



## News Release

11 March 2008

### FULLY SHARIA'A COMPLIANT MEMBER WELCOMED INTO FLA

#### Bank of London and The Middle East joins Asset Finance Division

The Finance and Leasing Association (FLA), the industry body for asset, consumer, and motor finance sectors, is pleased to announce that Bank of London and The Middle East plc (BLME) has become the latest business to join its Asset Finance Division. BLME, a fully Sharia'a compliant wholesale bank was launched in July 2007 and is the first Islamic bank to become a full member of the FLA.

FLA's Director General, Stephen Sklaroff, welcomed the news: "We are delighted to welcome Bank of London and The Middle East as the first wholly Sharia'a compliant bank to join the FLA. We look forward to a long and happy working relationship."

Humphrey Percy, CEO of BLME said: "We are pleased to be a full member of the FLA, which for many years has provided a strong platform for UK leasing businesses. Our membership is testimonial to the increasing demand for Islamic financial products in the UK as well as our commitment to providing innovative lease financing solutions in the UK. We look forward to a long lasting working relationship."

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#### Note to editors:

#### About FLA

The Finance & Leasing Association (FLA) represents the consumer credit, asset and motor finance industries. Our members fund around 30% of all fixed asset investment (except real estate and own-account software) in the UK, over a quarter of all unsecured lending, and over a half of all new car registrations. Our member companies include banks, building societies, leading retailers in many sectors, and manufacturing companies, as well as a range of independent finance companies.

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#### 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



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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 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.

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