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BANK OF LONDON AND THE MIDDLE EAST ACTS AS ONE OF THE LEAD ARRANGERS FOR MURABAHA FINANCING DEAL IN TURKEY

London (5 September, 2007) – The newly launched Bank of London and the Middle East (“BLME”), the London based wholesale, Sharia’a compliant bank, today announces that it has acted as one of the lead arrangers in a \$100m Murabaha Financing Facility for Turkiye Finans Katilim Bankasi (TFKB) in a landmark deal for Islamic finance in Turkey.

This announcement follows BLME’s launch in July 2007 as an FSA regulated bank, and marks the banks first participation in a syndicated Murabaha facility. BLME provided \$10m of finance in this transaction.

TFKB is the 12th largest private bank in Turkey and the largest participation bank in the country in terms of total loans, deposits and branch network, with 124 branches. The bank has total assets in excess of \$3bn and provides a wide range of Islamic banking products and services to retail and business customers.

Murabaha is a common method of finance in Islamic banking and is a deferred sale of goods at cost plus an agreed profit mark up under which the seller purchases goods at cost price from a supplier and sells the goods to the buyer at cost price plus an agreed mark-up.

This Murabaha financing facility has been raised for a total consideration of \$100m, with a two year maturity and a profit rate fixed at an attractive level of Libor+70bps pa.

Humphrey Percy, CEO of BLME, comments:

“The completion of such a large and relatively complex deal is testament to BLME’s considerable expertise and our role as one of the Lead Arrangers is indicative of the recognition we have received in the marketplace for the strength of our business proposition and the quality of our team. The completion of this transaction is particularly pertinent given the current climate of economic unease and market turbulence and sends a positive signal about the strength of opportunities available in Islamic finance.”

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NOTES TO EDITORS

About BLME:

- The Bank of London and The Middle East ("BLME") launched in the UK on 9 July 2007, having received FSA authorisation to launch as a standalone, wholesale, Sharia'a compliant bank based in the City of London.
- BLME is focused on four main business lines: Islamic Treasury and Financial Institutions, Corporate Banking, Private Banking and Investment Management, Investment Banking.
- To ensure that all BLME's services and operations are wholly Sharia'a compliant, BLME has a dedicated Sharia'a Supervisory Board whose role is to review contracts and agreements relating to all of BLME's transactions to ensure they are consistent with the principles of Islamic jurisprudence.

About Turkiye Finans Katilim Bankasi (TFKB)

- Turkiye Finans emanated from the merger of Anadolu Finans owned by Boydak Holding and Family Finans owned by Ulker Group.
- The merger was approved by the Banking Regulation and Supervision Agency in December 2005 and Boydak Holding and Ulker Group both have a 50% shareholding in TFKB.
- After the merger Turkiye Finans became the leader and pioneer of the Participation Banks in Turkey.

About Islamic banking

Islamic finance is based on the principles underlying Islamic law (known as Sharia'a). The key difference between Islamic finance and conventional finance is the avoidance of interest (riba) – all transactions and agreements must be structured in such a way as to avoid interest, as well as any investments in activities that are contrary to Sharia'a law such as illicit drugs, alcohol, tobacco and gambling.

Transactions must also avoid uncertainty (gharar), speculation (maysir), or anything that leads to the unjust enrichment or unfair exploitation of one of the parties to the contract.

To ensure Sharia'a compliance, Islamic Banking and Finance institutions, including BLME, have a board of Islamic scholars that advises, reviews, and issues a decree on compliance with Sharia'a principles with regard to the institution's activities, proposed transactions and contracts.

The first Islamic bank was founded only 32 years ago. However, over the last decade the Islamic Banking and Finance industry has experienced a period of sustained asset growth at around 10-15% per annum, and assets now total in excess of US\$500 billion.