ADIB Earning Call Q12025

Good afternoon good morning everyone my name is Aybek islamov I'm emerging Mina financials equity analyst at HSBC on behalf of HSBC I'm very glad to welcome you today to Abu Dhabi Islamic banks first quarter earnings call with us on the call today we have Mr. Mohammed Abdul Bari Group CEO Mr. Ahasan Akhtar The acting chief financial officer and miss lamia HarIZ head of corporate communications and investor relations with no further ado I'd like to hand over the call to miss lamia.

Lamia Hariz

thank you I like good afternoon to everyone on the Call and thank you for joining us I would like to welcome you to the Q1 financial results for 2025 before we get started just a quick reminder that today's presentation and all our financial disclosures are currently available on our IR app and on the IR section in the corporate website. Today's agenda is consistent with the previous quarter so we're going to start with the a high level brief on the quarter given by the GCEO then it will be followed by a more detailed analysis given by Ahsan Akhtar on the financial performance of the bank then we would open the room for Q&A as usual with that I would now hand it over to Mohamed

Mohamed Abdel Barry,

Thank you, Lamia good morning good afternoon everyone thanks, you for joining us. we are starting the slide with the key financial highlights, and I am very pleased to report that we had a very strong start to the year with the first quarter of 2025 continuing our strong momentum from 2024 . as we can see we are reporting a net income before tax of 1.9 billion which is up 18% year on year and it's also up 18% from the fourth quarter of 2024 as the fourth quarter of 24 was almost in line with first the first quarter of 24 because in that quarter we recall we had taken some additional provisions on the back of the new credit risk standards implemented at that point in time. we have reported a return on equity of 29% that's something not new to ADIB we've always been consistently reporting strong return on our equity and what is very encouraging is if one would look at our revenue momentum we are reporting an increase of 14% year on year on revenue the absolute number is 2.9 billion and we are looking forward to cross the 3 billion landmark very soon but I think that's quite an achievement despite the fact that if you look at net profit margins year on year there is a reduction on the back of the rate impact we have seen towards the later part in 2024 and one of the most important parts also which we would like to highlight is that our non funded income has now grown by 35% and now contributes approximately 39% of our total revenue and that is in line with what we've always been sayinng in the past that we would like the non funded income to play a much bigger role in our growth story and allowing us to grow more efficiently and to create value for our shareholders and the equity position. from a client acquisition perspective we have welcomed 67,000 new clients this takes to a new landmark , we are just about touching the 2 million clients across the franchise putting. our our cost income continues to trend downwards so with the 14% growth In revenues and 8% growth in cost we maintained our positive jaws reporting a cost to income ratio of 28.9%. now if if one would just look at the capital and the balance sheet position for a second and our balance sheet has grown approximately 25% year on year we're touching a total asset base of aed 244 billion and supported by a very robust growth in our the financing assets across all our businesses and which has also been efficiently funded by by a mix of the projects so in fact with with the 25% growth in deposits show that deposits have grown faster than our financing which has been quite impressive and it's always been our strategy in that regard an important number also to call out is our asset quality and again the journey started probably a couple of years ago where we said we will be focusing on enhancing our NPA ratios AND coverage ratios and we've done exactly that our NPA has touched today 3.7% and Fast forward for the year we we expect this number to continue to improve to the lower 3% mark . coverage ratio as well improved to 83% on the back of us continuing to build provisions and cover our nonperforming assets having said that including the colleTERALS we are crossing the 160% mark so again.

very quickly I think on on the guidance and so So what are we saying on the guidance I think the first thing is that gross financing will be 12 to 14% might might appear conservatives I hope you're right right and I hope we overachieve that number but at at this point in time we do believe that probably touching more 14% is realistic because 27 percent is year on year and in this quarter I think probably mid single digit growth there is going to be seasonality there will be probably some repayments coming up and particularly on the government sector side so hence we are signaling the 14% growth for the full year. net profit margins and we're looking at a number anywhere between 4 to 4.25% now it's always depend on how what will happen with the rates, two to three rate cuts will happen I've heard other colleagues in the market probably echoing the same we're all in the same page and let's see how it plays out. would just like you to to to take note of the gross gross yields which we are charging on the financing which has been very resilient at around 7.37% despite these rate cuts and that's just evidence our strategy is working we have been successful in building our fixed profit book whether it's on the retail side whether it's on the treasury side which has really more than offset the decline we've seen on the corporate book from the back of the instruction and the cost of risk and signature project anywhere between 40 and 60 basis points we had 37 basis points and today again I think it will probably end somewhere in the middle and we are hoping that it would be closer to the lower end of that range our portfolio has been very strongly at one point think I wanted to also mention that I talked about NPA is that part of the success story what you're seeing today is our ability to ensure that there's no fresh migration of the book into stage 3 probably the the last big name I could remember was probably two years ago and as you are fixing your legacy book as you're growing your your financing asset and and accordingly solving for NP ratio we're making sure that there's no new migration that trend is hopefully going to continue because by no means we relax any underwriting standards from the risk appetite despite the 27% plus you're seeing on the financing side . on the cost to income ratio as I mentioned we're signaling anyway you know 30% we are investing in the areas of the bank and when I say that it is clearly as part of our application to GEN AI technology ability and enhancing the infrastructure and foundation to actually support that vision only a matter of how you deploy your system that your foundation has to be super strong and your controls and particularly in cyber security has to be able to cope with that revolution as you move forward and and last but not least is the element of staff we are focusing to ensure that all that stuff is properly compensated are paid fairly and and we are able to attract best talent in the market and so when we talk about cost growth it's not only about technology but there's a lot of focus on staff costs as well for the right areas and for the right talent and return on equity is above 25% and I would believe that we're going to probably hold towards where we are today because I'm not seeing that our origination efforts changing and we continue to create value in terms of capital accretive business and that means we're driven by the non funded income is gonna even I would say support that particular ratio for the foreseeable future as . Ahsan will take us to the financial performance

Ahsan Akhtar

good morning good afternoon to everybody on the call to start with a quick summary on the financial PEROFMANCE. we had an incredible start to the year net profit before tax has been particularly strong at at 1.9 billion up 18% year on year revenues are recorded 2.9 billion almost close to 3 billion now up from 14% and with expense growing only 8% this has resulted in jaws widening so much and growth of 17% cost to income further improved by 151 basis points to reach 28.9%. balance sheet growth has been particularly strong but that's it's growing 25% to reach almost 244 billion and our deposit reached the 200 billion mark for the first time. the net profit after tax was 1.7 billion the the the momentum that we saw last year has continued into this year because of the diversification of our revenue streams our total tax charge was 226 million which resulted in an effective tax rate of 11.4% it's worthy to call out here that the entire net profit before tax and essentially comes from the growth in revenues here. funded income has increased 4% compared to one year ago and and we had very good momentum in Q1 our non funded income resulted in it being up by 35% compared to last year this impressive growth has actually been across all customer segments. net profit margin at 4.31 has been more or less stable on a sequential basis so we ended last year almost at 4:25 and the yield on the clearly pleasing has been the fact that the yield on our assets have been almost flat to one year ago at the same time we have been improving the cost of funds especially in our UAE business which has declined from 1.77 to about 1.67 this has been a result of the increase of Casa even in Q1 approximately 9 billion at the same time we have managed to reprice our wakalas which are essentially fixed . our sensitivity to rate remains unchanged at 120 million of impact for every 50.BPS.

Non funded income which increased by 35% to reach 1.1 billion. The key drivers of this has been fees and Commission which has increased by 20% year on year our FX income was particularly strong registering an impressive growth rate of 170% as a result of increased customer growth and as well as executing treasury hedging solutions. On the expensses the growth was for 8% and the previously mentioned on quarter on quarter we have been relatively flat despite the fact that we have been investing in our people as well as AI and digital solutions to deliver market leading technological solutions . cost to income ratio is 28.9% and this should come down slightly as we move on in the future. In terms of provisions and these have been relatively flat there are so the credit goes to the fact that you know we've had we have recoveries and write off over the last 18 to 24 months. Cost of credit relatively stable at 37 basis points with retail being at 40 BPS as we move forward uh in terms of non performing assets these have reduced further over the last 12 months by about by approximately 900 million to reach 5.7 billion this now represents a very healthy NPa ratio of 3.7% and which one which if you compare it to a year ago at 5.5% actually is very impressive and this has resulted us in increasing coverage ratio by almost 10% to reach 83% and if we include the impact of collateral this is now almost twice at 160% .

in terms of our balance sheet um we registered healthy growth in in Q1 with overall total assets increasing by 18 billion which has been on the back of customer financing growth which was very impressive at and if you move forward and look at the key drivers of this was retail really with the increase of assets by approximately 18 billion this has been across all the flagship products like home finance being #1 which registered an increase of close to 60% but we have had healthy contributions across the board. retail now accounts for almost 57% of our total portfolio in addition to contribution from retail or wholesale portfolio actually grew significantly our government and public sector increased significantly by approximately 10 billion over the last year .

our investment nook we've managed to increase it over the last one year to lock longer duration assets at higher rates and this obviously could serve as a natural edge against the declining rate and environment.

our deposits overall the strong customer franchise has resulted in our deposits increasing by 25% with the massive continued growth in casa of 15 billion year on year this is particularly impressive especially in our retail space where where the bulk of the current in saving deposit growth has come from CASA ratio now stands at a high of 69% and it is particularly pleasing to tell you that the casa are in our retail business currently stands at close to 90% and our ability to continue to attract Casa in the current rate environment has been a key success factor for the bank and it is therefore reflective of our focus on product innovation

Lastly I'll conclude by talking about the capital and liquidity position , we continue to maintain robust capitalization levels and liquidity levels we have our overall capital adequacy ratio now stands at 16.2% with common equity tier one at 12.2% and we've achieved this despite an overall increase of only 6% in our credit risk RWA. our liquidity ratio still stand particularly strong so our financing to deposit ratio is actually improved much improved further to 75% from 78 at the end of December due to the high deposit growth rates and at the same time advances to stable fund ratio. with that we conclude the financial side of the presentation thank you.

Q/A

we would like to open the Q&A session if anyone has a question please raise your hand your name will be announced please unmute yourself and ask question there's also an option to type your question in Q&A box will read this questions during this call but I think before we start the Q&A session I'll start with my question first if that's OK

Aybek HSBC: I I I think you know that definitely like very good set of numbers by all means congratulations with a very good quarter first of all and the question is about your retail banking you know the number of customers very impressive increasing number of customers 67 000 is this due to marketing or is it due to like organic inflow of customers if you can give some color around this that would be great and then second aquestion is about your experience looking at the retail banking market in the UAE through different cycles when we have a challenging oil market environment how does that affect the retail banking behavior if you can give some color around this there will also be very useful.

ADIB : thank you sure OK thanks so I think the first one and let me know that they follow up so in terms of the number of clients I think there are few elements if I just put some stats behind it will explain the situation now majority of the clients if I were to see how we acquired them have now moved from the more traditional channels to dgital channels so we're very happy to see that actually most of them have join through the mobile app and and they have experienced the seamless journey in terms of onboarding and enhance your our pace at acquiring these clients and more importantly if I look at the demographics where they come from and which area it's becoming even more diverse so predominantly there still uae nationals because this is basically our DNA and we are a natural magnets for new nationalis but I was also happy very happy to see that there are more and more expats especially in the affluent space have started to be able to come to ADIB I have seen and the value proposition and the seamless experience so I I think if anything this number in my view will probably exponentially increase over the next few quarters because it's just the machine is working and and we're seeing more and more throughput

the second question the oil price impact on there is oil prices I think look I think it's too early still to point out there is a lot of uncertainty still clearly in the market at this stage but we have not at this stage witnessed any different behavior of our clients could be also the fact because again our majority of our clients are UAE nationals so they they look at things slightly more different than what you might see in an expat community but we're watching this space but at this stage we really have not seen any impact at this stage

thank you Mr. Mohammed so we'll now move to the Q&A session so given the number of participants please try to limit your number of questions to two uh would like to open the first line for **shabir Malik shabir** please unmute yourself and go ahead hi can you hear me yes alright thank you congratulations on a good set of results and appreciate the guidance that you've been you've provided it shouldn't be on the guidance especially on the margin side assuming there are no rate cuts in the second quarter do you think you can retain these margins going into the second quarter or is there some residual impact of rate cuts in the previous quarter that could filter through uh so that's my first where do you think these margins can sustain if they're rate cuts in in the second quarter and my second question is around the financing growth which like you mentioned earlier looks conservative considering the very strong outcome in the first quarter maybe if you can touch on the key trends that you expect on the retail side so we've seen pretty strong growth on the mortgage mortgages and personal financing generally but if you can go by business like what what are your expectations for the rest of the year

ADIB: thank you so I think should be first question if rate cuts were not to happen this year I would probably like to believe that where we are today would more or less be the same margin levels right because the book has by now fully repriced adjusted for returns even the lower rates which happened last year predominantly impact our book so where we are today assuming no rate cuts these are the margins we expect to see and but but but we'll have to see and and I think as also evidenced in our net profit margin slide where you know where the gross sales have held but our ability also to price down the cost of liabilities and wherever we are pricing them has also helped to protect the corridor so the answer is yes we expect them definitely to hold and now on the second question regarding the the financing and the retail momentum I think your question was whether the momentum will continue to hold or we can take it by business or in in terms of retail business on our flagship products are home finance our our model is working and I think it has to do also with our strategy in terms of making sure that the experience to the client is also seamless because it's home finance is a lengthy process we are working on and on that specific aspect so it's not only a value proposition but also making sure that the client has a good experience and it becomes almost word of mouth and and we've been continuously month on month growing our share of acquiring home finance in the market personal finance what has helped us really to to grow that as well is that more and more is coming out today so it is a very easy process whether it's new to bank or existing clients personal finance is is a click on the mobile phone and you're good to go and I think that's where we have seen headed to pick up coming in same for cards and when it comes to the wholesale bank I think we had a we had a a good start for the year and we have seen some repayments which have maybe masked some of the better underlying perofmance we've seen. Fast forward in the next few quarters I think the the cost conversion of the pipeline will be still fantastic but we just have to watch this space because I do expect there will be repayments coming up and and definitely some entities that refinancing also their their exposures as and when they consolidate or they start maybe getting some better margins or pricing and as the rates also come down as well and so these are the two businesses but as I said the the machine is working it's it's firing on all cylinders and we've been able to quarter on quarter ensure that this book grows consistently and I think the most important part this last point I would like to make there's no relaxing of risk appetite we are standing true to our standards and that is purely a strategy in terms of growing.

EFG: thank you maybe just a quick follow up on the repayments on the corporate side do you think this is some of it is linked to the tax proceeds that I think I guess the federal government will collect uh and which and it's kind of filters down to the GRE

Adib : I think it's possible shabir but also if you look at some of the issuance that's happening in the market they automatically become a replacement for some of the financing these entities have right so the moment you see an announcement of a bond coming to the market you know that it will probably follow a repayment of some existing financing there and we had a very active quarter one yes there was a pause maybe for for a few weeks when there was some uncertainty in the global landscape which pretty much is still there I would say but then it the market opened up again and we've seen all the big players coming to the market for some of their fixed income upon this Wednesday which would probably replace some of the finance

Olga Veselova: Olga please announce yourself um and go ahead thank you thank you good day this is from Bank of America I have several questions one question is on effective tax rate it remained unchanged in the first quarter versus last year if you do realize you need to move to 15% this year does this mean that you accrue additional tax in the next quarters which was basically second is on capital requirements I seen your statements that central bank is increasing your minimum by 50 basis points for the corporate exposures it's not clear if your minimum is going up by 50 basis points would you please confirm it and also why would central bank increase countercyclical buffer now in your view what's what's the rational level do they want to go down or not

ADIB: thank you sure thanks first question on tax so I think there are two ways to look at it first of all have we implemented the 15% I would say partially not 100% and the reason why I'm saying that is that we are currently going through an exercise to work out the exact effective tax rate now there are many pillars which go into it for qualification and qualification what is exempted what is not exempted and even within the profit and loss statement what would qualify as taxable income cost and what would not so we we thought our assessment there was a support of external tax consultant we came out with what we believe is an effective tax rate we we've we've probably come I think partially taken the impact in Q1 if you have taken the entire impact you can you can add another 20 million there so I'm giving you the number we have the professional ahead let's just add another 20 million . we will be coming to the market and tell them exactly what is our effective tax rate because now the law is out there it's very clear now we're working through the exercise and it's not I would say just everybody gets the 15% no there are certain exemptions there are certain criteria and hence the effective tax rate will differ from 1 entity to another so watch the space for half one if you want to normalize add another 20 million there for Q1 as a tax number that will give you probably another good effective tax rate 15 but we are cautiously optimistic that this number might actually be different and we'll talk more about it in half so that's that's on the back side in terms of the capital question you have and the regulations you're referring to is not going to impact us because you're probably talking about capital buffers which will be have implemented for us we we we are we are not impacting the business as with the stress testing there's no change in terms of the way we manage our capital position now the discussion might be do you need more capital just that's part of your normal course of business and we can talk about that but from a regulation perspective for us there is no at this stage.

do you need more capital given the pace of growth OK you know said that's correct OK and I think it's a good problem to have so I think we are still very much comfortable in terms of creating internal equity to support the growth we have now if if there comes a point and I don't think it's going to be this year definitely maybe in the future given that we are growing efficiently and then we need to think about maybe our capital structure slightly differently to ensure that we are supporting the business growth then definitely we will we will make certain decisions and accordingly deal with that the answer will never be slowed down. I can tell you that right this is not the answer the answer will be what do we do with the capital position at this stage but for for this year no issue at all probably for maybe next year or beyond if that that growth momentum holds with that business drive then you'll probably have a discussion.

: Rahul Bajaj Rahul quick questions from my side firstly on the cost of risk as I see has been pretty stable at around 40 basis points but yeah because the corporate cost of risk which went down quite materially during one Q if I look just wanted to understand is this kind of a one off budget where corporate cost of this has gone down or you think this is more sustainable than given the business mix changes you've seen mainly growing the GRE book on the corporate side. so so that is my first question and my second question is on loan growth volume growth uh just wanted to understand is there an international component to it I mean to what extent the pipeline is coming from outside the UAE is that is that anything of importance we should be thinking about and is there a Saudi component to everything I mean are you active in Saudi mega mega projects in any way so so those are my 2 questions thank you.

ADIB : thanks so I think the first question in terms of cost of risk there was a recovery in Q1 for a couple of names and this is part of cleaning the NPA book so we have been quite successful and over the past year as well asthere was one big name which led to recovery because other banks as well so that's that's not going to be recuring so we can go slightly higher than 30 bps in my view.

in terms of the financing growth the answer is it's no it is mainly coming from the UAE market and it is not international so our international business biggest business being Egypt has grown almost as equal as we have grown in terms of percentage growth in local currency terms but because of the devaluation the contribution to the group financing has been not that big so locally excellent performance . we have a part of our wholesale bank book is a Saudi exposure our Saudi exposure is predominantly investment grade government entities and not so much I know where this question probably is leading not so much the project finance convection which maybe one might think is that we think about these transactions in light of the oil prices we're not exposed to them and it's mainly at the sovereign government entities with some project finance deals which are more immune to that specific phenomenon.

what would be the effective tax rate for the group after pillar 2 tax calculations kick in yeah I think we we answered that one so I would hold that thought till half one for now we can use them as I said the number we have around between 12 to 13% maybe is a good proxy for effective tax after you add the 20 million I mentioned but then we will give you a much more better assessment of

there's another question from the Q&A box so it's about the very strong growth in the CASA this quarter is that sustainable or are there any potential transitory deposits or also note so can you clarify that please yeah sure so I think I mean the the cost of the deposit has been a success story if one would look at what we have done from Jan 24 to December 24 we probably won't deposits by 23 billion in one quarter we've done 17 billion right so we've done very close to what we've done in the full year . I think this is on the back of a very targeted campaigns which we have run and we were had to do also with a higher number of clients has to do with the more providing almost like a value proposition which is which is creating constant growth because constant growth on its own doesn't happen right it has to be linked to whether it's a salary transfer then linked to a financing linked to a wealth management transaction and Casa comes on top of it so I think we've been quite successful in this is the quarter one number there can be extrapolated for the year I would be cautious about this because usually it is very common that Q1 usually holds a higher growth in terms of cASA that's where the time people hide to have a bit of more inflow do a bit more transactions but will it be significantly different I would hope not but I don't think you could extrapolate the Q1 number for the rest of the year

the next question is coming from the line of Murad Ansari moral please introduce yourself select hi good afternoon = from GTN just two quick questions on the on the one on deposits you know do do lower rates I mean since the cuts have have that led to any transition from time to to Casa or is that not something a trend that you see at ADB

it's been a very strong addition of customer base so so that largely explains the growth but just checking if there's any transaction on the interest term deposits to saving deposits and secondly on the fee fee in non interest income overall I mean fee income has been very impressive you know tracking asset growth in general on on the balance right but I mean I'm there's a very small number on on on trade finance it's kind of doubled over the last versus first quarter last year so just get trying to get a sense if if this is something which is another growing stream of income or or this jump was was kind of seasonal and lastly if you could just shed some light on on the forex income growth that we've seen in this quarter

thank you so I think we actually announced that the Casa grows and the question was whether lower rate environment will lead to more casa f the answer is yes but we're not there yet because we have we not hit that point where a client becomes indifferent between investing in you know Casa t or more or less say profit earning deposit versus keeping his money at lower return and it will eventually happen or could happen when these are lower but I can tell you for a fact we're not there we're not even close at at that point yet and the the the reason why as you also educate the customer different by the campaigns and by just more than a number of clients and the additional add-ons which we are offering our clients and eventually to to higher Casa goals so that's on the Casa side on the fee income and part of our strategy and was to grow funded income funded income fee income is is part of it and the good thing is that it is quite nicely diversified across many streams so whether it's on the card side and maybe and not many people would know that but ADIB is actually the highest debit card spend in the entire country like we have the highest debit card spend that that that's a that's a fact and this tracks all of fee income for us as well and then the second part is that the trade is is a very important anchor in the wholesale banking business we have invested heavily on that capability in terms of systems and people and value proposition and I think it's really on the sme side we have been focusing heavily on that segment particularly on the liability side not so much on the financing side so you wouldn't see financing in that space growing as much but it's liability side which always drives effects as well as fee income as well so these are the elements which have really helped in terms of our fee income and also you had a question on FX which I answered partially because another bit has also come from the sme side yes

hank you so much uh thank you we'll move on to our next question the next question is coming from the line of naresh bilan dhani naresh please introduce yourself yes fine thank you for the presentation it's from Jeffries Congrats on the good set of results 2 questions please first mover just following up to your previous comments please if we think of the last few quarters I'm keen to understand how should the geographic loan mix evolve for the franchise you said one of the key drivers of the loan growth in in in this quarter has mainly been driven by UAE but if I also take a look at the what you report as the rest of the Middle East segment the loan mix is up to 11% compared to 8% twelve months ago is it fair to think that majority of this part or this line is being driven by uh by Saudi is that is that fair and also while we are talking on the loan mix so that's the first question this 8% to 11% this is mainly Saudi and how should we think of this evolving in the medium term where should this number get to you and also I think what you've grown is quite significantly is also the government and public sector mix which is up to 20% compared to 17% last year on both these areas that I'm just keen to understand if we do medium term modeling um how should we think of the geographic and the government and public sector mix evolving through the medium term so that's my first question and my second question is that's a this is a quick one you know in context of the increasing customer numbers that the franchise has been reporting I think your last reported cross sell ratio number was 1.5 is there any latest update on that how you progressed on the cross sell I know your target medium term has been to take this stretch this further to 2.0 to 2.5 but if you can just shed some light on where this number is currently that would be super helpful thanks a lot sure thank you so much

ADIB: so I think first part of the question was really on the financing side and I think a good spot from you yes when I say the whole market I also meant Saudi because a majority of this not majority Saudi booked it's booked in the home market so while it's geographically exposure to Saudi is still on the UE box right so it's in our uae book and you're like a lot of the growth has come from Saudi and I think also we really expect that to continue will it be at the same pace we will make a decision and choices I don't see a significantly changing because again our target market in Saudi is very well defined if anything spreads actually have widened in Saudi so it's becoming at least even more attractive for us to to even do more business there but we are very I would say uh bullish or optimistic on the Saudi market and it will continue to be a major factor for our growth story and the government sector which you mentioned in terms of growth that is again focused I think a lot of it is in the UAE across all Emirates we have the the beauty of that specific segment is that it it is very capitalized I saw hence when you look at this in terms of growth and supporting our wider franchise you're doing your financing book at capital light and you're able to also ensure that you you almost bank the entire ecosystem you need those financing everything else comes along as as you go so the government sector will continue to be a very important element for us and then where your question of how we should think about it in the future in terms of modeling I would I would model it this way our retail growth is very predictable right if you think about it 18 billion over the last 12 months so if you were almost do it on on a monthly basis that's probably 1.51 that's a very predictable number . with the change in the non ffunded income contribution to total revenue I expect that number definitely to have gone up as well thank you very much for your reply I appreciate it uh thank you we'll move on to our next question from the line of varuna kumarage waruna please announce yourself hello hi good afternoon am I audible uh yes you are yeah hi thank you for the call and I have a couple of questions just a small clarification on the first thing on the effective tax rate uh normalized basis you said to add 20 million for the fourth quarter but even that brings to brings it to around 11% I don't know whether my calculations are correct but but you then you mentioned it's around 12 to 13% so I just want to clarify that and secondly in terms of In terms of financing book uh sorry in terms of the investment book now if you if I look at your investment book and then compare to some of your peers in UAE it's relatively low I mean compared to the total assets so is that like a benchmark that guy that we can look at uh when it when when we think of how this segment book will grow in the future because it's it's actually growing faster than your your own book so is that the correct you know way to benchmark it that's my second question

thank you is fantastic so I think on on the first question on tax and the fact that it will come to 13% this we can maybe share with you the numbers again but with the 20 million it will come to 13% effectively but happy that the team maybe shares after the call maybe some more details and I think at this stage we don’t want to say too much but it's moving definitely in right direction and by no means we are short on any tax reform at this at this stage from from all our perspective in terms of the investment book so we've grown year on year as I said around 6-7 billion of which we've been alone was in Q1 and and our investment book is very important for many reasons one reason is that it is a fixed income book which gives us air cover as rates are expected to come down but also because it is an element where it complements the financing growth so you're juggling with a lot of balls in the air right you have your retail finance retail book growing you have your wholesale bank as well and any any any element which may be there is a time lag between us being able to to to convert the pipeline anything whatsoever we have we have repayments we immediately have another lever to pull and one of them could be the reinvestment books immediately and when I mentioned that you see some some companies going to the market for support questions of ones and then repayment guess what we on both sides as well right to the repayment happened on this side we on the other side of the table and immediately participate in their support issues as well and hence you see that trade off between the investment book and the financing book as well in terms of total proportion to assets you're correct I think you're probably in terms of percentage if you compared to market slightly on the lower side compared to our main peers and but this is this by design because this is the mix which we are comfortable in terms of operating the balance sheet if that ever is going to change we will make these choices but at this stage I think this mix is quite comfortable in terms of the delivering our objectives that's clear thank you very much yeah thank you

the next question is coming from the line of Rahul Rajan Rahul please announce yourself and go ahead hi good afternoon uh quick questions from my end what is on Saudi uh you mentioned Saudi will continue to be a key driver could you just throw some light as to what percentage would be Saudi currently since you mentioned is on the campaign that the deposits that you were earlier reading about uh So what are these campaigns towards is it towards deposits only or you know what's the nature of these campaigns because the costs are really increasing as much and you also mentioned that uh with interest rates uh that the movement from time to Casa hasn't really happened but you also mentioned that Casa within retail is like 90% so you know what's what's so are you so are you unique to the fact that maybe retail customers are not really interest sensitive or no why are they still

our Casa what would be the main campaigns which we were we were running I can think trademark campaign which is Ghina campaign bonus campaign many many of these winback campaigns so I think and this is how it works because as I said the concept on its own is not really it is it's an outcome it's not an input you lead with the product and you back along with some of the campaigns you have and some of the Casa those and in line with the customer number of those as well now 90% of our retail clients number that money then Casa you ask are they less sensitive to wait I think the answer is yes they are right so because their intention for the the funds that have kept us I did are slightly different but they are less sensitive on the corporate side they are much more sensitive and they're actually very sensitive I would say and you would just have to fight for these balances right and I would be surprised if the corporate relationship unless it's an escrow account which is also being reversed and it's kept without a return it's I I would almost question it's not good business from the for the corporate as well so that is that is probably going to continue as well was there a follow up on

question from the Q&A box and the question is what is the expected impact of fractional sukuk initiatives on client acquisition and and digital engagement so I'm so I was very optimistic about when we were when we were planning I've seen really exceeded my expectation way exceeded my expectation the uptick has been phenomenal to extend that bullets and menu you choose from so if you have and check the menu the menu where we offered the pickup has been fantastic a client who could not participate before had to put a $200,000 ticket now with $1000 you become in the game that is just phenomenal and I think it would be this is only the start and it will continue to but to grow significantly becoming very important part because it is unique in the market yeah it's almost like only with us and hence it will also help by acquiring more clients and then going to markets where and client segments maybe we have not explored before uh very good thank you Mr. Mohammed well it looks like we've come to the end of the Q&A session and on this note I'd like to close the call and thank all the participants for participating in this call thank you thank you everyone for attending thank you so much thank you