Kuwait, 3 August 2021

Boursa Kuwait
State of Kuwait

Subject: Gulf Bank's Disclosure on the Analysts/Investors Conference Minutes/Script For Q2,2021

Dear Sirs,

In accordance with the provisions of Clause (4), Article (8-4-2) of Boursa Kuwait's Rulebook issued under Resolution No. (1) of 2018, and in compliance by Gulf Bank with the requirements of the Bourse, attached is the Minutes/Script of the Analyst/Investors Conference Call for Q2, 2021 which was held vial Live Webcast at 1:00 p.m on Tuesday 3/8/2021.

We would like to assure you our continuous cooperation,

Best Regards,

Jihad Khodr
Assistant General Manager
Head of Compliance & Disclosure Unit

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Gulf Bank

Earnings Presentation
1st Half 2021

3rd August 2021

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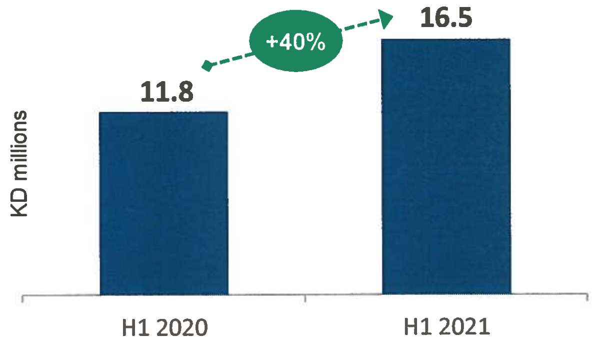
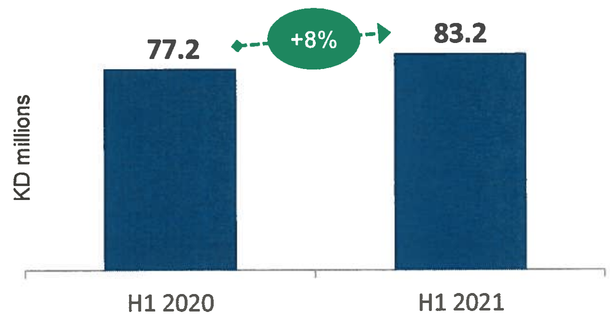
1st Half 2021 Key Highlights

1 Net Profit

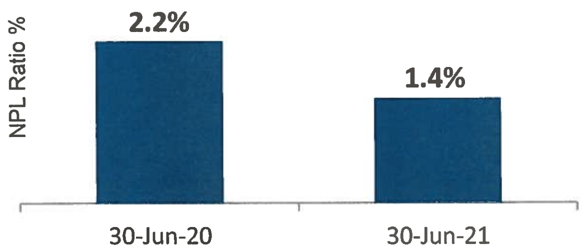


2 Operating Income



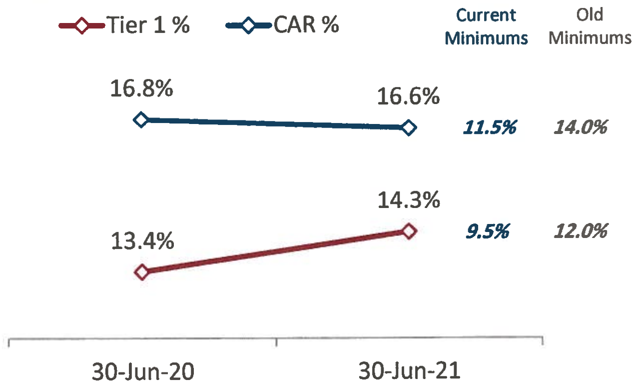
3 Asset Quality

325%	Coverage Ratio[1]	443%



(1) Coverage ratio includes collaterals.

4 Capital Ratios



5 Credit Ratings

	Credit Rating	Outlook
Moody's	A3	Stable
Fitch Ratings	A+	Negative
Capital Intelligence	A+	Stable
S&P Global Ratings	BBB+	Stable

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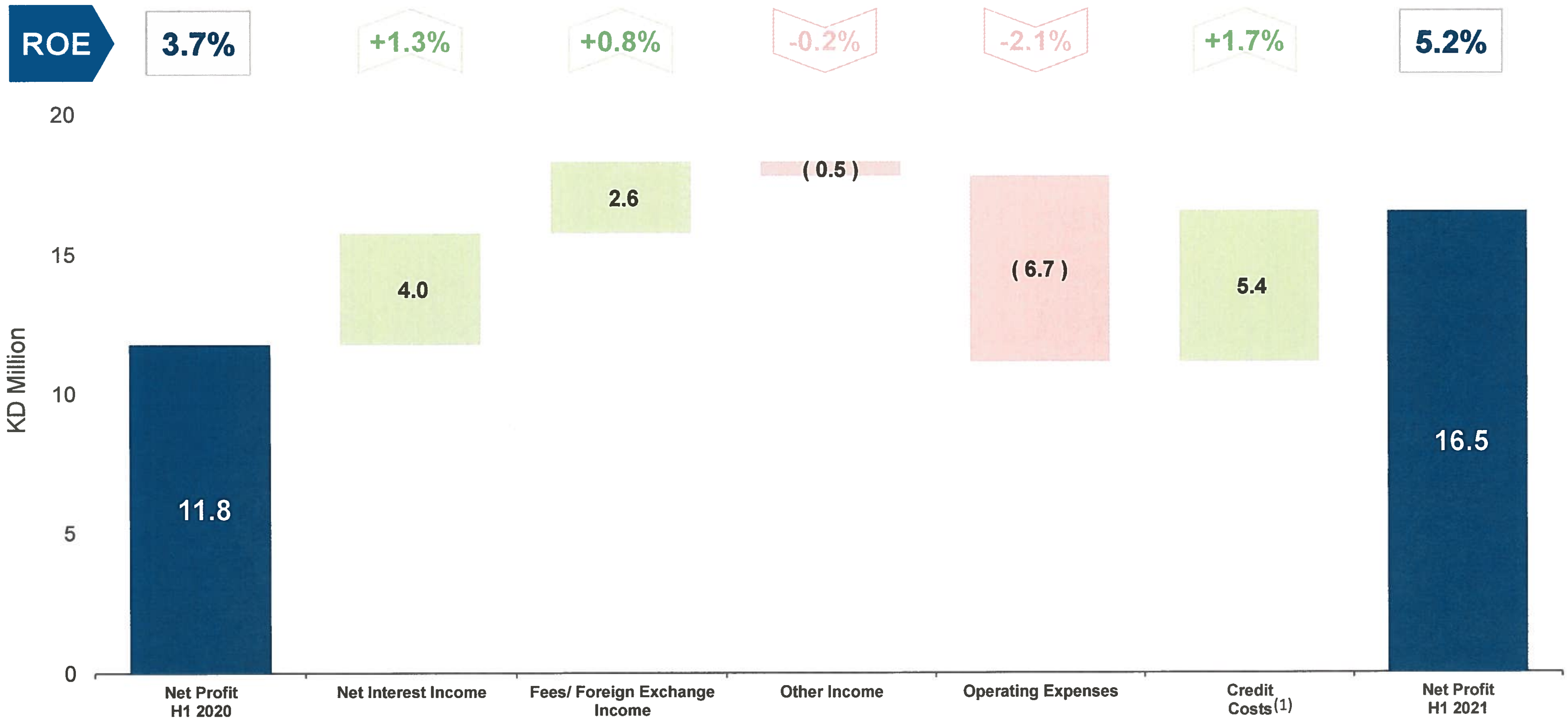
1st Half 2021 Net Profit vs. 1st Half 2020 Net Profit Evolution



(1) Credit Costs includes specific provisions(excluding pre-emptive provisions), general provisions, recoveries and write offs.

Income Statement

	KD Millions	Q1 2020A	Q2 2020A	Q3 2020A	Q4 2020A	Q1 2021A	Q2 2021A	Q2 21A vs Q2 20A		H1 2020A	H1 2021A	H1 21A vs H1 20A	
								Amt	%			Amt	%
1	Interest Income	58.0	55.2	49.3	46.8	45.3	46.0	(9.3)	-17%	113.3	91.2	(22.0)	-19%
2	Interest Expense	(29.1)	(22.8)	(17.8)	(14.8)	(12.6)	(13.3)	9.6	42%	(52.0)	(25.9)	26.0	50%
3	**Net Interest Income**	**28.9**	**32.4**	**31.5**	**32.0**	**32.6**	**32.7**	**0.3**	**1%**	**61.3**	**65.3**	**4.0**	**7%**
4	Fees/ FX Income	8.8	6.3	7.4	9.1	8.8	8.9	2.6	42%	15.1	17.6	2.6	17%
5	Other Income	0.6	0.2	0.2	0.9	0.1	0.2	(0.1)	-23%	0.8	0.3	(0.5)	-64%
6	**Operating Income**	**38.3**	**38.9**	**39.2**	**41.9**	**41.5**	**41.7**	**2.8**	**7%**	**77.2**	**83.2**	**6.0**	**8%**
7	Operating Expenses	(18.7)	(14.7)	(14.1)	(16.4)	(20.5)	(19.7)	(5.0)	-34%	(33.5)	(40.1)	(6.7)	-20%
8	**Operating Margin**	**19.6**	**24.2**	**25.1**	**25.6**	**21.1**	**22.0**	**(2.1)**	**-9%**	**43.7**	**43.1**	**(0.6)**	**-1%**
9	Credit Costs [1]	(7.3)	(21.0)	(16.6)	(14.0)	(8.3)	(16.5)	4.5	21%	(28.4)	(24.8)	3.6	13%
10	General Provisions	(3.3)	0.5	(1.5)	0.1	(0.1)	(0.8)	(1.3)	-245%	(2.8)	(0.9)	1.9	68%
11	Other Provisions/Impairments	0.1	(0.4)	0.0	(0.6)	(0.1)	0.0	0.4	111%	(0.3)	(0.1)	0.2	73%
12	Taxes/ Other	(0.4)	(0.1)	(0.3)	(0.6)	(0.6)	(0.2)	(0.1)	-55%	(0.6)	(0.8)	(0.3)	-46%
13	**Net Profit**	**8.6**	**3.2**	**6.6**	**10.4**	**12.0**	**4.6**	**1.4**	**43%**	**11.8**	**16.5**	**4.8**	**40%**
14	Return on Assets (ROA) %	0.5%	0.2%	0.4%	0.7%	0.8%	0.3%			0.4%	0.5%		
15	Return on Equity (ROE) %	5.3%	2.1%	4.3%	6.6%	7.6%	2.9%			3.7%	5.2%		
16	Cost to Income Ratio (CIR) %	48.9%	37.9%	36.0%	39.0%	49.3%	47.2%			43.4%	48.2%		
17	Net Interest Margin (NIM) bps [2]	183	209	209	211	214	209			198	212		
18	Cost of Risk (COR) bps [3]	65	186	146	125	76	146			126	112		

(1) Includes specific provisions, recoveries, and write-offs (2) Net Interest Income / Average assets;
(3) Credit Costs / Average gross customer loans.

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Balance Sheet

	KD Millions	30-Jun-20	% of Total	31-Dec-20	% of Total	30-Jun-21	% of Total	Var June 21 vs June 20		Var June 21 vs Dec 20	
								Amount	%	Amount	%
	ASSETS										
1	Cash and cash equivalents	812		1,106		1,101		289	36%	(5)	0%
2	Kuwait Government Bonds	166		109		91		(75)	-45%	(18)	-16%
3	CBK Bills	280		281		281		1	0%	(0)	0%
4	Deposits with banks and OFIs	56		3		0		(56)	-100%	(3)	-100%
5	**Liquid Assets**	**1,313**	**22%**	**1,498**	**25%**	**1,472**	**23%**	**160**	**12%**	**(26)**	**-2%**
6	Loans and advances to customers	4,498		4,384		4,565		68	2%	181	4%
7	Loans and advances to banks	207		193		233		26	13%	40	21%
8	Provisions	(310)		(269)		(281)		29	9%	(12)	4%
9	**Net Loans**	**4,395**	**73%**	**4,309**	**70%**	**4,518**	**72%**	**123**	**3%**	**210**	**5%**
10	**Investment securities**	**165**	**3%**	**175**	**3%**	**153**	**2%**	**(12)**	**-7%**	**(22)**	**-13%**
11	Other assets	117		97		115		(3)	-2%	18	18%
12	Premises and equipment	35		34		33		(2)	-5%	(1)	-2%
13	**Other assets**	**153**	**3%**	**131**	**2%**	**148**	**2%**	**(5)**	**-3%**	**17**	**13%**
14	TOTAL ASSETS	6,025	100%	6,113	100%	6,291	100%	266	4%	179	3%
	LIABILITIES										
15	Due to banks	434		551		635		200	46%	84	15%
16	Deposits from FIs	874		705		604		(270)	-31%	(102)	-14%
17	**Customer deposits**	**3,916**	**65%**	**4,034**	**66%**	**4,167**	**66%**	**251**	**6%**	**133**	**3%**
18	Other borrowed funds	100		100		150		50	50%	50	50%
19	Other liabilities	102		86		93		(9)	-8%	8	9%
20	**TOTAL LIABILITIES**	**5,426**	**90%**	**5,475**	**90%**	**5,649**	**90%**	**223**	**4%**	**173**	**3%**
21	**Total Equity**	**599**	**10%**	**637**	**10%**	**643**	**10%**	**43**	**7%**	**5**	**1%**
22	TOTAL LIABILITIES AND EQUITY	6,025	100%	6,113	100%	6,291	100%	266	4%	179	3%
23	Average assets	6,235		6,150		6,225					
24	Average equity	634		632		639					
25	NPL ratio	2.2%		1.1%		1.4%					
26	Coverage ratio[1]	325%		568%		443%					

(1) Coverage ratio includes collaterals.

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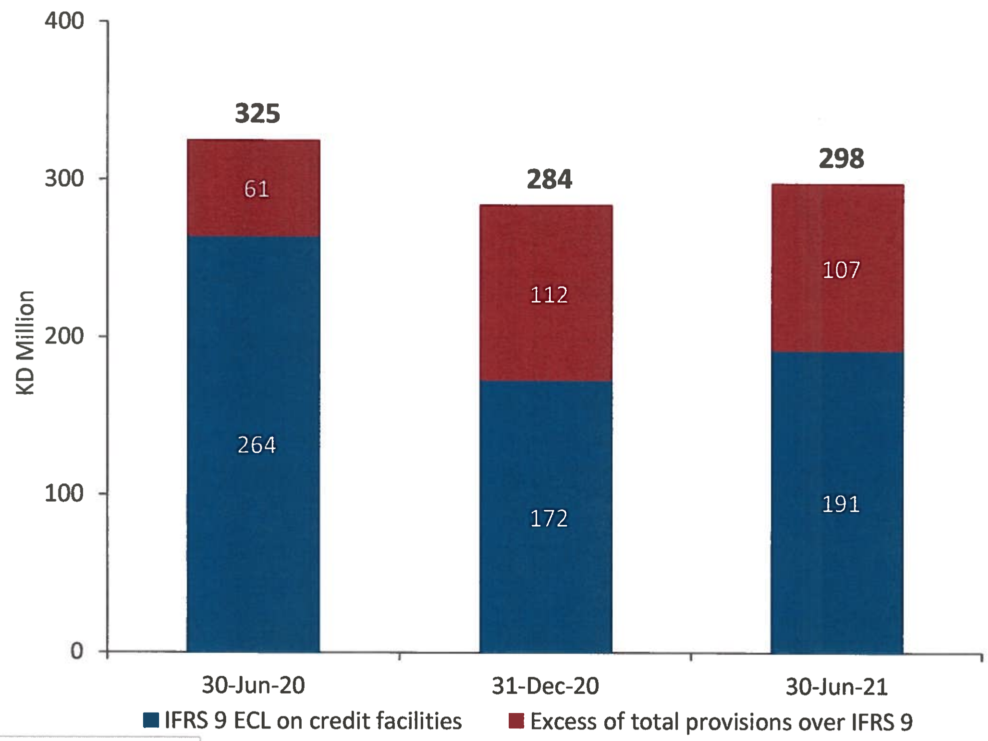
Total Credit Provisions exceed IFRS 9 accounting requirements by KD 107 million

Total Provisions on Credit Facilities



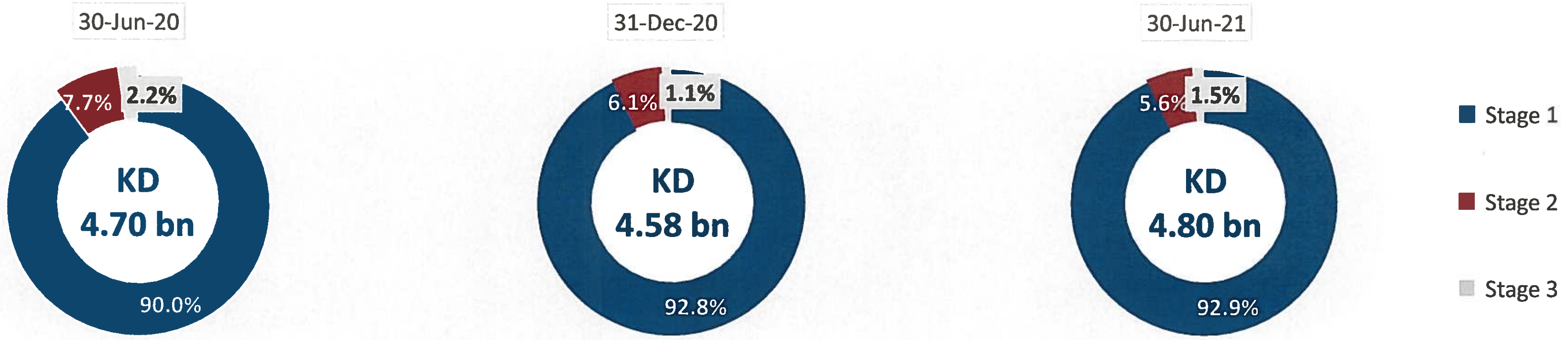
Excess / Total Provision	19%	39%	36%

Comparison between total provisions and IFRS 9 Expected Credit Loss (ECL) on credit facilities

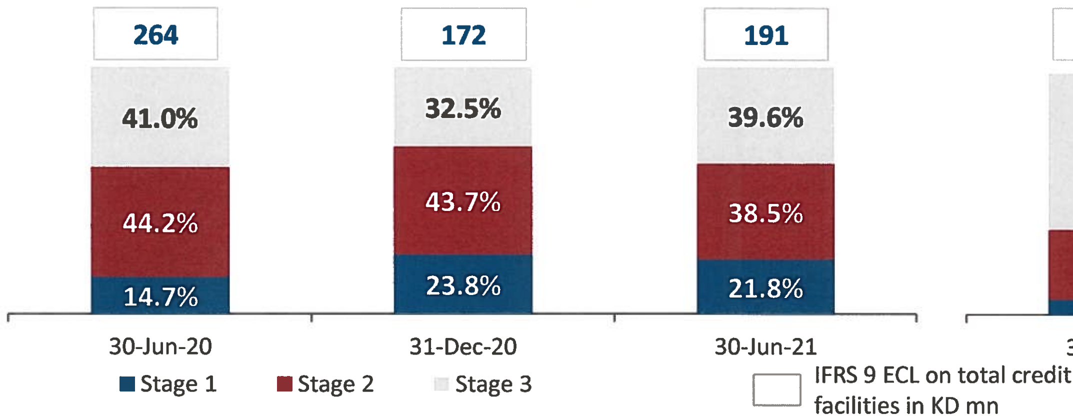
(KD Millions)	30 June 2020	31 Dec 2020	30 June 2021
Provision on cash facilities	310	269	281
Provision on non-cash facilities	15	15	18
Total provisions on credit facilities (A)	**325**	**284**	**298**
IFRS 9 ECL on credit facilities (B)	**264**	**172**	**191**
Excess of total provisions over IFRS 9 ECL on credit facilities (A-B)	**61**	**112**	**107**

With stable Gross Loans stage composition and coverage

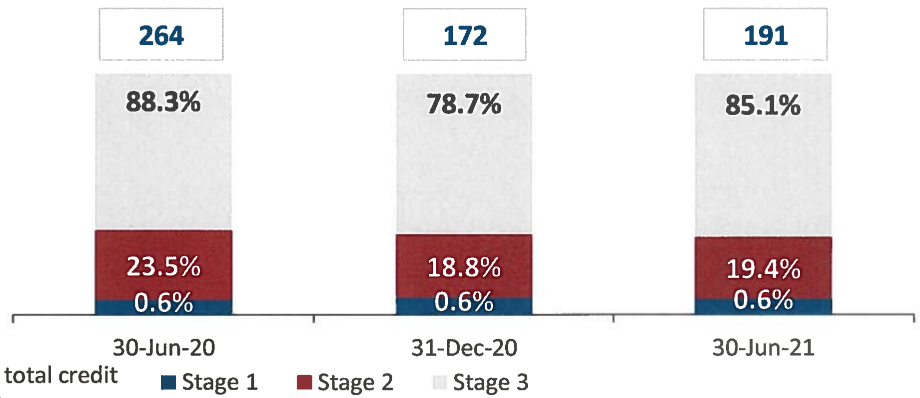
Gross Loans by Stages %[1]



IFRS 9 ECL by Stages %



IFRS 9 ECL Coverage by Total Credit Facilities Stages %[2]



(1) As per IFRS 9 regulations for retail loans, the stage 3 loans are slightly higher than the NPL calculation as per Central Bank;
(2) Total Credit facilities includes Loans and advances to banks and customers and Contingent liabilities and commitments.

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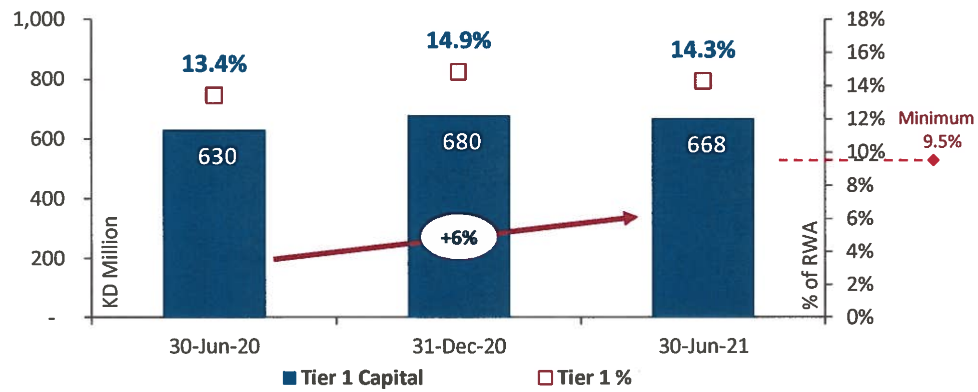
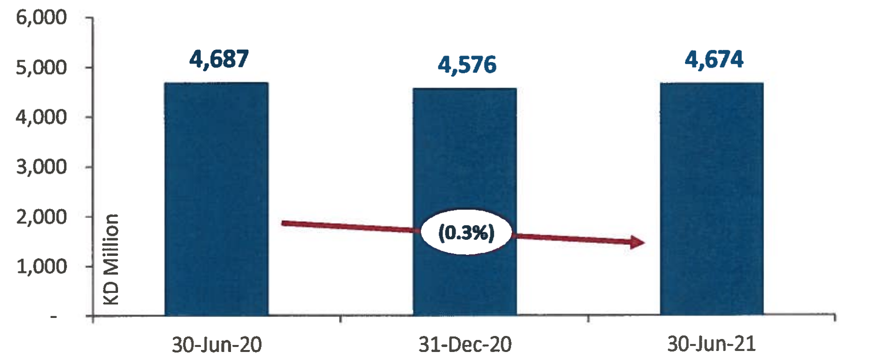
Capital and Leverage Ratios

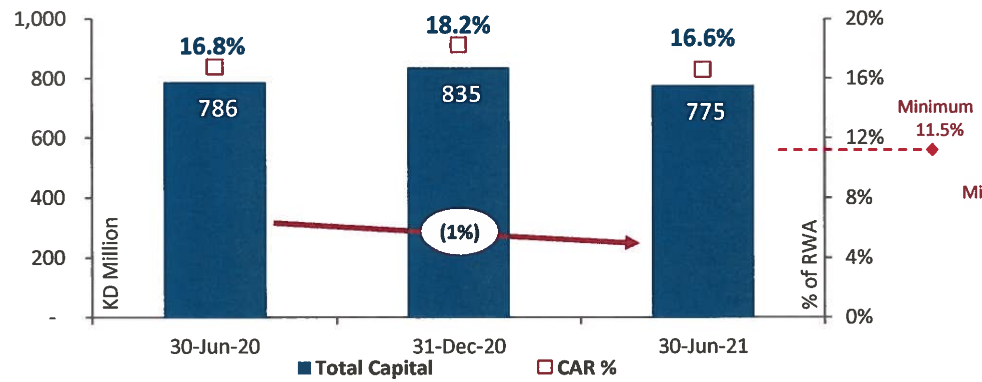
Tier I Capital[(1)(3)]



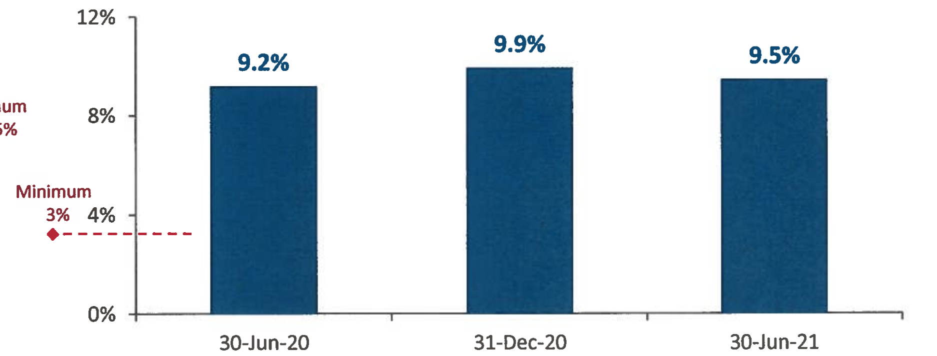
Risk Weighted Assets



Total Capital[(2)(3)]



Leverage Ratio



% Tier 1	80%	81%	86%

(1) Tier 1 Ratio regulatory minimum has been changed from 12% to 9.5%; (2) CAR regulatory minimum has been changed from 14% to 11.5%; (3) Tier 1 and Capital Adequacy Ratio (CAR) regulatory minimums include 1% DSIB. Note: The changes in the regulatory minimums were instructed by CBK in April 2020 and are currently effective until 31 December 2021.

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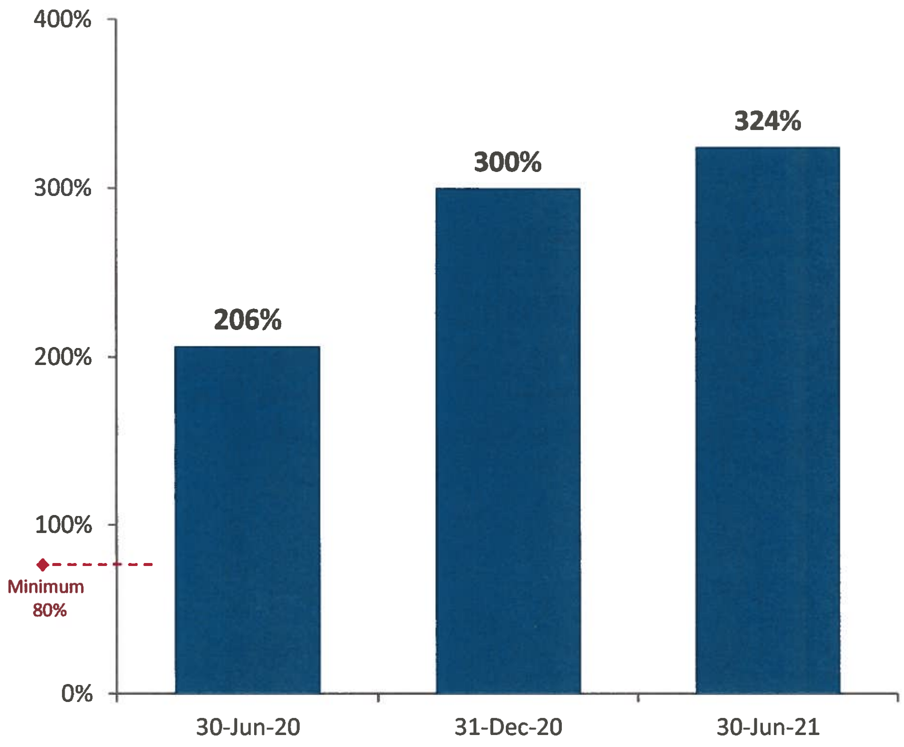
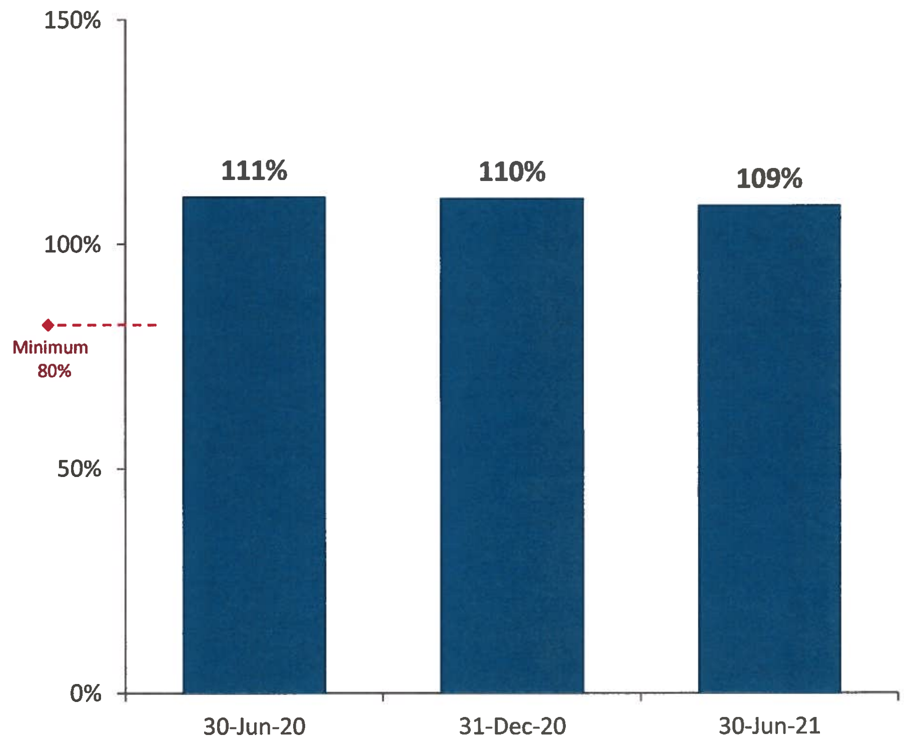
Liquidity Ratios

Liquidity Coverage Ratio[1]



Net Stable Funding Ratio[1]



(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums have been changed from 100% to 80%.

Note: The changes in the regulatory minimums were instructed by CBK in April 2020 and are currently effective until 31 December 2021.

‘A’ ratings from three major credit rating agencies

Rating Agency	Criteria	Rating
Moody's	Long-Term Deposits	A3
	Outlook	Stable
Fitch Ratings	Long-Term Issuer Default Rating	A+
	Outlook	Negative
Capital Intelligence	Long-Term Foreign Currency	A+
	Outlook	Stable
S&P Global Ratings	Issuer Credit Rating	BBB+
	Outlook	Stable

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Q&A

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Gulf Bank of Kuwait

Earnings Conference Call Edited Script – First Half 2021

3rd August 2021

<u>Corporate Participants:</u>

Mr. Ahmad AlDuwaisan – GM of Corporate Banking and Acting CEO

Mr. David Challinor – CFO

Ms. Dalal AlDousari – Head of Investor Relations

<u>Host:</u>

Ms. Elena Sanchez – EFG Hermes

Elena: Good morning and good afternoon everyone. This is Elena Sanchez, on behalf of EFG Hermes; I would like to welcome you all to the Gulf Bank first half 2021 earnings conference call. It is a great pleasure to have with us on the call Mr. Ahmad AlDuwaisan, GM Corporate Banking and Acting CEO of Gulf Bank, Mr. David Challinor, CFO of Gulf Bank and Ms. Dalal AlDousari, Head of Investor Relations at Gulf Bank. The call will begin with a presentation from management on the key highlights of the first half 2021 and then we will open the call for the Q&A session. I will now turn the call over to Dalal.

Dalal: Thank you, Elena. Good Afternoon and Welcome to Gulf Bank's first half 2021 earnings conference call. We will start the call today with the key highlights and updates on the operating environment of Gulf Bank during the first half 2021. Since Mr. Tony Daher, Gulf Bank CEO is on Annual Leave, the key highlights will be presented by the General Manager of Corporate Banking and currently acting CEO, Mr. Ahmad AlDuwaisan followed by a detailed presentation of our financial results by the Chief Financial Officer, Mr. David Challinor. All amounts in the presentation are shown in millions of Kuwaiti Dinars and have been rounded to simplify the charts. During our presentation, we will try not to repeat the currency when discussing specific amounts unless that amount is in a currency other than Kuwaiti Dinars. After the presentation, we will open the floor for Q and A received through the webcast facility. Feel free to type in your questions at any time during the call. The presentation will be available at our corporate website and will be disclosed to Boursa Kuwait.

Please note that we can only comment on inquiries and information that are disclosed publicly. I would like to draw your attention to the disclosure on **page 12** of the presentation, with respect to forward looking statements and confidential information. Please feel free to reach out to our investor relations team if you have any questions.

Now, I would like to handover the call to Mr. Ahmad AlDuwaisan. Ahmad?

Ahmad: Thanks, Dalal. Good morning and good afternoon everyone, before we cover the detail financial performance of the Bank, I would like to make a few brief points in terms of the operating environment in Kuwait.

We started the quarter with partial curfew and further restrictions on businesses and travel for locals and foreigners, however by the month of May, most of these restrictions were lifted, helped by the acceleration in the rollout of vaccination efforts. Starting first of August, vaccinated foreigners are now allowed to enter Kuwait. Growth prospects have improved with the lifting of most restrictions. Consumer sentiment is more upbeat and increased demand has boosted consumer spending growth.

Despite all these shifting waves between open and restrictive environment, Gulf Bank has weathered it well and we continued to support the clients through our seamless and optimized omni channel services, assisted by the Bank's digital transformation of most of its major activities.

During the quarter, as part of Gulf Bank's ongoing digital transformation plan, Gulf Bank successfully launched its new MX.3 system in partnership with Murex, a world leading provider of financial technology solutions, for the development and automation of the Bank's capital markets and treasury platforms. The integrated solutions will offer a robust technological infrastructure that meets the evolving requirements of today's customers and provide an even more seamless workflow and better risk management. Moreover, the launch of the new treasury system seeks to make the most of our ongoing digital transformation, transforming Gulf Bank into a fully integrated digital bank.

Despite the challenges that we continue to face as a result of the Covid 19 pandemic, Gulf Bank has successfully completed the redemption of its existing KD 100 million subordinated Tier 2 bonds, and the issuance of new KD 50 million Subordinated Tier 2 Bonds which was oversubscribed. This issuance optimizes the Bank's capital adequacy, in compliance with Basel III frameworks, and supports our overall investment plans towards making Gulf Bank the leading Bank of the Future.

Now turning to Page 2, I would like to summarize our first half 2021 results with five key messages:

First, our net profit grew by 40% for the first half 2021, to reach 16.5 million in comparison to 11.8 million reported in first half of 2020.

Second, our reported operating income reached 83.2 million for first half 2021, growing by 8% compared to the first half of 2020. This growth was driven primarily by a significant decline in the cost of funds that exceeded the decline in interest income and improvement in fees and commission income.

Third, our asset quality remained resilient, as our non-performing loan ratio in the second quarter of 2021 stood at 1.4%, an improvement when compared to same period of last year of 2.2%. In addition, we have ample provisions with a coverage ratio of 443%.

Fourth, the relaxed capital regulatory minimums that were introduced in 2020 remain in place, allowing the bank to have additional buffers over the minimums. Our Tier 1 ratio has a buffer of 480 basis points (14.3% vs. 9.5%) and our capital adequacy ratio has a buffer of 510 basis points (16.6% vs. 11.5%). With these comfortable buffers in place, and as I have mentioned earlier, we were able to exercise the call option for the redemption of the KD 100 million subordinated tier 2 bonds that matured in May and issued a new tier 2 compliant bond at a maximum of KD 50 million at favorable rates.

And fifth, the Bank remains an 'A' rated bank from three major credit rating agencies and here is where we stand today:

- Moody's Investors Service maintained the Long-Term Deposits Rating of "A3" with a "Stable" outlook.
- Fitch Ratings affirmed the Bank Long-term Issuer Default Rating of "A+" with a "Negative" outlook.
- Capital Intelligence affirmed the Bank's Long-term Foreign Currency Rating of "A+" with a "Stable" outlook.
- In addition, S&P Global Ratings has recently changed the Bank Issuer Credit Rating to "BBB+" from "A-" and revised the "Negative outlook to "Stable". This most recent rating action followed the S&P downgrade of Kuwait Sovereign rating from "AA-" to "A+" with a "Negative" outlook.

We continue to operate in challenging times; however, the Bank has built a solid foundation to continue tackling the headwinds while supporting the growth needs of our customers.

With that, I'll turn it over to our CFO, David Challinor, who will cover the financials of first half 2021 in more depth, David.

David: Thanks Ahmad.

Turning to page 3, we can see the major variances from the first half 2020 profit of 11.8 million to the first half 2021 profit of 16.5 million. The increase in profit of 4.8 million was driven by three positive factors. First, we had higher net interest income of 4 million as a result of a continued decline in cost of funds. Second, as economic activity regained momentum so did our fees and foreign exchange income which improved by 2.6 million, and third, our cost of credit improved by 5.4 million. However, these positive drivers were partially offset by a 6.7 million increase in operating expenses, which I will cover later on.

You can also see our Return on Equity improved by 1.5 percentage points from the first half of 2020 to the first half of 2021.

Turning to page 4, we have a more detailed breakdown of our income statement by line items.

On the far right of line 1, interest income was down 22 million or 19% mainly due to re-pricing of assets and booking new loans at a lower rate following the 125 basis point rate cut in march 2020. The good news is that liquidity conditions remained favorable, and you can see in the green boxes on line 2 that our interest expense declined by 26 million or 50%, from 52 million in the first half of 2020 to 25.9 million in the first half of 2021.

On line 6, operating income grew by 8% to 83.2 million compared to 77.2 million in the first half of 2020 this was due to interest expense falling more than interest income and also, an improvement in the fees and foreign exchange income of 2.6 million.

On line 7, operating expenses have increased by 6.7 million or 20% year-on-year, however, they reduced by 4% compared to the first quarter. The year-on-year increase is predominantly driven by the continued investment in our digital transformation strategy and low operating expense base reported in the same period last year due to the low economic activity and complete lockdown. There were also some lumpy non-recurring items in the first half of 2021 that we do not expect to recur in the second half.

In the green boxes on line 9, you can see our credit costs declined from 28.4 million in the first half of 2020 to 24.8 million in the first half of 2021.

Turning to page 5, we can see the balance sheet and how the individual line items have moved from 30 June 2020 to 30 June 2021. This page also shows the mix of assets and how that has changed over the last 12 months.

First, I'd like to focus on Assets, which are shown on the top half of the slide.

Over the last 12 months, our total assets increased by 266 million or 4% to 6.3 billion compared to 6 billion the year before. This was largely driven by a 160 million or 12% increase in Liquid Assets, (shown on line 5) and a 123 million or 3% increase in Net Loans, (shown on line 9). While, on a year-to-date basis, Net Loans grew 210 million or 5% and total assets grew by 179 million or 3%, reflecting a pick-up in overall economic activity.

In terms of the major components of total assets (which are bolded), you can see that the mix is essentially unchanged from a year ago.

On line items 15, 16, and 17, you can see that nearly all our funding comes from Due to Banks, Deposits from Financial Institutions, and Customer Deposits. As a result of growing our customer deposits and attracting more short-term bank funding, we were able to reduce the deposit mix coming from financial institutions which is on line 16.

On line item 18, in May of this year we fully redeemed our 100 million subordinated Tier 2 Bond and replaced it with a 50 million Subordinated Tier 2 Bond at lower rates. In addition, we secured 100 million of medium-term funding.

Moving on to asset quality, our non-performing loan ratio, shown on line 25, increased from 1.1% at the end of December 2020 to 1.4% at the end of June 2021, however, was down from 2.2% at the end of June 2020. Our coverage ratio on line 26, is very strong and reached 443% at the end of June 2021.

Now, turning to Page 6 you can see in the chart on the left that as at 30 June 2021, our total provisions were 298 million and our IFRS 9 ECL requirements were 191 million, so we had 107 million of excess provisions, representing 36% over and above total provisions.

Turning to Page 7, this shows our gross loans by Stages 1, 2 and 3. Looking at the pie charts on the top of the page, you can see that our stage 1 loans are above 90% for the three periods, while Stage 2 declined from 7.7% at the end of June 2020 to 5.6% at the end of June 2021. Stage 3 also improved from 2.2% to 1.5% for the same period.

The chart on the bottom left side of the page shows the IFRS 9 ECL Stages composition. Stage 1 reached 21.8% as of 30 June 2021, moving from 14.7% a year ago, Stage 2 is in a declining trend moving from 44.2% a year ago to 38.5% as at 30 June 2021 and Stage 3 reached 39.6% moving from 41% a year ago.

The chart on the bottom right of the page shows the IFRS 9 ECL coverage for gross loans and contingent liabilities and commitments. As at 30 June 2021 it was 0.6% for stage 1, stage 2 was 19.4% and stage 3 was 85.1%. However, our overall coverage is much higher since we have provisions of 107 million over the IFRS 9 ECL requirement of 191 million.

Turing to page 8, our 30 June 2021 regulatory capital ratios remain well above both our current minimums and our pre-COVID 19 minimums.

On the top left, our Tier 1 ratio reached 14.3%, which is 480 basis points above our current regulatory minimum of 9.5% and 230 basis points above our pre-COVID-19 regulatory minimum of 12%.

On the bottom left, our Capital Adequacy Ratio of 16.6% was 510 basis points above our current regulatory minimum of 11.5% and 260 basis points above our pre-COVID 19 regulatory minimum of 14%.

Our risk weighted assets, shown on the top right, fell by nearly 0.3% mainly due to increase in collaterals and reduction in market risk in comparison to the same period of last year.

On the bottom right, our leverage ratio as at 30 June 2021 reached 9.5%, which was higher than 9.2% for the same period of last year, and well above the 3% regulatory minimum.

Turning to page 9, we can see our key liquidity ratios. On the left side, you can see our average daily Liquidity Coverage Ratio which reached 324% as at June 30, 2021 and on the right side, Net Stable Funding Ratio which reached 109% for the same period. It's worth noting that both ratios are still well above their respective new minimums of 80% and pre-covid minimums of 100%.

Turning to page 10, we can see the Bank's credit ratings. We remain rated 'A' from three major credit rating agencies as Ahmad mentioned earlier.

Now, I'd like to turn it back over to Dalal for the Q and A session.

Dalal: Thank you David. We are now ready for Q and A. If you wish to ask a question, please submit your question into the designated questions text area. We will pause for few minutes to receive most of your questions.

(Pause)

Ok, we will go through the questions.

Dalal (Q1): **Why did the loan provisions in Q2 2021 increase when compared to Q1 2021?**

David (A1): Thanks. If we start first with Q1, we saw a fairly low credit cost of 8.3 million which translated into a cost of risk of 76 basis points. This was much lower than what we'd seen for the full year 2020 where the cost of risk was 131 basis points. We've previously stated that we think a more normalized level of cost of risk is around 100 basis points and that we probably wouldn't return to a normalized level during 2021. The timing of provisions can often lead to some lumpiness from quarter to quarter but we're confident that this second quarter level, which was primarily driven by increasing coverage on existing NPL's, isn't indicative of any adverse long term credit cost trend. When you look at the first half of 2021, we have a cost of risk of 112 basis points which is much lower than both the full year 2020 and full year 2019. So, despite an uptick in Q2, we are still on track, at this stage, to be lower than the previous 2 years.

I think it's also important to point out that not only did our NPL percentage drop from Q1 to Q2, its now at 1.4%, but that we also increased our total coverage which stands at 443%. Also, when you look at the percentage of our loan book that's in stage 2, we saw that decrease from Q1 to Q2 and its' now only 5.6%.

Dalal (Q2): **What is the latest update on the Bank recent announcement regarding receiving a judgment from the Court of Cassation to which restored the Bank's right to complete the execution measures related to one of its clients?**

Ahmad (A2): Sure. As we have mentioned in previous earnings calls and disclosures, the court of Cassation issued a judgment which restored Gulf Bank's right to complete the execution measurement. The impact of this judgement and the financial position of the Bank will be determined upon completion of the execution measures. The timing of the execution is dependent on multiple variables as stated above. However, based on past experience, this is an unpredictable timeline and is likely a medium to long term process depending on the nature of the assets being attached and claims, if any, of other creditors. This exposure was fully provided for and written off in prior years, accordingly any recoveries would be recorded through income statement depending on the completion of the execution measures.

Dalal (Q3): **We've received several questions regarding NIM's and the trends over the past quarters. Could you give us an overview on the NIM's and interest expense movements and what are your expectations for the rest of the year?**

David (A3): On the NIM, we've seen this has remained broadly stable now for the last 5 quarters at around 2.1%. We are probably at the end of any further cost of funds reductions and there may be some asset yield pressure going forward. To offset this, we are very focused on CASA and also the extension of the regulatory liquidity concessions from the Central Bank of Kuwait until the end of this year should help. The refinancing of our Tier 2 bond in Q2 will also help. We don't see any underlying interest rate moves in 2021 so the best guess is margin will likely remain broadly stable for the rest of the year.

Dalal: **Thanks David. We will pause for few minutes to receive more questions.**

(Pause)

Dalal (Q4): **There are couple of questions related to the operating expense. What would be the appropriate normalized run rate to assume for the operating expenses for the year 2021?**

David (A4): Ok thanks. The good news is we saw operating expenses fall from the Q1 level of 20.5 million to Q2 of 19.7 million. Having said that, the headline year on year growth is still 20% when comparing first half 2021 to same period last year. This is due to a combination of a number of things. First, the low base effect of the pandemic year, second a continued investment in our digital transformation program and third the presence of some lumpy items in the first half that we are not expecting to recur in the second half of the year. So, we think the costs could reduce in the second half of the year and given the income growth we are expecting, we should see some improvement in the Bank's cost to income ratio.

Dalal (Q5): **Please provide more color around your loan growth in the quarter and what segment drove this growth? What's your expectations for the rest of the year?**

David (A5): Sure. I'm pleased with loan growth and this is a positive story for the Bank. We saw strong growth in the first half of the year of 181 million which brings the half year percentage loan growth to 4.1% which is more than double the system. The growth was driven by both the consumer and corporate segments, but we did see consumer slow due to the second deferral program in the second quarter. Going forward, we will look to continue increasing market share in our target segments in line with our strategy.

Dalal: Thank you Ahmad and David. I believe we have covered the majority of the topics and questions that were raised today during the call. The remaining questions are either already covered during the presentation or are forward looking. And with that, we would like to conclude our call for today.

If you have any further questions, you may visit our investor relations page at our website or reach us at our dedicated investor relations email. Thank you all very much for your participation.