

BLME LAUNCHES FIRST SHARIA'A COMPLIANT MONEY MARKET FUND IN EUROPE

London, 20 July 2009: Bank of London and The Middle East plc ("BLME") has today confirmed the launch of the Sharia'a Dollar Income Fund. This is the first fund launched by BLME and the first and largest Sharia'a compliant money market fund in Europe. The fund is currently over \$50,000,000 and is managed by Jason Kabel and is available to institutional and professional investors in the UK, Europe and Middle East.

The Fund is structured as a Luxembourg domiciled SICAV-SIF and aims to provide a competitive level of income together with a high degree of security of capital. The fund seeks to achieve this by investing in a diversified portfolio of high quality Islamic money market instruments, Sukuk (an Islamic 'bond') and Ijara (the leasing of assets).

Nigel Denison, Head of Asset Management at BLME, said:

"The BLME Sharia'a Dollar Income Fund has been launched in response to the demand we have seen in the marketplace for a Sharia'a compliant product which can provide investors with a consistent income stream, while maintaining a strong focus on liquidity, capital preservation and robust risk management.

"The past 18 months have been a difficult time for investors globally, with trust diminished due to large scale losses. We believe that transparency, fairness and integrity, the guiding principles of Islamic finance, will now become the watchwords for the asset management industry."

To ensure that the fund is run in a manner that is Sharia'a compliant, the Fund has a dedicated Sharia'a Supervisory Board. The Board's role is to review contracts and agreements relating to all of BLME's transactions and to ensure they are consistent with the principles of Islamic jurisprudence.

The fund has been run on a seed portfolio basis since 17 March 2009, during which time it has delivered the following performance:

Period to 7th July 2009	Since inception (17 March 2009)
BLME Dollar Income Fund	4.71% (net yield)
Benchmark	3 month \$ Libor

Jason Kabel, manager of the BLME Dollar Income Fund, commented:

“The launch of this fund is a major opportunity to respond to the demands of the growing Islamic investment market in Europe, where there is currently a dearth of products. We believe that this fund is a positive initial step in innovating Sharia’a compliant investing in Europe.”

Jason Kabel joined BLME in 2008 from F&C, where he was a Fund Manager of Money Markets within the Credit team and managed approximately £6bn of funds which included OEICs, SICAVs, Collateral funds and segregated client mandates. From 2002-2008 Jason was rated Number 1 for money market funds by Lipper Hindsight.

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NOTES TO EDITORS

About BLME

Bank of London and The Middle East plc (“BLME”) is an independent UK wholesale Sharia’a compliant bank based in London. BLME received FSA authorisation in July 2007 and is the largest of its peers in Europe. It is led by a management team that brings together a combination of experienced international bankers and leading experts in Islamic finance.

The four core areas that set the foundations for BLME’s competitive offering are Markets Division, Corporate Banking, Asset Management and Private Banking.

BLME is dedicated to offering innovative Islamic investment and financing products to businesses and high net-worth individuals in the European, US, SE Asian and MENA regions. To ensure that BLME's services and operations are wholly Sharia'a compliant, the Bank has a dedicated Sharia'a Supervisory Board ("SSB"). The SSB's role is to review contracts and agreements relating to all transactions ensuring that they are consistent with the principles of Islamic jurisprudence.

About the Dollar Income Fund

The Fund has been run on a seed capital basis since 17th March 2009 and invests in a diversified portfolio of high quality Islamic money market instruments and Sukuk. As at 7 July 2009 the Sharia'a \$ Income Fund was the largest Sharia'a compliant money market fund in Europe with investments in 21 separate names and over 70% of the Fund's assets were rated single A or above by Standard and Poor's.

The Fund is a SICAV multi-compartment, open-ended, investment company with variable capital (société d'investissement à capital variable or "SICAV") organised as a SIF (fonds d'investissement spécialisé) in the form of a corporate partnership limited by shares (société en commandite par actions or "SCA"), in accordance with the provisions of the Luxembourg SIF Law and the Luxembourg Commercial Companies Law.

About Islamic banking

Islamic Finance upholds the principles of fairness, integrity and transparency.

The principle of fairness is reflected in the risk and reward-sharing element that forms the foundation of every Islamic financial transaction.

Islamic finance aims to create business activities that generate a fair and equitable profit from transactions that are backed by real assets. This method of financing avoids speculation, short selling and excessive credit creation whilst encouraging sound risk management procedures.

Islamic banking has a robust system of risk management and self-regulation to ensure that each transaction is transparent and that the appropriate due diligence and higher standards of disclosure required are observed. To ensure compliance with these requirements each transaction and agreement is reviewed and approved by a Sharia'a Supervisory Board. This Sharia'a specific regulation and governance is in addition to the conventional regulation that applies to all UK based financial institutions.