

1Q 2026 Earnings Call Transcript - May 6th 2026

Muhammad Faisal Potrik:

Hello, good afternoon and good morning, ladies and gentlemen. My name is Muhammad Faisal Potrik and on behalf of Riyadh Capital, it's my pleasure to welcome you all to Saudi Investment Bank's first quarter 2026 earnings call. At this point, I'd like to hand over the call to Ms. Najla Al Mutairi, Head of Investor Relations at SAIB. Najla, please go ahead.

Najla AlMutairi:

Thank you, Mr. Faisal. Good afternoon, everyone. Pleased to welcome you all to the Saudi Investment Bank's earning call for Q1 2026. My name is Najla Al Mutairi, Head of Investor Relations. Kindly note that our earnings disclosures are available for download from the IR section on our website. This webcast will be recorded and a transcript will be made available. If there are any members of the media, please be reminded to share your questions separately with the corporate communications team. I'm joined today by Faisal Al Omran, Chief Executive Officer and Ahmed Almohsen, our Chief Financial Officer. Moving on to the agenda of today's call. Mr. AlOmran, our CEO, will cover the performance highlights for the period and will update you on our strategy. Mr. Almohsen, our CFO, will then discuss the financial performance and guidance in more detail. We will then open the floor for questions. With that, I will now hand over to our CEO to begin the presentation. Over to you, Faisal.

Faisal Al-Omran:

Salam alaykum. Thank you, Najla. Good afternoon, everyone and warm welcome from my side of the team. We're very pleased to be speaking to you today. Also, I'm happy to report on SAIB has delivered good set of results in first quarter 2026 across our key performance metrics. If we look at the sustain, we had a sustained strong balance sheet momentum and quality. We had 3% loan expansion driven by growth in both corporate and private banking segments in our bank. Also, we had 12% deposit growth mainly on higher time deposits. We also had strong credit quality overall, also an encouraging direction in our NPL. We also maintained solid and healthy liquidity positions.

On our profitability, our net income growth of 3% year-on-year to 520 million for the first quarter 2026 is driven mainly by our modest top-line growth and lower operating expenses. Our return equity came in at 12.2%, our NIM at 2.23%. We have also maintained a low cost of risk at 20 basis point. We have also maintained a cost discipline within our cost-income ratio improving to 39%. Overall, these factors helped mitigate the pressure from margin contraction that we have seen, and supported a solid profitability outcome for the quarter.

Look at the next slide. We have to put this slide and we are happy with what we have. So I'll brief you that SAIB continue to be recognized by our peers, leading industry institutions and commentators for service quality, product excellence, innovation, and operational resilience, also in our customer experience and NPSs. These recognitions are encouraging, but more importantly, they

reflect the progress we are making in delivering a stronger experience for our customers and building a more future-ready bank. So with that, we'll move on to the strategy. The next slide.

Slide number six. This slide basically serves as a reminder of our Strategy 2027, including our vision, mission, strategic goals, business segments, key enablers. As I have covered these details in previous call, maybe I will move on and show the progress that we had in the next slide.

So if we go to slide number seven, Strategy 2027 is transforming SAIB through 43 initiatives, spanning our core business lines and key supporting functions with strong focus on segmentation, value proposition, enhancement, performance management, digital, data, AI. Also, execution continues to progress well. The vast majority of initiatives have now been completed, and we are increasingly seeing their impact in the way we serve clients, with the way we improve efficiency and support their profitable growth.

If we go on to slide number eight, as we also discussed in more detail this quarter, we have made good progress across our key enablers, risk, data, AI, HR, customer journeys. A number of important initiatives have already been implemented, including our venture investment platform, automated retail credit decisioning, stronger data analytics and capabilities, selected operating model enhancement, and the launch of SAIB Academy. At the same time, several important initiatives remain in progress, including our new corporate internet banking platform and the analytics-enabled CRM for corporate and private banking, and further business use cases in data science and AI. Overall, the objective remains the same: to strengthen execution, improve customer experience, and support more efficient and scalable growth across the bank. As we noted last quarter, most of the heavier transformation spend is now have been done, and we remain focused on balancing continued delivery with cost efficiencies.

So if we go to slide number nine, which is basically the strategy refresh. In the end of 2025, we refreshed our Strategy 2027 to reassess priorities remaining period, which is until the end of 2024. The update focus is centered on two areas. One, improving our funding efficiency. Two, increasing our non-interest income, particularly in the trade finance. These priorities will be supported by strong customer experience agenda, the rollout of our new corporate internet banking platform, and greater use of data, AI, and targeted marketing to accelerate execution. Overall, the refresh is about sharpening delivery in the final phase of the strategy rather than changing the direction. Based on this refreshed strategic direction, we set several additional strategic initiatives that will deliver additional impact in these areas over '26 and '27 inshallah.

These initiatives include one is that launching new deposit and financing products. One of them has already been launched, and you can see our advertisement for the new savings accounts, which basically pays 3.5% net of... Which is already the zakat accounted, so the net will be 3.5% for our customers. We have seen excellent momentum in that growth, and also we plan to bring more products. Also, we are revamping our digital banking channels. Also, we are implementing data and analytics use cases to boost income and lower costs of funds. Also, we are revamping the key processes to enhance customer experience, marketing campaigns and sales. So overall, the refresh is about moving from capability to impact delivery, with a clear focus on improving the growth, revenue, quality, and profitability in the final phase of the strategy. With that, I will move now to our CFO, Mr. Ahmed, to take us through the financial result.

Ahmed Almohsen:

Thank you, Faisal. Salam alaykum, and good afternoon, everyone. I would also like to extend my warm welcome to all of you joining today. Saudi Investment Bank delivered another solid performance for the first quarter, and I will now take you through the financial details. On the balance sheet, loans increased 3% year to date, reaching 115.6 billion. This was supported by deposits growth of 12% year-to-date, taking total deposits to 122.9 billion. NIM declined 22 basis point year-over-year and reached 2.23%, reflecting lower assets yield and deposits mix that limited funding cost improvement. However, NIM increased by 10 basis point in sequential basis, so we are seeing early signs that cost of funding pressure is easing. This remains a key area of focus for us, particularly as we continue to improve deposits mix and funding efficiency. Cost to income ratio improved to 39.1% because cost discipline remains a priority and the reduction in operating expenses demonstrate the continued impact of our cost optimization efforts.

Our profitability continued to improve, driven by income growth, lower operating expenses, and lower impairment. This resulted in a 3% increase in net income. Our return in equity reached 12.2%, slightly decreased by 69 basis point from last year on a higher equity base. SAIB also maintained a healthy assets quality with NPL ratio improving to 94 basis point, while the cost of risk remained low at 20 basis point. This reflects our continued focus on controlled growth and prudent risk management. Equally, capitalization and liquidity were strong and remain supportive of future growth.

Now turning to slide 12, the bank balance sheet expanded 4% driven by higher loans, which has increased 3% cash and balances with SAMA increased by 59%, and bank placement increasing 19%, which were partially offset by lower investment, which has decreased by 1%. This balance sheet growth was primarily funded by 12% expansion in customer deposits, a portion of which is replacing a reduction in interbank funding.

We will now look more closely into each of these trends on the following slides, starting with loan and advances on slide 13. Our loan book continued to demonstrate a solid momentum, recording 3% growth during the first quarter. Most of this growth came from corporate lending, which grew by 4% during the year. We continue to focus our lending on priority sectors that also drive the national agenda. Active participation in financing large infrastructure projects continue to support growth. This was further aided by widespread credit demand across key economic sectors, such as building and construction, services, transport, communication, manufacturing, and et cetera.

At the same time, we remain selective in our underwriting with continued focus on margin and with a cautious eye on sectors that may be exposed if the current geopolitical uncertainty continues. On the retail side, the loan portfolio grew by 2% mainly supported by 3% growth in private banking, which grew by 500 million and reached 16.9 billion. The remaining consumer loan book remains stable year to date. We expect this segment to gradually improve as our initiative in affluent segment, especially in housing, gain traction. Our guidance remain unchanged for now. With the 3% loan growth delivered in the first quarter, we remain comfortable with the full year loan growth within the mid to high single digit range. Moving on to the next slide.

Our investment declines slightly by 1% year to date, while its overall composition remaining stable. We continue to take a prudent approach to portfolio growth, focusing only on attractive opportunities with our target segments, namely government, quasi-government, and bank and financial institutions issuers. The softer trend during the quarter was largely mark related, reflecting

limited availability of suitable opportunities, in addition to a small maturity during the period. We continue to take a selective approach to yield, lowering the capital only where risk-adjusted returns are attractive. This has enabled us to lock in attractive spreads that continue to make a meaningful contribution to net special commission income while maintaining a conservative risk profile. As a result, portfolio yields have remained largely stable despite recent rate cuts and the portfolio remains well-positioned to support income generation with strong assets quality.

Moving to next slide on deposits. Customer deposits rose 12% year to date and reached 122.9 billion. Market liquidity conditions and deposit competition have improved compared with last year, although the deposit mix remains more weighted toward interest-bearing balances. The 12% growth in deposits was mainly driven by an 18% increase in interest bearing deposits, partially time deposits from public institutions, which are classified within the retail segments. Non-interest bearing deposits declined 4% year to date, partially reflecting the broader shift of balances from current account into call accounts. In addition, the replacement of some interbank funding with customer deposits increased the overall deposit base, which amplified the decline in CASA and non-interest bearing deposit ratios. As a result, our funding mix has adjusted with NIBDs now representing 21.7 of total deposits, down from 25.4 at the end of last year.

A key positive development has been the traction in our new sharia-compliant Zakat-exempt saving account, which has been launched last September. We have already seen encouraging inflows with saving balances increasing by two billion during the first quarter. While near-term deposits growth is still being driven mainly by interest-bearing balances, our strategic focus is on gradually strengthening the mix through saving growth and improving the overall cost and stability of funding over time.

Now turning to a summary of our income statement on slide 16. Net income increased 3% year over year, driven by 1% growth in operating income supported by 5% decline in operating expenses and 6% decrease in impairments. These positives were partially offset by 37 decline in share of earnings from associates and 3% increase in Zakat provisions. ROE reached 12.2 for the year. I will expand on the main net income components in the following slides.

Looking first at the net special commission and the NIMS in slide 17, net special commission income increased 2% year over year, amounting to 905 million, as average assets growth of 11% was offset by NIM contraction. As shown in the waterfall chart at the upper middle section of the slide, special commission income from lending increased primarily driven by higher volumes, while income from investment benefited from higher interest rate instrument purchase over the last year. These positives were partially offset by higher funding costs reflecting the continued shift in deposits mix. As a result, net interest margin declined by 22 basis point year over year and reached 2.23 in the first quarter. Driven by 31 basis point decline in assets yield, this was partially offset by 45 basis point reduction in the cost of interest bearing liability excluding demand deposits.

On a quarterly basis, however, the net interest margin increased by 10 basis point, as a 29 basis buying reduction in the cost of interest bearing liabilities were more than offset the nine basis point decline in assets yield. Improvement reflects the more selective value-driven lending approach alongside continued progress in optimizing funding costs through growth in saving account and increased use of cost-effective funding sources, including the term loans. While deposits mix shift continue to influence funding structure, our priority remains clear, reducing the overall cost of funding and protecting margins. At this stage, our '26 NIM guidance remains unchanged at 2.10 to 2.25 and we are currently tracking well within that range.

Let's look now at the fees and other income on the next slide, please. Fee and other income for the first quarter decreased 5% year over year, mainly due to lower investment gains in the current market environment. Foreign exchange income remained generally stable year over year while underlying fee performance was mixed across business lines. On the corporate side, trade finance income was slightly lower year-on-year reflecting softer trade volumes than we had expected given the geopolitical disruption. However, this does not change our strategic focus. We continue to see strong medium-term potential in trade finance, and we are focused on building deeper client relationship and capturing opportunities as market activity improves. On the retail side, fee income was affected by a small contra-revenue item during the quarter, as well as by the regulatory limits on certain transaction fees. In addition, travel-related foreign exchange activities remained somewhat softer given Ramadan and the geopolitical backdrop. At the same time, we saw strong performance in fund management and trading related income with the main contribution coming from real estate related fees where we successfully launched new funds during the quarter.

Overall, while fee and other income was lower year-on-year, the quarter also highlighted the benefit of diversification across income streams. Non-funded income was softer in this quarter, partly reflecting lower market activity, but it remains an important strategic focus area and we are focusing improving momentum over the coming quarters.

Moving to next slide in operating expenses. In the first quarter, we delivered a continued cost discipline, with both absolute operating expenses and the cost-to-income ratio improving year-on-year. Operating expenses declined by 5% while the cost-to-income ratio improved to 39.1%. The improvement in cost-to-income ratio was driven mainly by lower general and administrative expenses, and lower depreciation and amortization. It also reflects the ongoing work of our cost optimization committee, which continues to review non-staff spending across the bank and identify opportunities for greater efficiency. At the same time, employee-related cost and premises expenses increased modestly, largely in line with the normal business activity. Our focus remains on improving productivity and optimizing non-staff expenses rather than reducing headcount. Looking ahead, cost efficiency will remain a key priority. With that said, we would expect quarterly operating expenses to increase modestly from the first quarter level and trend closer to last year run rate, mainly reflecting normal inflationary pressures.

Turning our attention to credit quality on next slide. Credit quality remains resilient throughout the first quarter with assets quality indicators continuing to improve. The impairment charges decreased by 6% from previous year to 58 million for the first quarter, resulting in a cost of risk that decreased four basis point year-over-year and reached 0.20%. Non-performing loan formation remained modest and the NPL ratio improved to 94 basis point as of the end of the first quarter. Our non-performing loan coverage ratios strengthened to an extremely comfortable level and reached 194.1% as of the end of the first quarter. There were no material write-offs during the quarter, while recoveries were strong.

We also took selected management provisions on certain accounts as part of our regular Prudential review rather than in response to the geopolitical developments. Our ECL model has been updated to reflect the latest macroeconomic outlook. However, it remains early to draw firm conclusions, as the outlook will depend on how the regional situation evolves and over what timeframe. At this stage, we have not observed any broad-based stress, and restructuring requests remain limited. Stage three ECL coverage increased to 51.4% while stage two ECL coverage increased to 14.8%. Based on current trends, we do not expect a significant deterioration in credit quality or a material rise in cost of risk for the rest of the year.

Moving to capital and liquidity, SAIB continues to maintain a strong capitalization and liquidity positions. The liquidity coverage ratio, the LCR increased to 190.8%, NSFR standard 112.5% both at the comfortable levels. The SAMA LDR reached 76.7. Total regulatory capital increased 2% during the first quarter from profit generation, partially offset by a modest negative movement in OCI. Risk weighted assets grew by 4% year-to-date and reached 124.5 billion during the period, mainly reflecting balance sheet expansion and increased operational and market RWAs. Credit RWA growth nevertheless remained relatively contained at 1% year to date, supported by our continued focus on collateralization, facility utilization, and other forms of risk weighted asset optimization. As a result, by the end of the first quarter, our CAR reached 18.9 with Tier One at 18.3 and CET1 at 14.1. And subsequent to the quarter end, during the current month, the bank successfully issued 1.85 billion perpetual T1 sukuk under its five billion Saudi riyal tier program. The issuance was well-received by investor and priced on favorable terms, further strengthen the bank capital base and enhancing its financial flexibilities to support future growth.

Now moving on the outlook and guidance for the full year. Overall, we deliver a solid performance in the first quarter. Financial results were generally in line with expectations. We remain focused on prudent balance sheet growth, maintaining strong assets quality, and improving efficiency in order to support sustainable profitability. As we continue to advance our Strategy 2027 agenda, and with a strategic refresh underway for '26 and '27, our focus is increasingly centered on improving funding efficiency, broadening fee-based income streams, and accelerating execution through technology, data, and customer experience initiatives. We believe this leaves SAIB well-place for its next phase of sustainable growth.

Based on our performance to date, current pipeline, and the scenarios analysis we have conducted, we are maintaining our full year guidance across all metrics at this stage. While the regional situation remains fluid, we have not seen any material impact on customer behavior, loan demand, assets quality, or deposit trends so far. It's too early to make any significant change to our outlook, but we will continue to monitor development closely, particularly in relation to loan growth, cost of risk, NIM and fee income. For lending, we expect momentum to remain healthy with loan growth likely to stay in the high single digits. This would represent a normalization from the stronger pace seen in 2025, and reflects a sector wide emphasis on selective profitability focus lending. We also remain prudent in assessing sectors that could become more sensitive if the uncertainty remains elevated. On NIM, we are guiding between 2.10 to 2.25. With the first quarter, we are being at the upper end of this range.

While we no longer expect a rate cut this year, loans bid should remain supported by our more selective lending approach. Funding growth is expected to remain weighted toward cost-bearing liabilities. We expect our operating efficiency to remain below 40.5% supported by a combination of cost management and income growth. For ROE, we expect to deliver at least 12.75%, underpinned by resilient income generation and disciplined cost and risk management. On cost of risk, we maintain our guidance range for '26 at 0.25% to 0.35%. At the same time, while credit trends have remained stable so far, we are monitoring the evolving regional situation closely and we will remain prudent in our assessment of potential risks. Finally, our expectation for the Tier One capital ratio remains unchanged at above 18% for the year 2026, with a strong earnings generation expected to offset the impact of dividends and RWA growth. That concludes the management presentation. As we wrap up, I want to extend my sincere gratitude for your continued attention and interest in the Saudi Investment Bank. Now we are happy to answer any questions you may have.

Q&A Session

Muhammad Faisal Potrik:

Thank you very much for the presentation management. We'll now move on to the Q&A session. If you would like to ask a question, please use the raise hand button on your screen. Our first question is from Murad Ansari. Please go ahead, Murad.

Murad Ansari:

Congratulations on a good set of results in a challenging environment. My first question is on deposits. So you've had a very strong quarter on deposit growth, but one could argue that you're carrying a bit more, you're carrying excess liquidity, maybe, right now. Your SAMA LDR at 76%. So just are you anticipating long growth momentum to pick up over the course of the year, and hence this strong deposit mobilization effort? So that's one. And then related to this, so you've highlighted public institutions have been one of the key driver on deposit growth in 1Q. Typically, what's the duration profile? What kind of term deposits duration are these? When do rollovers on this happen? And then on cost of risk, you've mentioned you've taken some overlays on certain accounts. Any idea that you could provide, if that hadn't been the case, where would cost of risk be? Thank you.

Ahmed Almohsen:

Thank you, Murad. In the deposits, now we have to look at all metrics, including the NSFR, LDR, in order to maintain sufficient liquidity positions. You notice also that during the quarter, reduction of interbank placement was significant, so this has to be replaced by time deposits. Also, we have to be liquid for our potential growth. At the same time, what we are focusing on is to reduce both the cost of bearing liabilities and cost of funding, which has been achieved during the first quarter, which resulted to an increase in our NIM from the exit rate in last year. I think you asked about the duration of the time deposits. It's around 90 days.

Murad Ansari:

Okay. Thank you.

Ahmed Almohsen:

For the cost of fund, we did not take any overlay due to the geopolitical. We have done assessment under, actually three scenarios, base, adverse, and severe, to evaluate that potential impact. And the result indicates that even under stress condition, the impact would remain manageable. The increase in provisioning during the first quarter was just a normal exercise based on the management position to assist the existing clients. It was not toward the geopolitical condition. And again, I think our expectation is we would be the range of our guidance for the cost of risk for the remaining of the year.

Murad Ansari:

Okay. Thank you. Just a quick follow-up on the fee income. You did mention obviously Ramadan has an effect on volumes, and then we had March impact on trade activity as well. How was April in terms of volume recovery? Is the trade side still soft? And on this side, any other measures that you're taking to compensate for that softness? And you also mentioned about regulatory changes and fees. Were you referring to the retail fee specifically on these?

Ahmed Almohsen:

Yes. For the fees, what I can say at this point is I don't think what we have achieved during the first quarter will be the base. The first quarter was not only affected by the geopolitical condition, but as you rightly mentioned, the seasonality has affected the first quarter as well, both in what we've seen so far, I think it's promising. I think we will see improvement. For the regulatory, you're right. Yeah, the effect on regulatory limits was basically on the fees from retail.

Murad Ansari:

Thank you so much for the answers.

Muhammad Faisal Potrik:

Thank you. Our next question comes from Reem Alkhulayfi. Reem, go ahead.

Reem Alkhulayfi:

Am I audible?

Muhammad Faisal Potrik:

Yes.

Reem Alkhulayfi:

Okay. Thank you, management, for the presentation. This is Reem Alkhulayfi from Riyadh Capital. A couple question from my side. The first one on margins, NIMs improved sequentially despite continuing pressure on asset yield. Should we view this quarter margin as broadly sustainable, in absence of the rate cut? And how much additional repricing benefit remains on the liability side, particularly after the sharp growth in time deposit? The second one, could you provide more color on which portfolio are currently consuming the highest incremental RWA, whether it's corporate or project finance? Thank you.

Ahmed Almohsen:

Thank you, Reem. Yes. NIM has improved in a sequential basis despite the reduction of the CASA mix, I would say. Is it sustainable? I think yes, unless the DDA composition or the CASA mix change significantly. As we've mentioned, our saving account inflow has been really promising. This could leave us to further reduction in more expensive time deposits and that can be replaced by the saving account. Also, I think based on our latest issuance of sukuk, this should support our NIM, basically, in the assets yield, and maybe we will be able also to reduce some of the other liabilities, of course, while maintaining all the regulatory limits. So I think we are positive with the NIM and we don't

expect any deterioration even if no rates cuts happen, which is expected for the rest of the year. You ask about risk weighted assets. Yeah, project finance would actually would consume the higher chart. I think it's around 130, if I'm not mistaken.

Muhammad Faisal Potrik:

Thank you. If there are any other questions, please use the raise hand button on your screen. We have a question in the Q&A box from Fariduddin. He's saying, "I see loan growth in Q1 is slower than historical trend. Is it due to competitive asset yield, or borrowers are putting some investment/spending on hold due to the ongoing conflict? Some color on this would be helpful. Thanks.

Ahmed Almohsen:

Of course. And I think this been across all the market. Loan advances, we've grown by 3%. I think if you look at all banks, it grew by 2%. If you look at... I don't think it's particularly to SAIB, but this was actually expected with all sectors. We're very happy with the growth that we have seen during the first quarter, and as we mentioned many times actually during our previous course, we don't expect the same growth rate that we have seen in previous years.

Muhammad Faisal Potrik:

All right. Thank you very much. As a reminder, if you have a question, please use the raise hand button on your screen. We have another questions from Murad, I think. Murad, go ahead.

Murad Ansari:

Just wanted to also follow up on, so on the AT1s, are you comfortable with where the mix is right now? I mean, capital ratios look healthy quite early. So would you be looking to strengthen these further, or you're comfortable with where these ratios are? And on NIM evolution, if I could just maybe think over the next few quarters, it's been a good sequential improvement in the first quarter. How do you see these NIMs evolve over the rest of the year? I mean, your guidance is for flat to slightly lower. First quarter is good. How do you see the liquidity situation impacting cost of funding going into the remaining three quarters of the year?

Faisal Al Omran:

Murad, we got your second question about NIM, but the first one, can you please elaborate? I didn't understand.

Murad Ansari:

So what I wanted to check was that you've done these AT1 issues. Are you comfortable with where you are? You've got more space on your program. Would you be looking to do more during the course of the year, or you're comfortable where the capital ratios are currently?

Faisal Al Omran:

For the first question, I think, alhamdulillah, we're honestly very proud of the closing of AT1 that we have done and the pricing. We think our pricing was, alhamdulillah, very good. Also the size, I think we had very good demand. Alhamdulillah, that's good for us, but I think where we are today, we are comfortable. And as for further issuance, for us, I think it will be time based on the market. As of need, we don't see a need now, but if we see a good opportunity, good market alignment, good pricing, we might reassess and look. But as of now, I don't think we have something planned

Murad Ansari:

And just if I could add on that, I mean, would the strategy be similar for senior debt issuances or syndicated loans as well? I mean, it would be more opportunistic, and the focus would really be on growing the deposit base rather than raising long-term funding.

Faisal Al Omran:

I think, Murad, that will be more tactical. For that, we move faster. See, AT1 takes usually more time and preparation. For senior and secure, it's more tactical and more dynamic. As of now, I don't think there is something, because we are also driven by cost. So we'll see whether this is something that can enhance our cost structure, because for liquidity and others, I think as Mr. Ahmed said, that we are in good standing.

Murad Ansari:

Okay. Thank you. And the question on NIMs-

Faisal Al Omran:

The second question is the NIM will be tackled by Mr. Ahmed. Or if your question was, what do we expect for NIM going forward in the year, correct?

Murad Ansari:

Yeah. I mean, you've got a good start to the year versus where you were at the end of last year, 10 basis points, roughly, improvement. Are we seeing most of the rate cut benefits already in the bag? And how do you see now funding costs impact over the course of the remaining three quarters in the year?

Ahmed Almohsen:

Thank you. Thank you, Murad. I think it's similar to what I have responded to Reem. I think we are optimistic for the rest of the year. We think the benefits of saving account further seen in the coming quarter. I think also the latest issuance of the Tier One would be helpful in our name in general. And we are trending now at the upper range of our range. I think we will be within the range, probably toward the upper of that range.

Murad Ansari:

Okay, thank you. And if I could just, sorry, add one more on this. So there's been a general industry-wide talk of... And you've talked about it in the fourth quarter as well. There's been a drive towards improving lending spreads, which is repricing some of the loans on the corporate side. So I just wanted to get your thoughts and your experience on how that has trended over first quarter. Do you see more gains on it skewed towards second half of the year, or this is going to be a steady improvement over the following three quarters?

Faisal Al Omran:

I think, Murad, that's for us, the way that we are approaching it is business as usual. So every loan has an annual review, and when the review comes, we go and we see where our cost of funding today, where is the risk of the client today, and where is this pricing today? And then we check that. So I don't think it's like a program that we are doing to reprice, but it's done as a business as usual. For every annual review, it's a case by case. I don't think it's something that done across everybody. It's just for us, we're taking it as business as usual. We look at each loan during the annual review.

Murad Ansari:

All right. Thank you so much. That's helpful.

Muhammad Faisal Potrik:

We have another question from Reem. Please go ahead, Reem

Reem Alkhulayfi:

This is Reem again. Just I have follow-up question in RWA. Given the SAIB is meaningful exposure to project finance, how should we think about the impact of the evolving project environment on RWA growth and capital consumption going forward?

Ahmed Almohsen:

Thank you. As we grow our assets and as we mentioned, Reem, in our previous earning call, optimizing our RWA become business as usual for us. We look at unused revocable limits. We optimize our existing and we look at our collaterals. We also optimize our foreign exchange. So we look at it as one exercise, how to optimize our RWA. It has been really helpful and useful, what we have been doing. We still see some opportunities in further optimizing our RWA. We've also now working on our investment portfolio to optimize the risk weighted assets on it. If you look at our project finance, it's around 10%, roughly 10%. So I don't think the impact on RWA would be material. It's still manageable.

Reem Alkhulayfi:

Did you see any moderation in project finance this quarter?

Ahmed Almohsen:

Sometimes, yes. We could, for example letter or guarantees which reduce the charge for the risk weighted as for project finance. So it's not a fixed number. It depends on the agreement itself, whether there is a backup guarantee or certain aspects on the contract that would reduce the charge for project finance.

Reem Alkhulayfi:

Clear. Thank you so much.

Muhammad Faisal Potrik:

We have another question in the Q&A box. Which sectors are risky in your view today, and where do you expect recoveries from?

Faisal Al-Omran:

I think the answer changes cyclically, depends on where we are. So there are some areas that would affect travel, for example, that would be then an area of focus for us. For example, things happen in real estate, that will be our focus. If something happens in contracting, then that would be our focus. So I don't see us as a bank, as SAIB, where this is something that's concerning for us now. We see ourselves diversified. We have a very strong corporate setup. When we have seen a growth area in the contracting, we immediately started setting up a contracting department in corporate to ensure that that growth area is properly prudent when we do the underwriting. So I think that's our approach, usually, is that we like always to take collateral. If there is a growth area, we build our capabilities immediately so that we can understand what we are underwriting, and we keep monitoring the market very closely. And I think that, alhamdulillah, that's evident with our figures in the risk metrics and inshallah, we expect to continue the same approach.

Muhammad Faisal Potrik:

Thank you very much. We don't have any further questions now. I'd like to hand it back to Najla and the management for any final comments or remarks.

Najla AlMutairi:

Thank you all for joining us today and for your continued interest in the Saudi Investment Bank. We look forward to speaking with many of you over the coming weeks. Thank you.

Muhammad Faisal Potrik:

Thank you very much. This brings us to the end of the call. You can now disconnect.