

1ST HALF 2008 FINANCIAL HIGHLIGHTS



NET PROFIT 211.6 MILLION

EARNINGS PER SHARE OF 17.2 CENTS

Major Highlights (H1-2008)	2008 USD Millions	2007 USD Millions
Operating Income	357.5	367.4
Operating Profit	291.7	304.9
Net Profit	211.6	265.8
Total Assets	19,397	17,605
Customer Loans	12,591	10,800
Customer Deposits	12,712	11,401
Earnings Per Share (Cents)	17.2	21.7
Return on Assets (%)	2.21	3.25
Return on Equity (%)	26.0	37.1

Gulf Bank reports net profit of USD 211.6 million for first half of 2008

Gulf Bank has announced a net profit of USD 211.6million for the first half of 2008. The results were announced by Gulf Bank Chairman & Managing Director, Mr. Bassam Y. Alghanim, who said the bank continued to grow and increase its customer base across all its business divisions during a challenging period for the financial services sector in Kuwait.

The results for the first six months of the year showed an operating profit of USD291.7million and earnings per share of 17.2 cents.

Mr. Alghanim said: "Given the events of the last year affecting the financial markets here and abroad, and after adjusting for non-recurring items, we are satisfied with our operating performance for the first half of 2008. Financial institutions in general, have been impacted by global economic pressures, including a slow down in the U.S. and the effect of growing inflation across the region. In this period we increased provisions to address a single credit situation and our investment income was down due to global market trends. Overall, our loan portfolio continues to perform well contributing to improving net interest income resulting in improving operating income on an adjusted basis.

He further stated: "One of our core competencies is rapidly responding to changing conditions with appropriate strategies to create shareholder value. In this current environment, we will supplement our lending activities by entering into new product lines and businesses to broaden our revenue streams. This will allow us to capitalize on the growth potential which continues to exist in Kuwait. In addition, we are considering our options for regional expansion. Our traditional focus on superior cost containment allows us to make further investments to support our local strategy and also maximize the value of potential expansion outside of Kuwait.

As a result, we expect the remainder of 2008 to be challenging, while these strategies are refined and implemented and as the global financial volatility reduces.

I'm confident our talented and experienced management team will build on Gulf Bank's strong foundation to respond to the current challenges as well as the new opportunities available for the future."

Gulf Bank CEO Mr. Louis J. Myers added: "There is no doubt that 2008 is proving to be a challenging year for banks in general. In Kuwait recent changes have had the intended effect of slowing credit growth in the market which have been a major factor driving bank earnings over the last several years. This has and will effect bank profits for the foreseeable future.

We believe the underlying Kuwaiti economy is robust and are aggressively positioning ourselves for continued growth through a diversified revenue stream, improved customer service and focus on quality. Even though we enjoy a healthy market share, there are certain attractive customer segments which represent exceptional potential for growth. In addition, our average product usage per customer can easily be expanded with a focused effort."

New branches in Ahmadi, Shuaiba and Kheitan have further extended Gulf Bank's presence and customer accessibility and Gulf Bank now boasts Kuwait's largest ATM network, including new cash and cheque deposit machines - including now enabling small businesses to deposit cheques at ATMs around the clock, significantly benefiting their business operations.

Gulf Bank's commitment to the local community has also been at the forefront of activities in 2008 partnering with Injaz Kuwait on a number of initiatives, working with special needs schools and educating young people at a number of schools about the world of banking and financial services.

The hugely successful Al Danah KD Millionaire account has already created its first KD millionaire of 2008 and in another successful promotion Gulf Bank has been offering a 52-inch LCD prize every day of the year for customers who switch their salary to the Bank.

Gulf Bank has also continued its award-winning ways in 2008 and was recently recognized as the "Best Retail Bank in the Middle East" by Banker Middle East for the fourth year in a row. It has also recently received the accolade of having the 'Best Branch Concept Design and Environment' from Banker Middle East and recently 'Best Bank in Kuwait' from Arabian Business.

Gulf Bank remains one of the highest rated banks in the region. It is one of only seven banks in the GCC assigned an 'Aa3' long-term foreign currency deposit rating from Moody's Investors Service and enjoys strong ratings from Fitch Rating and Capital Intelligence ('A+') and Standard & Poor's ('A-'). Maintaining these globally recognized benchmarks clearly displays Gulf Bank's ongoing commitment to set, meet and then exceed the highest standards of service and performance in the banking industry.

Mr. Alghanim concluded: "The market presents challenges but more importantly, opportunities which Gulf Bank is ideally positioned to capture. We will continue to innovate and deliver the highest quality banking services to all of our customers in the retail, business and commercial sectors." Gulf Bank meanwhile will continue to invest in people and make the development and growth of the number of Kuwaiti nationals working for the bank a cornerstone of our human resources strategy as we grow and enhance our reputation as truly delivering highly focused and targeted services for our customers here in Kuwait.



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