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Half Year 2023 CAB Payments Holdings PLC Earnings Call

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PRESENTATION

Michael Goldfarb ***CAB Payments Holdings PLC - Chief of Staff, Head of Investor Relations & President, US at CAB Payments***
Good morning, everyone, and thank you for joining us for our financial year 2023 interim results presentation. This is, of course, our first results presentation as a publicly listed business, and we're thrilled to be back here at the London Stock Exchange for the occasion. Today, we'll have Bhairav Trivedi, our CEO; and Richard Hallett, our CFO, walk you through our business, our financial results for the first half of the year, and our outlook going forward.

At the conclusion of the presentation, we'll be joined by David Mountain, our Chief Product Officer. We'll take questions beginning with those here in the room first, followed by those in the live stream.

And with that, I'll turn it over to Bhairav.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Hey, good morning. Thank you, Michael, and welcome, everybody, to our first results presentation. We're really excited to be here. We started our journey as a public company right here at the LSE, and we are thrilled to be making our first announcement also in this location. So, what we're going to do is basically split this up. I will give you a quick introduction on the organization, understanding that some of you may not be familiar with what we did. I know Kim out there had mentioned also, so happy to point out, tell you exactly what we do.

Quick background, then I'll hand it over to Richard who will give us a quick background on what's happening on the financial side and talk about the numbers get into much more detail. Finally, I'll bring it all together at the end and talk about some of the future strategic flows, what gives us excitement about what we are here for.

So with that, let me start off by saying we're all here to know about the results, you've seen the numbers. We put them out a short while ago, fantastic performance for the first half of the year, 94% year-on-year growth on top line, 56% on our EBITDA numbers. And, again, we want to reiterate that we are sticking to our guidance for the year as well as saying, on the medium term, we are very confident on delivering through those numbers.

So with that, let me give you a quick idea of what we do reiterate. CAB Payments, what exactly are we, and what do we do? We are an organization that has been around for 190 years. We were part of the legacy Crown, and over time, we've now taken that and really focused in on payments and FX. Simply put, if you look at these two pictures, on the left-hand side, you've got the traditional Swift, which goes a number of different hops from point A to point F. And at that point, you're really wondering about who's doing what exactly, who do you catch if something is not going right? If there's multiple leakages in the system, or if there's data information lost in the system?

What we do as CAB Payments is we do it in a single hop from A to F directly, optimal pricing, amazing speed, complete transparency, very little leakage, if any, in the system at all. So that's really what we specialize in. And so this has been our core focus, and we do it all with a proprietary technology in our own network, which actually makes us very different from some of the other people in the market.

Let's talk about what our value proposition is. Why do people come to us? And so first off -- and why as investors should you be looking at this and saying, wow, this is an amazing investment. First off, we are in a very large growing market, and we've got very favorable tailwinds. And I'll discuss these a little later down the road.

Second is we've got a highly diversified blue-chip client base. We added over 44 clients in the first half of this year. And we continue to remain on track to deliver, as we had said in our earlier guidance, in terms of at least about 100 clients this year.

The second piece is we have a very deep network, which allows us to really provide services across multiple geographies. If you think about the fact that one of our key differentiators is we have nostro accounts or bank accounts in a number of different locations, which then allows us to take these transactions in a single step. We continue to invest heavily in our network. At the beginning of the year, we have about 135 nostro accounts. We're already at 152, and we continue to expand that piece as well as we have multiple liquidity providers on the backend, which allows us to do even more.

The next piece is really focusing on technology and migrating more and more of these transactions across digital platforms, so that we can do them quicker, low error rates, and much faster in terms of processing as well as in terms of pricing. And to that, I'm happy to say that we've now reached over 90% of our FX transactions migrating through our digital channels, and we'll continue to expand that number.

And then we've always spoken about the fact that, for a great company, you need a great team, and we've got a top-class management team that continues to focus on this and drive the business in the right direction. In addition, we are very proud of the fact that, as an organization, we are focused on ESG and social impact. We have a tremendous social impact in all of geographies in which we operate in, and we continue to drive that.

So with that, I'll wrap up by saying strong market-leading economics, GBP71.8 million revenue in the first half of the year. As well as almost GBP40 million EBITDA for the first half of the year. I'm going to now hand over to Richard who's going to take us through the numbers in much more detail. Richard, all yours.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***

Thank you very much, Bhairav, and a warm welcome to everybody. It's good to see some familiar faces in the room. And I know there are some of you that are new to our story today, but warm welcome.

So let's start with a snapshot of our performance. I'm excited to announce a strong set of results for H1 2023. Total income grew by 94% year on year to just under GBP72 million. With our inherent strong operating leverage, this resulted in an adjusted EBITDA of just under GBP40 million and an adjusted margin of 56%, up 17 points from where we were this time last year. Our capital-light business model produced strong free cash flow generation with 95% cash conversion rate, up from 86% last year.

So if we stand back from the metrics and the detail, it's clear that we continue our track record of delivering strong growth across all metrics. And importantly, at this stage of our development, we're delivering what we said we were going to do.

So let's unpack the key elements of our strong headline performance. On this slide, I show the historical revenue performance by half and further broken down by key product. And there's some interesting trends that I'd like to highlight today. Firstly, we are at our heart a transactional business – and our payments and FX segment increased by 61% year over year. We've excluded Naira from that, and I will talk about Naira separately in due course.

As we previously shared, this growth comes from a combination of existing customers and new clients. As a reminder, in any given year, we expect about 90% of this year's income to be generated from the existing customers and about 10% from newly onboarded customers who then tend to ramp up beyond year one. We onboarded 44 customers in the first half of 2023. We're particularly proud of the range of those new clients that we've added, and of course, we expect these to be meaningful sources of income in the future. And Bhairav, when we get into it later into the presentation, will detail the spread of those new customers.

As I will come to discuss in more detail when we get to the next slide, we see a level of seasonality in our business such that Q2 has consistently been the slowest revenue quarter historically and this year. The nature of doing business in emerging markets is that we see varying demand in that in each market with geopolitical or local politics or regulatory changes in those markets. Where volumes are normally relatively predictable over a longer time period, individual quarters can be impacted, and Q2 was a case in point where some short-term events impacted us. These have either now been resolved or in the process of being resolved. And the third quarter is more in line with our expectations. The complexity of moving money into these markets is the very reason that CAB exists, and CAB payment excels.

Secondly, I'd like to talk about the unique dynamics of the Nigerian market, and we've broken out our Nigerian -- Naira-related income separately, you can see on this page. Naira has historically been one of our strongest corridors, and we have benefited from a prolonged period of dislocation. It's important to note that our business is generally a beneficiary of volatility. Naira income began normalizing in Q2, reflecting the evolution of the foreign exchange policies we saw come out of the Central Bank of Nigeria that we have discussed previously. Looking ahead, while we expect Naira to continue to be a significant corridor us, we're making conservative assumptions for the rest of 2023.

And then thirdly, on this page, we saw a significant increase in our net interest income to GBP16 million for the first half of 2023. As a bank, albeit fundamentally a transactionally driven bank, NII is an important income stream for us and a key adjacency to our payment proposition. Our net interest income benefited from increasing interest rate environment in both the US and the UK, and we're particularly well suited to capture that revenue given the stickiness of our deposit base. In H2, we expect to see our NII revenues to continue growing which is reflective of the recent global interest rate movements.

And so in summary, if we stand back, we delivered strong results from our payment and FX business at 61% growth. But we've taken a conservative view of Naira volumes in the second half while NII is strong, and we believe it will continue well into 2024.

As we previously highlighted in our Q1 performance update, it was a particularly strong quarter, but that straight line extrapolation was not appropriate in estimating full-year 2023. Our business does experience seasonality, albeit fairly predictable seasonality, with the second half of the year historically accounting for about 60% of our total revenue for that year. Seasonality is driven fundamentally by our clients' underlying flows and some examples of this I'll just lay out.

We see a general upward trend in the year with increasing wallet share evolution from our current clients and the contribution from new clients as they are onboarded. This is what you would expect to see for a growth business such as ourselves. Our remittance or NBFI customers have distinct peaks particularly with respect to regional and global holiday celebrations, and we see that particularly in Q4. Development organizations or IDOs operate within strict annual budgets, and volumes tend to accelerate as the budget year draws to a close.

And then finally, I'd like to highlight, with our emerging market financial institutions, we see peaks at the end of March and September when foreign debt repayment becomes due. And so with this in mind, we tend to experience our strongest quarter in Q4 driven by NBFI holiday volumes and IDO budget clear-outs. Q1 and Q3 tend to be the next highest particularly with the semiannual debt repayment profile. And Q2 tends to be the least impactful in any given year as it was this year.

We expect the historic underlying patterns that I've just laid out to continue in the current year because it is client driven. We have an incredibly strong culture of cost management whilst investing to capture the long runway of growth opportunities. And over time, this investment has yielded a high inherent operating leverage, and I'm pleased to report that costs continue to be well controlled. In the first half, for example, we continued to invest in geographic expansion with a focus on adding sales capabilities outside the UK, particularly in the Netherlands and North America, and in growing our teams to reflect the increases in clients' transactions and volumes. We're on track to hire about 100 new staff members in 2023 with talent being deployed particularly in sales, marketing, network, and our risk teams.

On a technical point, unlike some companies in adjacent markets, our clearing costs are minimal, you can see on the page here, due to the transactional nature of the one-step business model that Bhairav talked about, meaning we can deliver high gross margins. And I need to point out also we had significant nonrecurring expenses relating to our public listing. Some of those costs will carry into the second half of this year, and we expect the total to be about GBP20 million by the time we get to the end of the year.

As I've said, the nature of the transactional platform model makes us a very high margin business. The contribution of good topline growth and the inherent operating leverage and responsible cost increases that have resulted in nearly GBP40 million of adjusted EBITDA, up from GBP40 million on the same period this time last year. This represents a 56% margin, 17 points up on the previous year. That 56% profit margin puts us already in the 55% to 60% range that we gave in our medium-term guidance. And for each two, we expect to remain at around the H1 levels.

Along with having high margins, we also convert a significant amount of profit into cash. You can see from this slide, our attractive cash flow profile has very much been for the benefit of, not the expense of investing in our future. We're investing in our forthcoming Amsterdam offices and New York offices. We've announced today the leadership team in each of those locations. Additionally, here in London, we're close to agreeing new premises to accommodate our future growth. We are also continuing investing in our systems, everything from additional robotic process automation to implementing AI-enhanced compliance tools to also launching new client-facing features and functionality.

A quick word on CapEx. CapEx is always a bit lumpy. We see this for our capital intensity in H1 '23. However, we're still expecting capital intensity to be around about 8% for the year and as CapEx and committed capital accelerate in the second half of this year.

And so to summarize, before I hand back to Bhairav, as you've seen, we've delivered strong results, strong set of first-half results, 94%, revenue growth, EBITDA at 56%, and cash conversion at 95%. As I said earlier, Q2 is traditionally a subdued quarter, the smallest revenue quarter that we've seen historically. Trading momentum has improved in the third quarter, as we would have expected, with new initiatives progressing well. If you recall, I described the revenue seasonality. Traditionally, the second half accounts for around about 60% of our annual income. It is these factors that underpin our confidence in the outlook for 2023.

And so with that, I'm going to hand back to Bhairav.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Thank you, Richard. So Richard has spoken to you about our financial performance and why we are confident in delivering our numbers for financial year '23. I'm going to talk about what really drives this business, and why we are even more confident about delivering our numbers over the medium term in terms of our guidance and what we projected for this market.

So with that in mind, earlier on, I showed you some key factors that really are the determinants of our business going forward. I'm going to unpack each one of these in more detail, so that you can get more detail around that, and really talk about why they could be significant drivers of growth going forward.

So let's start with the first one. In terms of the large and fast-growing market, I think some of you may have seen this slide before, but we've got a very large market, $2.3 trillion, and this market is growing at about 4% to 5% per year. So take it at about 5%, towards the high end. And this market is going at that.

The second determinant factor is that we've got today specialists such as us that are servicing this market, and we constitute about 15% of the market. The other 85% is with banks. And these are regional banks as well as global banks. And we find that those people are moving away from this business and really pushing it onto specialists. And they may do that directly and say, you guys take over completely, or they may come to us (remember, we talked about the major market banks) and say, guys, can you do this for us? But don't tell anyone you're doing it for us. Just let us be the front-facing client.

And so really that's the second driver that's taking place. So, with that combined, this market is, for us, growing at about 20%. We, as an organization, are growing significantly north of that. And so, we do believe not only are we growing with the market, but we're also taking some level of share from others in this market. So that's the first factor, and this is really important for us to note on this piece.

Let's talk about the second factor. We talked about our blue-chip client base. This is interesting because I think if you look at all of our client segments, year-on-year growth, pretty phenomenal. I mean, the international development organizations are over 90% growth. Next is our major market banks. We've always said that segment is going to grow really high, and it's close to 75% growth year on year.

And then we've got the NBFIs and FinTechs. As you know, more and more people are taking part in this market. It's not just about NBFIs, not just about the FinTechs and the non-FinTechs, but also about schemes, associations, et cetera. And all of them are driving forward on this business, growing over 65%. And then our emerging market FIs which is growing at 29%. And while that number may appear to be slightly smaller than some of the others, remember that there are some core fundamentals that are preventing us from really expanding out on this market. As and when we are able to provide more dollar clearing, that would really take this to the next level.

And today, they constitute a rough breakdown about a third, a third, a third on revenue with major market banks being a very small fraction of that. Over time, we see this evolving into a significantly larger piece for us. Not only that, but we've got a very strong pipeline in each one of these segments and we continue to drive forward. Richard mentioned we've got over 44 new customers in the first half of the year. Typically, our first half of the year is the slower time of adding new customers. They tend to add on much more towards the end of the year because it does tend to be a long sales cycle, and it goes through an intense review process.

Third piece. We talked about our global infrastructure. I mentioned that we've got these nostro accounts across the world that allow us to move money in a single hop and be able to deliver it clean, transparent, and with all notifications to all of our customers. We've expanded that pretty aggressively. We had 135 Nostro accounts. We've gone to 152, and we continue to expand that. Over and above that, we also have liquidity providers. We had about 212 at the beginning of the year. We have 291 liquidity providers, so now we significantly expanded that piece.

The second is a lot of our products are driven by our customers demanding them, and we found more and more requirement for currency pairs. And to that end, we've added over 100 new currency pairs to our list and are slightly ahead of 600 currency pairs today.

I think Richard mentioned about our international expansion, and we've spoken about this throughout the IPO process. We've continued to drive forward on that. We are focused and expanding in Europe and the US to start with because these would open up critical markets for us to really drive forward in the business. To that end, we are in the process of obtaining our European license and have started the process of obtaining our US license. As and when these are done, it would open up an exponentially larger market for us.

And finally, we've started to gain some traction in a lot of the new geographies we've entered in. Brazil was a case in point. I think we had mentioned that earlier, and we're starting to see significant traction on that.

Let's talk about our social impact. Again, this is something we've talked about throughout the process. We are very proud of the fact that we have an intrinsic social impact in all of the geographies and communities in which we operate in, broken down broadly into three different areas: financial inclusion, formalizing of financial markets, and strengthening of local economies. Development aid flows continue to drive across. We've seen some major issues in certain parts of the world just recently in the last couple of weeks. And, again, I think we'll see those development flows take off even more, and we will be at the forefront of facilitating those development flows into some of the hardest regions in the world.

The second thing is formalizing of financial markets. We see more and more inclusion of African geographies and emerging geographies in the formal financial markets. And we are facilitating a lot more of those flows specifically across the Pacific Islands and some of the other geographies.

And then finally, remittance flows. Richard spoke about the fact that these flows tend to be seasonal in nature. When you're sending money to mom and dad, you're sending it during seasons like Christmas, Diwali, et cetera. And we see a lot more of those flows taking place. And as the economy starts to improve and migration continues to maximize across the world, we will see those flows take up significantly.

So again, to reiterate on the medium-term outlook, again, we are very confident of delivering our financial year '23 numbers, and we continue to remain confident on our medium-term outlook. We have provided you with numbers that say 35% to 40% growth on top line, 55% to 60% EBITDA margins, and about just under 10% on CapEx. We are confident of delivering these numbers going forward.

So, I'm going to stop at this point, open it up to questions and say, please remember, we have done phenomenally well, 94% delivery on top line and 56% on EBITDA numbers. And we are confident of delivering our numbers going forward.

Over to you. Sorry, David is going to join us on the podium for that.

QUESTIONS AND ANSWERS

Gautam Pillai ***Peel Hunt – Analyst***

Thanks, Bhairav and Richard. So I have two questions. My first question is on the Nigerian naira situation. Can you give us a background of what has happened in the market? And you have mentioned at the time of the IPO that this is already included in the guidance. So what happened in 2Q? Was it in line with your expectations?

And also in the slide where you show the split of revenues, the mix of naira has come down in revenues compared to H2 last year. Is that what you expect going forward? Can you give a flavor of that? That's my first question.

My second question, some more high-level question on one of the features why you are winning market share against banks is that banks are retrenching from the correspondent banking network because of AML reasons and compliance costs and whatnot. What makes you comfortable to go and win or open new nostro accounts and increase the network? What are the structures behind what you're doing in that network? Thank you.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***

So fantastic questions. Let me answer the second one first just because I think it's a little smaller and more succinct. In regards to what makes us win over some of the other banks, number one is we are a bank, so banks innately trust other banks as opposed to trusting specialist players that may not necessarily be a bank. That's number one.

The second is a lot of these geographies on their own for a stand-alone client might be relatively small for them to invest in, but we consolidate and so it's really a question about scale. And that really provides us that. We've also, as a bank, as an organization in this space rather, I should say, focused on specific geographies and built out the infrastructure.

A lot of the banks might end up having a single bilateral in most geographies. We have several delivery partners, which allow us to play one against the other, be able to identify sources of liquidity need, and service those so that we can get the best and optimal pricing. And because we understand the dynamics of some of these markets, we are very clear and transparent in the data that we provide. And because of that, we are able to provide complete transparency on the transaction. So that's on that piece.

Addressing Naira, and I'm going to also throw it open to my colleagues here. But addressing the Naira situation, I think the Central Bank came out and implemented what they thought were amazing reforms in the market. They moved completely to a free market. What tended to happen with that was there were macroeconomic conditions that were not really considered, so you had the exchange rate go up by more than 50%, 60%, 70%, which then impacted imports into these geographies.

So now suddenly you had the common man really struggling with day-to-day activities. So then that the Central Bank came and then said, no, we cannot let the exchange rate go above a certain threshold, which then created a parallel market immediately because there was not enough liquidity at that level. It is still in flux. I would love to say that things have now settled down completely, but they haven't.

I think the Central Bank is still trying to get comfortable with what is optimal. It's going to be a combination of some level of -- having some level of control but, at the same time, trying to open it up. It's going to take a long time to pan out. And while we see volatility and people have stayed away from the market and trying to get in, I do see that they will start to step back into the market because there is a need for sending money into these geographies. And at that point, we'll be well in position to take advantage of it.

Any other thoughts on Nigeria?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
So I just think, with Nigeria, if we just do a quick review of the timeline, so historically, Nigeria was our largest corridor, just. And that's the natural state of affairs. It's a big economy. It's in our heart of hearts. We're good at it. We've been there a long time.

After July 2021, the Nigerian government made it very difficult to move money in and out of Nigeria. Now that suit specialists such as ourselves. So we've had a temporary opportunity to have better economics. We knew when we were going into IPO that there had been a change of government in February, and there was schedule to be a change of the Central Bank of Nigeria governor in June. What we guided at the time and what we planned for the year was when the governor came in, we expected things to return to normal, historical.

Now what happened in practice is that everyone was watching post-February and volumes started to get a little bit skittish in the run-up to the change of the governor. As it happened, they changed the governor a month early. And so basically, what we saw in Q1: GBP11 million - that's the sort of extraordinary levels; Q2: GBP4 million: That was a more rapid transition than perhaps might have been predicted at first to steady state.

What we're seeing now in Q3 and looking forward to Q4 is margins indeed have return to sort of pre-2021 levels. It's actually a bit higher than that, but not a lot higher than that. But volume continues to be skittish. And so we're watching. It's a little bit hard to predict because the regulator will make the decisions they make, and they're very activist. But what we're seeing in terms of medium- and long-term outlook is the margins look pretty nice.

I think we would expect it to continue to be one of our largest, if not our largest corridor. But in Q3 and Q4, the volumes are going to be a bit skittish and a little bit unpredictable. So it might be great. It might be a little bit smaller. And so we're predicting on the smaller end just to be safe, but the margins look pretty robust.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
James?

James Goodman ***Barclays Investment Bank - Analyst***
James Goodman from Barclays. I'll go for a couple as well.

First one just on, I guess, partly on seasonality. You've been quite clear on that this morning. Excluding Nigeria, was there any unusual seasonality in the business last year? And the reason for asking is, as we look forward at the second half of this year, trying to unpick the full-year guidance, which implies a lower level of growth in the second half because of the Nigeria issue. But excluding Nigeria, I think it implies a slightly higher level of transactional revenue growth. Is that a comparative issue that's driving that? Or is it that you got visibility of certain currency corridors which are going to give you a pretty healthy level of ex-Nigeria transactional revenue growth in the second half?

The other question just more simple around CapEx, very, very low again, only GBP2.5 million, but you're still maintaining at least the lower end of your guidance there, which implies a huge step-up relatively in CapEx in the second half. Why, what is it on, what cost is it? Is it people in the business that you're going to capitalize? Is it external costs? Some clarity around that would be helpful.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Fantastic. All yours.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
So I'm going to start with the second one first. So I'm going to carry on with the tradition that Bhairav set here. In terms of CapEx, it's lumpy. I've got good line of sight to where we're going to end up at the end of the year. And so I'm reiterating today that I have line of sight to an 8% of revenue CapEx this year. We continually review and assess our roadmap and prioritize. And it's not a surprise to see that lumpiness come through in the annual distribution of that capital intensity.

In terms of where that originates from – yes it is, it is essentially development costs and people costs that we capitalize within the organization. But there's also committed capital within that as well. So we announced a new building. That's a right-of-use asset associated with that.

And so, to be clear, 8% we're comfortable with. It looks lumpy. It's not unusual to see that from my point of view. Secondly, it is people-related in terms of development, R&D CapEx.

Okay. So let's come back to the ex-Naira transactional revenue flow. So we talked about seasonality. We talked about the 40-60. Interestingly, if you look at the previous years, that has held true both at a total income level, but also at a transactional perspective as well. And certainly, last year, 2022, we saw a very strong correlation of 60-40 for a non-Naira transactional business, and so there's nothing particularly unusual to report there.

And there is absolutely no reason why we shouldn't expect to see that this year. Now clearly, we have moving parts around Naira, we've talked about that, and also NII compensating. And again, overall, it so happens with those additional moving parts, we'd expect to see that 40-60 on an overall basis as well, James.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
And James, just to add to that, I think you asked about predictability of some of these flaws. Probably the most predictable for us is the debt service requirements because most of the central banks will call us in advance and say I'm going to be booking X right now.

The good thing for us also, and it's probably bad for the central banks, but good for us is that interest rates are rising, so the debt servicing is increasing. In the interim, several more are taking more debt. They're taking it not just from China, but they're taking it from other countries in the Middle East. And over time, they discover, hey, these guys are great at providing us servicing on the spot. So we're seeing many more significant flows.

And that's the one that's predictable because they do call us in advance and say, on [excellence] or debt, I will be moving these ones, and we will be doing this transaction. So that's the only one that's really predictable.

Other than that, I think we've got floors that are tied into, as I mentioned earlier, NBFIs. So remittance flows, they tend to be tied into holiday seasons. So people are selling for Diwali, they are for Christmas, they are selling for certain other festivals. And that is the only other one that's very predictable in terms of flows.

James Goodman ***Barclays Investment Bank - Analyst***
Yes, that's helpful. Thank you.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Yes.

Robin Savage ***Zeus Capital – Analyst***

Following on from that question, you do disclose on page 18, the flows in dollars. So, if I add them up, it's $9.3 billion, so which is approximately GBP7 million. Have you disclosed the comparative numbers?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
Sorry, just to clarify, the page 18 talks about our ESG. So we track overall flows. We don't generally share that with the market because we don't think it's a good indicator for the business. We also specifically track certain subcategories of flows because they're societally impactful.

So what that slide is that's not the totality of our flows. Those are specifically remittance flows, aid flows, and flows into low and low middle income countries. We track those separately because they have social impact.

Robin Savage ***Zeus Capital – Analyst***
So you think that the underlying flows are not relevant to the business?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
So we think that the underlying flows times the margin equals revenues are obviously very relevant in that sense. But unlike a more traditional payments company where one has a very steady mix of business, the mix of our business changes based on geopolitical events, based on underlying client

demand.

And so in a given month, we might have an emerging market bank do an enormous dollar-pound trade, right? And so in that month, what we would see is very high volume, quite low margins. It's great business.

Now if you look in that month, you'd think, wow, the business has gone crazy in terms of volumes, and their margins have really compressed. It doesn't really mean anything. And so if you look month to month at what our margins and our volumes are, they are a poor reflection of the underlying health of the business. And so we have made a conscious decision not to describe the business in those terms.

Apologies, I know that's how payments are, normally.

Robin Savage *Zeus Capital – Analyst*

I'll move on. Second question, if you might have just a few. Compliance, so how many people work in compliance? How important is it? What plans have you got to grow the compliance as the business grows? As your business continues to grow, I'd imagine that you are investing more and more people.

So I was surprised that you talked about risk, but surely, compliance and trying to limit failed transactions and make sure that money is actually being handled to the correct people is probably more important than actually salespeople.

Bhairav Trivedi *CAB Payments Holdings PLC - CEO & Executive Director*
Absolutely. I mean, for us, compliance is a critical element of our process. As a regulated financial institution, we always have to ensure that we are on top of our game on that piece. Let me give you a couple of points that should be reassuring from that standpoint. Today, roughly about 15% of our headcount is in compliance. In the last three years, that has been the fastest-growing segment of this -- of our headcount, number one.

The second thing is don't forget that our transactions tend to be B2B, so they are institution to institution. I mean, I might be doing transactions for a large bank, so then they send their transactions. They've already screened them. I'm going to screen them. I'm going to monitor them. I'm going to tag them, then I'm going to pass them on to the back-end financial institution. That's another delivery mechanism.

So those tend to be relatively safe. We've got the other -- the larger group of our transactions tend to be international development organizations. Those are organizations such as UN entities or major global entities like the World Bank, IMF, et cetera.

Those again would be all screened before they came to us. We would screen them, and we constantly discover things that might have changed slightly in the interim, even as these transactions are floating through the system. And we are always on top of this piece.

And of course, the NBFI segment is also one that's interesting. We tend to have some of the largest dual screenings across that segment only because they tend to be stuff that's not as actively looked at as some of the other segments. But again, for us, that is a core part of our business. We continue to invest in it. We have so far never had an issue with our compliance and never had any kind of notification from any of the authorities.

There are times we have discovered stuff that has already been screened three times before it came to us, and we have discovered it only because we've gone into looking at UBOs, et cetera in those organizations and discovered some kind of a sanction, so we've actually tagged it and put it out there.

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
So just one extra point from a product perspective, the place that we're using artificial intelligence is in compliance. And so if you think about us, we specialize in the emerging markets. We see flows into emerging markets at a scale that basically no one else does.

That gives us a proprietary data set, and we do see, for instance, our remittance and our bank clients have a lot of repeat customers going into these markets. And so we're able to pattern recognize. And that makes us both more likely to catch anything that could potentially go wrong, but also be much more efficient about the things that we've already checked in advance. And so that's a -- just a structural advantage we have.

Robin Savage ***Zeus Capital – Analyst***
Okay. Last question, and I'll pass it on. It's to do with the capital requirements. You are a regulated business. So could you describe how your capital requirements -- what they are, how they're going to change?

As your business grows, you need to have more headroom. So what level of capital should shareholders really expect you to hold for your capital-light business? And does the amount of capital that you happen to have externally in third countries have any relevance to the amount of capital that you need to have?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
It's a great question. But again, just at a very high level, we don't have capital sitting in other geographies. Again, it's primarily passed through. So over to you, Richard.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
So it's a great question. It's one of my favorite subjects. We are a PRA-regulated bank. And therefore, we adhere to CRR rules and prudential risk metrics. And traditionally, it is mandated that we'd look at all of these, both on a daily basis but also for a 3.5-year time horizon.

We have a meaningful amount of capital that's put aside for operational risks, some for credit risks. We have a very small amount associated with market risks just simply because we don't tend to take outright positions. We do small book building in any given day, but we tend to sell those down very, very quickly.

What I would say is our CET1 ratio at the moment is around about 28%. We obviously haven't recognized capital from the first half year at this juncture, but we will be very shortly. And so we monitor a raft of EWIs associated with both capital liquidity and other prudential risk metrics on a daily basis. That is slightly unusual. We take this very seriously.

And when it comes to an ICAAP and an ILAAP -- so an ICAAP is obviously looking at projections of capital required over a 3-, 3.5-year time horizon, depending on when you do the cutoff. We have a very robust capital planning process.

And so coming to the heart, I think, of the question is, well, how are you planning for either capital utilization or maybe even distribution in the future? We have a long-term view of that. We are highly cash generative. You saw the cash generation rates that we have, but we are investing for the future. So we have a strong pipeline of capital expenditure.

Equally, we have an internal metric where if we can't achieve for any given pound of capital being deployed, an internal rate of return of 20%, then that is a -- that's a key threshold for us. And as we said, leading up to the IPO, that would be a juncture where we would consider some kind of distribution. But we are a high-growth business, and we have ambitious and exciting plans for investing in the capital.

Does that answer your question?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Nick, over to you.

Nick Anderson ***Liberum Capital Limited - Analyst***
Okay, thanks. Nick Anderson from Liberum. Three questions, if I dare. Hopefully, two are brief. First question is just headline revenue growth, 94%. But you have a constant currency figure, given obviously there was some dollar weakness. If not, I can follow-up later.

Second question is you talked about wanting to get dollar clearing. Can you update us on the timeline on that one, please?

And then the third and final question is really interested to see you won Santander as a client. And given obviously, payments is a big bit of their business, they've been buying assets like Ebury etc. they’ve got a lot of competence in this area.

Really interested if you could share anything that they said to you about why they kind of -- if you allow to. I mean, you mentioned, I think, in the past, that they were quite high profile about the [win]. I'm just curious about why they chose to work with you. It seems quite a big name to join in. Thanks.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Sure. So again, on a constant currency basis, I'll defer to Richard.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
Shall I do that first?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Yes.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
Okay. So obviously, we're a sterling company. Nick, you will be aware that we have meaningful revenues. I'm saying that for the broader audience as well. We have broader revenues in US dollars. About 70%, 75% of our income base comes from US dollar flows. And so constant currency can be a factor.

When we did our planning for this year, budgets and guidance, the cable rate, which is the key thing that we're talking about here, it was around about 1.21. We've gone through the year up to a peak of 1.27 and back down to 1.25, 1.24, high 1.24s at the moment.

Last time I did the calculation, which was a few days ago now, but I can't give you here a real time. The impact of that devaluation would have been around about GBP1 million for us in terms of revenue. Okay?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Okay. So that's on the numbers piece. Let's talk about dollar clearing. It's something that we've always been very excited about because that actually allows us in some sense to control our own destiny specifically because some of the large banks that provide us services on the dollar clearing side tend to be concerned about certain geographies because they're not as comfortable working in those geographies.

They also tend to have a gap of what they can manage in each one of those geographies. So for us, it's really imperative that we move towards a structure where we can provide our own dollar clearing because that would allow us to provide dollar clearing across multiple geographies. Some places just need it because they just don't have access to those services.

It is a long, drawn-out process. It does require us to do one our US registration, then after that, get the clearance from the Fed, then actually get a chip license, et cetera. It's not something that's going to happen in the short run. It is going to take a while.

But we will always consider other alternatives over time to see if there's something that we could do to speed that process up. But it's not something that's going to happen overnight. So it is definitely a goal of ours to have that in play, and we will pursue that pretty aggressively because we do believe it's a key differentiator for our business.

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
And just as a reminder, part of the rationale for IPO-ing was that as a private equity-owned business, we weren't able to get the licensing we needed in the US. And so the reason why we haven't done that historically, even though it's an obvious thing for us to do, is we were precluded from doing it. So now as a publicly traded company, we will be able to do that. But to Bhairav's point, it's not going to be quick.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
And then lastly, on your point with Santander and PagoNxt, it is one of the few things that we can talk about because it's something that's public, and they made an announcement at Money20/20. As you mentioned rightfully, Santander has been very acquisitive in the payment space with Ebury, et cetera.

They know that we've been working with several of the companies that they have acquired over time, so they understand our capabilities. They understand our ability to be completely transparent, deliver on time with amazing pricing.

For them, when they looked at it, they wanted to be with a single consolidated provider of these services, and that was the most exciting thing for them. It is also the fact that we have a payment gateway that's better than anything else out there in the market. And that really allows us to be able to process their transactions at high speed and high volume over time.

So those are really the core drivers. Other than that, they probably like the management team here and definitely thought we were great guys to work with. But I can't say anything more.

Nick Anderson ***Liberum Capital Limited - Analyst***
Just briefly, so does that give you help in breaking into Latin America, given obviously that's the heartland of Santander's business?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
It's interesting.

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
It's a mutually beneficial relationship is what I would say. And so what they are looking to do is to create a world-class payments capability. They obviously have some real strengths in Europe and Latin America. They saw us as an opportunity in one fell swoop by integrating with our technology to really become properly global.

And vice versa, they obviously have some very deep ties into Latin America, and we are actively looking to use them as a partner in those spaces. And so we think it's going to work both ways.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Yes. But Nick, as of now, they have come out to say that they will use us for Asia and Africa, and they've also come to us with proposals on using them for various other geographies. Sandeep, you had a --

Sandeep Deshpande ***JPMorgan - Analyst***

Maybe a question into '24, I don't know whether you want to answer it. But when you look at your first half of this year, your growth is incredible, I mean, 90% plus. But then what are the new blocks that you're putting in -- the building blocks that you're putting into place such that you can grow that 35% to 40% in the first half of next year?

Because that's what the market will be looking for early next year because this year seems to be very easy to do to some extent because of that very strong Q1 performance -- not very easy, I mean, relatively easier to do because of the very strong Q1 performance. Eventually, it always -- it would have come down to what you do in the first half of next year.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Fantastic. Great point.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
Sure. Any of us can --

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
I mean, it's worth just reflecting on the underlying thesis here, right? Three-quarters of the payments that go into emerging markets are done by domestic and regional banks who are subscale and would rather not do it. We are leading the charge of the shift of that market from banks into specialists. We have somewhere between 1% and 2% global market share, and that's had a 15% total specialist market. It's a hugely fragmented market.

We believe that the sky's the limit, right? And in particular, we have historically, in a very entrepreneurial way, sold out of London. What we're seeing coming online is Europe and the US. In the course of the next six to 12 months, we'll be able to really sell into those markets. And so what we're seeing is large chunks of addressable market that we couldn't access previously coming online very shortly. And that gives us a lot of confidence that with no other change that will deliver an entire new wave of growth. So we're feeling pretty good about our medium- and long-term growth prospects.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
And Sandeep, I'm just going to add to that. Obviously, we have said, I reiterated it today, that our new customers tend to contribute 90% of our revenue in any given year, and on new customers, 10%. What that means is in the following years, those new customers tend to ramp up really quite quickly.

As a reminder, again, from some of the materials in and around the IPO, we have a net revenue retention of 150% as well. So yes, and we have a 96% logo retention over three years. So, our customers are incredibly sticky. They grow with us. Every year, they evolve. They tend to start small with a smaller cohort of channels that when they see the service we provide, they branch those out.

And we see that for all customers coming on board. And I say all because of our 96% logo retention, we have a strong record track record of retaining those people. So the customers that we brought on first half this year, the 44, we expect to onboard around about 100 this year. Those are really the foundational blocks for future years and '24 -- it applies to '24 as well.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
I'll go next. Santander is a great example, right?

Sandeep Deshpande ***JPMorgan - Analyst***
I mean, you talked about the customer side. Is there any corridors of products that are going to ramp up into the second half of the year, which help as well in the first half of next year?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
So our core product set is FX and payments, and FX is relatively mature. And what we see there is a geographic expansion as we grow our network and our client base. And so Bhairav gave the example of Brazil. So we really opened up Brazil effectively two years ago, and it's been growing and growing and growing.

And so from an FX perspective, what we see is that gradual -- we're client led. We follow clients around the world. From a payments perspective, it's all a little bit newer. So we launched our payments gateway less than two years ago. And as of now, 72 different currencies are being traded on that gateway.

That's the gateway that Santander is coding into. And that's where we see, from a product perspective, a lot of opportunity. And so -- I mean, the short answer is both geographically and product wise, we see a lot of opportunity.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Thanks, Sandeep. And of course, we'd be remiss if we didn't allow Justin and Portia to speak up, so absolutely.

Justin Bates ***Canaccord Genuity Group Inc. - Analyst***
Thank you. [Happy for me to go first?]

Portia Patel ***Canaccord Genuity Group Inc. - Analyst***
As always.

Justin Bates ***Canaccord Genuity Group Inc. - Analyst***

Okay, thank you. If I could just start -- just going back to naira and clarifying what you mean by normalization, is it take rates that you're referring to, and on market share with respect to naira today versus perhaps pre '21, what that looks like, just some indication, please?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
I'll take the second one, and then you take the first one since we like to do second first. Market share -- the golden standard for checking market share is Swift flows. We're tiny. And so if you look at the total flows into Nigeria, we're a very tiny amount. Now of aid flows, a lot harder to get a really clear number. I think we're bigger, but we are a very, very small player in Nigeria.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
So let's come back to the normalization comment. So what we meant by that was obviously during the dislocation -- and let's put some dates around it. In and around July '21, we start to see a dislocation, and that really has followed it right away through to the tail end or the middle to the tail end of Q2 this year.

When we talk about normalization, we're really talking about normalization of take rates, okay, in particular. And so we talked about it normalizing to pre July 2021, and that was in and around depending on what you count flows twice or once just for the purposes of, say, around about 1%, okay?

So we're seeing that. We've seen that normalization. And as David said earlier, we're seeing a little bit more than that, but there's still a period of flux. Now the volume is a trickier one, okay? Because there is market uncertainty.

We've seen the tail-off in volumes with that uncertainty, and we're projecting in the second half of the year, it will continue to be quite binary at low levels while the market sorts itself out. But in terms of margins, we've got a good line of sight in terms of what is actually trading.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Yes. I think volumes will creep up much faster than the take rates because again, people need to send money, and they have to send money on a specific timeline.

Justin Bates ***Canaccord Genuity Group Inc. – Analyst***
That's helpful. Thank you. And then in terms of new clients, the 44 you mentioned, I think you quoted a figure for pipeline in the past as well, if you have that figure. And the 44, is there any difference in the split of clients versus your current client cohort?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
So it's fairly consistent across all of our different groups, right? So we are seeing a lot more on the NBFI side, specifically in regard to exchange houses out of the Middle East. And those have huge promise given the kind of flows that take place through those geographies.

We're also seeing very high level of interest from major market banks, and we continue to see that, and that's going to be a big driver going forward. But again, pipeline numbers, I'm not sure we've really given pipeline numbers, but we had mentioned that we were likely to gain about 100 new clients this year. 44 would indicate that we are well on track to achieve that by the end of the year.

Justin Bates ***Canaccord Genuity Group Inc. – Analyst***
Okay, thank you. And then finally, just the Q3 performance to date, is there anything notable that you'd flag to us in terms of corridor or client activity?

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
Nothing of note. Obviously, we are reaffirming our guidance. And implicit in that when it comes to our core business, we're comfortable with the way our non-Nigerian transactional business is performing. So it is as we would expect. Obviously, we then have the overlay of the naira story, which we've talked about, and the increasing NII environment.

I think it's just worth highlighting that we are, at this juncture, comfortable with our guidance for this year, both in terms of the headline revenue number, but also from a profitability point of view as well.

Portia Patel ***Canaccord Genuity Group Inc. - Analyst***
Thank you. And I just wanted to ask firstly for an update on the status of the Netherlands payment license. I think you're saying in the statement that work is progressing, but is that something we should still expect to and this year?

And secondly, with respect to products, I think previously, you talked about introducing vanilla futures and forwards, and just interested in an update on where that project has got to, whether you've done any business in those products year to date as well.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Fantastic. Okay, so I will answer the first one and then hand it over to David, who can talk about the product side. In terms of the Dutch license, we have applied. These are regulators, and they have a certain timeline that they follow. In addition, they also have the ability to stop the clock as and when they ask questions.

Also, the Dutch regulators have changed their team recently. So we did get a number of questions coming back from the Dutch regulators. We've answered those. Our goal is to get everything out to them before the end of the month, at which point we hope the clock would start again.

But again, it's one of those which is really not in our control. We would love to see it. We are very bullish on the fact that we will get it this year. But again, there's no guarantees on that. So unfortunately, I wish I could give a better answer on that, but it is out of our control. David, do you want to touch upon the product?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***

Yes. On the forwards, just to clarify, we are piloting. We're piloting with forwards for G10 currencies. The target segment is emerging market banks whose clients underpin them, and they have -- tend to be manufacturers or farmers, and they often benefit from being able to lock in interest rates.

The underlying restructure is we're working with our liquidity for our partners to provide that. So we're not taking primary risk on it. And that pilot is live -- and we have, historically, by the way, traded G10 forwards as part of our core business for our own book. So this is something we've been doing for a while. But it is at pilot stage at this stage. So it's pretty small.

Portia Patel ***Canaccord Genuity Group Inc. - Analyst***
Okay, thank you, maybe just one more. You previously talked about how an improvement in credit rating would be very important to unlocking previously, I guess, prohibited IDO flows to you. What is your level of optimism about achieving that improvement in credit rating this year? Or do you encourage us to be more patient?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
So I think we encourage everyone to be more patient. We're always on that piece. Trust me, like you, we were very bullish on the fact that suddenly things would change overnight, but they don't. Again, much like regulators, credit evaluators also do the same thing. They have to be really careful about what they do, and we absolutely understand that.

We will have an evaluation that will take place sometime later this month, at which point, we will know a little bit more. But as of now, based on everything I've been told from the industry, it is not something that's going to happen overnight. It's not something that's going to happen in the year, but it's definitely going to move in the right direction. And so, we should be able to tell you on that piece later. Fair enough?

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
I think that's a very fair statement. What we can control is our own performance and building those financial health foundations. So that's what we're focusing on and relaying the story to our rating agency. So yes, we have to be patient. I'm afraid you have to be patient as well, but it's something that is very important to us.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Thank you. I think we'll go online now with the question-and-answer question. Erica?

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We'll now open it up to the conference callers, if there's any question on that line, and then move into the webcast questions. There is a slight delay.

Operator
Thank you. (Operator Instructions) And since we have no questions from the conference line, I would like

to hand back to the team to address any written questions.

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Okay, great. We have received a question from Tomi Dada at Kingsway Capital. The question is, what proportion of revenue came from top clients? And additionally, with the highest growth from IDOs, what proportion of this growth was from top clients? For example, 60% of the growth from the largest IDO client.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
That's a great question. Do we have that?

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***
I don't have any at hand.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
We don't have that information at hand. We are happy to get that information out to you. We don't typically report along those lines, but happy to get that information out to you if required. And we can do that down the road.

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Great. Thank you. So far, there are no more written questions. So if anyone has any final questions, please let us know. Otherwise, we will hand back for closing remarks.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
No questions is always good.

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One more.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Nick?

Nick Anderson ***Liberum Capital Limited - Analyst***
I don't know if I can -- I remember at the time of the analyst presentation, you talked about deposits, customer deposits, and some were mentioned, like a limit of about [GBP1.5 billion]. And obviously, you've benefited from [that sort of dollar headwinds] to the figures at the back of it. I mean, just out of interest, why do you not want too many deposits on your balance sheet?

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Sorry, why do we not want too many deposits on our balance sheet?

Nick Anderson ***Liberum Capital Limited - Analyst***

You talked about that GBP1.5 billion figure in the analyst presentation. I'm just curious.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
I did. I'm not sure that we phrased it as a limit. What I would say is it's a function -- our deposit base grows at a slower rate. In and around 5% a year is what we have typically seen.

Obviously, we are a liability-led balance sheet. We don't have a loan book to fund. And so we take the deposits. We'll largely take deposits from our payment and FX customers because we don't routinely offer working capital facilities or overdraft facilities.

So therefore, there are operational requirements that they have. They make deposits for that. And in turn, they trade and top up as they utilize it. We're also something of a safe haven for a lot of our customers for deposits as well. So we have a reasonably static -- gently inclining balance sheet growth.

Now in terms of growth rates, I'm not sure that we're necessarily limiting it. But equally, if we want to do something interesting with it, we've got to deploy capital in order to get a return on that as well.

And again, the way I look at it as CFO is I need to deploy capital in the most judicious way for the core strategy of our business. And that will be around -- fundamentally will be about developing our core platform, our customers, the payment gateway, et cetera, et cetera. And so there is a balancing act there.

Bhairav Trivedi ***CAB Payments Holdings PLC - CEO & Executive Director***
Yes. And if I may add, I think if I look at it from that standpoint, there's two, three different options. We could either grow the balances, we could invest better so that we can make even more on that, or we could do a combination of the two. I think Portia asked about the fact that are we looking at getting an investment grade and how that would move?

Definitely, we could increase our balances if we did get that. And so people would put a lot more in safe haven over there. So that's definitely a positive.

We do look at our balances and say -- our balance sheet and say it is also reflective of the transactional volumes because as people do more and more with us, they will start to put more and more into the balance sheet. So you'll see that constantly rise, but it will be rising at a smaller number. We're not actively pursuing balance sheet activity on that front.

Excellent. Thank you. Thank you, everyone. Don't forget, top-line numbers are doing really well.

Richard Hallett ***CAB Payments Holdings PLC - CFO & Executive Director***
Thank you.

David Mountain ***CAB Payments Holdings PLC - Chief Product Officer***

Thanks.