1

00:00:00.604 --> 00:00:01.804

Olga Veselova | BofA RSCH EMEA: Fantastic.

2

00:00:02.224 --> 00:00:23.023

Olga Veselova | BofA RSCH EMEA: so I guess we can begin very warm. Welcome. Everyone to this call on Adib results on the 3rd quarter numbers. My name is Olga Visilova. I'm the head of Emia Financials team at Bank of America. Equity research. Please allow me to hand over this call to Lamia Harez, the head of investor relations, Esg. And marketing and communications at Adib

3

00:00:23.114 --> 00:00:24.604

Olga Veselova | BofA RSCH EMEA: Lamia. Over to you.

4

00:00:25.104 --> 00:00:48.493

ADIB: Thank you, Olga. Good afternoon, and good morning to everyone on the call, and thank you for joining us. I would like to welcome you to this. Q, 3. Earning call before we get started. Just a quick reminder that today's financials and the presentation and all our financial disclosures are already on our website in the Ir section and on our investor relation app.

5

00:00:48.494 --> 00:01:11.744

ADIB: I have with me on this call Mr. Mohammad Abdelbari, our group, CEO and Mr. Hassan Akhtar, our acting group, Cfo. And on this occasion I would like to congratulate Mr. Mohamed for being confirmed as the group CEO of the bank, effective immediately yesterday. The agenda for today is quite consistent with the last quarter, so we will start by giving a quick highlight

6

00:01:12.063 --> 00:01:28.043

ADIB: on the bank performance. It's followed by a detailed analysis by Assan on the financial performance. We will then conclude with our guidance, and we'll open the floor for Q. And A. With that I will now hand it over to Mohamed for a quick introduction on the financial performance.

7

00:01:28.044 --> 00:01:34.483

ADIB: Thank you, Lamia, and good morning. Good afternoon, everyone, and thank you for joining us on today's call.

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00:01:34.764 --> 00:01:46.824

ADIB: 1st of all, I'm deeply honored by the trust placed in me from the Board of Directors to lead this institution at a time where we are achieving strong momentum and exceptionally strong results.

9

00:01:46.934 --> 00:01:57.663

ADIB: We're also very pleased with our performance for the 1st half of 2024 all the way into the 3rd quarter of 24. And we'll talk about this in more details on that call.

10

00:01:57.694 --> 00:02:13.474

ADIB: We've delivered 4.6 billion of net profit, which is a growth of 24% year on year. And if we were to adjust that for the tax impact which was not there last year we have grown our net profit by 33%.

11

00:02:13.684 --> 00:02:18.764

ADIB: This has also led us to deliver return equity of 29%.

12

00:02:18.964 --> 00:02:25.174

ADIB: And I believe that's probably still one of the highest adoes in the in the local market.

13

00:02:25.664 --> 00:02:42.903

ADIB: So our franchise also is growing from strength to strength. So from a client perspective. We have welcomed 150,000 new clients to adeep. Taking our total now client base to 1.4 million clients.

14

00:02:43.234 --> 00:03:08.904

ADIB: revenue perspective. We have grown revenues by 19% again, year on year. But I think the encouraging part is that as we go into details, we'll talk a bit more about the components of the revenue growth, which is supported by strong underlying kpis, as well as a good contribution from non-funded income as we've always been signaling that to be an important part of our strategy

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00:03:09.354 --> 00:03:37.314

ADIB: from a cost perspective, you would have seen that our cost to income ratio now has dropped to 29.1% for those who have been following Adeep for some time. If you just go back a few years, that number was probably in the 48, 47%. And from that onwards we have always been signaling that we will be bringing that ratio down to market levels from a combination of

16

00:03:37.314 --> 00:03:49.054

ADIB: revenue growth, but also strong cost discipline. But, more importantly, we will be investing through the cycle, and it's definitely been paying off not only this year. But last year as well.

17

00:03:49.874 --> 00:04:05.063

ADIB: Asset perspective. We have now reached a total asset base of 223 billion. That's the growth of 20% year on year, supported by very healthy growth in our customer financing.

18

00:04:05.094 --> 00:04:25.503

ADIB: and also supported by a strong funding base. So again, when we go into details, we see that the customer financing has been contributed by our 2 main businesses retail and the corporate bank retail bank very steady growth. We are adding between one to 1.2 billion of net

19

00:04:25.504 --> 00:04:38.624

ADIB: balance sheet every year. That's the difference between gross sales as well as natural attrition. But also we are very happy to see the progress we have seen on the corporate bank side, where we had a very strong half. One

20

00:04:38.624 --> 00:05:01.723

ADIB: quarter 3 was on the top line actually slightly muted. But when we go and talk about the details, we talk a bit more about some of significant repayments which happened in that quarter, because actually underlying it was as strong as the second quarter of the year. But we did have some of expected repayments, particularly in from the Dubai business as well

21

00:05:02.194 --> 00:05:31.364

ADIB: from a credit perspective. Again, Kpi, which we've also signaled to the market that we will be dealing with that, and that's our Npa ratio. We are at a 4.4% Npa ratio. That number was a couple of years ago. At 8.8%. We started the year at probably 6%. Now, down to 4.4%. And we are guiding the market that this number will actually be sub 4% by the end of this year.

22

00:05:31.924 --> 00:05:52.643

ADIB: Okay, moving forward. We are on slide 5 a bit on our strategic highlights. So again, we are on track in executing all our initiatives. And one of the initiatives also we've spoken about recently is the launch of our vision 2035,

23

00:05:52.644 --> 00:06:06.424

ADIB: and and and that's quite important for us, because we are setting a roadmap for where we want to take a deep in the next 10 years, and it's split between 3 phases. So phase number one is clearly what we are seeing in the next

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00:06:06.424 --> 00:06:12.824

ADIB: 12 to 18 months, which is our normal budget cycle. But then we have a refresh of our corporate plan.

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00:06:12.824 --> 00:06:37.203

ADIB: which is the 5 Year Plan, and it's a timely launch, because our initial plan, which was launched in 2020, is coming to an end in 2025, and it's quite time that we look at this again and see what has worked well and do more of it, and what needs to be tweaked, given the change in the environment. But then the more important part is having a 10 year view.

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00:06:37.204 --> 00:06:43.613

ADIB: because the intention is to take a deep to a complete different level, supported by

27

00:06:43.614 --> 00:06:58.173

ADIB: particularly Gen. AI technology and a transformational Id venture led strategy which will capitalize on the latest technologies, but also a lot of Fintech and venture partnerships.

28

00:06:59.772 --> 00:07:04.794

ADIB: Let us move forward on this. Let me. Let's see. Okay.

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00:07:05.684 --> 00:07:13.783

ADIB: okay, with that. I will ask Hassan to take us through the numbers. Starting from slide number 7,

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00:07:13.784 --> 00:07:23.764

ADIB: and then afterwards we will be opening it up for Q&A to take your specific questions. So I send please over to you. Thank you. Thank you so much, Mohammed. Good afternoon. Good morning

31

00:07:23.764 --> 00:07:47.233

ADIB: to everybody on the call, so we will just proceed with a quick summary of the results. As more than mentioned, net profit growth was very strong this year. 24% year on year profit before tax reaching 5.2 billion, which has represented a growth of 33%. And if in corporate tax, the growth was actually 24%. So very healthy growth

32

00:07:47.234 --> 00:08:01.193

ADIB: in terms of our key drivers. Revenue. For the 1st 9 months of 2024 increased by 19%. Reaching a record high of 8 billion compared to 6.7 billion or

33

00:08:01.214 --> 00:08:25.683

ADIB: or one year ago. And this has been supported by increase in funded income and non-funded income, and the key drivers being the growth, strong growth that we have witnessed this year in terms of our business volumes. Stemming across all our business segments pretty much retail and wholesale business delivering strong results. And the continued strength of our fee based businesses as well.

34

00:08:25.944 --> 00:08:36.373

ADIB: In terms of balance sheet. We've had a remarkable year as well. So balance sheet has grown by 21% to reach 223 billion, and we will go into the further details when we

35

00:08:36.721 --> 00:08:55.153

ADIB: do this slide subsequently. But this has been aided by growth in financing assets of 19,000,000,019% year on year across both the businesses. And we have also increased our investment portfolio by 25%, mainly as the cooks, which have which increased by almost 6 billion. This year

36

00:08:55.154 --> 00:09:14.334

ADIB: the balance sheet has been adequately funded. So we traditionally fund the balance sheet before we finance. So deposits have actually increased by a healthy 19% this year to reach 180 billion. And we've maintained a very good healthy funding mix with Casa growth contributing 10% year on year.

37

00:09:15.615 --> 00:09:37.403

ADIB: Moving along on Slide 8, we just want to highlight the impact of the Ua corporation tax that was introduced at the beginning of this year our effective tax rate is 11.4%, and the overall tax charge being 588 million, and the bank reported a net increase of 33% in net income pre-tax levels

38

00:09:38.124 --> 00:09:45.334

ADIB: moving along as we go into Slide 9 on the income statement. If you look at the top left chart.

39

00:09:45.334 --> 00:10:12.384

ADIB: We are seeing consistent growth quarter on quarter in our net profits, which increased by 2% versus last quarter as well, and we are very, very proud to say that we've actually delivered this, including the impact of corporation tax. And if we exclude the taxes, then we've actually had 5 steady quarters of healthy growth, and we've managed to deliver our highest quarterly profit in the history at 1.6 billion this quarter

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00:10:14.014 --> 00:10:36.214

ADIB: within this revenue increase and the balance sheet increase. Funded income has actually increased by 9% year on year. On the back of the strong growth in the customer assets, non-funded income has increased by 41%. And this has been on the back of fee and commission income increase of 33%

41

00:10:36.214 --> 00:10:54.554

ADIB: as well as our investment book increase of 41% year on year. Non-funded income is now contributing 39% of our balance sheet. And we've actually made a conscious effort in increasing the non-funded income as we move into the rate cycle environment.

42

00:10:56.254 --> 00:11:09.774

ADIB: effective cost discipline has resulted in a moderate expense increase of 6%, and from a segmental perspective, retail and wholesale businesses have positively contributed towards the net profit.

43

00:11:13.004 --> 00:11:37.763

ADIB: Yeah, if we move on to slide 10 on the funded income. As I mentioned, we have now increased this by 9% year on year. To reach 4.9 billion in terms of our net profits margin, there has been a slight contraction compared to one year ago, where we were at 4.4 8%. So we are now at 4.4 6%. Sequentially, there has been a

44

00:11:37.974 --> 00:12:01.303

ADIB: a small decline. This has really been because of the slightly higher cost of fund that we had in Q 3, which we hope that, given the fact that we have a very high proportion of time in Wakala deposits, the cost of deposits should start to come down as we factored in the impact of the rate cuts which have started already.

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00:12:01.834 --> 00:12:26.834

ADIB: One important thing that I would like to highlight is the gross margin, and they have continued to increase. So this is essentially the gross yield on our financing assets. This has continued to increase. So we are now at 7.5% compared to 6.1% at the end of last year, 9 months last year, and it has also increased compared to 1st half position.

46

00:12:26.834 --> 00:12:40.633

ADIB: So that has actually been very good, because we've we operate in a comparative environment. And we've actually taken a very disciplined approach in terms of our pricing. Hence preserve the margins on our financing assets as well.

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00:12:41.114 --> 00:12:55.793

ADIB: On the funding side we have, I've mentioned about the cost of fund in terms of our nim sensitivity. This remains unchanged at 120 million for every 50 basis change in our interest rates

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00:12:57.014 --> 00:13:07.154

ADIB: moving along on the non-funded side, as I previously mentioned, that had increased by 41%, mainly because of the increase in fee and commission.

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00:13:07.154 --> 00:13:27.133

ADIB: We've had a record year in terms of acquisition in our card portfolio, and we have seen higher spend and sales volumes, and that has been reflected in a cards income increasing 72% primarily on the fee and commission side. In addition to that, we've had higher processing fee on our assets, retail primarily

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00:13:27.442 --> 00:13:37.923

ADIB: and on the risk participation fee. This is really wholesale banking. So the fee and commissions that we actually receive on the loan portfolio, as well as well as some trade assets, as well

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00:13:41.104 --> 00:14:10.583

ADIB: on the operating expenses side, as Mohammed had mentioned, there was a time 4 years ago where our cost to income ratio was as high as 48%. We've managed to bring it down to 29% through several efficiency initiative digitalization being one of them. Our expenses now have grown single digit this year of 6% compared to our revenue growth of 19%. So we've actually achieved 3 times more revenue growth

52

00:14:10.584 --> 00:14:16.564

ADIB: this year compared to our and which has essentially opened up the jaws in our balance sheet.

53

00:14:16.953 --> 00:14:37.993

ADIB: The increase in expenses have come in primarily 2 categories. Firstly, investment in our people which is strategic to our the way we operate. And secondly, we've also increased expenses on our variable side. That has really taken the increase. So that's the incentive that we pay on new acquisitions.

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00:14:38.331 --> 00:14:51.823

ADIB: Second, primary reason for the increase in the expenses has been the digital front an area which is of particular focus to us to to the bank as a whole, as we move forward into into the AI world.

55

00:14:51.824 --> 00:15:09.414

ADIB: So, despite all this, our cost to income ratio has been a very healthy 29.1%, which represented a decline of 3.6% compared to 32.6 almost one year ago.

56

00:15:13.560 --> 00:15:30.397

ADIB: Moving along on the impairments. The net. So the bank recognized a total total impairments of 448 million. During the 1st 9 months of the year compared to 571 million last year. So there have been some property related.

57

00:15:30.854 --> 00:15:54.573

ADIB: reversals as well because of the increased collaterals as well as some sales as well. But it is worth mentioning that we have not seen any credit quality pressures in retail or wholesale banking, and the overall credit environment remains benign. We've had very good delinquency levels. And as a result, our cost of risk

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00:15:54.574 --> 00:16:04.683

ADIB: has been stable at around 49 basis points which is well within our guidance of 40 to 60 basis points which we've done at the beginning of this year as well.

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00:16:07.492 --> 00:16:20.885

ADIB: On a non-performing assets. We've actually had a very good story. We've made a conscious effort in terms of reduction of our Npa books. Which has actually resulted in assets.

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00:16:21.304 --> 00:16:42.314

ADIB: non-performing assets, reducing by 21%, which is almost 1.6 billion from the beginning of the last year and 1.1 billion compared to the beginning of the year. This has really been driven by legacy. Portfolio recoveries as well as some write-offs that we have taken.

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00:16:42.737 --> 00:17:10.744

ADIB: As a result. We are now at a historical low in terms of our non performance, non-performing assets, ratio of 4.4%, as Mohammed had mentioned. This is this, compared to a high of, say, approximately 8.8%, almost about 12 to 18 months ago. We will continue to see the declining trend as we finish 2024, and we are very hopeful of further improvements here

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00:17:10.834 --> 00:17:15.279

ADIB: on the coverage both in terms of cash, coverage and

63

00:17:15.704 --> 00:17:36.044

ADIB: cash plus collateral. The ratio. We've actually built up significant provisions this year. So we are now at 78% compared to 70% at the beginning of the year. If we add the effect of collateral. And this is particularly important from an Islamic bank point of view, the the coverage is almost twice at 1, 54%

64

00:17:40.404 --> 00:18:09.884

ADIB: moving along as far as the balance sheet is concerned. So we've actually crossed 220 billion mark to reach 223 billion with an asset growth of 21% year on year. If we exclude the impact of Fx that we encountered in our Egyptian subsidiary, the bank. Actually, the total assets were at 233 billion, which was an increase of 21%, the key contributors being for customer financing.

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00:18:09.884 --> 00:18:26.134

ADIB: which increased 21%. And then, as I previously mentioned, we have increased our investment book in a conscious effort to lock in high rate investment grade assets that will help us as we mitigate the impact of the rate impact. Next year.

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00:18:28.534 --> 00:18:51.104

ADIB: as we move along on the customer financing side. The bank has added 20 billion new financing this year, and this reflects our retail business gaining new market share. And and we've seen some landmark deals closing in in our corporate business. Gross financing assets increased by 16% this year and 20%.

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00:18:51.104 --> 00:19:19.543

ADIB: We exclude the impact of Fx in our Egyptian business, and this growth has been particularly spectacular in both our retail portfolio, as well our wholesale business across the gre space as well as on the corporate business. In our corporate business. We had some repayments as well in in quarter 3 as Mohammed alluded to, so our growth rate is 4%. But in our government and public sector, we grew 33% and 21% in our retail business.

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00:19:20.384 --> 00:19:25.294

ADIB: If we dissect retail, which is the bottom right hand chart.

69

00:19:25.444 --> 00:19:46.474

ADIB: All our flagship products. Actually had a very decent growth. So we are number one in terms of market share in products such as home finance and personal finance with home finance increasing by 41% year to date. Aided by successful product campaigns and tie ups with dealers

70

00:19:49.824 --> 00:20:14.543

ADIB: in our. In our wholesale book we've had a good mix of wholesale and then corporate assets. This has actually enabled us to enhance credit quality and bring stability to capital. Given the Rw. Benefits that come with it. There has been strong demand across most industry segments throughout regions. Of slightly offset. By some reason.

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00:20:18.766 --> 00:20:41.714

ADIB: On Slide 16. This is a snapshot of our total investment book, which has increased to reach 28.8 billion by the end of September. This represented an increase of 18% since the beginning of the year, and the key addition that have been made has been in the investments, character investments amortized, cost.

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00:20:42.124 --> 00:20:54.834

ADIB: Again, as I previously mentioned, these are fixed rate assets, longer duration at decent yields, and they will serve as natural heads in a declining rate environment. As we move forward

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00:20:58.824 --> 00:21:20.733

ADIB: on the customer deposit side the increase has been 14% and 19%. Fx adjusted. Essentially, we have had a history of of increasing customer deposits ahead of the growth that we do in our financing book. And we maintain adequate levels of liquidity

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00:21:20.734 --> 00:21:41.414

ADIB: to ensure we have sufficient fund to support asset growth. So if you look at the right hand side of the chart, the key drivers of the growth has been retail where growth has been 7 billion primarily, all driven by Casa, as you can see in the bottom right chart for 6.4 billion growth. In Casa

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00:21:41.504 --> 00:22:00.934

ADIB: there is primarily all retail business. But in order to fund the asset growth that we had here, we've increased wholesale deposits as well by 10 billion, which has a shorter maturity duration 3 to 6 months. Some of these go up to 12 months as well, but they started to reprice.

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00:22:00.934 --> 00:22:12.303

ADIB: and that should really help us reduce our cost of funds. Later in the year our casa ratio stands at a very healthy 62%, and

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00:22:12.424 --> 00:22:20.743

ADIB: this continues to support a low cost of fund, especially in the Ue business of approximately 1.7%

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00:22:22.754 --> 00:22:45.074

ADIB: moving along on the capital side. Adeem has maintained robust capitalization as well as liquidity levels. I'm proud to say that despite the fact that the balance sheet has witnessed very strong growth during 2024 capital adequacy levels are at 17.6%. And I'm particularly happy to say that our

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00:22:45.304 --> 00:22:46.854

ADIB: Pt one levels

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00:22:47.174 --> 00:23:06.473

ADIB: which that 13.4% today is at the same level which we were at one year ago. Despite all the asset increase so clearly, we have been optimizing capital as well, and we've been positioning ourselves in the right direction to ensure that the right decision on the dividends can be made in line with the bank trend

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00:23:12.684 --> 00:23:30.954

ADIB: on our liquidity front advances to stable funds. Ratio have been very stable around the 77% mark financing to deposit to that 75%. And our eligible elar ratio is still very, very healthy, increasing to 20% by the end by the 3rd quarter.

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00:23:33.724 --> 00:24:00.563

ADIB: So in terms of our outlook and guidance, we've seen an increase of 16% in year to date increase in our customer financing hazards, we continue to take the view that there will be asset growth. So we are expecting greater than 16% as a full year guidance, net profit margin, which was 4.4 6. We've actually revised our guidance to say that if this will be higher than 4.3%

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00:24:00.914 --> 00:24:11.744

ADIB: in terms of cost of risk, we are consistent with what we've been guiding the the every month. So again, between 40 to 60 basis points, we are at 49 basis points today.

84

00:24:11.974 --> 00:24:34.043

ADIB: our cost to income ratio, which is at 29%, we maintain guidance of less than 30%, which is consistent with what we have been seeing all along. Finally, in terms of return on equity very healthy, 29%. And we still believe that we will be below the 30% marked at 25% for the full year.

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00:24:35.354 --> 00:24:42.804

ADIB: As a result of this, I conclude we conclude the management presentation, and we open the floor. For any questions that you may have.

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00:24:47.604 --> 00:25:02.544

Olga Veselova | BofA RSCH EMEA: Thank you for the presentation, Mohamed and Aksan, and thank you, Lamia. We will now go to the Q. And a session. I will press the button, and please, participants, unmute yourself. The 1st question goes to Shabir Malik from Efg. Hermes, please Shabir over to you.

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00:25:04.954 --> 00:25:06.522

Shabbir Malik | EFG Hermes: Hi, thank you, Olga.

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00:25:06.954 --> 00:25:11.164

Shabbir Malik | EFG Hermes: And thanks for the very much for the presentation Mohammed congratulations on the

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00:25:11.174 --> 00:25:13.633

Shabbir Malik | EFG Hermes: on the new role. Wish you all the best.

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00:25:14.289 --> 00:25:19.404

Shabbir Malik | EFG Hermes: I have a couple of questions, please. The 1st one is regarding your margins.

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00:25:19.920 --> 00:25:22.117

Shabbir Malik | EFG Hermes: So if you look at your

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00:25:22.594 --> 00:25:31.694

Shabbir Malik | EFG Hermes: time, deposits what proportion of your time deposits are likely to reprice lower in the 4th quarter? And is it

93

00:25:31.824 --> 00:25:34.664

Shabbir Malik | EFG Hermes: fair to assume that some of the

94

00:25:35.494 --> 00:25:39.403

Shabbir Malik | EFG Hermes: pressure on them. This quarter has been because of the growth in the investment book.

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00:25:39.474 --> 00:25:41.953

Shabbir Malik | EFG Hermes: which has been pretty strong this quarter.

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00:25:42.650 --> 00:25:48.773

Shabbir Malik | EFG Hermes: My second question is around your Adib, 2035. Strategy

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00:25:49.273 --> 00:25:52.683

Shabbir Malik | EFG Hermes: is, if you can. Would it be possible to share any

98

00:25:52.954 --> 00:25:54.574

Shabbir Malik | EFG Hermes: financial metrics?

99

00:25:55.409 --> 00:26:16.213

Shabbir Malik | EFG Hermes: The or or targets long term targets that you're eyeing with this this with this strategy? And my final question is in terms of your DC, you're currently not a DC. Is there any dcib threshold that the central bank looks at? And where where would you stand relative to that?

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00:26:16.274 --> 00:26:18.763

Shabbir Malik | EFG Hermes: So those are my 3 questions. Thank you.

101

00:26:20.864 --> 00:26:26.447

ADIB: Thank you, Shabir, and thank you again for your kind words. I'm very happy to be

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00:26:27.184 --> 00:26:35.901

ADIB: entrusted by the board. With that position. And and I've been in that role for since March. So it's I think it's for me almost like

103

00:26:36.944 --> 00:26:37.614

ADIB: transition into.

104

00:26:37.614 --> 00:26:38.694

Shabbir Malik | EFG Hermes: Retinuation.

105

00:26:38.694 --> 00:27:03.184

ADIB: Yes, yes, absolutely yeah. But again, very happy and proud to have been chosen and trusted with this responsibility. And let me take your question one by one. Please tell me if I'm missing anything. So I start with the last one in terms of decepts. There are no discussion with Central bank at this stage, whether we will be included or not. Having said that if we were to be included actually we are. We're in good shape because

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00:27:03.184 --> 00:27:28.703

ADIB: I feel or the sense I'm getting. This is not nothing formal, but we are almost being so. Whether it's from a capital liquidity in all other views. We are, we are them, and if there is ever a position where we need to be included in that category, I think we will be in good shape. Right? So, even from an internal perspective, you measure us against very specific kpis, which would be aligned to other discips as well.

107

00:27:28.754 --> 00:27:58.353

ADIB: But just to confirm. There are no discussion with Central Bank on whether we should be included or not. The second question on profit margins. So what's the story on profit margins. So I think what we've seen consistently over the last 9 months is that our gross yields on. Our finance continues to grow, and that's driven by number one is that we have been very diligent in our pricing on the retail side.

108

00:27:58.354 --> 00:28:13.744

ADIB: and the corporate bank has also benefited from clearly higher rates, because it's predominantly on a floating level, and that's reflected on our gross sales. Now, what has happened is that because we have grown, I would say at pace

109

00:28:13.994 --> 00:28:38.194

ADIB: there was a need for us to ensure that we follow the bank's charge in terms of ensuring that we always run a few steps ahead of our financing book, right? So we always fund before we finance. And hence we have been going slightly faster in terms of attracting profit, paying deposits. And hence, also you would see that our

110

00:28:38.194 --> 00:28:55.354

ADIB: casa ratio has dropped to 61% if I were to bifurcate the 61% approximately in retail bank 90% is casa ratio so very efficient, there's only 10% of that in profit paying. But on the corporate side it's the 28%.

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00:28:55.354 --> 00:29:16.794

ADIB: And that is not unusual right, so your corporates would demand a specific return, and are very price sensitive, and they should be rewarded as such, and hence you would see that the compression and net profit margin is not on the asset side, but it's more in our kind of pace in terms of raising deposits which are profit earning. Now what will happen in quarter 4 on the back of that?

112

00:29:17.314 --> 00:29:44.424

ADIB: Just to give you some perspective, we have a 180 billion of deposit base. If I focus, maybe now for a second on the Ue side, approximately 100 billion or so is in sorry 140 billion or so is between Casa and Stis. What we call short-term investment accounts, leaving us with approximately another 40 billion in workelas of the 40 billion 22 billion are being repriced in quarter 4,

113

00:29:44.654 --> 00:30:09.363

ADIB: which is a big amount, and that is not by coincidence. When we positioned our maturities for work careless, we always anticipated that half 2 will be an inflection point where rates will turn. So we came at the beginning of the year. We encouraged 9 months. Booking last year was one year booking coming in half one. We encouraged 3 months booking right for the client made it more attractive, attractive for them, basically

114

00:30:09.444 --> 00:30:37.203

ADIB: giving a bit of a sweetener in that maturity bucket. And now we're sitting with 22 billion, which is more than half of our cares being repriced in that quarter so hopefully, this will mitigate some of the costs we have, but we are also conscious that it is. It will take time to reflect, and that's why we're guiding the market. We think we're going to still be above 4.3%. But the nature of the book will allow us to hold margins higher for longer.

115

00:30:37.822 --> 00:31:03.423

ADIB: On the 2035 strategy. So we will be sharing in due course some more insights. But the the 10 year strategy will it have very specific kpis, like a corporate plan? Probably not. Right. You will get numbers for the 5 Year Plan, right? This is where very specific. But the 10 year is a vision, right? We are almost sitting back and saying, Where do we want to see a deep in 10 years time?

116

00:31:03.424 --> 00:31:19.793

ADIB: And we have a very clear of where that will be and how we will achieve it. And, as I said, it's predominantly, actually one or 2 pillars only it's not going to be 5, 6 pillars. It's 1 pillar which will filter through the entire ecosystem of the bank, and it's driven by

117

00:31:19.794 --> 00:31:39.284

ADIB: Gen. AI technology. Fintechs, for one reason is to make the customer experience as seamless as possible, and to be able to provide the bank of the future. Who goes to the client, not the client, comes to us, so let me know if I missed any of your points, and I can elaborate.

118

00:31:40.114 --> 00:31:52.234

Shabbir Malik | EFG Hermes: No, that's that's been very helpful. If I may squeeze in one more question in terms of retail banking growth that you've seen this year is it? Is it a combination of market share gains and growth in the market?

119

00:31:52.631 --> 00:31:56.023

Shabbir Malik | EFG Hermes: Or it's it's just it's primarily driven by

120

00:31:56.424 --> 00:31:58.703

Shabbir Malik | EFG Hermes: growth in the overall market in the Uae.

121

00:31:59.804 --> 00:32:23.014

ADIB: So, if I may say I think we've taken market share. Happily so, because if I compare our growth rate with market growth, I think we've more than 1.7 x of market growth. And where did it come from? It's come from. If you look at between the product name for us home finance, personal finance, and auto. So home finance was our flagship. We've really been very successful on the home finance side.

122

00:32:23.014 --> 00:32:29.264

ADIB: Personal finance. I think we're probably number one in terms of bookings at very attractive rates.

123

00:32:29.264 --> 00:32:58.543

ADIB: I think, for us. And the client and auto finance is okay. We know that auto finance. The returns are not great, usually, but it's a very important product for us, because it's an anchor product, right? You want to give a holistic value proposition to the client, and auto finance has to be there just to give you some perspective from a Ue book perspective. So if everyone would only look at what is the Ue book across the entire industry? We would be number one in home finance, and we will be number one in personal finance as well.

124

00:32:59.144 --> 00:33:08.884

ADIB: auto finance. We probably number 3 or 4 at 8, 9 billion of booking of assets, and when it comes to cards we are probably number one in terms of spend.

125

00:33:08.974 --> 00:33:22.944

ADIB: and by far so I wouldn't quote numbers. But we have the numbers that I think available with some of the acquirers. But we are number one by far in terms of monthly spend across every card we issue.

126

00:33:24.364 --> 00:33:25.433

Shabbir Malik | EFG Hermes: Got it. Thank you.

127

00:33:26.814 --> 00:33:31.363

Olga Veselova | BofA RSCH EMEA: Thank you. Next question goes to Chirogosh from Sico. Please go ahead.

128

00:33:34.604 --> 00:33:54.553

Chiro Ghosh | SICO: Hi, so 2 questions. So 1st one is related to the I can sense a sense of recovery. A big chunk of a recovery is coming from the other section. I please help me understand if I understood it right? So if you can give some clarity so in the financial statement. If I look at it.

129

00:33:54.554 --> 00:34:19.103

Chiro Ghosh | SICO: I think there is a 89 million looks like some 89 million worth of recovery had come. If you can throw some light on that part of it. Second is the previous point. Did I understand it correctly? That so it's out of the 46 or 40 billion odd Vakala, 22 billion will reprise very soon. So I just want to get a sense in a downward trending interest rate cycle.

130

00:34:19.104 --> 00:34:40.244

Chiro Ghosh | SICO: How? How do you overall see your balance sheet? Basically, I'm sure your as deals will also come down. So for every 25 basis point drop. Where do you? Stand at this moment, and 3rd one also, very quickly, if you can touch upon, though so your intel coverage seems to have improved quite a bit. Where do you plan to? What would be a comfortable level for that.

131

00:34:42.884 --> 00:34:50.323

ADIB: Thanks, Shiro. So again, let me start with the last 1 first, st the Npa ratio currently at 4.4%.

132

00:34:50.324 --> 00:35:15.293

ADIB: We have one more big hit to make hopefully in Q 4, which will take us below the 4% right? And this is not, as I said by chance, it's a strategy. We started, probably a couple of years ago, very focused on dealing with legacy exposures. It's not no help by 3rd parties, that's all. Internally driven by the Banks team, and we've gone really focused in terms of not. And this is not right off whether this is actually

133

00:35:15.294 --> 00:35:33.523

ADIB: recoveries. We've sat at the table, and we've closed out all the legacy exposures which have been out there for 10 years. One more left big to do. And we're going to be at sub 4%, and I think probably better than market, because I think market average is probably between 4 and 5%. So that's on the Npa side.

134

00:35:33.867 --> 00:35:56.484

ADIB: On the profit margins. Yeah. As I mentioned, it's 40 billion of which 22 billion repriced in Q, 4, we are doing obviously the best we can to ensure that they are being repriced at the revised curves. But I also want to make sure that the audience understand that this is a very competitive market. So it's not a 1 for one. It's not that because 56

135

00:35:57.954 --> 00:36:01.323

ADIB: the reps have dropped immediately priced my my

136

00:36:03.584 --> 00:36:26.454

ADIB: my renewal. They're very important for us, but it is gradual, and it will take time. But will there be a reduction? 100? There will be reduction in our cost of fund on the back of some of these specific in quarter 4 and onwards because the rest, by the way, the delta of these numbers will also come in q. 2. But I think by Q. 2, the rest of the 22 will also be up for renewal as well.

137

00:36:26.746 --> 00:36:34.344

ADIB: In terms of the impairment. You mentioned some of the covers absolutely correct. That's part of the surgery which you have been doing in terms of

138

00:36:34.344 --> 00:37:00.834

ADIB: fixing some of the legacy books I think you mentioned one specific one. So that's actually part of us realizing or closing out some of the legacy exposures. We were able to write back some of the provisions, but also we did an assessment of collateral evaluation which has given us some upside in terms of the impairments we had initially been taking on these collaterals, and we were able to realize some money as well.

139

00:37:00.834 --> 00:37:21.774

ADIB: Again, in the bigger context, it's not big, because, as you said, it's the whole thing is only 80 million between actual recoveries and impairment evaluation. We're reporting headline 1.6 or 5 billion after tax. So that's probably a fraction of it, but I think that's something which we wanted just to call out.

140

00:37:22.624 --> 00:37:32.414

Chiro Ghosh | SICO: Just on the previous one. So at the end, for every 25 basis point rate cut are you agnostic to it? Or it will net net. Have a net negative impact on your name.

141

00:37:33.184 --> 00:37:39.964

ADIB: No, that would be a negative side. So our sensitivity is for every 50 bips there is a hundred 20 million

142

00:37:39.964 --> 00:38:02.174

ADIB: impact, because at the end of the day. It's a double-edged sword, right? So you have a book from the corporate side which reprices fairly quickly down. I'm talking about the financing side. It's linked to a benchmark. Rates come down immediately. Rates will come off, but what we have done is that of our 140 billion or so. Gross assets.

143

00:38:02.174 --> 00:38:23.073

ADIB: Approximately 64 billion are the ones which are shorter, term repricing. The remaining ones are predominantly fixed rate longer term beyond 9 months to 12 months, so they give us air cover, and hence, as rates go down. Yes, there will be the impact I mentioned, but it's probably going to be much more muted than what you would see in the market, as well.

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00:38:23.734 --> 00:38:28.493

Chiro Ghosh | SICO: Perfect. Thank you very much, and congratulations on your new profile.

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00:38:28.774 --> 00:38:30.224

ADIB: Thank you so much. I appreciate it.

146

00:38:31.514 --> 00:38:42.664

Olga Veselova | BofA RSCH EMEA: Thank you. If anybody wants to ask a question, there is a button. Raise hand at the bottom of your screen. We are going to our next question from Abdulaziz Bawardi, from Hasana, please, Abdulaziz, go ahead.

147

00:38:44.044 --> 00:38:49.134

Abdulaziz Albawardi | Hassana: Yes. Hi, thank you for taking my question, and congrats on the new role.

148

00:38:49.194 --> 00:38:50.884

Abdulaziz Albawardi | Hassana: Wish you best of luck.

149

00:38:51.318 --> 00:38:54.059

Abdulaziz Albawardi | Hassana: I just have 2 quick questions from my side.

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00:38:54.614 --> 00:39:02.414

Abdulaziz Albawardi | Hassana: on the net funding or or net fees and commission income. What's the driver of sequential improvement?

151

00:39:02.584 --> 00:39:10.193

Abdulaziz Albawardi | Hassana: And how recurring is the number on this quarter has there been any also classification accounting classification?

152

00:39:10.614 --> 00:39:14.853

Abdulaziz Albawardi | Hassana: And on the second question, if if we look since

153

00:39:14.894 --> 00:39:17.083

Abdulaziz Albawardi | Hassana: the 1st quarter 2024,

154

00:39:17.234 --> 00:39:21.214

Abdulaziz Albawardi | Hassana: we, we see the financing book increase 16%,

155

00:39:21.424 --> 00:39:27.243

Abdulaziz Albawardi | Hassana: while an interest income or an funding income has increased only 8%

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00:39:27.424 --> 00:39:30.763

Abdulaziz Albawardi | Hassana: funding costs increase at at a much higher rate

157

00:39:30.954 --> 00:39:37.614

Abdulaziz Albawardi | Hassana: which impacted the net funded income. Just can you explain a dynamic there and why we haven't seen a book

158

00:39:37.634 --> 00:39:42.233

Abdulaziz Albawardi | Hassana: impact funding net funding income? Positively. Thank you.

159

00:39:44.244 --> 00:39:48.304

ADIB: Thank you very much, Abladis, and thanks for your best wishes

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00:39:49.854 --> 00:40:03.333

ADIB: on the on the 1st question, and that fees and commission is is an amalgamation of many things, but I think the 2 main elements are the the cards fees on which we're earning on our cards. Business? And I said, I think our

161

00:40:03.334 --> 00:40:28.023

ADIB: our ability or the clients spend we have is quite healthy, I would say, and it goes back to the type of clients we have. So again, 1.4 million clients, of which 650,000 are ue nationals, and and they tend to be quite healthy in their spending habits, and hence we are earning a lot of good commissions

162

00:40:28.104 --> 00:40:40.584

ADIB: on that. In addition that we've also introduced a lot of new product features into our particularly, I'm I'm focusing still on cards. Is that because the nature of our clients are more.

163

00:40:40.584 --> 00:41:09.973

ADIB: I would say, transactors versus revolvers. Right? So it's sometimes a good problem to have or not, because if there are transactors, your credit risk is low, but you also earn a bit less on these cards. So what we've introduced is what what we call easy installment plans which are fully digitized. I know it's been in the market out there, but what we have done is, we make it absolutely simple on your mobile app one click, and you immediately are able to defer your payments with a fairly low fee

164

00:41:09.974 --> 00:41:29.044

ADIB: component, still better than if you leave them at 0, because they are transactors. But it did capture a lot of fee income there as well. We've launched it, if only a few months ago, and it's already showing in our fee income. So that's on the card side. The second component of our fee component is the wealth management. Spa.

165

00:41:29.044 --> 00:41:48.084

ADIB: So West mentioned also has done extremely well. We've revamped our entire strategy. We've introduced more products. We launched a few new funds on the back of Adeep capital which have helped us really to capture some of the free income. And that's part of our strategy to ensure that we have a good mix between funded and non-funded income.

166

00:41:49.864 --> 00:41:58.843

ADIB: if I move to your next question, I think you've spoken about the components between the profit earned and profit paid on the balance sheet.

167

00:41:59.182 --> 00:42:22.214

ADIB: So so again, I think the the point is that because Casa, by definition takes time, so, despite that we have a very strong Casa base. We do add. As I said, we've added 1 50,000 new clients predominantly. If I would say a lot of them are Ue national salary transfers. That's all beautiful casa business for us, but the pace of us putting on financing

168

00:42:22.214 --> 00:42:32.383

ADIB: has almost put us in a situation where we went slightly more to the costier funding mix, which is fine, because I will never stop the business because

169

00:42:32.384 --> 00:43:01.033

ADIB: of waiting just to Casa to build up. I would like to Casa to be sticky. It takes its time and it will stay with us. So we kind of front loaded the funding based on the side which has impacted our funding cost. So if you actually take the 2 lines separately, look at profit earned versus profit paid, and quarter on quarter, you will see a very healthy pickup, but you're absolutely correct. The funding cost in relation to previous quarters has grown faster.

170

00:43:01.044 --> 00:43:26.753

ADIB: which is a conscious decision we made. But what happened is that because it was funding long term fixed assets, it means that as rates come off and we price down our colors, the money used to fund the financing side will actually stay longer on the financing side, and accordingly we will have a slightly muted, I would say soft landing when rates start coming off again.

171

00:43:31.714 --> 00:43:35.994

Olga Veselova | BofA RSCH EMEA: Thank you. Our next question goes to Narayash Bilandanya, Jp. Morgan.

172

00:43:37.274 --> 00:43:47.383

Naresh Bilandani | JP Morgan: Yes, Hi, Mohamed Lamia, it's Naresh Belannani from Jp. Morgan congrats on the very good set of results. Just 2 quick questions, please. One.

173

00:43:47.424 --> 00:43:54.303

Naresh Bilandani | JP Morgan: Could you please share any thoughts on these new credit provisioning standards that have been promulgated by the central bank, and

174

00:43:54.364 --> 00:44:16.384

Naresh Bilandani | JP Morgan: how these affect your medium term cost of risk and provisioning. If fully implemented today. I know you've been. You're you're guiding that by the end of this year you should see a reduction in the Npa ratio dropping to below 4%. Is this drop going to be led by recoveries or write-offs

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00:44:16.694 --> 00:44:21.456

Naresh Bilandani | JP Morgan: led by these new provisioning standards? So if you can please share some light on that

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00:44:21.914 --> 00:44:47.574

Naresh Bilandani | JP Morgan: on both the standards as well as how they affect your your medium term credit, profile, credit, quality, profile that would be super helpful. That's 1st and second is. And I appreciate this. You have to finalize this, but keen to get some early thoughts on how you're expecting the key. Metrics like volume growth, nim, and cost of risk to evolve through the course of next year so that we can. We can model this accordingly. Thank you so much.

177

00:44:48.714 --> 00:44:55.483

ADIB: Sure. Thank you so much for your question. So let me start with the current standards first.st

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00:44:56.204 --> 00:45:13.923

ADIB: So there were 2 elements in your question. One is as you go below 4%. What is driving that? It's predominantly a recovery of a big name which we're working on. We've done good progress on it. We're in execution phase. I think the negotiation. Everything is done. It's a matter of time.

179

00:45:13.944 --> 00:45:31.774

ADIB: Inshallah, till we execute. So we're going to go sub 4% by fixing one more big exposure legacy exposure, 10 plus years on our books, which is going to take us below 4%. So it's not a write-off. It's not an accounting write-off. It's a pure settlement of a legacy exposure.

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00:45:32.382 --> 00:45:46.163

ADIB: That is the the 1st one in terms of the credit standards. I think when we analyze the situation 1st of all we were. The announcement was that it will be implemented one month after it is published in the Gazette.

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00:45:46.484 --> 00:45:54.903

ADIB: We have not seen the publishing yet, but we are working on the assumption that probably this year it will come into force, and for you next year

182

00:45:55.014 --> 00:46:03.774

ADIB: what it means for a deep in specific. I think there are a few categories there which we need to think about. One is the point on the 1.5% on Lws for stage one and stage 2.

183

00:46:04.204 --> 00:46:28.653

ADIB: There's really no impact on that. On this one. We are covered. And I think it shows in our financial statements. If you do the math, we are good on stage one stage 2. The second one was looking at your specific provisions in your reserve or in your equity base, we have approximately 190 million there, which, as for the new standards, you have to assess how much of this will have to go back

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00:46:28.654 --> 00:46:51.933

ADIB: into your P. And L. Again. We're comfortable, because when we actually were slightly proactive in that measure, and we've started to build almost overlays in terms of meeting some of that exposure. Hence we don't see a big impact in Q, 4 of that. The 3rd element was looking at your collateral, the dilution over time for your Npa. Book.

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00:46:51.934 --> 00:47:13.673

ADIB: So I think now you can only carry collapses up to 5 years, and you will have to dilute the dependence of it year on year. But this is again a going forward kind of standard. So it's not taking the stock, but it's going forward. Are we particularly concerned about it? I would say no, because even without that standard we would have done that.

186

00:47:14.018 --> 00:47:33.993

ADIB: Because by end of year. Our provision coverage ratio will probably be above the 80% without collaterals. And if you fast forward that a couple of years ago, I think we would anyway inch towards a full coverage of any of the legacy exposures which will be more than 5 years and not resolved yet.

187

00:47:34.354 --> 00:47:48.994

ADIB: So we are actually in a good space when it comes to nuclear standards. But will there be an impact? Yes, there will be an impact. Will it be significant. I don't think so, and we would have a normal course of business anyway. Taking some of these provisions as well.

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00:47:49.620 --> 00:48:10.767

ADIB: Sorry did I miss any of your guidelines for next year. We. We haven't finalized that yet, but what I usually do is and this is not a statement to be taken like a garden store. But you look at, look at your Gdp growth. I think the the

189

00:48:11.174 --> 00:48:36.003

ADIB: the central bank is guiding towards a 6% growth of Gdp next year, I would say 1.5 x of that is probably a good proxy for asset growth. So maybe asset growth would be next year at 10%. And accordingly, if you were to look at revenue growth, probably between again 1.5 to 2 x of where you close this year again, very soft starting numbers to work with.

190

00:48:36.004 --> 00:48:56.474

ADIB: and then we will take it from there in terms of cost of risk. I don't think our cost of risk will materially change from where we are today. We are currently at 49 basis points. So, and we are only guiding between 40 and 60. We have not changed our underwriting standards in any significant way which would suggest

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00:48:56.474 --> 00:49:11.423

ADIB: that the cost of this will change. Now we are, as we said, more open to the expert segment for some time, and we've been very successful in ensuring that we book the right assets from that segment. But just to give you context

192

00:49:11.424 --> 00:49:35.373

ADIB: from our retail book, which currently sits in the Ue at around 70 plus 1,000,000,082% of it is still financed to Ue nationals, which means that even as the expert book goes, it will always be the smaller portion of our retail financing book. So, again answering your question. I don't think the cost of risk will materially change into next year as well.

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00:49:36.334 --> 00:49:38.923

Naresh Bilandani | JP Morgan: Thank you so much, Mohamed. That was very clear. I appreciate it.

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00:49:40.384 --> 00:49:45.493

Olga Veselova | BofA RSCH EMEA: Our next question is from Murat Ansari, from Gtn. Middle East. Please go ahead.

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00:49:48.764 --> 00:49:49.373

MuradAnsari | GTN Middle East: Yes.

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00:49:50.124 --> 00:50:00.313

MuradAnsari | GTN Middle East: Good afternoon. Thank you very much for the call. And congratulations, Mr. Mohammed, on the confirmation of the rule. So 2 questions from me. One is on on deposits.

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00:50:01.257 --> 00:50:02.663

MuradAnsari | GTN Middle East: So if you know

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00:50:02.704 --> 00:50:04.994

MuradAnsari | GTN Middle East: you've mentioned that you've you prefer to

199

00:50:05.064 --> 00:50:19.804

MuradAnsari | GTN Middle East: to fund the book before you grow the loan book. And we've seen over the past 2 quarters, the mix on the Casa side deteriorating, as obviously, you know, looking to grow deposits quickly, and that's coming largely through term deposits.

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00:50:20.227 --> 00:50:35.960

MuradAnsari | GTN Middle East: Just wanted to get a sense of how you're looking at Casa mix evolving? Ie. I mean, are we going to continuing, continue to see deposit on the term book, growing at a faster pace to to keep

201

00:50:36.424 --> 00:51:03.824

MuradAnsari | GTN Middle East: you know, keep track with loan growth and meaning that we do see some margin impact as a result of that, and secondly, also on deposits, I mean, is there any seasonality which kind of kicks in in the in the second half of the year, because I was just looking at numbers, and it seems that the second half casa deposit growth tends to be slightly weaker than what we see in the 1st half.

202

00:51:04.412 --> 00:51:20.193

MuradAnsari | GTN Middle East: So so your comment on that and on public sector loans. We've seen a sequential decline. And I think you did mention something about early repayment. So so just your thoughts on on that. Thank you.

203

00:51:22.004 --> 00:51:49.833

ADIB: Thank you so much. So 1st of all, let me address the point on the casa for next year as well. And the mix we take these decisions very carefully, particularly at Alco level. And it's a very calculated decision, because at the end of the day, whether the Casa ratio is 61, 65, or a different number. It has to make sense at the bank level. Right? So if we believe that

204

00:51:50.414 --> 00:52:17.224

ADIB: our pace of growing assets is diluting our margins to the extent that it's eating our profitability. We will just not do it right, and we will take it slow. But this year, all along we've seen that the asset build up and the momentum justified all the deposits we've taken, and hence, while the net profit margins might seem to be stagnant or slightly inching down in the last quarter net net. The bank is still making more money

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00:52:17.224 --> 00:52:23.733

ADIB: in a very active way, so fast forward. The same logic for next year we will continue to do that assessment.

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00:52:23.734 --> 00:52:47.814

ADIB: As we look at growing our financing book, our casa book also is growing at a specific pace. Now we have more initiatives to ensure that maybe we accelerate that a bit. But if it means that we maybe go to the market and raise a few more costly deposits, we'll definitely do so as long as the sum of the parts is bigger than just holding the financing finance origination.

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00:52:47.814 --> 00:53:05.154

ADIB: So that is, I think, on the Casa side. But again, I want to reiterate 2 important numbers. Retail is still at 90% casa. Right? There's nothing more. I have not seen that before, and I would be, I would think, quite aggressively. I want this 90% to be higher, because there will always be an element of

208

00:53:05.154 --> 00:53:28.764

ADIB: in the retail book. It's really the corporate side where the sensitivity on pricing is just going to be an element of how much more cash management business, you are able to originate in terms of either escrow accounts or cash management, because, other than that, the corporate will always be wanting a return on his deposit, and hence the low rate. But having said that next year, I think

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00:53:29.094 --> 00:53:39.994

ADIB: the the ratio will slightly pick up from where we are just by the fact that rates are also coming off, and the lower the rates the less sensitive the clients will be.

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00:53:40.094 --> 00:54:08.453

ADIB: So that's on the net profit margin side. So you had the second one was seasonality seasonality. No, we don't see that, because what you might see is that in terms of percentage, the growth in Casa is lower than Wakala, but percentage wise, because the base is also different actually, in terms of absolute amounts. We've grown almost 10 billion of Casa in 9 months. So that's also unheard of in the state environment

211

00:54:08.474 --> 00:54:24.354

ADIB: still managing to grow 10 billion of a base of 100 billion. That is big. Yes, we've grown 17 billion, maybe on in Wakadas. But the 10 billion still came in. And I think this will continue to be this case for this quarter, and for next year, as well.

212

00:54:26.134 --> 00:54:39.329

MuradAnsari | GTN Middle East: Yeah, I mean, I agree. I think you know, the more demand was, growth has been quite strong. I was just looking at sequential numbers. So if I look at 3rd quarter, casa deposit base versus second quarter, I think this

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00:54:39.644 --> 00:54:56.503

MuradAnsari | GTN Middle East: this quarter has been about roughly, I mean, combined about 800 million reals in growth. Just from Casa. So I understand the the growth in in term deposits, and that obviously is calibrated according to your asset book growth.

214

00:54:56.514 --> 00:55:15.454

MuradAnsari | GTN Middle East: but just the absolute number I thought. I mean, I look at previous years as well, I think. Seems like 3rd quarter probably has some seasonality with demand, deposit, and saving deposit growth, even in absolute terms, is a bit lower than what we see in the 1st half of the year. So just so, that was where I was, what I was referring to.

215

00:55:16.474 --> 00:55:33.813

ADIB: Yeah, no, I think maybe 1 point maybe we didn't did have to mention as well is that if you recall in the 1st and second quarter of this year, particularly, we had some some very successful campaigns, if you remember the Saturday back campaigns. We had.

216

00:55:34.129 --> 00:55:37.814

ADIB: Yeah, where? And this was, I think, one of the kind in the market. Now

217

00:55:37.814 --> 00:56:03.893

ADIB: we're happy to see that other banks are doing it as well. That's okay, right? But we've actually done it, and we've managed to grow our casa balance quite aggressively. And once we achieve the target of that campaign, we stopped it. So by this stopping the salary cash campaign, which is, almost bring your salary and you get 100% back of your salary. If you meet certain criteria. This has boosted our casa balances quite significantly. We stopped it. There's a slowdown expected, but we will have more campaigns coming in as well.

218

00:56:04.774 --> 00:56:21.474

MuradAnsari | GTN Middle East: Sure. Thank you. And this the second question I had of the public sector loans. We saw some decline in absolute numbers, I think about 1.6 billion drop in 3rd quarter is that early repayment. So these are scheduled repayments coming through.

219

00:56:23.444 --> 00:56:45.904

ADIB: Yeah, no, I think it's again a market dynamic, because we've seen some of the government entities quite cash rich, and either rescheduling or restructuring their financing, or actually a full repayment as well. And it has to do with some of the Ipos which happened and which is okay. Our share of that repayment happened in quarter 3 as well.

220

00:56:45.924 --> 00:56:59.263

ADIB: Other banks have probably seen a similar phenomenon, but I think the the good thing is that we've able to cover the repayments and also grown that. And and that's why, while Jose Bank might see flat, it's actually underlying grown quite healthy.

221

00:56:59.264 --> 00:57:16.014

ADIB: Now. Q. 4. I'm not seeing. At least there's nothing in sight for any scheduled repayment. We only know when the quarter is over, but at least there's nothing scheduled, and hence what we have in the pipeline, and actually already dispersed in October, would suggest that we will have a strong close for the year, as well.

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00:57:18.504 --> 00:57:20.294

MuradAnsari | GTN Middle East: Great. Thank you so much, and all the best

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00:57:21.084 --> 00:57:23.393

MuradAnsari | GTN Middle East: 4th quarter, and next year, thank you.

224

00:57:25.304 --> 00:57:30.564

Olga Veselova | BofA RSCH EMEA: We have 2 min for the very last and brief question. Ahmed Kamal Prize over to you.

225

00:57:36.604 --> 00:57:41.234

Ahmed Kamal: Hello! Good evening, thank you, Olda, and congratulations to Mohammed on the new role

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00:57:41.344 --> 00:58:03.844

Ahmed Kamal: just quickly on the sensitivity that you have mentioned. So 120 million cut for every 50 basis points cut in interest rates is that on the net income level or net interest income level, given that, we believe that for the interest rate cuts it should be accompanyed by a higher, long growth and

227

00:58:03.844 --> 00:58:13.793

Ahmed Kamal: more like increasing fee generation. So is that in taking into consideration the volume growth, or it's it's not.

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00:58:15.004 --> 00:58:42.193

ADIB: Thank you. Thank you 1st of all for your wishes, and I think very good question. When we do sensitivity, we always based on a branch as is basis. Right? So if the balance sheet would be at today's point and you assume a curve shift by that specific basis point. That's your impact. Now, that's why we are running with volume growth and a healthy level to offset some of this as well. But yes, your 1 20,000,050 basis points is based on today's balance sheet.

229

00:58:43.484 --> 00:58:44.264

Ahmed Kamal: Thank you.

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00:58:45.844 --> 00:58:53.294

Olga Veselova | BofA RSCH EMEA: And thank you everyone for participating in today's call. And thank you. Adib management team for hosting this call today. Thank you.

231

00:58:53.814 --> 00:59:01.314

ADIB: Thank you, Olga. Thank you, everyone. And if you have any further questions, just drop us a line. Thank you.

232

00:59:01.654 --> 00:59:03.513

ADIB: Thank you. Ron, thank you.