.1%	14.1%	13.8%
Non-funded income/revenue	32%	29%	29%	22%	24%	28%	25%	24%	24%
Dividend payout	51%	53%	47%	43%	51%	43%	57%	55%	54%
Per share Ratio									
EPS - basic	0.69	0.38	0.53	0.70	0.88	1.04	0.80	0.85	0.89
EPS - diluted	0.69	0.38	0.53	0.70	0.88	1.04	0.80	0.85	0.89
DPS	0.35	0.20	0.25	0.30	0.45	0.45	0.46	0.47	0.48
BVPS	3.89	3.96	4.23	4.57	5.02	5.50	5.85	6.24	6.66
Valuation Multiples									
P/E	10.98	19.89	14.39	10.86	8.61	7.30	9.47	8.88	8.51
P/BV	1.95	1.92	1.79	1.66	1.51	1.38	1.30	1.22	1.14
Dividend yield	4.6%	2.6%	3.3%	4.0%	5.9%	5.9%	6.1%	6.2%	6.3%
Capital ratios									
CET 1	12.0%	12.0%	12.4%	12.9%	12.8%	13.2%	13.0%	12.8%	12.6%
Tier 1 capital ratio	15.4%	17.3%	16.0%	16.5%	16.1%	17.2%	16.6%	16.1%	15.5%
CAR total	16.5%	18.5%	17.1%	17.6%	17.3%	18.3%	17.6%	17.0%	16.4%

Growth - BS, YoY

Financing, net

Deposits

Assets

Growth - P&L, YoY

Net Financing income

Fee income

Revenue

Costs

Profit before tax

Net income after minorities

4%

6%

4%

6%

0%

14%

2%

2%

3%

30%

25%

25%

6%

11%

3%

16%

-38%

-40%

-5%

0%

-4%

3%

9%

10%

10%

10%

10%

7%

12%

12%

10%

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16%

-7%

-4%

-2%

5.1%

5.3%

6.6%

Source: BofA Global Research

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Exhibit 5: BofA estimates - new vs old

We increase our EPS estimates by 3.1-6.6% p.a. in 2025-27E

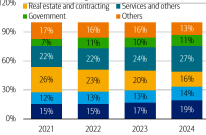
	2025E	2026E	2027E
Net Financing Income	3%	4%	6%
Commissions, fees and foreign exchange income	9%	9%	9%
Income from other investments measured at fair value, net	12%	12%	12%
Income from properties held for development and sale, net	3%	3%	3%
Income from investment properties	1%	1%	1%
Share of profit from associates and joint ventures	3%	3%	3%
Other income	8%	8%	8%
Total Non-Financing Income	7%	7%	7%
Revenue	4%	5%	6%
Total operating expenses	-1%	1%	4%
Pre provisioning profit	5%	6%	7%
Impairment charges, net	2%	4%	5%
Share of profit from associates and JV	3%	3%	3%
Profit before tax	6%	6%	7%
Income tax expense	6%	6%	7%
Profit after tax	6%	6%	7%
Non-controlling interests	18%	18%	19%
Net Income to shareholders	6%	6%	7%
Profit attributable to T1 sukuk holders	16%	16%	16%
BofA remuneration paid	-7%	-4%	-2%
Net attributable diluted profit	5.1%	5.3%	6.6%

Source: BofA Global Research

BofA GLOBAL RESEARCH

Exhibit 6: DIB financing by sectors in the UAE, %

Share of CRE down (16%), while GBE (11%) and Retail (33%) up over 3Y

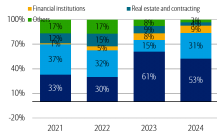


Source: company BofA Global Research

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Exhibit 7: DIB financing outside of UAE by sectors, %

31% of financing outside of the UAE is Government-related

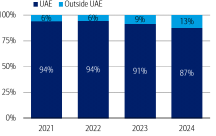


Source: company BofA Global Research

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Exhibit 8: DIB Financing mix, domestic vs international

The share of non-UAE in financing mix more than doubled over the past 2Y

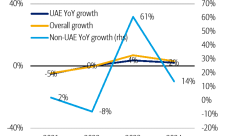


Source: company BofA Global Research

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Exhibit 9: Financing growth in the UAE vs outside UAE, YoY in %

UAE financing growth had modest 1.5% CAGR over the past 3Y

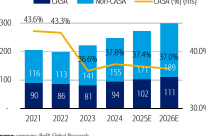


Source: company BofA Global Research

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Exhibit 10: DIB deposit mix, AED bn

We expect CASA ratio to continue to trend lower through 2025E

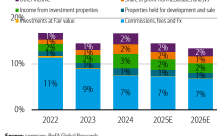


Source: company BofA Global Research

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Exhibit 11: Non-financing income as % of total

Non-fin income account for 7-9% of revenues in 2025-26E



Source: company BofA Global Research

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Company Description

Founded in 1975, DIB is the UAE's largest Islamic bank with a c10% share in domestic financing. The Emirate of Dubai owns 28%, but the dependency on state finance is below UAE peers at 12% of Islamic financing and investing assets and 9% of deposits. Financing is split between corporate (53%), consumer (27%) and real estate (20%). DIB has 55 branches in the UAE, and 16% of its credit is international, with the main presence in Pakistan and Sudan. In 2020, it acquired the Dubai-based Noor Bank.

Investment Rationale

DIB is one of the lowest beta stocks in MENA banks. The bank has low dependency on state finance despite state ownership, and a local funding focus. DIB has made good progress in reduction of its real estate exposure over the past 10Y. We think the stock is fairly valued.

Key Income Statement Data (Dec)
(AED Millions)

	2023A	2024A	2025E	2026E	2027E
	IFRS	IFRS	IFRS	IFRS	IFRS
Financing Income	8,749	8,949	9,455	10,219	10,886
Net Fee Income	1,425	1,430	1,463	1,552	1,633
Securities Gains / (Losses)	628	1,112	907	924	941
Other Income	648	860	767	794	818
Total Non-financing Income	2,701	3,402	3,137	3,270	3,393
Total Operating Income	11,450	12,351	12,592	13,489	14,279
Operating Expenses	(3,162)	(3,425)	(3,625)	(3,907)	(4,212)
Pre-Provision Profit	8,289	8,926	8,967	9,581	10,066
Provisions Expense	(1,396)	(407)	(1,746)	(1,894)	(2,056)
Operating Profit	6,893	8,520	7,220	7,687	8,010
Non-Operating Items	215	485	391	398	406
Pre-Tax Income	7,108	9,005	7,611	8,085	8,416
Net Income to sh/holders	6,373	7,511	5,790	6,179	6,449
Adjusted Cash Earnings	6,373	7,511	5,790	6,179	6,449

Key Balance Sheet Data

Total Assets	314,292	344,687	377,839	413,940	454,012
Average Income Earning Assets	280,696	309,419	340,774	373,912	410,466
Risk Weighted Assets	248,623	257,208	281,654	308,588	338,484
Total Gross Customer Financing	208,356	219,187	234,550	251,029	268,710
Total Customer Deposits	222,054	248,546	272,635	299,258	328,711
Tier 1 Capital	40,091	44,137	49,926	52,781	55,833
Tangible Equity	36,293	39,724	42,261	45,116	48,168
Common Shareholders' Equity	36,293	39,724	42,261	45,116	48,168

Key Metrics

Net Profit Margin	3.12%	2.89%	2.77%	2.73%	2.65%
Tier 1 Ratio	16.1%	17.2%	17.7%	17.1%	16.5%
Effective Tax Rate	1.37%	9.33%	15.0%	15.0%	15.0%
Financing / Assets Ratio	63.5%	61.6%	60.2%	58.9%	57.5%
Financing / Deposit Ratio	89.8%	85.5%	83.5%	81.5%	79.5%
Oper Leverage (Inc Growth - Cost Growth)	-4.92%	-0.46%	-3.91%	-0.66%	-1.95%
Gearing (Assets / Equity)	8.66x	8.68x	8.94x	9.18x	9.43x
Tangible Equity / Assets	11.5%	11.5%	11.2%	10.9%	10.6%
Tangible Equity / RWAs	14.6%	15.4%	15.0%	14.6%	14.2%

Business Performance

Revenue Growth	10.7%	7.87%	1.95%	7.12%	5.86%
Operating Expense Growth	15.7%	8.33%	5.85%	7.78%	7.80%
Provisions Expense Growth	-33.6%	-70.9%	329%	8.49%	8.54%
Operating Revenue / Average Assets	2.29%	2.59%	2.00%	1.94%	1.85%
Operating Expenses / Average Assets	-1.05%	-1.04%	-1.00%	-0.99%	-0.97%
Pre-Provision ROA	2.75%	2.71%	2.48%	2.42%	2.32%
ROA	2.12%	2.28%	1.60%	1.56%	1.49%
Pre-Provision ROE	23.9%	23.5%	21.9%	21.9%	21.6%
ROE	18.4%	19.8%	14.1%	14.1%	13.8%
RoTE	18.4%	19.8%	14.1%	14.1%	13.8%
RoRWAs	2.65%	2.97%	2.15%	2.09%	1.99%
Dividend Payout Ratio	51.0%	43.3%	57.4%	55.0%	53.8%
Efficiency Ratio (Cost / Income Ratio)	27.6%	27.7%	28.8%	29.0%	29.5%

Quality of Earnings

Total Non-Funded Inc / Operating Inc	23.6%	27.5%	24.9%	24.2%	23.8%
Market-Related Revenue / Total Revenues	0%	0%	0%	0%	0%
Provisioning Burden as % of PPP	16.8%	4.56%	19.5%	19.8%	20.4%
NPFs / Financing	5.40%	4.05%	4.09%	3.99%	3.89%
Impairments / NPFs	82.7%	78.6%	75.1%	74.3%	73.6%
Impairments / Total Financing	4.46%	3.18%	3.07%	2.97%	2.87%
Provisions Expense / Average Financing	0.72%	0.20%	0.79%	0.80%	0.81%

Price Objective Basis & Risk

Dubai Islamic Bank (XUIBF)

We set a AED 8.4/share PO for DIB, using a Gordon Growth model. We apply an 14.0% long-term RoAE, 10.7% cost of equity and 3.8% long-term growth rate (G). We calculate target P/BV using a formula (ROAE - G) / (COE - G).

Downside risks:

- A weaker-than-expected macro, including due to lower oil prices, could lead to below-estimated balance sheet growth and higher-than-expected CoR.
- Elevated exposure to real estate and construction leaves DIB vulnerable to asset quality deterioration in the sector and may result in slower Islamic financing and investing asset growth or additional provisions, even if not imminently.
- Direct exposure to real estate could lead to negative revaluation if estate prices fall.
- Impact on DIB provisioning from new CBUAE NPL regulation remains to be seen.
- A weaker operating environment in countries of presence may have a negative impact on financials.

Upside risks:

- A stronger-than-expected macro, including due to high oil prices, could lead to above-estimated balance sheet growth and lower-than-expected CoR.
- An improved environment and expansion in Egypt could result in a higher-than-expected contribution to the group's P&L from the Egypt subsidiary.

Analyst Certification

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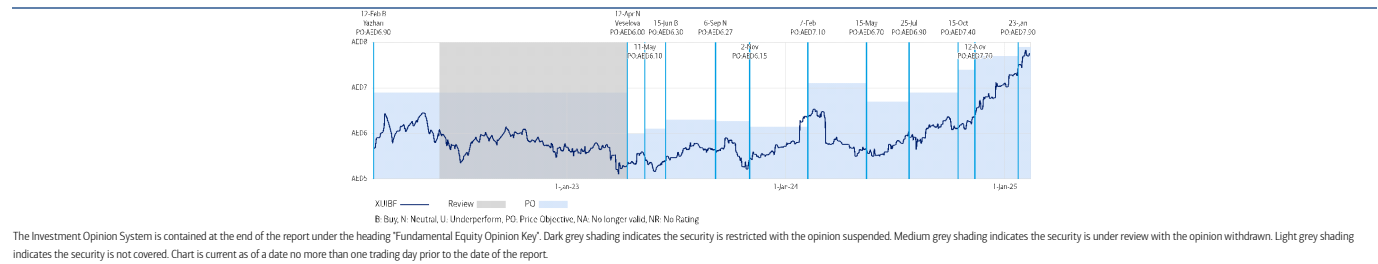
EEMEA - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY	Absa Group Ltd	AGRPF	ABG SJ	Harry Botha
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	Akbank	XHRAF	AKBNK TI	David Taranto
	Al Rajhi Bank	XRHJF	RJHI AB	Olga Veselova
	Capitec	CKHGF	CPI SJ	Harry Botha
	Emirates NBD	XHGGF	EMIRATES UH	Olga Veselova
	Erste Bank	EBKOF	EBS AV	David Taranto
	Erste Bank	EBKDY	EBKDY US	David Taranto
	FirstRand	FANDF	FSR SJ	Harry Botha
	Garanti Bank	TKGBF	GARAN TI	David Taranto
	Investec	XBZGF	INVP LN	Harry Botha
	Investec	IVTJF	INP SJ	Harry Botha
	Isbank	TYIBF	ISCTR TI	David Taranto
	Komercni Banka	KMERF	KOMB CP	David Taranto
	Pekao S.A.	BKPKF	PEO PW	David Taranto
	PKO BP	PSZKF	PKO PW	David Taranto
	Qatar National Bank	XQTNF	QNBK QD	Olga Veselova
	Riyad Bank	XRYDF	RIBL AB	Olga Veselova
	Saudi Awwal Bank	XBUAF	SABB AB	Olga Veselova
	Yapi Kredi Bank	YVKBF	YKBNK TI	David Taranto
NEUTRAL	Abu Dhabi Commercial Bank	XBUDF	ADCB UH	Olga Veselova
	Alinma	XALBF	ALINMA AB	Olga Veselova
	Dubai Islamic Bank	XUIBF	DIB UH	Olga Veselova
	First Abu Dhabi Bank	XNBUF	FAB UH	Olga Veselova
	Nedbank Group Ltd	NDBKF	NED SJ	Harry Botha
	OTP Bank	OTPF	OTP HB	David Taranto
	Saudi National Bank	XBYNF	SNB AB	Olga Veselova
UNDERPERFORM	Banque Saudi Fransi	XRDCF	BSF AB	Olga Veselova
	Halkbank	THBIF	HALKB TI	David Taranto
	National Bank of Kuwait	XPOBF	NBK KK	Olga Veselova
	Raiffeisen Bank International	RAIFF	RBI AV	David Taranto
	Standard Bank	SBGOF	SBK SJ	Harry Botha
	Vakif Bank	TKYVF	VAKBN TI	David Taranto

Disclosures

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Dubai Islamic Bank (XUIBF) Price Chart



Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2024)					
Coverage Universe	Count	Percent	Inv. Banking Relationships	R1	
Buy	107	53.77%	Buy	88	82.24%
Hold	43	21.61%	Hold	34	79.07%
Sell	49	24.62%	Sell	36	73.47%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2024)					
Coverage Universe	Count	Percent	Inv. Banking Relationships	R1	
Buy	1869	54.39%	Buy	1108	59.28%
Hold	766	22.29%	Hold	463	60.44%
Sell	801	23.31%	Sell	370	46.19%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster	R2
Buy	≥ 10%	≤ 70%	
Neutral	≥ 0%	≤ 30%	
Underperform	N/A	≥ 20%	

R2 Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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