بنك الخليج
GULF BANK

Kuwait, 28 October 2021

Boursa Kuwait
State of Kuwait

Subject: Gulf Bank's Disclosure on the Analysts Conference Minutes/Script For Q3,2021

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 Q3, 2021 which was held via Live Webcast at 3:00 p.m on Thursday 28/10/2021.

We would like to assure you our continuous cooperation,

Best Regards,

بنك الخليج GULF BANK

Jihad Khodr
Assistant General Manager
Head of Compliance & Disclosure Unit

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Gulf Bank

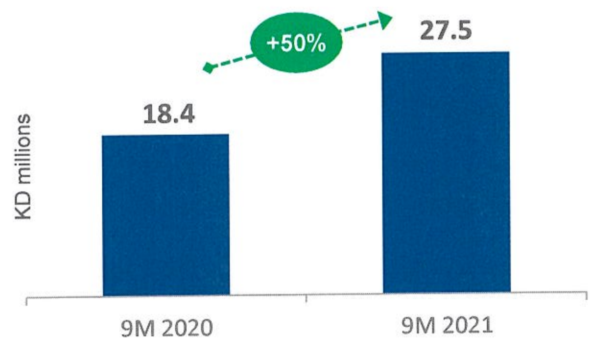
Earnings Presentation
3rd Quarter 2021

28 October 2021

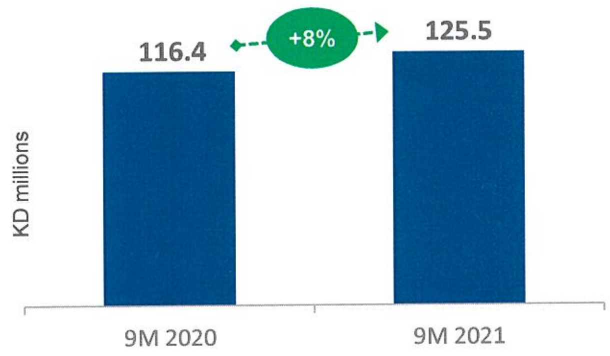
[GBK Classification: PUBLIC]

9 Months 2021 Key Highlights

1 Net Profit

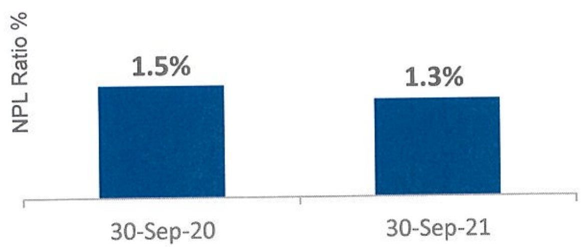


2 Operating Income



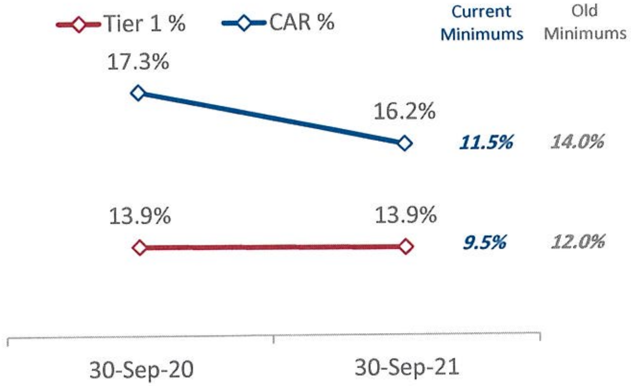
3 Asset Quality

462% Coverage Ratio[1] 472%



(1) Coverage ratio includes total provisions and collaterals.

4 Capital Ratios



5 Credit Ratings

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

[GBK Classification: PUBLIC]

9 Months 2021 Net Profit vs. 9 Months 2020 Net Profit Evolution

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[GBK Classification: PUBLIC]

Income Statement

	KD Millions	Q1 2020A	Q2 2020A	Q3 2020A	Q4 2020A	Q1 2021A	Q2 2021A	Q3 2021A	Q3 21A vs Q3 20A Amt	Q3 21A vs Q3 20A %	9M 2020A	9M 2021A	9M 21A vs 9M 20A Amt	9M 21A vs 9M 20A %
1	Interest Income	58.0	55.2	49.3	46.8	45.3	46.0	46.7	(2.6)	-5%	162.6	138.0	(24.6)	-15%
2	Interest Expense	(29.1)	(22.8)	(17.8)	(14.8)	(12.6)	(13.3)	(13.5)	4.3	24%	(69.8)	(39.4)	30.4	44%
3	**Net Interest Income**	**28.9**	**32.4**	**31.5**	**32.0**	**32.6**	**32.7**	**33.3**	**1.8**	**6%**	**92.8**	**98.6**	**5.8**	**6%**
4	Fees/ FX Income	8.8	6.3	7.4	9.1	8.8	8.9	8.6	1.1	15%	22.5	26.2	3.7	16%
5	Other Income	0.6	0.2	0.2	0.9	0.1	0.2	0.4	0.2	88%	1.1	0.7	(0.3)	-30%
6	**Operating Income**	**38.3**	**38.9**	**39.2**	**41.9**	**41.5**	**41.7**	**42.3**	**3.1**	**8%**	**116.4**	**125.5**	**9.2**	**8%**
7	Operating Expenses	(18.7)	(14.7)	(14.1)	(16.4)	(20.5)	(19.7)	(18.9)	(4.8)	-34%	(47.6)	(59.1)	(11.5)	-24%
8	**Operating Margin**	**19.6**	**24.2**	**25.1**	**25.6**	**21.1**	**22.0**	**23.3**	**(1.7)**	**-7%**	**68.8**	**66.4**	**(2.3)**	**-3%**
9	Credit Costs [(1)]	(7.3)	(21.0)	(16.6)	(14.0)	(8.3)	(16.5)	(10.5)	6.1	37%	(45.0)	(35.3)	9.7	21%
10	General Provisions	(3.3)	0.5	(1.5)	0.1	(0.1)	(0.8)	(1.3)	0.2	15%	(4.3)	(2.2)	2.1	49%
11	Other Provisions/Impairments	0.1	(0.4)	0.0	(0.6)	(0.1)	0.0	(0.0)	(0.0)	265%	(0.3)	(0.1)	0.2	61%
12	Taxes/ Other	(0.4)	(0.1)	(0.3)	(0.6)	(0.6)	(0.2)	(0.5)	(0.2)	-71%	(0.9)	(1.3)	(0.5)	-55%
13	**Net Profit**	**8.6**	**3.2**	**6.6**	**10.4**	**12.0**	**4.6**	**11.0**	**4.4**	**67%**	**18.4**	**27.5**	**9.1**	**50%**
14	Return on Assets (ROA) %	0.5%	0.2%	0.4%	0.7%	0.8%	0.3%	0.7%			0.4%	0.6%		
15	Return on Equity (ROE) %	5.3%	2.1%	4.3%	6.6%	7.6%	2.9%	6.7%			3.9%	5.7%		
16	Cost to Income Ratio (CIR) %	48.9%	37.9%	36.0%	39.0%	49.3%	47.2%	44.8%			40.9%	47.1%		
17	Net Interest Margin (NIM) bps [(2)]	183	209	209	211	214	209	209			201	211		
18	Cost of Risk (COR) bps [(3)]	65	186	146	125	76	146	90			133	104		

(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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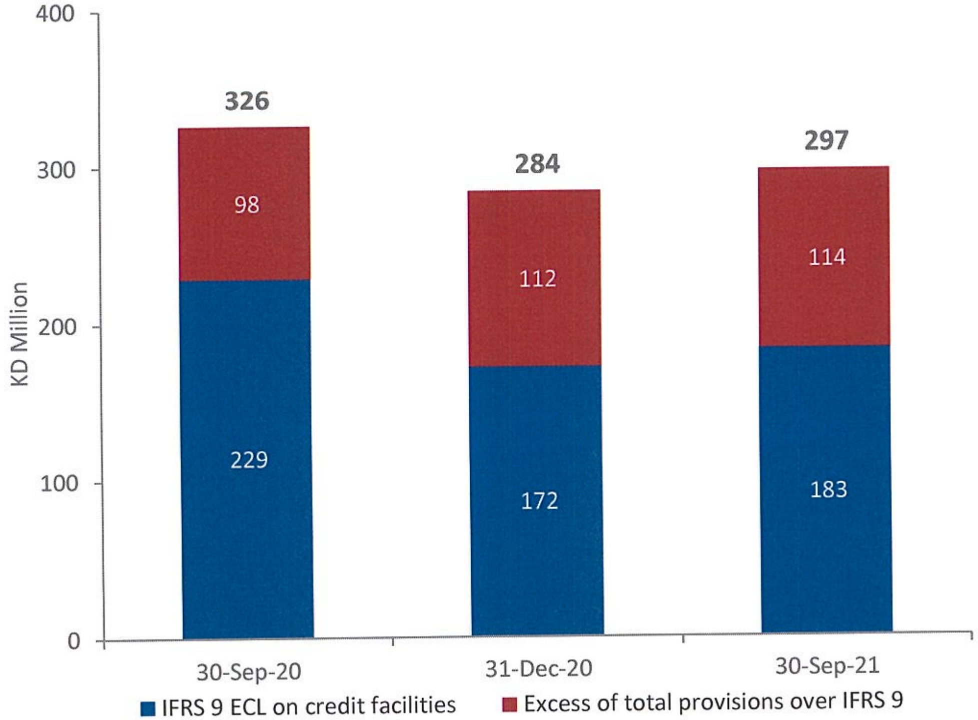
Balance Sheet

	KD Millions	30-Sep-20	% of Total	31-Dec-20	% of Total	30-Sep-21	% of Total	Var Sep 21 vs Sep 20		Var Sep 21 vs Dec 20	
								Amount	%	Amount	%
	ASSETS										
1	Cash and cash equivalents	826		1,106		876		50	6%	(229)	-21%
2	Kuwait Government Bonds	109		109		91		(18)	-16%	(18)	-16%
3	CBK Bills	280		281		281		2	1%	1	0%
4	Deposits with banks and OFIs	0		3		113		113		110	
5	**Liquid Assets**	**1,215**	**20%**	**1,498**	**25%**	**1,361**	**22%**	**147**	**12%**	**(137)**	**-9%**
6	Loans and advances to customers	4,515		4,384		4,700		185	4%	315	7%
7	Loans and advances to banks	195		193		248		53	27%	55	28%
8	Provisions	(309)		(269)		(279)		30	-10%	(10)	4%
9	**Net Loans**	**4,400**	**74%**	**4,309**	**70%**	**4,669**	**74%**	**268**	**6%**	**360**	**8%**
10	**Investment securities**	**165**	**3%**	**175**	**3%**	**150**	**2%**	**(15)**	**-9%**	**(25)**	**-14%**
11	Other assets	119		97		116		(3)	-3%	19	19%
12	Premises and equipment	35		34		33		(1)	-3%	(1)	-2%
13	**Other assets**	**154**	**3%**	**131**	**2%**	**149**	**2%**	**(4)**	**-3%**	**18**	**14%**
14	TOTAL ASSETS	5,934	100%	6,113	100%	6,330	101%	395	7%	217	4%
	LIABILITIES										
15	Due to banks	310		551		564		254	82%	13	2%
16	Deposits from FIs	828		705		719		(110)	-13%	13	2%
17	**Customer deposits**	**3,971**	**67%**	**4,034**	**66%**	**4,154**	**66%**	**183**	**5%**	**120**	**3%**
18	Other borrowed funds	100		100		150		50	50%	50	50%
19	Other liabilities	102		86		90		(13)	-12%	4	5%
20	**TOTAL LIABILITIES**	**5,312**	**90%**	**5,475**	**90%**	**5,676**	**90%**	**364**	**7%**	**201**	**4%**
21	**Total Equity**	**622**	**10%**	**637**	**10%**	**654**	**10%**	**31**	**5%**	**16**	**3%**
22	TOTAL LIABILITIES AND EQUITY	5,934	100%	6,113	100%	6,330	101%	395	7%	217	4%
23	Average assets	6,160		6,150		6,251					
24	Average equity	631		632		643					
25	NPL ratio	1.5%		1.1%		1.3%					
26	Coverage ratio(1)	462%		568%		472%					

(1) Coverage ratio includes total provisions and collaterals.

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

Total Provisions on Credit Facilities



Excess / Total Provision	30%	39%	38%

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

(KD Millions)	30 Sep 2020	31 Dec 2020	30 Sep 2021
Provision on cash facilities	309	269	279
Provision on non-cash facilities	17	15	18
Total provisions on credit facilities (A)	**326**	**284**	**297**
IFRS 9 ECL on credit facilities (B)	**229**	**172**	**183**
Excess of total provisions over IFRS 9 ECL on credit facilities (A-B)	**98**	**112**	**114**

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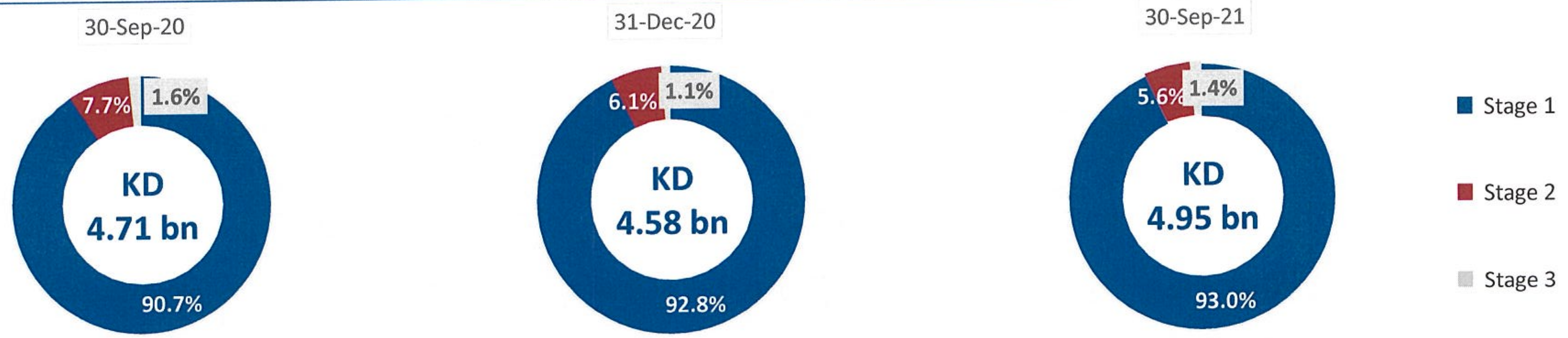
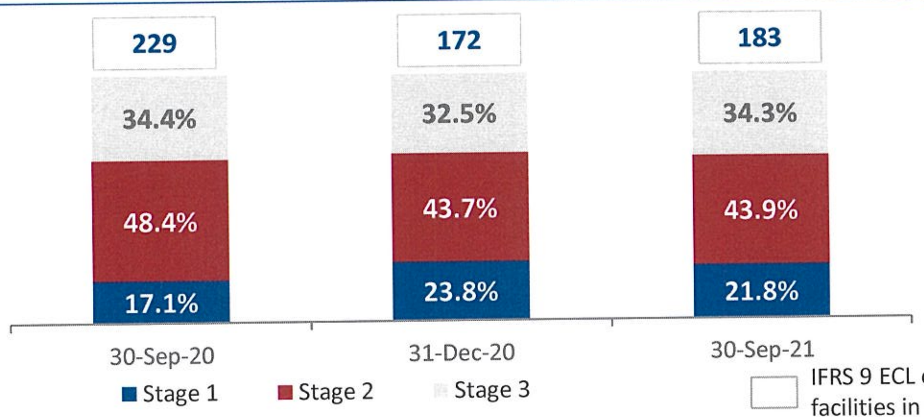
With stable Gross Loans stage composition and coverage

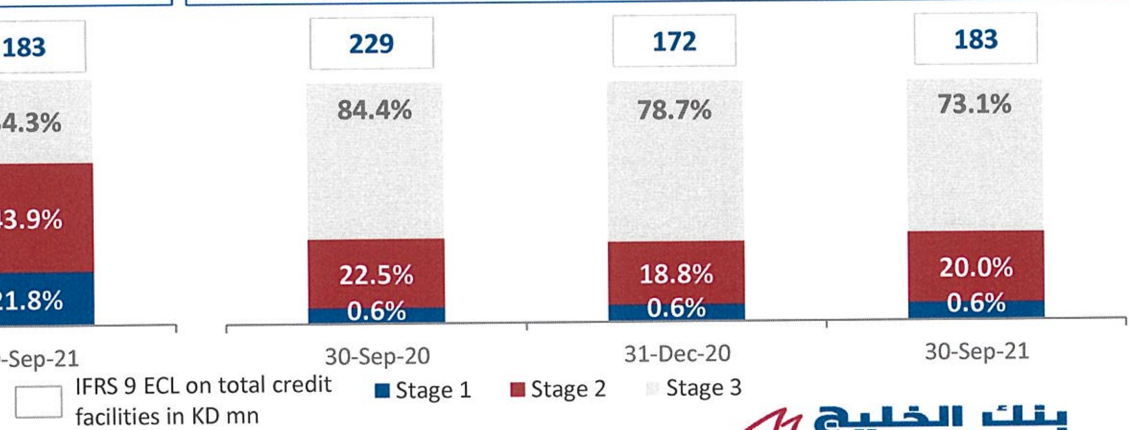
Gross Loans by Stages %[1]



IFRS 9 ECL by Stages %



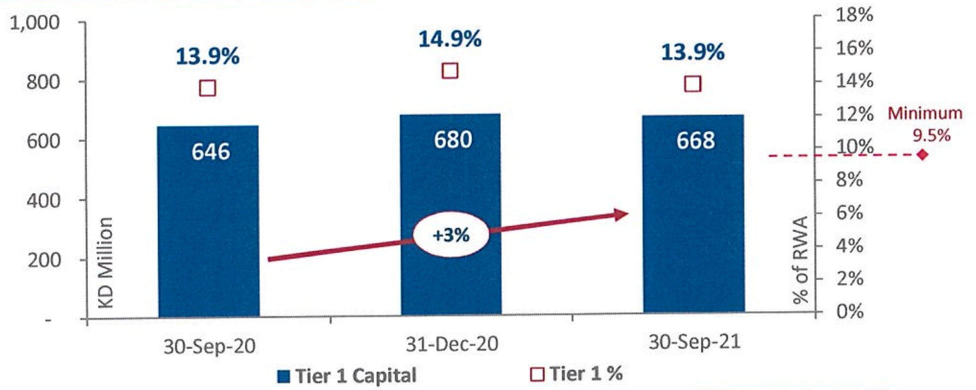
IFRS 9 ECL Coverage by Total Credit Facilities Stages %[2]



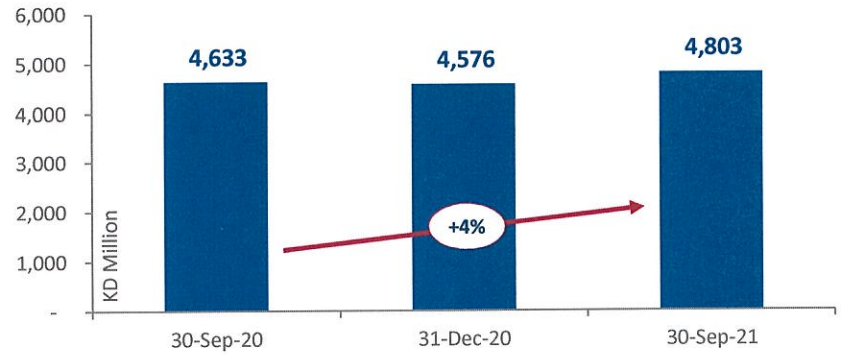
(1) Stage 3 loans are marginally higher than the credit impaired loans due too qualitative and quantitative factors as per IFRS 9;
(2) Total Credit facilities includes Loans and advances to banks and customers and Contingent liabilities and commitments.

Capital and Leverage Ratios

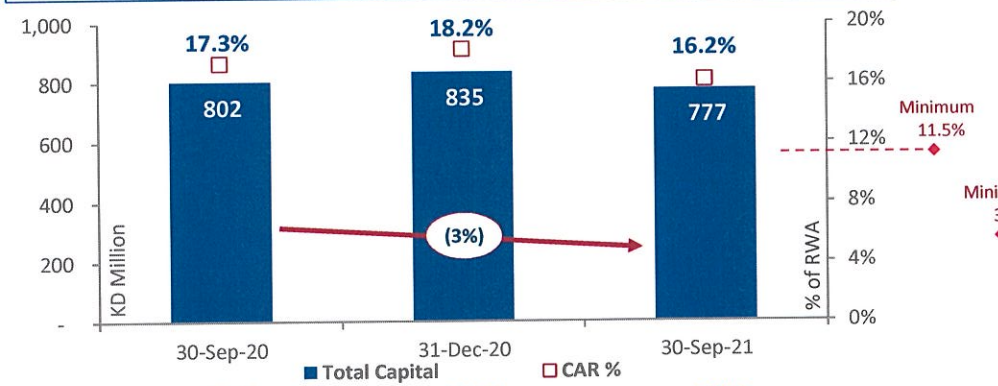
Tier I Capital[1][3]



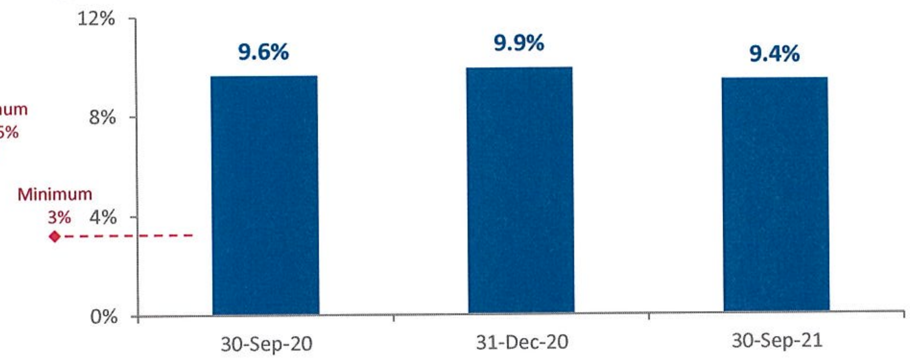
Risk Weighted Assets



Total Capital[2][3]



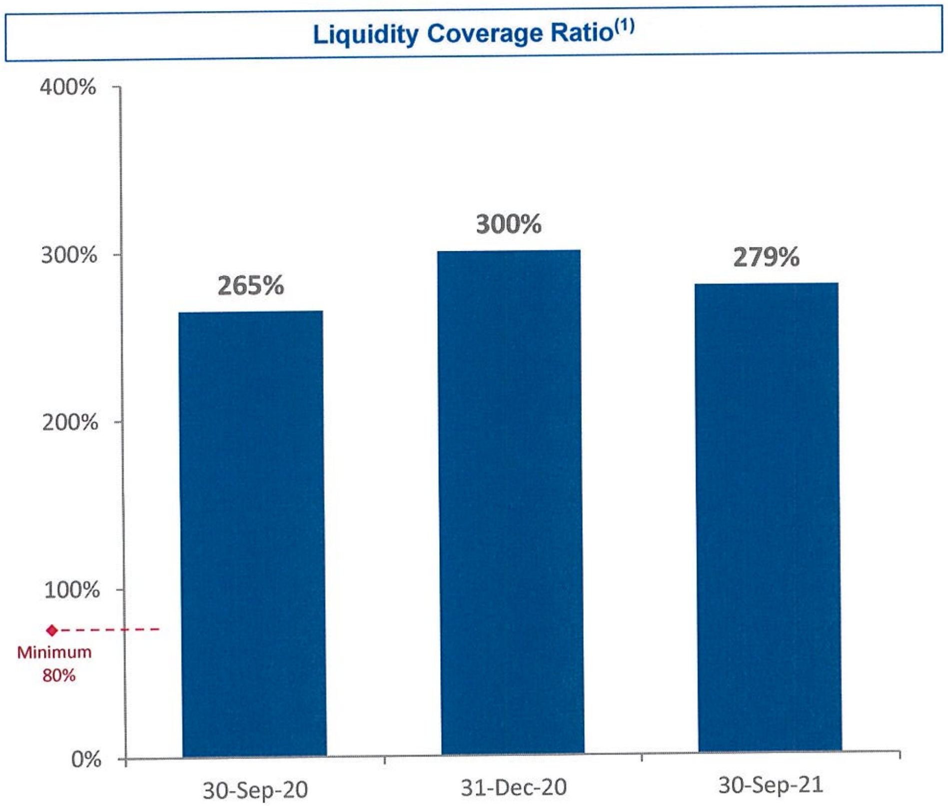
Leverage Ratio

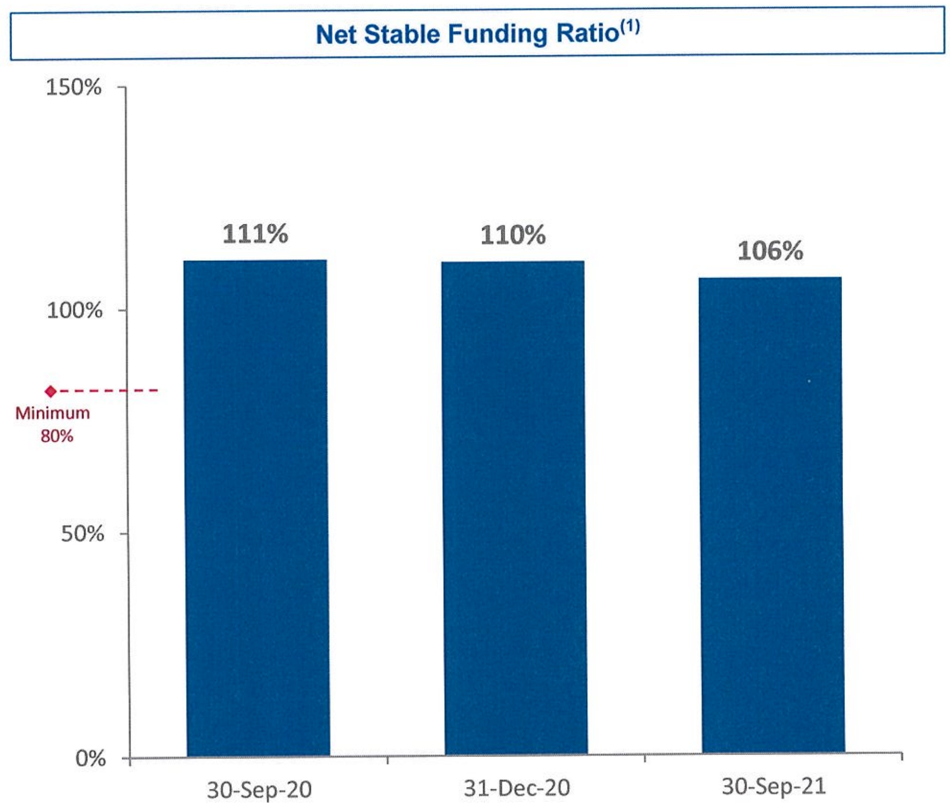


% Tier 1	81%	81%	86%

(1) Tier 1 Ratio regulatory minimum has been relaxed from 12% to 9.5%; (2) CAR regulatory minimum has been relaxed 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.

Liquidity Ratios





(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums have been relaxed 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.

Q&A

Gulf Bank

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Gulf Bank of Kuwait

Earnings Conference Call Edited Script – Third Quarter 2021

28 October 2021

Corporate Participants:

Mr. Tony Daher – CEO

Mr. David Challinor – CFO

Ms. Dalal AlDousari – Head of Investor Relations

Host:

Ms. Elena Sanchez – EFG Hermes

Gulf Bank of Kuwait

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28 October 2021

Corporate Participants:

Mr. Tony Daher – CEO

Mr. David Challinor – CFO

Ms. Dalal AlDousari – Head of Investor Relations

Host:

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 third quarter 2021 earnings conference call. It is a great pleasure to have with us on the call Mr. Tony Daher, Gulf Bank CEO, Mr. David Challinor, Gulf Bank CFO and Ms. Dalal AlDousari, Head of Investor Relations at Gulf Bank.

I will now turn the call over to Dalal.

Dalal: Thank you, Elena. Good afternoon and welcome to Gulf Bank's third quarter 2021 earnings call. We start our call today with the key highlights and updates on the operating environment of Gulf Bank during the third quarter 2021 presented by our Chief Executive Officer, Mr. Tony Daher 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 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 publicly disclosed. I would also like to draw your attention to the disclosure on **page 11** 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. Tony Daher. Tony?

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

The resumption of economic activities with businesses returning to full capacity and oil prices rising, has in turn improved the confidence and the economic outlook and boosted consumer spending and growth prospects here in Kuwait.

The rising consumer spending remains one of the main drivers of Kuwait's economic recovery, supported by a second six-month loan deferral program for Kuwaiti borrowers and a recent pick-up in consumer loans. Spending remained strong, and we have seen good progress on vaccinations, and we have also seen a significant drop in the infection rates. This in turn has helped to eliminate many restrictions especially on travel. As of August, vaccinated foreigners were allowed to enter Kuwait, and airport arrival capacity increased from 5,000 passengers in early July to 10,000 passengers as of early September, allowing easier travel to and from Kuwait. Recently, the Kuwait Council of Ministers announced the return of "cautious normal life" in the country, entering the fifth and final phase of the plan to return to normal life, and easing restrictions specially for those who are vaccinated including operating Kuwait airport at full capacity.

Moving to Gulf Bank, we managed to grow our business in both the corporate and consumer segments without hindering the quality of our portfolio which remained resilient. This was broadly achieved by our strategy that focuses on:

1. Promoting selective growth in the corporate banking and SME segment by expanding product range and enhancing services;
2. Growing Consumer banking market share, while targeting youth and affluent client segments; and
3. Developing the Bank's digital banking platforms in order to improve services and increase competitiveness.

On the service front, we continue to support our clients through our seamless omni channel services, assisted by the digitization of most of our major activities. We are in the process of a major digital transformation that will touch most of the Bank's activities in order to increase efficiencies, improve services, enhance the Bank's performance, and strengthen our corporate controls.

We recently announced a new feature in our mobile application an online banking, enabling customers to open a bank account in just under one minute. The launch of this new feature marks the beginning of a new digital era for Gulf Bank's customers. Opening an account with Gulf Bank is now the simplest and fastest account opening process in Kuwait.

We anticipate that our technological enhancements will increasingly facilitate banking services for our customers and improve our operations. In addition, we are continuously enhancing our security levels to elevate customer protection.

Moving on to sustainability. Sustainability is an important and integral part of our strategy. We are committed towards our stakeholders, community, and the overall economy. In this respect, we are proud to announce that Gulf Bank will very soon be issuing its first official sustainability report. The baseline report will provide a consolidated view of Gulf Bank's contribution to sustainability development in the financial sector. The report provides a road map on how we plan to take this initiative to the next level. Our approach has been based on several sustainability-related frameworks including Global Reporting Initiative (GRI), UN Sustainable Development Goals (SDGs), and Kuwait Boursa sustainability disclosures.

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

First, our net profit grew by 50% for the first nine months of 2021, to reach KD 27.5 million in comparison to KD 18.4 million reported in the same period last year.

Second, our reported operating income reached KD 125.5 million for the first nine months of 2021, growing by 8% compared to the same period of 2020. The improvement was mainly driven by a 6% or 5.8 million increase in net interest income, a 14% or 3.4 million improvement in non-interest income and a decline of 24% or 12 million in total provisions.

Third, our asset quality remained resilient, as our non-performing loan (NPL) ratio in the third quarter of 2021 stood at 1.3%, an improvement when compared to same period last year of 1.5%. Additionally, we have taken ample provisions and now have a coverage ratio of 472%.

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 441 basis points (13.9% vs. 9.5%) and our capital adequacy ratio has a buffer of 467 basis points (16.2% vs. 11.5%). These comfortable buffers have allowed the Bank to grow its businesses in line with its strategy.

And fifth, the Bank remains an 'A' rated bank by three major credit rating agencies. Our current position stands as follows:

- Moody's Investors Service maintained the Long-Term Deposits Rating of "A3" with a "Stable" outlook.
- Fitch Ratings affirmed the Bank's 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.

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

David: Thanks Tony.

David: **Turning to page 3,** we can see the evolution of net profit for the first nine months of 2020 of 18.4 to the first nine months of 2021 of 27.5. The increase of 9.1 was driven by three positive factors. First, we had a higher net interest income of 5.8 as a result of loan growth and decline in cost of funds. Second, as economic activity regained momentum so did our fees and foreign exchange income which improved by 3.7, and third, our total provisions reduced by 12. However, these positive drivers were partially offset by an 11.5 increase in operating expenses, which I will cover later on.

You can also see our Return on Equity improved by 1.8 percentage points over the same period.

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 24.6 or 15% 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 and lower yields on liquid assets.

On line 2 our interest expense declined by 30.4 or 44%, from 69.8 in the first nine months of 2020 to 39.4 in 2021. This was the result of favorable liquidity conditions as well as the full redemption of our 100 million subordinated Tier 2 Bond and replacing it with a lower rate Bond and medium-term borrowing.

On line 6, operating income grew by 8% to 125.5 compared to 116.4 in the first nine months of 2020, this was due to the outpace decline in interest expense in comparison to interest income and also, an improvement in the fees and foreign exchange income of 3.7 or 16% driven by the full resumption of economic activities.

On line 7, operating expenses have increased by 11.5 or 24% year-on-year, however, they decreased by 4% compared to the second quarter of this year. 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 receiving of government subsidy. 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 45 in the first nine months of 2020 to 35.3 for the same period in 2021, resulting in a year-to-date Cost of Risk of 104 basis points.

Turning to page 5, we can see the balance sheet and how the individual line items have moved from 30 September 2020 to 30 September 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 395 or 7% to 6.3 billion compared to 5.9 billion the year before. This was largely driven by a 147 or 12% increase in Liquid Assets, (shown on line 5) and a 268 or 6% increase in Net Loans, (shown on line 9). While, on a year-to-date basis, Net

Loans grew 360 or 8% and total assets grew by 217 or 4%, reflecting a pick-up in overall economic activity.

In terms of the major components of total assets (shown in bold), 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 over the last 12 months 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 a lower rate. In addition, we secured 100 million of medium-term funding.

Moving on to asset quality, our non-performing loan ratio, shown on line 25, reached 1.3% at the end of September 2021, down from 1.5% at same period of last year. Our coverage ratio on line 26, remains strong reaching 472% at the end of September 2021.

Now, turning to Page 6 you can see in the chart on the left that as of 30 September 2021, our total provisions were 297 and our IFRS 9 ECL requirements were 183, so we had 114 of excess provisions, representing 38% 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 September 2020 to 5.6% at the end of September 2021. Stage 3 also improved from 1.6% to 1.4% 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 September 2021, moving from 17.1% a year ago, Stage 2 is in a declining trend moving from 48.4% a year ago to 43.9% as of 30 September 2021 and Stage 3 reached 34.3% moving from 34.4% a year ago.

The chart on the bottom right of the page shows the IFRS 9 ECL coverage for our total credit facilities. As of 30 September 2021, it was 0.6% for stage 1, stage 2 was 20% and stage 3 was 73.1%. However, our overall coverage is much higher since we have provisions of 114 over the IFRS 9 ECL requirement of 183.

Turing to page 8, our 30 September 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 13.9%, which is 441 basis points above our current regulatory minimum of 9.5% and 191 basis points above our pre-COVID-19 regulatory minimum of 12%.

On the bottom left, our Capital Adequacy Ratio of 16.2% was 467 basis points above our current regulatory minimum of 11.5% and 217 basis points above our pre-COVID 19 regulatory minimum of 14%.

Our risk weighted assets, shown on the top right, grew by 4% mainly driven by year-on-year growth in the loan book.

On the bottom right, our leverage ratio as of 30 September 2021 reached 9.4%, which was lower than 9.6% 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 279% as of 30 September 2021, and on the right side, Net Stable Funding Ratio which reached 106% 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%.

Also, I'd like to update that the Central Bank of Kuwait has recently communicated that it will gradually start withdrawing the relaxed regulatory limits for the Liquidity Ratio and Capital Adequacy Ratio and restore them back to the pre-covid levels by beginning of 2023.

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): **We received a question on credit cost. What is the expected run rate or normalized levels?**

David (A1): Thanks, Dalal. Look I'm happy with the credit costs for Q3. We saw a fall from the Q2 number of 146 basis points which I'd indicated was not going to be indicative of any adverse trend, and it wasn't. When you look year to date, we've got a cost of risk of 104 basis points which is much lower than what we saw for the 2020 and 2019 years (and certainly much lower than the standalone number for Q2) so I think things are now trending in the right direction.

I said in Q2 that I thought the long-term normalized cost of risk is around 100 basis points. But from quarter to quarter, you can have variations, so I think it's best to look at cost of risk on a year-to-date basis rather than individual quarters. I think also we need to look at recoveries and they are often lumpy and can impact the cost of risk number. I think with recoveries we should expect to see an improvement in the coming quarters. If we have any significant recoveries, we may look to then provide further on other accounts to keep the underlying cost of risk relatively stable, whilst improving coverage elsewhere.

Overall, I think asset quality is moving in the right direction. Our NPL ratio came down again this quarter as we had a new formation of 14 million and write offs of 16 million. The total coverage remained exceptionally strong. When you look at the stage 2 percentage that continues to be very low, its 5.6%. And our provision buffer over IFRS9 requirements also increased. It's now 114. So, I'm comfortable where we are at.

Dalal (Q2): **What was the loan growth for the Bank and what's your expectations for the rest of the year?**

David (A2): Ok. The growth of our gross loans to customers has been strong this year, were it increased by 7.2% year to date. Q2 was a bit slow but we saw a rebound in Q3 as activity recommenced after the summer and the country opened up. We're still tracking ahead of the market which grew 3.9% to the end of August so I'm pleased we are maintaining this lead. I think full year we are looking at high single digit growth and we'd look to continue that trajectory into 2022 as well. We're growing well across both retail and corporate so it's a balanced growth. We've got ample liquidity; our capital position is solid, and I think also the recent CBK circular around the capital and liquidity ratios not coming back to the pre-covid levels until 2023 is definitely a positive for growth.

Dalal (Q3): **We've received a question on the liquidity in the system and if we are seeing any pressures on margins. David?**

David (A3): Sure. The margin has held up well - we're now on the sixth consecutive quarter where effectively it's been flat. In Q2 it was 209 basis points and the same again in Q3. But yes, there are some pressures. We've seen the loan growth in the system outpace the deposit growth which obviously causes some level of pressure. We've seen our own cost of funds rise slightly, particularly on the KD side, which is most of our book, but we've managed to offset that to keep a stable NIM. I think, as I've said before, there isn't any catalysts in the near future that are going to shift it either way, so best guess is that for the rest of the year and probably for most of next year the NIM will be broadly stable.

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 in 2021?**

David (A4): Thank Dalal. Look the expenses came down again this quarter which I said in Q2 they would. So, we've seen expenses fall each consecutive quarter this year. I said in the first half there were several one offs that were not going to repeat and I think the Q3 number is a better reflection than what we saw in the first two quarters of the year. On a year-on-year basis though, the cost growth is very high, but 2020 was artificially suppressed, not just because of lack of activity but also the government subsidy that was paid to us, we got 2.3 million in Q3 and again in Q4. So, 2020 isn't a useful base. But when we look at the 2019 full year cost of 78, I think this year we aim to be lower than that and would look again to be lower for 2022.

When we look at cost to income ratio, I think given the strong loan growth and stable margin and some upside with fees, when you combine this with a further expected drop in costs for 2022, we should expect a meaningful improvement in the cost to income for next year. It might not get to pre-pandemic type levels in 2022 alone, but certainly will move much closer in that direction.

I think the other thing is, as a bank we are in the middle of a major digital transformation, and I think also there will be opportunities for extracting cost efficiencies once this is all implemented.

Dalal: 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 today.