بنك الخليج
GULF BANK

Kuwait, 31st July 2024

Boursa Kuwait
State of Kuwait

Dear Sirs,

Subject: Gulf Bank's Disclosure on its Analysts Conference Call Script for Q2-2024

In compliance with the provisions of Clause (4) of Article (8-4-2) of Boursa Kuwait rules under Resolution No. (1) of 2018, attached is the Call Script of the Analysts Conference for Q2-2024, which was held through live webcast on Wednesday, 31/7/2024, at 1:00 PM.

We would like to assure you our continuous cooperation.

Best regards

Dari Ali Al-Bader
GM - Corporate Affairs & Board Secretary

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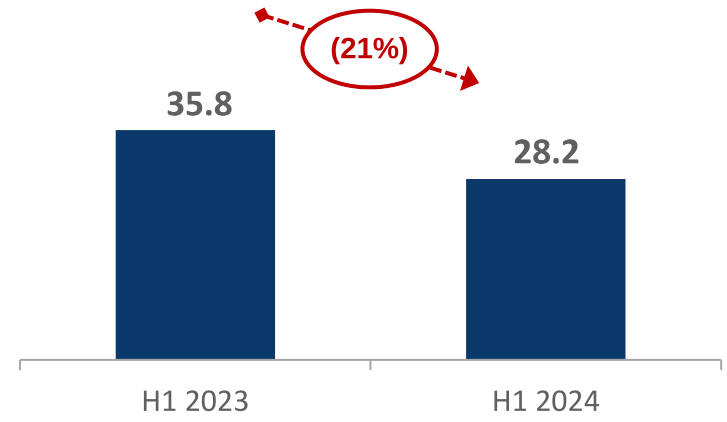
Gulf Bank
Earnings Presentation
1st Half 2024

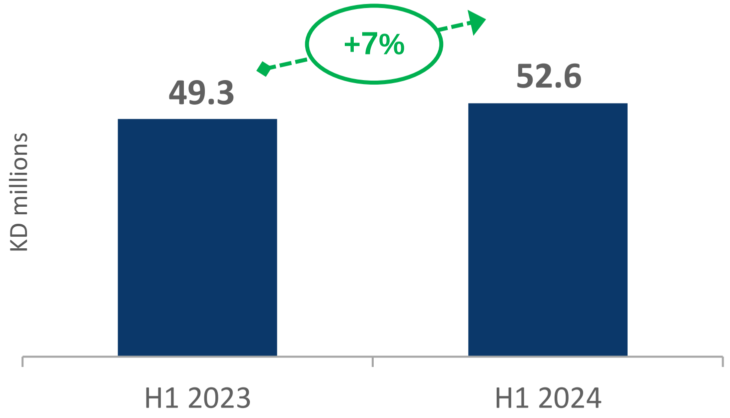
31 July 2024

1st Half 2024 Key Highlights

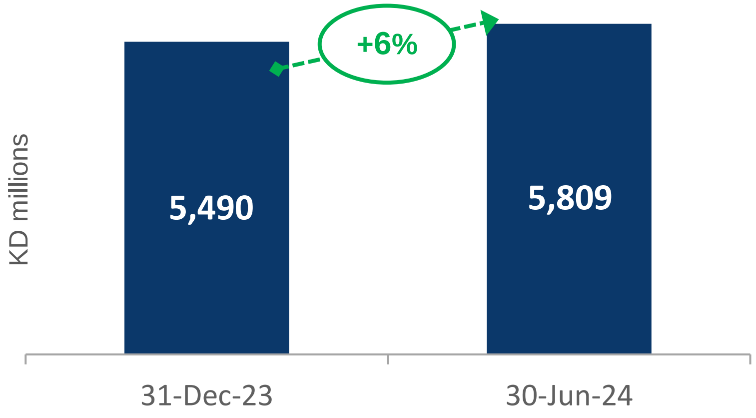
1 Net Profit



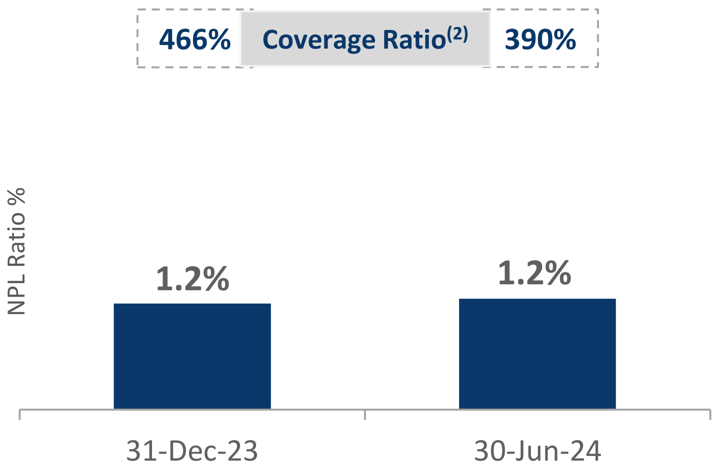
2 Operating Profit before Provisions



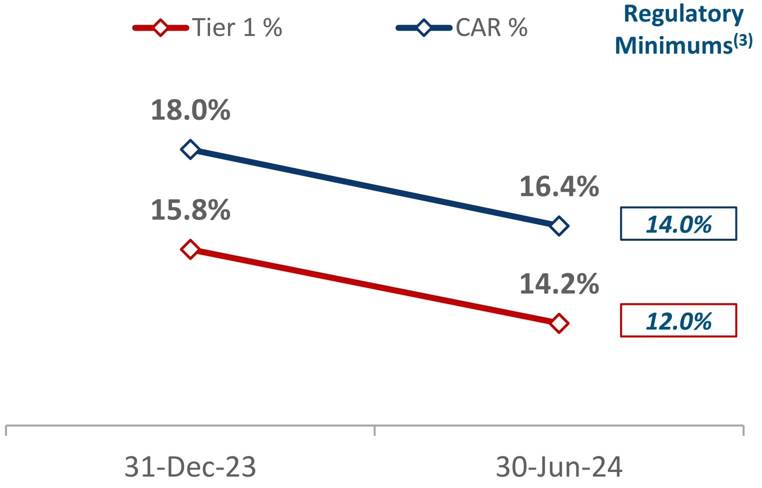
3 Gross Loans and Advances(1)



4 Asset Quality



5 Capital Ratios



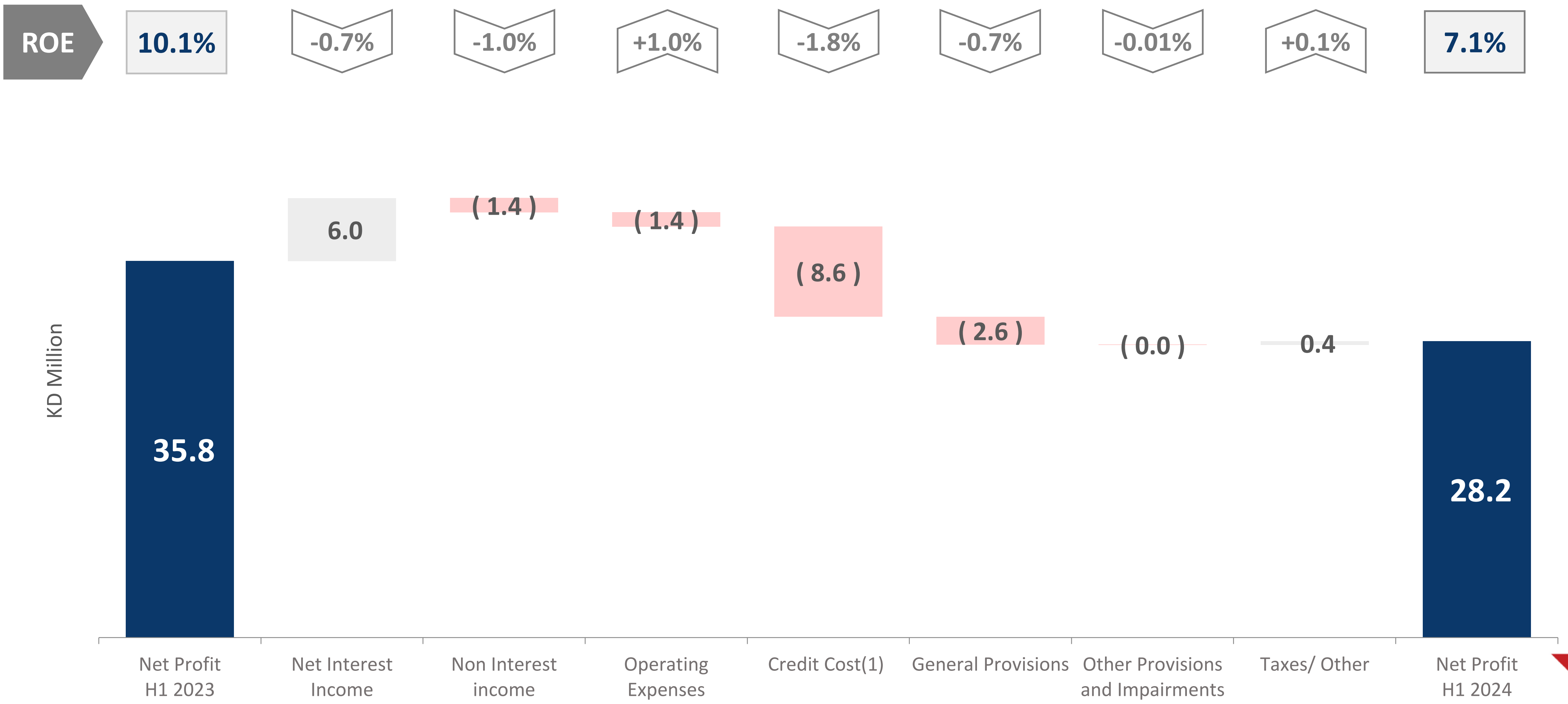
6 Credit Ratings

	Credit Rating	Outlook
Moody's	A3	Positive
Capital Intelligence	A+	Stable
Fitch Ratings	A	Stable

(1) Gross loans and advances is consolidated(loans and advances to banks and customers); (2) Coverage ratio includes total provisions and collaterals;
(3) Tier 1 and CAR regulatory minimums include 1% DSIB charge.

[GBK Classification: PUBLIC]

1st Half 2024 Net Profit vs. 1st Half 2023 Net Profit Evolution



(1) Credit costs = Specific Provision Charge + P&L write off on settlements – recoveries – excess general provision release.

[GBK Classification: PUBLIC]

Income Statement

	KD Millions	Q1 2023A	Q2 2023A	Q3 2023A	Q4 2023A	Q1 2024A	Q2 2024A	Q2 24A vs Q1 24A		H1 2023A	H1 2024A	H1 24A vs H1 23A	
								Amt	%			Amt	%
1	Interest Income	85.6	89.8	95.0	99.6	98.6	102.3	3.7	4%	175.4	200.9	25.5	15%
2	Interest Expense	(50.8)	(53.0)	(56.2)	(59.5)	(60.2)	(63.0)	(2.8)	-5%	(103.8)	(123.2)	(19.5)	-19%
3	**Net Interest Income**	**34.8**	**36.8**	**38.7**	**40.1**	**38.4**	**39.2**	**0.8**	**2%**	**71.7**	**77.6**	**6.0**	**8%**
4	Non Interest Income(1)	11.6	9.0	9.1	10.1	9.8	9.4	(0.5)	-5%	20.6	19.2	(1.4)	-7%
5	**Operating Income**	**46.4**	**45.9**	**47.9**	**50.1**	**48.3**	**48.6**	**0.4**	**1%**	**92.3**	**96.9**	**4.6**	**5%**
6	Operating Expenses	(21.4)	(21.5)	(21.9)	(22.0)	(21.7)	(22.6)	(1.0)	-4%	(42.9)	(44.3)	(1.4)	-3%
7	**Operating Profit**	**25.0**	**24.3**	**25.9**	**28.2**	**26.6**	**26.0**	**(0.6)**	**-2%**	**49.3**	**52.6**	**3.3**	**7%**
8	Credit Costs(2)	(7.2)	(4.9)	(7.2)	(9.9)	(11.4)	(9.3)	2.1	18%	(12.1)	(20.6)	(8.6)	-71%
9	General Provisions	0.3	(0.0)	0.1	0.2	(1.8)	(0.6)	1.1	65%	0.3	(2.4)	(2.6)	994%
10	Other Provisions and Impairments	0.1	0.0	0.0	(0.1)	0.0	0.0	(0.0)	19%	0.1	0.0	(0.0)	61%
11	Taxes/ Other	(0.8)	(0.9)	(0.9)	(1.0)	(0.6)	(0.7)	(0.1)	-17%	(1.7)	(1.4)	0.4	21%
12	**Net Profit**	**17.3**	**18.5**	**18.0**	**17.4**	**12.9**	**15.3**	**2.5**	**19%**	**35.8**	**28.2**	**(7.6)**	**-21%**
13	Return on Assets (ROA) %	1.0%	1.1%	1.0%	1.0%	0.7%	0.8%			1.1%	0.8%		
14	Return on Equity (ROE) %	9.9%	10.4%	9.8%	8.9%	6.5%	7.8%			10.1%	7.1%		
15	Cost to Income Ratio (CIR) %	46.1%	46.9%	45.8%	43.8%	44.9%	46.6%			46.5%	45.7%		
16	Net Interest Margin (NIM) bps(3)	207	215	221	225	214	215			211	214		
17	Cost of Risk (COR) bps(4)	54	36	52	72	82	65			45	73		

(1) Includes Fees and Foreign Exchange Income and Other Income; (2)) Credit costs = Specific Provision Charge + P&L write off on settlements – recoveries – excess general provision release; (3) Net Interest Income / Average assets; (4) Credit Costs / Average gross loans and advances.

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Balance Sheet

	KD Millions	30-Jun-23	% of Total	31-Dec-23	% of Total	30-Jun-24	% of Total	Var Jun 24 vs Jun 23		Var Jun 24 vs Dec 23	
								Amount	%	Amount	%
	ASSETS										
1	Cash and cash equivalents	1,079		1,094		1,119		40	4%	25	2%
2	Kuwait Government Bonds	22		17		10		-13	-57%	-7	-42%
3	CBK Bonds	342		338		302		-40	-12%	-36	-11%
4	Deposits with banks and OFIs	66		181		126		60	91%	-55	-30%
5	**Liquid Assets**	**1,509**	**22%**	**1,629**	**23%**	**1,557**	**21%**	**48**	**3%**	**-72**	**-4%**
6	Gross loans and advances(1)	5,463		5,490		5,809		346	6%	318	6%
7	Provisions	-289		-294		-256		34	-12%	38	-13%
8	**Net Loans and advances**	**5,174**	**75%**	**5,197**	**72%**	**5,553**	**75%**	**379**	**7%**	**356**	**7%**
9	**Investment securities**	**73**	**1%**	**191**	**3%**	**157**	**2%**	**84**	**114%**	**-34**	**-18%**
10	Other assets	117		118		123		6	5%	5	4%
11	Premises and equipment	40		39		40		-0	0%	1	2%
12	**Other assets**	**158**	**2%**	**158**	**2%**	**164**	**2%**	**6**	**4%**	**6**	**4%**
13	TOTAL ASSETS	6,914	100%	7,175	100%	7,431	100%	517	7%	256	4%
	LIABILITIES										
14	Due to banks	318		256		305		-13	-4%	49	19%
15	Deposits from FIs	970		1,149		946		-23	-2%	-202	-18%
16	**Customer deposits**	**4,216**	**61%**	**4,219**	**59%**	**4,620**	**62%**	**404**	**10%**	**400**	**9%**
17	Other borrowed funds	539		570		614		75	14%	44	8%
18	Other liabilities	147		164		144		-4	-3%	-20	-12%
19	**TOTAL LIABILITIES**	**6,190**	**90%**	**6,358**	**89%**	**6,629**	**89%**	**439**	**7%**	**271**	**4%**
20	**Total Equity**	**723**	**10%**	**817**	**11%**	**802**	**11%**	**78**	**11%**	**-15**	**-2%**
21	TOTAL LIABILITIES AND EQUITY	6,914	100%	7,175	100%	7,431	100%	517	7%	256	4%
22	Average assets	6,862		6,946		7,292					
23	Average equity	716		741		802					
24	NPL ratio	1.0%		1.2%		1.2%					
25	Coverage ratio(2)	546%		466%		390%					
26	CASA Ratio	34.8%		29.7%		28.5%					

(1) Gross loans and advances is consolidated (loans and advances to banks and customers);
(2) Coverage ratio includes total provisions and collaterals.

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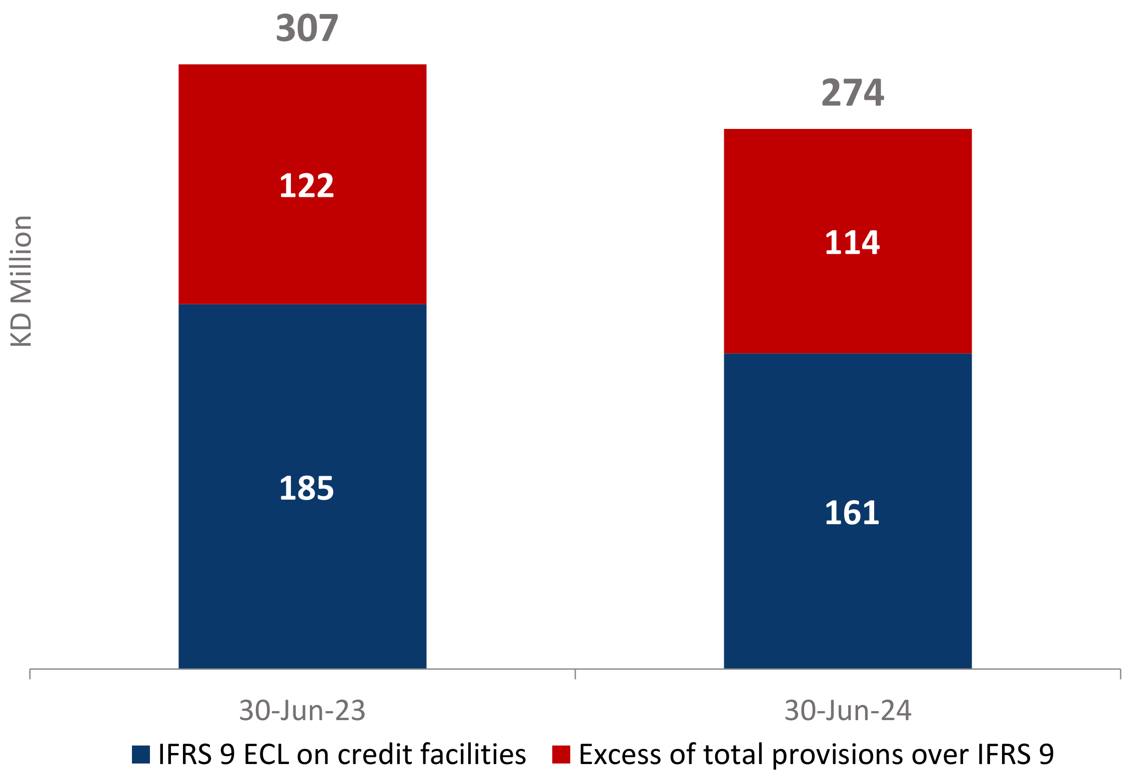
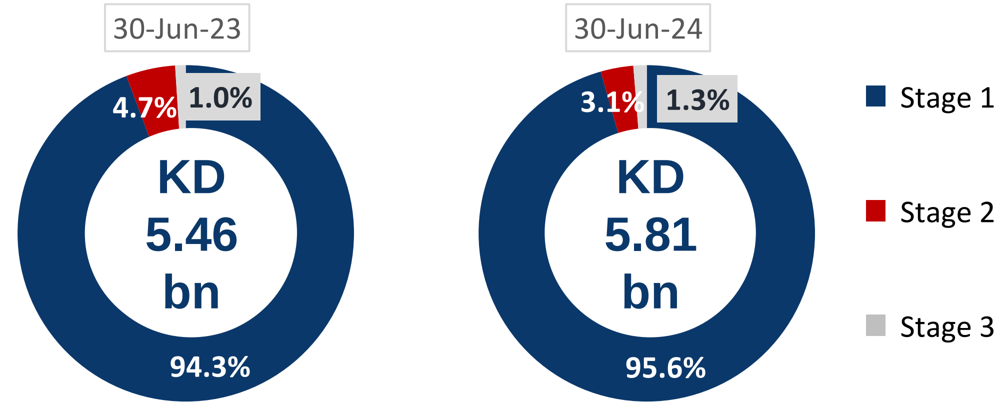
Total Credit Provisions exceed IFRS 9 accounting requirements by KD 114 million

Total Provisions on Credit Facilities

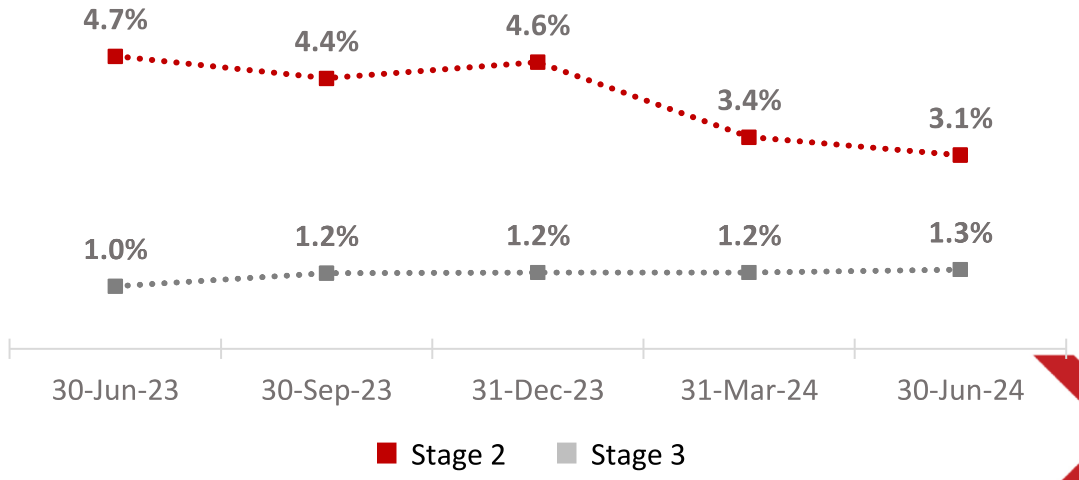


Excess / Total Provision	40%	42%

Gross Loans by Stages %(1)



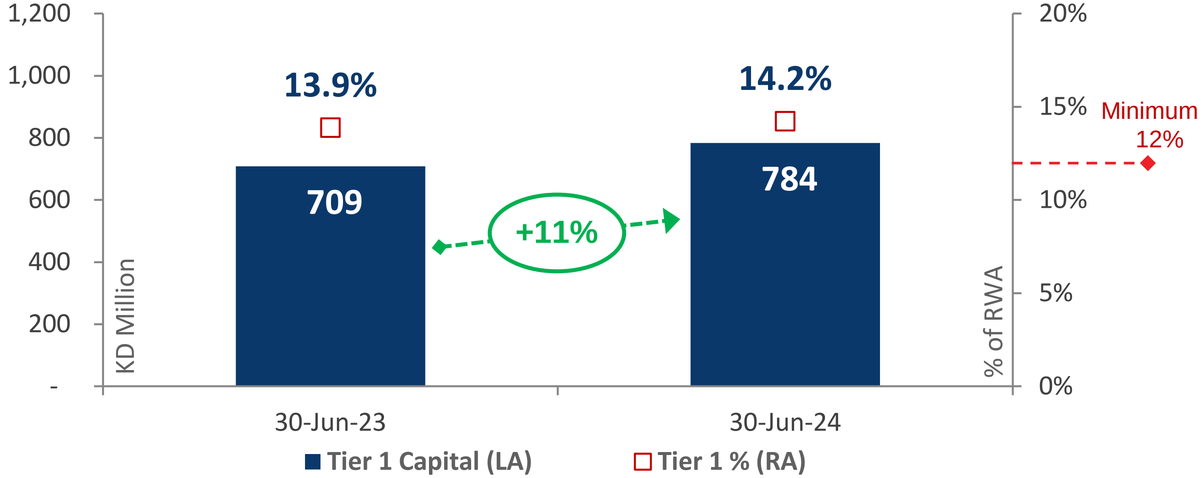
Evolution of Gross Loans Stages 2 and 3 (%)(1)



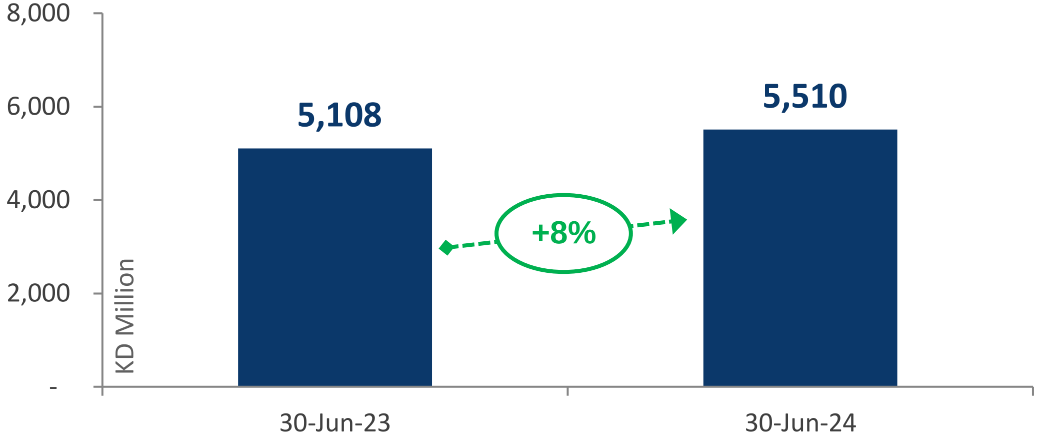
(1) Stage 3 loans are marginally higher than the credit impaired loans due too qualitative and quantitative factors as per IFRS 9.

Capital and Leverage Ratios

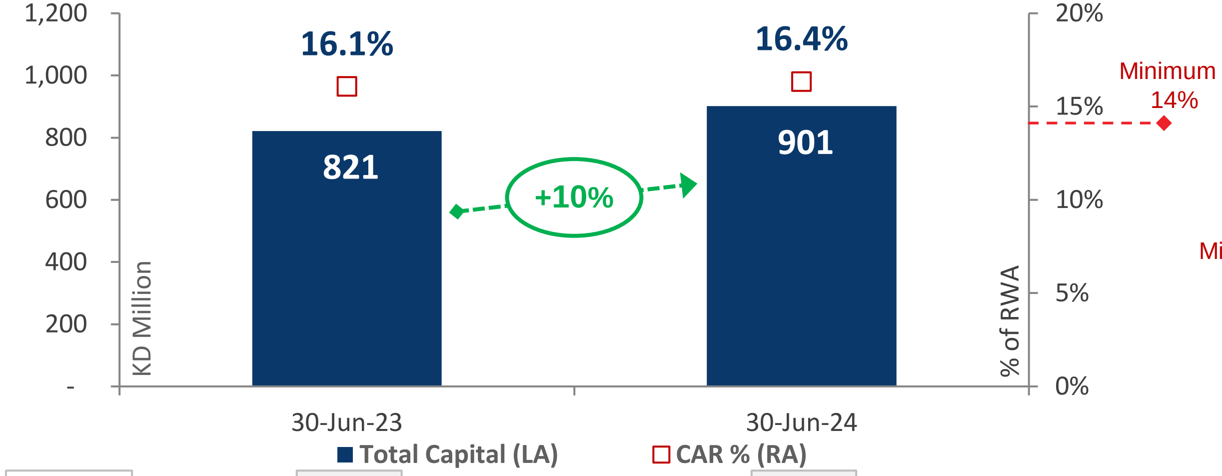
Tier I Capital[(1)(3)]



Risk Weighted Assets

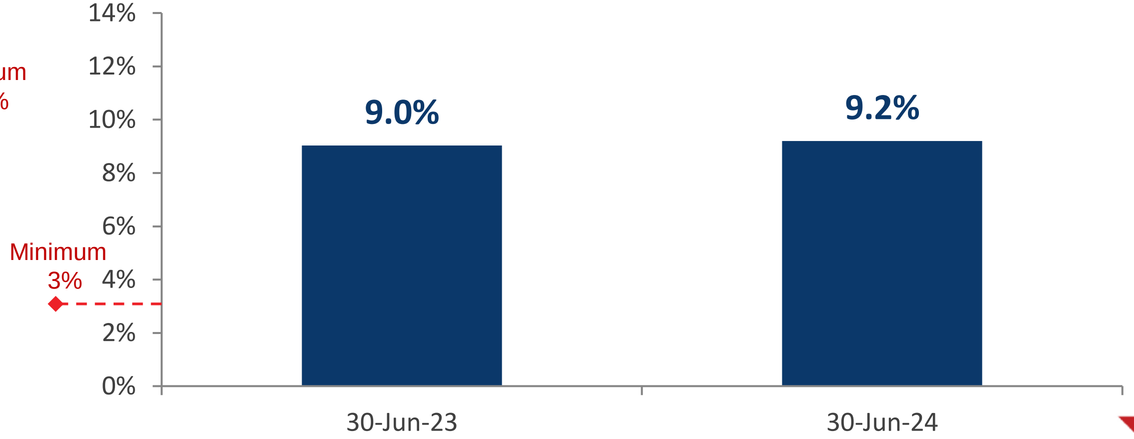


Total Capital[(2)(3)]



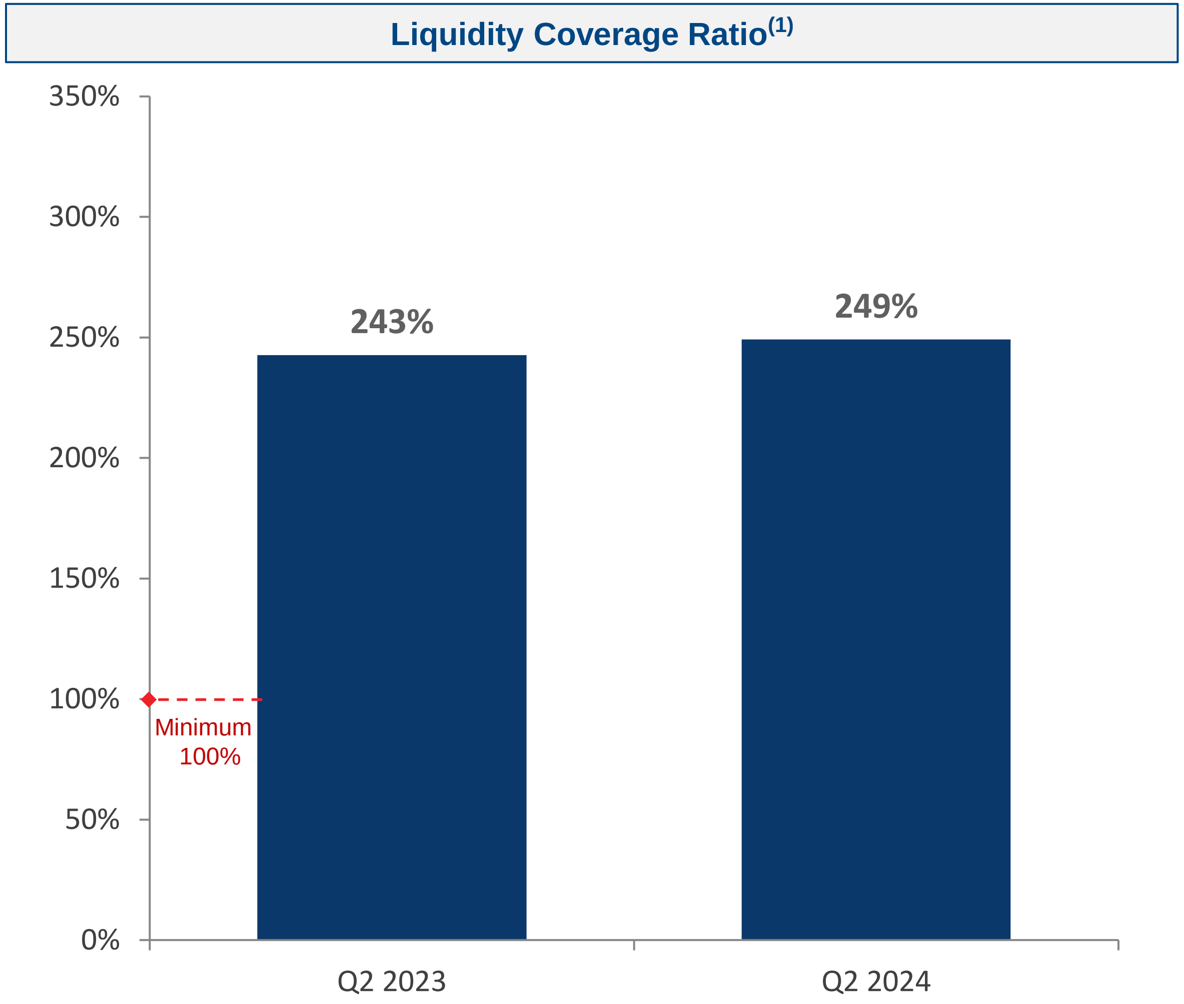
% Tier 1	86%	87%

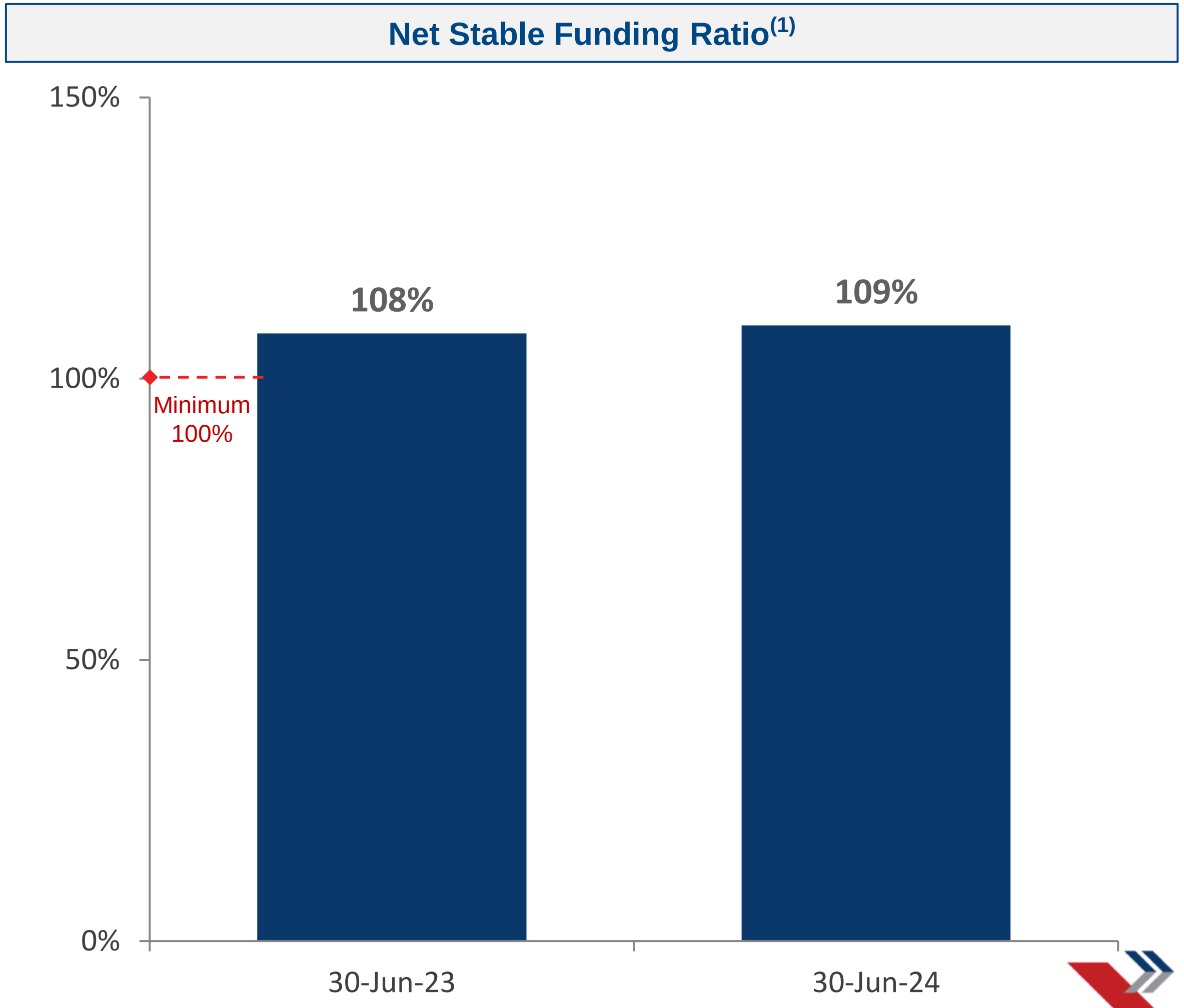
Leverage Ratio



(1) Tier 1 Ratio regulatory minimum is 12%; (2) CAR regulatory minimum is 14%; (3) Tier 1 and CAR regulatory minimums include 1% DSIB charge.

Liquidity Ratios





(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums is 100%.

Q&A

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Thank you

For more information, please contact Gulf Bank's IR's team

Earnings Conference Call Edited Script – First Half 2024

31 July 2024

Corporate Participants:

Mr. Sami Mahfouz – Deputy CEO

Mr. David Challinor – CFO

Mr. Youssef Dib – Investor Relations Team

Host:

Ms. Elena Sanchez – EFG Hermes

[GBK Classification: PUBLIC]

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 of 2024 earnings conference call. It is a great pleasure to have with us on the call Mr. Sami Mahfouz, Gulf Bank Deputy CEO, Mr. David Challinor, Gulf Bank CFO and Mr. Youssef Dib, from Investor Relations Team at Gulf Bank.

At this point I would like to hand over the call to Mr. Youssef Dib, please go ahead.

Youssef: Thank you, Elena. Good afternoon and welcome to Gulf Bank's first Half 2024 earnings call. We will start our call today with key highlights and updates on the operating environment of Gulf Bank during the first Half of the year presented by the Deputy Chief Executive Officer, Mr. Sami Mahfouz followed by a detailed presentation of our financial results by the Chief Financial Officer, Mr. David Challinor.

All amounts in the presentation are 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 another currency other than Kuwaiti Dinars.

After the presentation, we will open the floor for Q and A received through the webcast platform. 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 publicly disclosed. I would also like to draw your attention to the disclosure on **page 10** 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. Sami Mahfouz. Sami?

Sami: Thank you, Youssef.

Good morning and good afternoon, everybody and thank you for joining us today for our first half 2024 earnings call.

Allow me to start with a brief preview of our operating environment to provide context on the economic landscape within which we operate.

As we navigate through 2024, we are witnessing significant economic developments both globally and locally. On the global front, the world economy is showing signs of resilience with increased stability in financial markets, improved consumer confidence, and a gradual rise in international trade activities. However, challenges such as spikes of inflationary pressures and geopolitical tensions continue to influence the global economic landscape. Additionally, the anticipation of interest rate movements by the Federal Reserve is a key factor with implications on borrowing costs, investment decisions, and the global economic growth trajectories.

Locally in Kuwait, the economy is benefiting from the relative stability in oil prices at current levels, bolstered by ongoing government initiatives aimed at diversifying the economy and fostering sustainable growth. The recent economic reforms and reemergence of investments in infrastructure projects have enhanced business confidence and are expected to drive future economic expansion.

Against this backdrop, the Bank have positioned itself to capitalize on any emerging opportunities that will arise domestically, through supporting its clients and being at the forefront to capture its share of future economic expansion.

Moving on to Gulf Bank second quarter results of 2024, we continued to exhibit a robust operational performance, reinforced by strong top-line growth and sound financial position metrics. We continue to face headwinds with our credit costs which resulted in a drop of our net profit growth during the first half of the year compared to the same period of last year, however, we remain confident in the Bank's future potential. Having said that, we have seen our loan book expand during the first half of the year, reflecting the success of our strategic initiatives in meeting our clients' evolving needs. This growth in loans displays our capacity to navigate and excel in dynamic market conditions, reinforcing our prominent position in the Kuwaiti banking sector.

To update you on our core banking transformation, I am pleased to announce the successful completion of Phase II of our core banking system, a significant milestone in our journey towards advancing customer centricity. This achievement strengthens our operational capabilities and reaffirms our focus to meet the evolving needs of our clients in a digitally driven era. We are ready to leverage these technological foundational changes to drive operational efficiencies and transform our branches into relationship and experience centers aiming to provide a personalized and seamless banking experiences to our clients.

Moreover, I would like to stress on Gulf Bank's readiness to support Kuwait's developmental projects in line with the principles of transparency, achievement, and sustainability. We provide diverse financing plans that meet the evolving needs of this phase. Gulf Bank has played and will continue to play a significant role in Kuwait's urban and economic development and our contributions varies between direct funding and partnerships with other financial institutions. So far, we have already financed multiple initiatives crucial to Kuwait's Vision 2035, particularly in sectors such as oil, construction, and infrastructure, emphasizing our essential role in Kuwait's ongoing progress and prosperity.

Lastly, and more recently we had disclosed today that Gulf Bank and Boubyan Bank have presented a proposal for a strategic opportunity for growth and expansion through the merger of the two banks, whereby creating one entity compliant with the provisions of Islamic Sharia. This proposal was presented to Gulf Bank's Board of Directors at its meeting held on 30th July 2024 yesterday and was approved. Moreover, the Board issued its directives and recommendations to move forward to carry out the needful actions to commence the initial feasibility study and necessary due diligence for the merger, after obtaining the necessary approvals in this regard. Accordingly, Gulf Bank informed the Central Bank of Kuwait (CBK) yesterday on 30th July 2024 with the above, and in return received from CBK the necessary guidelines to be followed for the merger process. Based on that, Gulf Bank will commence communications with Boubyan Bank to sign a Memorandum of Understanding and a Confidentiality Agreement in preparation for the initial Feasibility Study.

Now turning to Page 2, I would like to summarize our financial results with six key messages:

First, we have recorded a net profit of KD 28.2 million for the first half of 2024, a decline of KD 7.6 million or 21.3% compared to 2023 first half net profit of KD 35.8 million.

Second, our operating profit before provisions has increased to KD 52.6 million, representing a healthy growth of 6.6% compared to the first half of 2023.

Third, our gross loans and advances reached KD 5.8 billion, a year-to-date increase of KD 318 million or 5.8% compared to 31 December 2023. This growth came primarily from the corporate segment.

Fourth, the portfolio continued to be resilient as our non-performing loan ratio as of 30 June 2024 stood at 1.2%, with a strong NPL coverage ratio of 390% including total provisions and collaterals.

Fifth, as of 30 June 2024, our Tier 1 Ratio was 14.23% with a buffer of 223 basis points above regulatory minimums of 12%, and our Capital Adequacy Ratio was 16.35% with a buffer of 235 basis points above regulatory minimums of 14%.

Lastly, the Bank continues as an ‘A’ rated bank by major credit rating agencies. Our current position stands as follows:

- Moody’s Investors Service has affirmed the ‘A3’ long-term deposit ratings of Gulf Bank with a ‘Positive’ outlook.
- Fitch Ratings has affirmed the Bank’s Long-Term Issuer Default Rating at ‘A’ with a ‘Stable’ outlook and a Viability Rating of ‘bbb-’.
- Capital Intelligence affirmed the Bank’s Long-Term Foreign Currency Rating of ‘A+’ with a ‘Stable’ outlook.

So, looking forward, we remain committed to driving sustainable growth and delivering value to all our stakeholders.

With that, I’ll turn it over to our CFO, David Challinor, who will cover the financials of the first half of 2024 in more depth, thank you. David, over to you.

David: Thanks Sami.

David: **Turning to page 3,** we can see the movement in net profit from 35.8 to 28.2. The decline of 7.6 is mainly attributed to higher credit costs of 8.6 which primarily came from the retail book. We also had much lower recoveries, mainly from our corporate business, than we had in H1 23. There was an increase of 2.6 relating to the General Provision driven by loan growth, which was very strong in H1 24 versus H1 23. In addition, there was an increase in net interest income of 6 due to asset growth and margin expansion. There was also a decrease in non-interest income of 1.4 and an increase in Operating Expenses of 1.4.

Turning to page 4, we have a detailed breakdown of our income statement.

On line 1, interest income was up 25.5 or 15% for H1 24 compared to last year. This was primarily due to a combination of margin expansion and 7% asset growth year on year.

On line 2, interest expense increased by 19.5 or 19%. It's worth noting that the growth in interest expense has slowed significantly from the full year 2023 where we saw a 115% increase.

On line 3, net interest income grew 8% year on year to reach 77.6 and this compares favorably to the full year 2023 growth of 6%.

On line 4, non-interest income decreased by 1.4 or 7% compared to H1 23 primarily due to a one off in our cards business in Q1 23. However, the Q2 24 level of non-interest income is a 4% improvement over Q2 23.

On line 5, operating income increased by 4.6 or 5%.

On line 6, operating expenses have increased by 1.4 or 3% versus H1 23. You can see across line 6 that operating expenses over the last 6 quarters have been kept in a relatively narrow range from 21.4 to 22.6 as we continue to control costs.

In addition, the cost to income ratio for H1 24 has declined by 0.8 percentage points from the same period last year. Also, the operating results show positive Jaws as the operating income growth has exceeded the operating expense growth by 2 percentage points.

On line 7, operating profit has increased by 3.3 or 7%.

On line 8, you can see our credit costs increased by 8.6, to reach 20.6 in H1 24. The majority of the credit cost increase has come from the retail book but the level of recoveries, which act to net against the specific provision, is also much lower than in H1 23.

On line 9, general provisions increased by 2.6 due to very strong loan growth in H1 24 versus a flat loan book in H1 23. A 1% charge is required to be taken as a general provision as per CBK regulations mainly against non-government loans booked in the quarter.

On line 12, looking across the quarters, we can see that the Q2 24 profit of 15.3 is the second lowest in the last 6 quarters. And this has been primarily due to the elevated level of credit costs on account of the retail book coupled with the higher general provision, due to very strong loan growth. However, there has been a 19% sequential growth in quarterly net profit from Q1 24.

Turning to page 5, we can see the balance sheet.

On line 8, Net Loans and Advances of 5.6 billion increased by both 7% year on year and year to date. The strong growth achieved this year is predominantly coming from our corporate segment as opposed to last year where corporate showed a de-growth of 1%

On line 13, Total Assets increased by 7% year on year to reach 7.4 billion and 4% year to date.

On lines 15 & 16, Total Deposits of 5.6 billion increased by 381 million or 7% year on year and 4% year to date. We did see our CASA ratio decline to 28.5% versus 34.8% last year. However, there has been a system wide decline in CASA due to the higher rate environment.

On line 17, we've increased our medium-term borrowings by 14% year on year which resulted in further diversification of our funding profile and improvement in overall duration.

Moving on to asset quality, our non-performing loan ratio, shown on line 24, was 1.2% at the end of June 2024, which was higher than the same period last year but in line with the level as at Q4 23. Also, we continue to have a significant total coverage ratio of 390% that includes total provisions and collaterals.

Now, turning to Page 6 you can see in the chart on the left that as of 30 June 2024, total provisions are 274 which is a decrease of 33 from a year ago. The decrease was primarily related to a release, following regulatory approval, of excess general provision. The release was in relation to a corporate borrower who's facilities moved from stage 2 to stage 3 during Q2 and were then fully provided for and subsequently written off. However, despite this release the excess of total provisions over IFRS 9 continues to be very healthy at 42%, which is higher than the excess of 40% a year ago.

Looking at the pie charts on the top right of the page, you can see that our stage 1 loans have increased to 95.6%, Stage 2 has declined to 3.1%, and Stage 3 increased to 1.3% when compared to same period of last year.

The chart on the bottom right side of the page shows the evolution of Stage 2 and stage 3 percentages historically. We can see that Stage 2 declined to 3.1% in Q2 24 primarily due to the corporate borrower who's facilities were downgraded to stage 3 and then subsequently written off after their were fully provided for. Stage 3 continues to remain very low and relatively stable which is a very pleasing outcome given the higher rate environment.

Turning to page 7, on the top left, our Tier 1 ratio was 14.2%, which is well above our regulatory minimum of 12%.

On the bottom left, our Capital Adequacy Ratio of 16.4% was well above our regulatory minimum of 14%. It's worth noting that both ratios don't include H1 24 profits and are after the payment of the annual dividend.

Our risk weighted assets, shown on the top right, increased by 8% year on year.

On the bottom right, our leverage ratio as of 30 June 24 is 9.2%, slightly higher than last year's level of 9.0%, and well above the 3% regulatory minimum.

Turning to page 8, we can see our key liquidity ratios. The chart on the left side shows our quarterly average daily Liquidity Coverage Ratio, which is 249%, and on the right side, you can see the Net Stable Funding Ratio is 109%. Both ratios continue to be well above regulatory minimums of 100%.

Now, I will turn it back over to Youssef for the Q and A session.

Youssef: Thank you, David. We are now ready for Q and A session. If you wish to ask a question, please submit your question into the designated questions text area.

We will wait for few minutes to receive most of your questions, and we will try to group them by topic.

(Pause)

Ok, we will go through the questions now.

Youssef (Q1): We have few questions related to loan growth? How much was the corporate loan growth year to date in 2024 and what are the drivers of growth this quarter and how sustainable beyond this point? David?

David (A1): In Q2 we saw yet another very strong quarter for loan growth. Total Gross Loans and Advances grew KD 142m in the quarter which followed a very strong Q1 where we grew KD 177m. So, this brings year to date loan growth for the first half to 5.8%. And this compares very favorably to the full year 2023 loan growth which was 1.2%.

In terms of the composition, the growth in Q2 was almost entirely dominated by corporate lending which is what we also saw in Q1. The market continues to be muted on the retail side which has shown less than 1% growth to the end of May according to CBK data. And our view is this trend may continue until we start to see rates come down.

When we look at the year-to-date corporate growth, around 2/3rds of it has been in the form of foreign currency lending to non-residents. We can see from the CBK system data to the end of May that around half of the total system growth of KD 1.5 billion has been lending to non-residents. But we anticipate that local market activity may start to strengthen in the second half given renewed optimism.

Looking forward, I would expect the second half loan growth to be slower than the first, but still dominated by corporate and with the focus being more on local resident lending.

Youssef: Thank you, David.

Youssef (Q2): Okay, we received a question on the pickup of OPEX in Q2 24, is it an indication of increase trend or is it just a one off? David?

David (A2): Thanks Youssef. For the first half we've managed to keep a tight lid on operating expense growth to just 3%, which is very low when compared to other banks in the system.

In terms of the components of the cost base, we've seen staff costs fall around

2% year on year and we could expect further falls as we continue to become more efficient.

Depreciation is up around 6% year on year and that's to be expected as it's driven by the completion of our transformation projects. And of note in Q2 we implemented our new core banking system in relation to the retail business.

However, we've seen a tick up in other expenses both consecutively and year on year and primarily this has been driven by IT costs in relation to the transformation.

When we look at the cost income ratio, this has come down from the first half of 2023, and it's now sitting at 45.7% versus last year at 46.5%. I've said before that we've committed to meaningfully bring down the cost to income ratio over time, and whilst this may not happen in a perfectly linear manner from quarter to quarter, we feel we've embarked on the right track to do so.

Youssef: Thank you, David.

Youssef (Q3): We can see questions related to Margins; What is the sensitivity of your margins to 100 bps decline in the benchmark rates? David?

David (A3): We disclosed in the full year financials for every 25 basis points its 2.2 million KD assuming a parallel shifts on both sides of the balance sheet, but for Q2 the net interest margin was 215 basis points which was a 1-point increase sequentially from Q1. And for the first half the margin was 214 basis points which is 3 points higher than last year.

Now, I said on the Q1 call that we seemed to have a peak in the cost of funds around the middle of the quarter. And this played out as expected into Q2, where we did in fact see the cost of funds continue to fall. And this was in both local and foreign currency. And Q2 was the first quarter since the start of the tightening cycle where saw a fall in the quarterly cost of funds. Having said that the margin only expanded by 1 point and that was because there was a drop in the overall asset yields from Q1 to Q2 which negated some of the benefits of the cost of funds decrease.

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In terms of the outlook, the local market continues to enjoy healthy liquidity levels so we may see a further fall in cost of funds in Q3 although I'd still expect the overall margin to remain broadly around the current levels in the short term.

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

(Pause)

Youssef (Q4): Okay, I see couple of questions on the latest disclosures Gulf Bank made related to the potential merger with Boubyan Bank and to the potential conversion into a Shariaa compliant Bank? Sami, would you like to take this one?

Sami (A4): Yes sure, thank you Youssef. As far as the merger disclosure we made today, we covered in the first part of the presentation, I believe there is a sufficient detail and our disclosure to our regulator covers that.

As far as the conversion to Islamic, let me take you back to what we have announced on June 11th, 2024, that our Board of Directors requested for the engagement of an international consultant to undertake a feasibility study regarding the potential conversion of Gulf Bank to operate in accordance with Islamic Shariaa principles. The Central Bank of Kuwait has granted their no-objection for the commencement of this study.

We as a Bank, we are continuously exploring opportunities for growth, both organic and inorganic, to diversify our offerings, cater to a broader market segment, and enhance our competitive position.

Currently, we are in the process of finalizing engagement with a consultant to conduct a feasibility study for the conversion. Upon completion, the Bank will present the potential outcomes to the Central Bank of Kuwait. In the end, the matter will ultimately be presented to our shareholders at the AGM for their approval, as they consider the best interests of all stakeholders.

Additionally, as I mentioned regarding the disclosure about Gulf Bank and Boubyan, the proposal was through a merger of the two banks, creating one entity compliant with the provisions of Islamic Sharia, so this is how much we can disclose. The proposal was presented to the Bank's Board of Directors on 30th July 2024, and it was approved. Accordingly, Gulf Bank informed the Central Bank of Kuwait (CBK) yesterday of this proposal, and in return received from CBK the necessary guidelines to be followed for the merger process.

I would like to reconfirm Gulf Bank's compliance with relevant laws and instructions of the Central Bank of Kuwait and the relevant regulatory authorities, and we will be disclosing any material developments in this respect in due course.

Youssef: Thank you, Sami.

I believe we have covered most topics and questions raised today during the call. 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 today.

And with that, we would like to conclude our call for today.