

DIB To Acquire Its Rival Noor Bank To Create The UAE's Fourth Largest Bank With Assets Of \$75B

In line with a wave of bank mergers in the GCC, the Dubai Islamic Bank (DIB) is set to acquire 100% shares of its rival Noor Bank to form the UAE's fourth largest financial institution and the eighth largest bank in the GCC, with assets around \$75 billion.

Once the acquisition is complete, Noor Bank's operations will be integrated and consolidated within DIB. The merged entity will create the region's most powerful Shari'ah banking group.

Last April, DIB said in a statement on DFM that it had "allowed the bank to explore possible acquisition of Noor Bank and revert to the board with the findings within three weeks."

Both DIB and Noor Bank have a common stakeholder—Investment Corporation of Dubai (ICD)—which owns a 28.37% stake in DIB and 22.85% in Noor Bank.

DIB's shares increased by 1.59% following the news of the acquisition today to reach \$1.39. The Group net profit increased to \$369 million during the first quarter of 2019.

The region's bank mergers are coming in the wake of low oil prices that have thinned lucrative government deposits in most of these lenders. Experts are calling the UAE an "overbanked" market as 50 lenders vie for 9 million consumers.

DIB's acquisition follows the ADCB, UNB and Al Hilal Bank merger, which has created the U.A.E.'s third largest financial institution and the fifth largest bank in the GCC, with assets of \$114 billion.

In late 2018, Saudi Arabia's biggest lender, the National Commercial Bank, began preliminary discussions to merge with Riyadh Bank to create an entity with assets of more than \$175 billion. This came just a few months after the Saudi British Bank and Alawwal Bank agreed a binding deal to create Saudi Arabia's third-biggest lender in the first major deal for the country's banking sector in recent times.

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