

## Dubai Islamic Bank

Accelerated BS growth and resilient NIM,  
but fairly valued

Reiterate Rating: NEUTRAL | PO: 6.15 AED | Price: 5.47 AED

## Trim PO by 2% on higher RFR, reiterate Neutral

We increase our 2023-27 EPS forecasts by 1-4% pa after the release of 3Q23 results. We cut our PO by 1.9% to AED6.15, mainly on a higher Risk Free Rate, reiterate our Neutral rating. We welcome DIB's improved financing growth, we expect one of the most resilient Net Profit Margins among MENA banks in 2024E, and we commend DIB's progress on the reduction of its exposure to the real estate sector. However, we think the stock's valuation of 7.9x P/E, 1.0x P/BV in 2024E is fair for a combination of 11.5% long-term ROAE and -4% EPS CAGR in 2024-27E.

## 3Q23 results were strong on financing and NPM

DIB delivered strong AED1.7bn Net Income (18.4% ROATE), 11/12% above consensus/BofAe, helped by solid growth in Financing and Sukuk Investments (+5.7% QoQ, +12.3% YoY) and expansion in NPM (+4bpt, 3.11%) despite continued CASA migration. In 2024E, NPM resilience should be helped by strong volume issuance in 2023 (only 25% of loans have contractual maturity <12 months), a low share of CASA (37%), and fixed interest rates on the retail portfolio (27% of total financing, incl 15% non-housing financing) and part of the fixed income Sukuk portfolio (4.6% current avg yield).

## 2024-27E: normalization of ROAE

We forecast a 13% drop in Net Income in 2024E (Bloomberg consensus -8% YoY) due to the introduction of corporate income tax in the UAE, lower NPM (-5bpt YoY), a moderate pick-up in the cost of risk, and jaws turning negative (+0.9ppt increase in the cost/income ratio). We expect the decline in NPM and increase in CIR to offset volume growth in the next 4Y. We see limited potential to optimize CoR in the few next years: 0.84% for 2023E (BofA methodology) compares to the 1.10% average for the past 5Y.

## Upside risk – volume growth, downside – property gains

For us, the main potential upside to future years' EPS estimates comes from ability to maintain the solid volume growth. We forecast 5% average annual financing growth after +8% in 2023E and two consecutive years of book contraction (2021-22, by 3% pa on avg). On the call, DIB management flagged its willingness to increase the exposure to the broader GCC, i.e. lend outside of the UAE. Downside risk comes from the elevated contribution to DIB's P&L from income related to property – in 9M23, this accounted for 14% of non-funded income. For us, this income may have acyclical nature.

Estimates (Dec) (AED)	2021A	2022A	2023E	2024E	2025E
Net Profit (AEDm)	3,812	5,049	5,769	4,998	4,963
EPS (Reported Diluted)	0.53	0.70	0.80	0.69	0.69
Dividend / Share	0.25	0.30	0.33	0.34	0.35
Valuation (Dec)					
EPS Change (YoY)	38.2%	32.5%	14.2%	-13.4%	-0.71%
Price / BV	1.29x	1.20x	1.09x	1.02x	0.95x
Price / NAV	1.29x	1.20x	1.09x	1.02x	0.95x
Net Yield	4.57%	5.48%	6.03%	6.22%	6.40%
DPS Change (YoY)	25.0%	20.0%	10.00%	3.03%	2.94%

02 November 2023

## Equity

## Key Changes

(AED)	Previous	Current
Price Obj.	6.27	6.15
2023E EPS	0.78	0.80
2024E EPS	0.68	0.69
2025E EPS	0.66	0.69
2023E DPS	0.32	0.33

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## Stock Data

Price	5.47 AED
Price Objective	6.15 AED
Date Established	02-Nov-2023
Investment Opinion	A-2-7
52-Week Range	5.10 AED-5.97 AED
Mrkt Val / Shares Out (mn)	39,607 AED / 7,240.7
Average Daily Value (mn)	11.06 USD
Free Float	72.0%
BofA Ticker / Exchange	XUIBF / ABU
Bloomberg / Reuters	DIB UH / DISB.DU
ROE (2023E)	16.6%

NPM – Net profit Margin

ROATE – Return on Tangible Equity

PBT – Profit Before Tax

CASA – Current and Savings  
Accounts

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Refer to important disclosures on page 7 to 9. Analyst Certification on page 5. Price Objective Basis/Risk on page 5.

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Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(AED Millions)	IFRS	IFRS	IFRS	IFRS	IFRS
<b>Financing Income</b>	<b>6,639</b>	<b>8,105</b>	<b>8,813</b>	<b>9,342</b>	<b>9,440</b>
Net Fee Income	1,279	1,238	1,303	1,262	1,340
Securities Gains / (Losses)	343	439	622	631	642
Other Income	1,044	557	574	566	591
<b>Total Non-financing Income</b>	<b>2,666</b>	<b>2,234</b>	<b>2,500</b>	<b>2,459</b>	<b>2,573</b>
<b>Total Operating Income</b>	<b>9,306</b>	<b>10,339</b>	<b>11,312</b>	<b>11,801</b>	<b>12,012</b>
Operating Expenses	(2,529)	(2,733)	(3,065)	(3,307)	(3,461)
<b>Pre-Provision Profit</b>	<b>6,776</b>	<b>7,606</b>	<b>8,247</b>	<b>8,494</b>	<b>8,552</b>
Provisions Expense	(2,448)	(2,103)	(1,949)	(2,434)	(2,533)
<b>Operating Profit</b>	<b>4,328</b>	<b>5,503</b>	<b>6,298</b>	<b>6,061</b>	<b>6,018</b>
Non-Operating Items	116	128	148	151	154
<b>Pre-Tax Income</b>	<b>4,444</b>	<b>5,631</b>	<b>6,446</b>	<b>6,212</b>	<b>6,172</b>
Net Income to sh/holders	3,812	5,049	5,769	4,998	4,963
<b>Adjusted Cash Earnings</b>	<b>3,812</b>	<b>5,049</b>	<b>5,769</b>	<b>4,998</b>	<b>4,963</b>

Key Balance Sheet Data	2021A	2022A	2023E	2024E	2025E
Total Assets	279,082	288,238	318,970	333,268	349,090
Average Income Earning Assets	261,649	262,643	283,142	305,441	319,470
<b>Risk Weighted Assets</b>	<b>228,820</b>	<b>231,586</b>	<b>251,121</b>	<b>262,381</b>	<b>274,841</b>
Total Gross Customer Financing	195,617	194,835	210,416	220,180	230,941
Total Customer Deposits	205,845	198,637	222,997	232,911	243,936
<b>Tier 1 Capital</b>	<b>36,529</b>	<b>38,111</b>	<b>43,308</b>	<b>45,921</b>	<b>48,427</b>
Tangible Equity	30,602	33,039	36,308	38,921	41,426
<b>Common Shareholders' Equity</b>	<b>30,602</b>	<b>33,039</b>	<b>36,308</b>	<b>38,921</b>	<b>41,426</b>

Key Metrics	2021A	2022A	2023E	2024E	2025E
Net Profit Margin	2.54%	3.09%	3.11%	3.06%	2.95%
<b>Tier 1 Ratio</b>	<b>16.0%</b>	<b>16.5%</b>	<b>17.2%</b>	<b>17.5%</b>	<b>17.6%</b>
Effective Tax Rate	0.86%	1.41%	1.00%	10.0%	10.0%
Financing / Assets Ratio	66.9%	64.5%	63.0%	63.0%	62.9%
<b>Financing / Deposit Ratio</b>	<b>90.7%</b>	<b>93.7%</b>	<b>90.1%</b>	<b>90.1%</b>	<b>90.1%</b>
Oper Leverage (Inc Growth - Cost Growth)	5.75%	3.04%	-2.73%	-3.56%	-2.87%
Gearing (Assets / Equity)	9.12x	8.72x	8.79x	8.56x	8.43x
Tangible Equity / Assets	11.0%	11.5%	11.4%	11.7%	11.9%
Tangible Equity / RWAs	13.4%	14.3%	14.5%	14.8%	15.1%

Business Performance	2021A	2022A	2023E	2024E	2025E
Revenue Growth	-1.53%	11.1%	9.42%	4.32%	1.79%
Operating Expense Growth	-7.28%	8.06%	12.1%	7.88%	4.66%
Provisions Expense Growth	-30.8%	-14.1%	-7.30%	24.8%	4.10%
Operating Revenue / Average Assets	1.52%	1.94%	2.07%	1.86%	1.76%
Operating Expenses / Average Assets	-0.89%	-0.96%	-1.01%	-1.01%	-1.01%
<b>Pre-Provision ROA</b>	<b>2.38%</b>	<b>2.68%</b>	<b>2.72%</b>	<b>2.60%</b>	<b>2.51%</b>
ROA	1.34%	1.78%	1.90%	1.53%	1.45%
<b>Pre-Provision ROE</b>	<b>22.9%</b>	<b>23.9%</b>	<b>23.8%</b>	<b>22.6%</b>	<b>21.3%</b>
ROE	12.9%	15.9%	16.6%	13.3%	12.4%
RoTE	12.9%	15.9%	16.6%	13.3%	12.4%
RoRWAs	1.68%	2.19%	2.39%	1.95%	1.85%
Dividend Payout Ratio	47.4%	42.9%	41.3%	49.2%	51.0%
<b>Efficiency Ratio (Cost / Income Ratio)</b>	<b>27.2%</b>	<b>26.4%</b>	<b>27.1%</b>	<b>28.0%</b>	<b>28.8%</b>

Quality of Earnings	2021A	2022A	2023E	2024E	2025E
<b>Total Non-Funded Inc / Operating Inc</b>	<b>28.7%</b>	<b>21.6%</b>	<b>22.1%</b>	<b>20.8%</b>	<b>21.4%</b>
Market-Related Revenue / Total Revenues	0%	0%	0%	0%	0%
Provisioning Burden as % of PPP	36.1%	27.6%	23.6%	28.7%	29.6%
NPFs / Financing	6.83%	6.48%	6.34%	6.42%	6.43%
<b>Impairments / NPFs</b>	<b>70.0%</b>	<b>73.0%</b>	<b>74.9%</b>	<b>77.0%</b>	<b>79.3%</b>
Impairments / Total Financing	4.78%	4.73%	4.75%	4.94%	5.10%
<b>Provisions Expense / Average Financing</b>	<b>1.28%</b>	<b>1.13%</b>	<b>1.01%</b>	<b>1.19%</b>	<b>1.18%</b>

## Company Sector

Banks-Multinational/Universal

## 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.

## Stock Data

Price to Book Value

1.1x

## Quarterly Earnings Estimates

	2022	2023
Q1	0.17A	0.19E
Q2	0.17A	0.20E
Q3	0.18A	0.22E
Q4	0.18A	0.19E



**Exhibit 1: DIB 3Q23 results, AED mn**

Net Income for 3Q23 came in 11/12% above consensus/BofAe

	3Q23	2Q23	QoQ	3Q22	YoY	Consensus	Actual vs consensus	BofA est.	Actual vs BofA est.
<b>P&amp;L</b>									
NII	2,230	2,118	5.3%	2,119	5.3%	2,140	4.2%	2,176	2.5%
Operating expenses	-791	-729	8.5%	-685	15.4%	-744	6.3%	-746	6.0%
Impairment losses	-450	-463	-2.7%	-502	-10.5%	-509	-11.6%	-545	-17.4%
Net profit for the period	1,713	1,605	6.7%	1,401	22.3%	1,539	11.3%	1,528	12.0%
<b>Balance Sheet</b>									
Net Financing and Sukuk Investments	265,253	250,926	5.7%	236,104	12.3%	253,960	4.4%	252,562	5.0%
Total Assets	313,380	299,726	4.6%	274,856	14.0%	303,897	3.1%	304,345	3.0%
Customers' Deposits	220,917	210,684	4.9%	186,512	18.4%	211,135	4.6%	212,057	4.2%
Shareholder Equity & Reserve	34,948	33,465	4.4%	32,230	8.4%	34,880	0.2%	34,850	0.3%
<b>Ratios</b>									
Net Profit Margin (NPM)	3.10%	3.07%	0.03%	3.29%	-0.19%	3.05%	0.05%	3.09%	0.01%
Cost to income ratio	26.60%	26.90%	-0.30%	26.51%	0.09%	26.79%	-0.19%	26.70%	-0.10%
ROAA	2.20%	2.10%	0.10%	1.85%	0.35%	1.84%	0.36%	1.83%	0.37%
ROATE	18.40%	17.50%	0.90%	16.02%	2.38%	NA	NA	15.90%	2.50%
CAR	18.10%	17.90%	0.20%	18.61%	-0.51%	18.21%	-0.11%	18.20%	-0.10%
NPF Ratio	6.04%	6.35%	-0.31%	6.25%	-0.21%	6.48%	-0.44%	6.21%	-0.17%

**Note:** ratios are under DIB methodology**Source:** company, BofA Global Research estimates, Visible Alpha (consensus)

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**Exhibit 2: DIB Du Pont Analysis**

We forecast 12.9% average ROAE in 2023-27E

	Past 5Y avg	2023E	2024E	2025E	2026E	2027E	Next 5Y avg	Change 2023-27E
ROAE	15.6%	16.6%	13.3%	12.4%	11.4%	10.9%	12.9%	-5.8%
ROAA	1.6%	1.9%	1.5%	1.5%	1.4%	1.3%	1.5%	-0.6%
Assets / Equity	9.3	8.8	8.6	8.4	8.4	8.3	8.5	-0.5
NPM	2.9%	3.1%	3.1%	3.0%	2.8%	2.7%	2.9%	-0.4%
Fees / avg assets	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.0%
Other income / avg assets	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.0%
Provisions / gross financing (CoR)	-1.1%	-0.8%	-0.9%	-0.9%	-0.9%	-0.9%	-0.9%	0.0%
Costs / avg assets	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	0.0%
Taxes / avg assets	-0.02%	-0.02%	-0.19%	-0.18%	-0.17%	-0.16%	-0.14%	-0.14%

**Source:** BofA Global Research estimates

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**Exhibit 3: BofA estimates - new vs old**

We increase our EPS estimates by 1-4% pa in 2023-27E

	2023E	2024E	2025E	2026E	2027E
Net Financing Income	2%	5%	8%	8%	8%
Total Non-Financing Income	1%	-4%	-5%	-5%	-5%
Revenue	2%	3%	5%	5%	5%
Total operating expenses	3%	6%	6%	6%	6%
Pre provisioning profit	1%	2%	4%	4%	4%
Impairment charges, net	-5%	4%	5%	5%	5%
Share of profit from associates and JV	6%	6%	6%	6%	6%
Profit before tax	3%	1%	4%	4%	4%
Income tax expense	3%	1%	4%	4%	4%
Profit after tax	3%	1%	4%	4%	4%
Non-controlling interests	59%	97%	101%	101%	101%
Net Income to shareholders	2%	0%	2%	2%	2%
Profit attributable to T1 sukuk holders	-7%	-13%	-13%	-13%	-13%
BofD' remuneration paid	6%	13%	13%	13%	13%
Net attributable diluted profit	2.8%	1.0%	3.7%	3.8%	3.7%

**Source:** BofA Global Research estimates

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**Exhibit 4: BofA estimates versus Bloomberg consensus, AED mn**

Our EPS estimates are +5/-3% versus BBG consensus in 2023-24E

	BBG Consensus			BofAe			BofA vs consensus		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Net interest income	8,797	9,031	9,263	8,813	9,342	9,440	0%	3%	2%
Net fee income	1,354	1,422	1,494	1,685	1,633	1,733	25%	15%	16%
Other income	869	1,004	1,117	814	827	840	-6%	-18%	-25%
PPI	11,020	11,457	11,874	11,312	11,801	12,012	3%	3%	1%
Provisions	-1,988	-2,140	-2,234	-1,949	-2,434	-2,533	-2%	14%	13%
Operating expenses	-2,958	-3,129	-3,358	-3,065	-3,307	-3,461	4%	6%	3%
Pre-tax profit	6,164	6,306	6,533	6,446	6,212	6,172	5%	-1%	-6%
Taxes and deductions	-653	-1,254	-1,336	-678	-1,214	-1,210	4%	-3%	-9%
Net income	5,512	5,052	5,196	5,769	4,998	4,963	5%	-1%	-4%
EPS, AED	0.76	0.71	0.74	0.80	0.69	0.69	5%	-3%	-7%
DPS, AED	0.33	0.34	0.35	0.33	0.34	0.35	0%	0%	-1%
NIM	3.16%	3.07%	3.00%	3.11%	3.06%	2.95%	-0.05	-0.01	-0.05
Cost of risk	1.01%	1.07%	1.07%	0.84%	0.89%	0.87%	-0.17	-0.19	-0.20
CIR	26.8%	27.3%	28.3%	27.09%	28.02%	28.81%	0.26	0.71	0.53
ROE	16.3%	13.9%	13.1%	16.6%	13.3%	12.4%	0.34	-0.58	-0.73
Tier 1	16.7%	17.1%	17.0%	17.2%	17.5%	17.6%	0.58	0.43	0.62
Total CAR	17.2%	17.5%	17.5%	18.4%	18.6%	18.6%	1.22	1.13	1.20
Gross loans	194,626	203,509	215,352	210,416	220,180	230,941	8%	8%	7%
Y-o-Y, %	-2%	5%	6%	8%	5%	5%	-	-	-
Deposits	214,865	225,085	234,364	222,997	232,911	243,936	4%	3%	4%
Y-o-Y, %	-2%	5%	4%	8%	4%	5%	-	-	-

Source: BofA Global Research estimates

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**Exhibit 5: DIB Gordon Growth valuation model**

We increase our COE to 10.5% from 10.0% and l/t ROAE to 11.5% from 11.2%

Cost of equity	10.5%				
Risk free rate	4.7%				
Equity risk premium	5.5%				
Additional risk factor	1.0%				
Beta	0.88				
Long-term Growth rate	4.1%				
Long-term ROAE	11.5%				
	2023E	2024E	2025E	2026E	2027E
Shareholders equity, AED mn	36,308	38,921	41,426	43,759	46,031
ROAE	16.6%	13.3%	12.4%	11.4%	10.9%
ROATE	16.6%	13.3%	12.4%	11.4%	10.9%
Fair P/BV ratio	1.16				
Mcap, 2024E	45,099				
Discont factor	10.5%				
Discount period, years	0.2				
Mcap, 12M FW	44,364				
Number of shares, mn	7,227				
PO, AED	6.15				
Current market price, AED	5.49				
Potential upside	12%				
2023E DPS, AED	0.33				
Dividend yield	6.0%				
Rating	Neutral				
Valuation on our PO					
	2023E	2024E	2025E	2026E	2027E
P/E	7.7	8.9	8.9	9.1	9.1
P/BV	1.2	1.1	1.1	1.0	1.0

Source: BofA Global Research estimates

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## Price objective basis & risk

### Dubai Islamic Bank (XUIBF)

We set a AED6.15/share PO for DIB, using a Gordon Growth model. We apply an 11.5% long-term RoAE, 10.5% cost of equity and 4.1% 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.
- The introduction of corporate income tax in the UAE could hamper credit quality. The effective tax rate for DIB could differ from our assumptions.
- 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.
- We see currency risks from DIB's wholesale funding across multiple currencies.
- 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.
- High-for-longer domestic benchmark rates could suggest upside to our NPM forecasts.
- 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

I, Olga Veselova, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### EEMEA - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Absa Group Ltd	AGRPF	ABG SJ	Bankole Ubogu, CFA
	Abu Dhabi Islamic Bank	XQPVF	ADIB UH	Olga Veselova
	Garanti Bank	TKGBF	GARAN TI	Ilija Novosselsky
	Investec	XBZGF	INVP LN	Bankole Ubogu, CFA
	Investec	ITJF	INP SJ	Bankole Ubogu, CFA
	Komerční Banka	KMERF	KOMB CP	Olga Veselova
	Nedbank	NDBKF	NED SJ	Bankole Ubogu, CFA
	Pekao S.A.	BKPKF	PEO PW	Olga Veselova
	Riyad Bank	XRYDF	RIBL AB	Olga Veselova
	Saudi Awwal Bank	XBUAF	SABB AB	Olga Veselova
	Saudi National Bank	XBYNF	SNB AB	Olga Veselova
	Standard Bank	SBGOF	SBK SJ	Bankole Ubogu, CFA
	Yapi Kredi Bank	YKBF	YKBNK TI	Ilija Novosselsky
<b>NEUTRAL</b>				
	Akbank	XHRAF	AKBNK TI	Ilija Novosselsky
	Al Rajhi Bank	XRHJF	RJHI AB	Olga Veselova
	Alinma	XALBF	ALINMA AB	Olga Veselova
	Dubai Islamic Bank	XUIBF	DIB UH	Olga Veselova
	Emirates NBD	XHGGF	EMIRATES UH	Olga Veselova
	FirstRand	FANDF	FSR SJ	Bankole Ubogu, CFA
	OTP Bank	OTPF	OTP HB	Olga Veselova
	PKO BP	PSZKF	PKO PW	Olga Veselova
	Qatar National Bank	XQTNF	QNBK QD	Olga Veselova



## EEMEA - Financials Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>UNDERPERFORM</b>	Abu Dhabi Commercial Bank	XBUDF	ADCB UH	Olga Veselova
	Banque Saudi Fransi	XRDCF	BSFR AB	Olga Veselova
	Capitec Bank	CKHGF	CPI SJ	Bankole Ubogu, CFA
	First Abu Dhabi Bank	XNBUF	FAB UH	Olga Veselova
	Halkbank	THBIF	HALKB TI	Ilija Novosselsky
	Isbank	TYIBF	ISCTR TI	Ilija Novosselsky
	National Bank of Kuwait	XPOBF	NBK KK	Olga Veselova
	Vakif Bank	TKYVF	VAKBN TI	Ilija Novosselsky
<b>RVW</b>	Moscow Exchange	XMCSF	MOEX RX	Olga Veselova
	Sberbank	AKSJF	SBER RM	Olga Veselova
	Sberbank preferred shares	AGNYF	SBERP RM	Olga Veselova
	TCS Group	XCIXF	TCS LI	Olga Veselova

**IQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

**Quality of Earnings**

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

**Numerator**

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

**Denominator**

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

**Valuation Toolkit**

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

**Numerator**

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

**Denominator**

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

EV / EBITDA

Basic EBIT + Depreciation + Amortization

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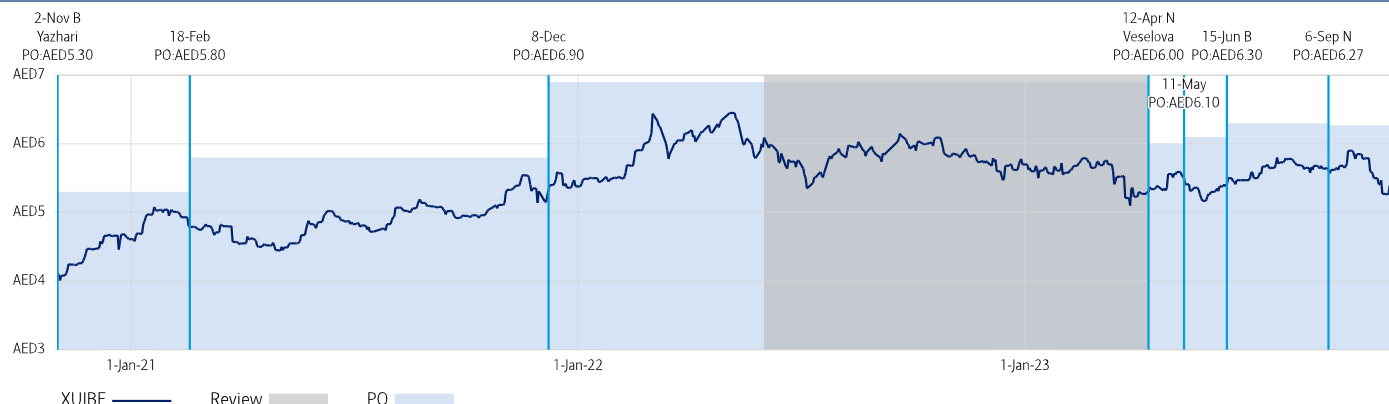
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### Equity Investment Rating Distribution: Banks Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	98	50.78%	Buy	81	82.65%
Hold	47	24.35%	Hold	35	74.47%
Sell	48	24.87%	Sell	36	75.00%

### Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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

<sup>R2</sup> 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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