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# BANK OF LONDON AND THE MIDDLE EAST PARTICIPATES IN QATAR INFRASTRUCTURE FINANCING

London, 7th April, 2008 – The Bank of London and The Middle East plc (BLME), the London based wholesale, Sharia'a compliant bank launched last year, today announced that it has participated US$20 million of Forward Lease financing to Qatar Electricity and Water Company (QEWC), for the construction of the Ras Abu Fontas A1 (RAF A1) water desalination plant to be built in the northern part of Ras Abu Fontas, Qatar. The Islamic tranche of the transaction was introduced to BLME by European Finance House (EFH), the London based subsidiary of Qatar Islamic Bank (QIB).

The new desalination plant is expected to be operational from the third quarter of 2009. On completion the plant will have a maximum capacity of 45 Million Imperial Gallons per Day (MIGD). The additional capacity will play a vital role in satisfying Qatar's growing need for fresh water as its population and economy continue to grow.

Out of the total project budget of US$600 million, $150 million is Islamic financing which is being underwritten by QIB.

Forward Lease is a mode of financing widely used in Islamic banking, and is typically applied to financing of the construction of plants, equipment and machinery. The asset is built based on the specifications outlined by the ultimate buyers and delivered at a future date. Payment to the builder is typically progressive over time in line with progress made. Forward Lease contracts are commonly used in project finance transactions.

Humphrey Percy, CEO of BLME, commented:

"To be introduced to such a high profile Islamic finance transaction in a major industrial project in the Middle East is indicative of the recognition we have received in the marketplace for the strength of our business proposition and the quality of our team. We were part of a syndicate that represents best of breed in the Islamic finance industry. This transaction shows that the London based Islamic banks have established a good working relationship."

Mike Clark, CEO of European Finance House, commented

"QIB and EFH are delighted with the major commitment shown to this project financing by BLME, and I am personally very pleased with the excellent relationship that is developing between BLME and EFH"

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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 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 in 1975. 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.