البنك السعودي للاستثمار
The Saudi Investment Bank

1Q 2024 Financial Results

EARNINGS CALL TRANSCRIPT

MAY 13, 2024

Shabbir Malik, EFG Hermes Research:

Good afternoon and good evening, everyone. I hope everyone is doing well. My name is Shabbir Malik and on behalf of EFG Hermes, I welcome you to Saudi Investment Bank's first quarter results call. I will now hand over the call to Mr. David Kenney, the Investor Relations Coordinator at Saudi Investment Bank. David, over to you.

David Kenney, Investor Relations Coordinator, Saudi Investment Bank:

Thank you very much, Shabbir. Good afternoon, everyone. We're pleased to welcome you all to the Saudi Investment Bank's earnings call for the first quarter 2024. As Shabbir mentioned, my name is David Kenney, and I'm handling investor relations here at the Saudi Investment Bank. It is my great pleasure to welcome you all to our earnings call. Kindly note that our earnings disclosures are available for download from the IR section of the website. Please be aware that this webcast will be recorded, and a transcript of the call will be made available on our IR web page. If there are any members of the media, please be reminded to share your question separately with SAIB's corporate communications team.

I'm joined today by Faisal Al-Omran, Chief Executive Officer, and Shankar Chattanathan, CFO Advisor. Moving on to the agenda for today's call. Faisal, as CEO, will start with a brief overview and performance highlights for the full year, and will update you on the bank's strategy. Shankar will then discuss the financial performance in more detail and present our outlook and guidance for 2024. We will then open the floor for questions. With that, I will now hand over to our CEO, Faisal Al-Omran, to begin the presentation. Over to you, Faisal.

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: :

As-salaam-alaikum and good evening, everyone. David, if you can, please move to the first slide that has the growth numbers. Slide number three. Yes. If you can see, we have had a good loan growth of 5% in our first quarter, standing at SAR 84.6 billion. That growth is mainly driven by our corporate business. And we expect also that growth to pick up during the year, inshallah, as we see the pipeline materialize. We believe we still have a healthy pipeline to meet our expected growth, inshallah. Also, you will see the deposits increasing by 6%, standing at

88.4 billion. This is something that we have highlighted before, is that we believe SAIB has a good franchise in terms of attracting deposits at reasonable prices in the market. So, we don't see, inshallah, that is something that is, I would say, an obstacle for us in terms of funding our growth, inshallah. Also, you will see that our operating income stood at SAR 995 million. We want it to be a billion to have a nice number. But the growth of 3%, we were happy that most of the growth came from our fees. And this is something we have said that we will see, inshallah, that also will be a larger contribution as we go into our strategy during the coming years.

We tried to keep our discipline on cost. Our cost recovery stood at 43, unchanged. Also, we have been able to have an uptick in our return on equity, stood at 12.1%. Furthermore, a strong Tier 1 ratio of 18.6%. Also worth noting, liquidity is standing in a comfortable place today in Saudi Investment Bank. Also, our asset quality remains to be above average. Our NPL coverage stands close to 160%. And our net income for the first quarter closed at SAR 442 million. David, please, move to the next slide.

This slide I believe we have covered before, but it may be worth mentioning a few points. We have communicated our new vision, which is to be the trusted bank for our clients. It was a very in-depth exercise. Basically, to capture all our efforts inside the organization, so people know where we are headed. So, when we say that we want to be a trusted bank, that also confirms what we have been trying to do before.

We are a relationship, partnership driven bank, rather than being a transactional bank. Hence, our relationships are built on a long-term basis. Why is that? Because that takes us away from the commodity and debt ocean place, where business is driven by transactions and price. We don't want to be in that space. We want to be in a space where we can really add value to our clients. And the main driver is not price, but the value that we can contribute in terms of the ability to deliver customer solutions, or the ability to move fast with our customer demands. Hence, having the concept of having a trusted bank, checks all the boxes for us. So, this is something that we have thought deeply about. And you will see it inside the bank. Everything is pointing toward that north star. Similarly, our mission. We are trying to build long-term relationships with our clients, that must be solid and clear to everyone. Also, we need to build an unrivaled environment for our people, where we want to attract talent.

As we said, we want to be a talent magnet for bankers in Saudi Arabia. And this is something that we are always trying to aim for. SAIB is known for being an excellent culture. But also, we give the sense of achievement and accomplishment for the talent that comes in. And hopefully, we want to make sure that we're always ahead of the market. And also, is that all our efforts should be pointing toward creating consistent value for our shareholders. So, I would say this is something that we have launched to make sure that we focus all our efforts on a clear initiative and clear north star for the bank. If I go to the to the next slide, which also covers our strategic priorities, which I think we have also covered, just quickly go through them again. Our four core business areas are corporate banking, and this will always be the biggest business for the bank.

Number two: PI. This has been developed as a core business for us because we want to focus on the government sector, and the ability to generate fees and a cheaper way of funding our growth. The third is consumer banking. We are targeting the affluent segments, rather than mass, which we believe is driven by price. We want to focus on the affluent side, where the decision is based on customer experience, customer journey, digital-first approach, so that we can really create a differentiator on that segment. And the fourth, private banking, which I believe SAIB has a strong franchise there. And we also want to keep focusing on that. These are four segments that you will always see us discussing in our journey.

If you go to the next slide, slide number seven. On this slide, you will see is an update on our strategy achievements. Today, we have more than 45 strategic initiatives in the bank. These initiatives are monitored under a clear governance in the bank, with a main strategy execution committee that has two arms in the bank. One that has to do with initiatives, and the other has to do with performance. Everything would fall under this structure, and with a strong PMO that has direct access to the transformation and Deputy CEO for review to make sure that we are on target with all our initiatives. Some of the achievements we are happy to report are being materialized and progressing well. We have started on building a strong mortgage franchise in the bank. You will see that the bank prior to 2023, 2022, and 2021, we haven't been a player in the mortgage market, mainly because we didn't feel the pricing created value for SAIB. Now we believe the rate environment is attractive, so we are tapping into the mortgage market. And this is something that we're working on quickly, and we're hopeful to gain a significant market share.

Our target is to focus on the affluent segment and the private banking segment, to augment our overall offering in SAIB. Also, you will see us, inshallah, launching our retail internet banking this year. We are aiming for June. We might need an additional month for a soft launch and testing. But it should definitely be up and running in the third quarter. So, inshallah, you will see a new journey, a new experience. And the idea that should help us is pushing everything digital in the bank. So, we don't want to work through paperwork or through telesales. Everything that we want to achieve, we would be able to achieve through the app for our, I would say, consumer segment. We have also launched a new segment in corporate for contracting business. SAIB has always been strong in contracting.

Given the growth that we expect in the next few years in that segment, one of the initiatives in the strategy was to establish a contracting financing department in SAIB. I believe we had a good process in contracting; enabling us to capture a good business in that segment. However, we have really gone into depth to make sure that we achieve three things. First, we aim for speed - we want to be very fast in this area. Second, we want to be able to continue to offer solutions that another bank might not be able to match. Third, we also want to have a focused approach to understanding and assessing risk in that segment, where we believe we currently have a strong standing. But I think as the market grows, we also want to be ahead there. And also, as we said, we have identified high-growth segments. We're starting to analyze our segments and data more closely to create sub-segments and subdivisions, allowing us to derive value from today's market. Also, we have implemented credit risk scoring, so it becomes fully automated. So that you can get, I would say, approval instantly or close to instant. And that has been done through application of AI advanced analytics that I believe SAIB has always had a strong platform and data.

If I move to slide number eight. Also, as we've mentioned before we are building our Venture Studio, and I'm happy to say that it's up and running. And one of the first deliverables was the travel app, which we have launched. And Alhamdulillah, we are getting excellent feedback on the experience and the usage. And I believe the big launch will happen, inshallah, during the second quarter, when we want to hit the summer vacation. So, we have passed the testing phase and the review of any, I would say, obstacles or bottleneck in the app. So, I think now we're ready to hit the market, Alhamdulillah. The experience, we're very happy with. And we think those numbers will, inshallah, be very exciting for us. So, let's say this is the first deliverable, and inshallah, more to come from our Venture Studio.

David, we move to the next slide, number nine. I believe this slide just summarizes what I have said in the first section, is that, our growth in corporate, Alhamdulillah, is picking up. Yes, last year was 5.2, this year we closed at 5.4. And we see the growth continuing. Corporate will always be the main driver. And we believe, inshallah, we have an edge over our competitors in terms of attracting the right, I would say, loans that we want in our portfolio. Retail has held the constant, but I believe that number will be ticking up, inshallah, towards the end of this year and first half of next year after we finish most of the initiatives that we want to do. And you'll see also the share of deposits have held almost constant, between 36 and 35 this quarter. This is because of the increase that we had in noninterest bearing deposits of the share went down. But I believe that the ability to generate, inshallah, our spreads that we're looking at, will augment the drop that we have.

Plus, the initiatives that we're doing under public institution, which is the core segment that I have talked about before, we believe that also will start getting, inshallah, benefit as we continue, I would say, working with the entities to get to a cheaper venue for funding the balance sheet. The cost income ratio kept around 42-43. Although we are undergoing the strategy, we are trying to keep that number managed despite the cost that we are incurring in our transformation. And the main driver for us is the term equity. Alhamdulillah, we closed 2023 at 11.7%. Now we are ticking towards 12.1%. And inshallah, we believe that our efforts will translate, inshallah, into a higher number, as we continue the strategy. And I think with that, we'll move to the next section, David.

Shankar Chattanathan, Chief Financial Officer Advisor, Saudi Investment Bank:

Thank you, Faisal. Good afternoon, and a warm welcome to all of you joining us today. We had a great 2023. And I'm pleased to report that the momentum of the previous year has been carried forward into 2024 as well. I think a lot of these numbers were covered by Faisal in the first session, but just to highlight a couple of them. Loans increased by 5% in the first quarter, and we closed at about SAR 84.6 billion. Deposits grew by 6%, we closed at SAR 88.4 billion. Profitability improved as well. NIM contracted, but, you know, because of the income growth and the positive JAS, we were able to achieve an 8% increase in the net income. And our return on equity was at about 12.1%. The bank maintained good asset quality. NPL ratio improved, and the cost of risk was modest, at 39 basis points. The capitalization and liquidity were strong, and they remain supportive of future growth.

Moving on to slide 12. The balance sheet increased by 5% during the first quarter, largely driven by a 5% loan growth and a 6% increase in investments. This was funded by a 6% increase in customer deposits. We will look at each of these in the subsequent slides in detail. First, we'll start with loans and advances in slide 13. Our loan book has continued to grow, and it increased by 5% in the first quarter. To put this in context, I think this comes at the back of a 19% growth in 2022, and a 17% growth in 2023. Most of the growth came from corporate lending. And corporate lending grew by 5% during the first quarter. As you've seen in the previous year, the bank has been actively participating in financing large infrastructure projects. The growth during the quarter was spread across key economic sectors, including building and construction, utilities, commerce, services, transportation, and so on. On the retail side, private banking grew by about 6%. The consumer loan book remained broadly stable during the quarter.

Moving on to the next slide about investments. The investment portfolio increased by 6% during the first quarter. We closed at SAR 34.2 billion. The bank continues to invest in fixed rate debt securities. And this is largely to lock in the higher rates. New investments were mainly in high quality instruments, either sovereign or debts issued by international financial institutions. The quality of the book remains strong, and 59% of the investment securities are those which are issued by the government, and 37% by banks and other financial institutions. Moving on to the next slide on deposits.

Customer deposits increased by 6% during the quarter, and we closed at SAR 88.4 billion. This was driven mainly by 9% growth in interest bearing deposits, reflecting the current rate environment, while the non-interest-bearing deposits only grew by over 2% during the quarter. Most of the growth came from corporate deposits, and to a lesser extent, from retail deposits. Deposits from public institutions reduced marginally.

What this resulted in is basically the funding mix. The non-interest-bearing deposits as a percentage of total deposits reduced from 36% to 34.6% as of Q1. While yes, in terms of percentage it has dropped, the absolute number of non-interest-bearing deposits has marginally increased during the quarter. And, you know, that is reflected in the NIMs that you will see in the subsequent slide. Again, as Faisal mentioned, we're implementing a lot of initiatives relating to acquiring additional non-interest-bearing deposits. And we should see further improvement, you know, as we get more advanced in implementing our strategic initiatives. Moving on to the next slide on income statement.

Compared to the same period last year, our net income increased by 8%. Driven by 3% growth in operating income, and also supported by improved operating efficiency and cost of risk. We will see these in detail in the subsequent slides.

Moving to slide 17. Net special commission income, largely stable at SAR 846 million for the first quarter, compared to SAR 845 in the previous year. Average assets grew by 14% during the quarter, but this was offset by contraction in NIM. You can see in the waterfall chart on the left of the slide, that the increased benchmark rates resulted in higher special commission income from lending and investments. But of course, this was offset by higher funding costs. NIMs declined by 42 basis points year on year. It was 3.19% in Q1 2023 last year, and it dropped to 2.76% in Q1 2024. However, if you look at this and compare it with the fourth quarter 2023, it improved by about seven basis points. It improved from 2.69% to 2.76%.

Moving on to the next slide, on fee and other income. Fee and other income increased by 26% during the first quarter, largely driven by growth and investment income and fees from banking services. Investment-related income, the increase was due to MTM and fair value gains. The fee income increased because of higher fees from brokerage and mutual fund related fee income from our subsidiary. And this was partially offset by a marginal decline in the FX income.

Moving to the next slide on operating expenses. Expenses were quite stable, increasing by 1% compared to the same period last year. And they closed at about SAR 428 million. The marginal increase, I would say, was because of the increase in G&A expenses. Yeah, cost to income ratio I think improved by about 1.1ppt compared to last year, same period, it improved from 44.1% to 43%. We expect it to further improve during the year. And, you know, we expect to close the year between 41.5% - 42.5%. Moving on to the next slide.

Impairment charge increased slightly by 1%. Compared to the previous year, we had an impairment charge of SAR 82 million for the first quarter. Cost of risk remains low at 39 basis points. NPL continues to be, you know, sort of moderate, and the NPL ratio was at about 1.47%. The coverage was about 157% as of end of the first quarter.

Moving on to capital and liquidity. The bank continues to maintain strong capitalization and liquidity positions. The LCR stood at about 180%, NSFR at about 111%. And the SAMA loan to deposit ratio was 77.2%. And this leaves that at a very comfortable level. While there is some bit of moderation compared to the previous quarter, I think we still have significant amount of room to grow. Regulatory capital reduced by about 2% during the first quarter, basically, because of the payment of dividends, which was offset largely by the profit that was generated in the first quarter. And of course, the other reason was also the IFRS 9 transition arrangements that was applicable till 2023. And that was not available from 2024 onwards. Risk-weight assets grew by about 3%. Basically because of the portfolio growth on loans as well as investments. Our capital adequacy ratio moderated slightly to 19.2%. Tier 1 ratio was at 18.6%, and CET1 one at 15.7%. Again, this leaves us in a very, very comfortable position to balance growth with shareholder returns, and adequate regulatory compartments.

Moving to outlook and guidance for 2024. We expect the economic outlook for the Kingdom to remain positive and supportive of the banking sector. Project spending on various projects, giga projects, as well as other large infrastructure projects. These augur well for the overall credit demand in the Kingdom and particularly for us as SAIB as well. We are well positioned to capitalize on this demand, through the large exposure to the corporate sector and active participation in large project financing, and syndication related loan market. In terms of full year guidance for 2024, first quarter, we achieved a 5% loan growth, and we remain on track to achieve above 15% growth for the full year. In terms of profitability, first-quarter NIM was 2.76%, which was in line with our expectations. And we expect this to remain at around this level during the remainder of the year.

There may be some slight ups and downs, maybe Q2, Q3, you may see a marginal decline from 2.75%. But that will be very marginal. But I think the full year guidance remains unchanged at about 2.75%. Cost to income ratio, 43% in first quarter 2024. And we expect it to moderate further during the year. We expect to close between 41.5%-42.5%. Again, the guidance remains unchanged. Return on equity, we had 12.1% return in the first quarter, and the guidance remains unchanged at 12%. Cost of risk guidance, first quarter was slightly lower at 39 basis points, we retain our guidance at 45 to 50 basis points for the full year. And in terms of Tier 1 ratio, I think the guidance remains unchanged to be at about in excess of 18.75%. This brings us to the end of the presentation. We are now happy to answer any questions that you may have.

Shabbir Malik, EFG Hermes Research:

Thank you, Shankar. Thank you, Faisal and David, for the presentation. We now open the floor for questions and answers. If you would like to ask a question, you can raise your hand and I'll unmute your line. Also, you can ask a question by typing it in the Q&A box. So, we'll give it a minute for people to log in with their questions. Okay, I'll go to the audio question first. This is from the line of Olga. Olga, your line should be open.

Olga Veselova, Bank of America: ...competitive environment in Saudi Arabia. Do you feel that the pricing competition for corporate borrowers is intensifying? So do you see that there is some pressure on asset yields, on spreads, because there seem to be more banks which are willing to grow their balance sheets in the double digits this year? Thank you.

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: I think normally we will see. Any sector that grows in the economy, you will definitely see more entrance and then the pressure will happen on price. This is something that we anticipated and expected. We could have easily increased our loans by more than 5% in the first quarter. We could have I think reached close to 10. But we were very selective about where we want to grow. We believe our ability to have that, I would say, speed and ability to customize our solution and build that partnership, we believe that we will mitigate that risk for SAIB, inshallah. Yeah, but, definitely, it will happen in the market, no doubt.

Olga Veselova, Bank of America: Okay. Sorry, I'm double checking. So do you see this happening, that there is more price competition where banks are pretty reasonable?

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: No, no, we see competition happening.

Olga Veselova, Bank of America: Okay, thank you.

Shabbir Malik, EFG Hermes Research:

Thank you. As a reminder, if you would like to ask a question, please raise your hand, or type it in the Q&A box. Nauman Khan, your line should be open.

Nauman Khan, SNB Capital: Hello?

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: Yes, we can hear you. Please go ahead, Nauman.

Nauman Khan, SNB Capital: Thank you. Just wanted to ask more of a generic question on the broader macro level as well. I think majority of the banks are announcing or expecting for growth of double digits growth in loan book as well. And again, majority of them are saying that. So where, for one, are you expecting growth to come from? Especially in the corporate side. Where do you think the growth is coming from, which sectors the growth is coming from? Secondly, given that generally across the board, everyone is targeting a double-digit growth in the loan book, except for one or two, don't you think that the pressure on the margins could be slightly higher than what you are perceiving right now?

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: Thank you, Nauman. For the first section, where do we believe the growth is coming from. As you said, it's mostly corporate. And we think the biggest driver will be the Vision 2030 main initiatives and projects, the mega projects. So, we see that happening. And also the general growth, that means it is RC. I mean, we have seen, mashallah, Riyadh, how it is growing, including other large cities. So, we believe that this is where growth will come from, mainly driven by the Vision 2030 initiatives. As for the second part, I think which we have...maybe as I said before, some parts before, we believe SAIB so far is able to offer a differentiated, I would say, partnership compared to other banks. And we are able through that, hopefully to protect our margin and mitigate that pressure. So far, we're seeing that working. If things change, then we have to go back and revise and refine our competitive advantage, to ensure that we mitigate that risk. We don't want to be in a commodity play. That's very clear for us as a strategy. We always have to look for places where price elasticity is higher, and it is not the main driver for the business. We don't want to be a transactional bank, we want to be a relationship bank.

Shabbir Malik, EFG Hermes Research: I'll move to a question in the text box. And apologies in advance if I don't say the name correctly. Gunangad has asked this question. Have the names bottomed out? Or can we expect further compression with rates being higher for longer now?

Shankar Chattanathan, Chief Financial Officer Advisor, Saudi Investment Bank: Okay, I think we had a very good first quarter in terms of the non-interest-bearing deposits. As you will see by the end of quarter number, you know, being slightly lower, I think during the quarter, we had a good average in terms of non-interest bearing deposits. So, we were able to sort of get a NIMs of about 2.75%, 2.76 to be precise. Having said that, there may be a little bit of contraction, maybe about two, three basis points in Q2 or so on. But they expect to pick up in the subsequent quarters because as we mentioned earlier, a lot of initiatives that the bank is doing particularly relating to public institutions, you know, the private banking as well as the retail banking, where we expect to grow the non-interest-bearing deposits well in the next two to three quarters.

Shabbir Malik, EFG Hermes Research: Thank you. I guess as we wait for further questions, maybe I can ask a few questions of my own. Number one, if you think about your loan growth has been pretty impressive last year and this year, first quarter as well. How do you ensure that the quality of the lending continues to be robust and you can avoid any pitfalls of, you know, potential strong loan growth? So how are you ensuring that your credit quality, or the strength of your credit risk management is intact, and is not being compromised because of the strong growth? That's number one.

Secondly, you've mentioned that you're going to target institutional depositors, which can potentially benefit you in terms of cost of funding. My question is, in terms of sensitivity, I would have expected that institution depositors would be more sensitive and looking for more competitive rates on their deposits. How would that focus on that segment kind of improve your funding profile? And finally, if you can potentially share, because I think one of your emphasis has been quality? Sorry, relationships with clients. Can you share any net promoter score or anything like that would suggest that you do better than the rest of the industry in terms of the service quality and relationships? Thank you.

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: Thank you, Shabbir. I'll start with the first one, which referenced how do you ensure asset quality during a growth phase. I think this is very well pointed out. And this is something SAIB has always been very, I would say, diligent in. And I think maybe it's evidenced by our establishment of our segment under corporate, which is basically the contract financing. As we saw that this segment will be a main driver in the economy, we wanted to make sure that we are looking at the right metrics, at the right risk measures that the segment has. And we want to know how to mitigate it. So, when we look at certain growth, immediately, we see how we can mitigate the risk of that. So, one of the initiatives was this segment. So that segment basically, so it's all contracting under two teams. These two teams have senior RMs and RMs under them, where they holistically see the sector in terms of performance, where are projects happening, how the pricing happening among other competitors, who's getting a problem in their, I would say, performance, who's performing well, which project sponsor has good payment terms, which are the ones might have delays in site handover and so forth.

So, this is, I would say, how we tackle it, is that, we have to change our operating model to ensure that we have the proper diligent process in there. And there is no magic sauce. Each segment has its own way. So, if I go for example, to mortgage, which we have said that this is a place we want to grow in, we are looking at the affluent and the private banking. We want to look at quality assets and quality borrowers. So, this is how we want to mitigate our, I would say, exposure to that sector. So, you will see us in every sector that we think there is a growth in, we are actually changing the operating model to make sure that diligence is higher as a process, rather than just us being cautious. So, hopefully that was clear. I will say that this is the answer to the first question.

In terms of the second question about how we're going to get the funding from institutional investors, maybe I should have clarified it. When we say public institution, we are referring mainly to government, quasi government, and semi government, and the agencies, universities that are under that segment. We are not referring to large blue chips companies that are either listed or privately held. Because the behavior is different. And they match what you said, the latter match what you said about them being cautious about the use of funds, because mostly, they are funded through their balance sheet, through loans. So, they have to make sure that their funding is very much looked at. We are talking about the first segment, which is about the government, quasi government, semi government, agencies, universities, that have lots of KPIs in terms of financial, lots of solution requirements, lots of digitization in terms of payments, lots in terms of finding efficiencies and how they work.

And part of that falls under our solutions for the public institution, which refers to the segment that I said. For example, our petty cash card, where SAIB is the, I would say, main and only provider for more than 100 government entities and institution, to manage the petty cash in there. So that means collection account with them, spending happens with us. If there is travel and there is a card using outside, that means FX fees translate to us. So, I'd say this is how we aim to capture that segment. So that answers question number two.

And number three, about how do we measure, I would say, the stickiness or is it working or not in terms of relationship for the corporate and whether we have an NPS? Maybe it's difficult to measure an NPS there. But we do an NPS for us for each segment. However, the real measurement is the pricing. When I have, I would say, well capitalized structural behavior borrowing organization, that has three or four limits with banks. And SAIB, I would say, is one of the more expensive options for them. And they continue to bank with us.

I know it's not because it's because of price, it's because the speed that we can offer them, the solutions that we can offer them, the understanding that if they pick up the phone, and they have a transaction that they need to discuss, we are always there, we are reachable. And they understand. This has a cost also to that. That means we have more resources, more dedicated time. We have to keep capacity ready for those requirements. So I think they know that this is something that has an expense, and it gives them value as clients, and they're willing to pay for it. So let's say this is mainly how we look at it, is that, we see the relationship we have with that client and we measure it against other banks.

Shabbir Malik, EFG Hermes Research: Thank you for those responses, Faisal. As a reminder to everyone, if you would like to ask a question, you can do it by typing it in the Q&A box or you can also raise your hand. Maybe one, I guess, final question from my side. I read some news about the launch of STC Bank later on this year. How do you see that? Could you see that as a direct challenger to you? Or do you see them operating in a different segment? Maybe more towards mass market, whereas your focus seems to be more on the affluent side. So just want to hear your thoughts on this, on the general competitive landscape, especially from these new potential challenger banks.

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: I think you rightly said it, Shabbir. It is a segment that we are not looking at. It's mostly in the mass segment. And mass is not a focus for us. I think they will be competing with other bugs on that front.

Shabbir Malik, EFG Hermes Research: Great. It looks like we don't have any further questions. If you would like to make any concluding remarks, please do so.

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: I would like to thank everyone for their time and attendance. And hopefully that we continue to offer the information that makes them do an informed decision. And we're happy to receive any feedback.

Shabbir Malik, EFG Hermes Research: Thank you so much. This concludes our call. If you have any questions, you can reach out to the investor relations team at Saudi Investment Bank. Have a nice evening, everyone. And speak to you soon.

Faisal Al-Omran, Chief Executive Officer, Saudi Investment Bank: Thank you very much.

Shankar Chattanathan, Chief Financial Officer Advisor, Saudi Investment Bank: Thank you.