

BANK OF LONDON AND THE MIDDLE EAST LAUNCHES AS LONDON BASED ISLAMIC BANK

A new bank dedicated to offering Sharia'a compliant investment and financing products to businesses and high net-worth individuals seeking such products

London (9th July, 2007) – Bank of London and The Middle East (“BLME”) today announces that it has received FSA authorisation to launch as a standalone, wholesale, Sharia'a compliant bank based in the City of London. The new bank, which has raised £175m from a number of institutional shareholders, will provide a range of high quality Sharia'a compliant banking services and advice to businesses both in Europe and the MENA region who wish to access innovative Islamic financial products.

BLME, whose largest shareholder is leading Kuwaiti bank Boubyan Bank, will focus on four main business lines:

- *Islamic Treasury and Financial Institutions* - a complete package of both products and services to help manage liquidity;
- *Corporate Banking* - addressing all the financing needs of corporates, projects and institutions;
- *Private Banking and Investment Management* - assisting high net-worth individuals with their banking and investment management requirements; and
- *Investment Banking* - accessing equity capital markets for customers and providing corporate finance advisory services.

BLME is founded and managed by a high quality team bringing together a combination of highly experienced international financiers and leading experts in Islamic finance. Humphrey Percy, who has more than 30 years experience in banking, is Chief Executive of BLME. He said today:

“BLME is coming to market at a time when Islamic finance in the UK has passed the initial stage and is now entering a solid growth state. We are confident that the timing of our entry into the market, combined with our level of capitalisation and the high quality institutional backing will ensure success in this fast growing market”.

Yacob Al-Muzaini, is Chairman of BLME and Chairman and Managing Director of Boubyan Bank, the Kuwaiti based Islamic bank. He commented:

“London is already one of the largest centres for Islamic finance outside the Muslim world and we are delighted to be involved in developing this innovative and impressive UK offering. It is crucial that businesses and individuals seeking Sharia'a compliant financing and investment products have a choice in the range of financial services they are offered without having to compromise on either service or Islamic principles. BLME offers an unrivalled level of service and range of products, driven by innovation and energy, and underpinned by fairness and respect - the ethical cornerstones of Sharia'a compliant financial services.”

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.

Boubyan Bank owns a 20% stake in BLME whilst the remainder is owned by a combination of financial institutions, investment companies and employees.

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NOTES TO EDITORS

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.

About the Board

The Board currently comprises 8 Directors, of which 5 are non-executives. The Directors have a mix of conventional and Islamic Banking and Finance experience from careers that have encompassed wholesale and investment banking in the UK and the Middle East.

Yacob Al-Muzaini is a non-executive Director and Chairman of the Board of BLME, and Chairman and Managing Director of Boubyan Bank. He has more than 20 years of leadership experience in private and public sector financial institutions.

Humphrey Percy is an executive Director and CEO. He has more than 30 years of banking experience focusing on treasury, foreign exchange and global markets at Barclays Merchant Bank from 1980 to 1986, Barclays de Zoete Wedd (BZW) and Barclays plc from 1986 to 1994 as Global Head of Foreign Exchange, West LB from 1995 to 2002, and ICAP from 2004 to 2005. He has held various roles as CEO, Managing Director, General Manager, and Head of Global Financial Markets. He is experienced in building new businesses, and has managed start ups within BZW, West LB and ICAP as well as founding his own company, SGM-FX Ltd in 2002.

Richard Williams is an Executive Director and Finance Director. He qualified as a Chartered Accountant with KPMG in 1980. His early career in Investment Banking was with Chase Manhattan, Credit Agricole and Bankers Trust. He spent 10 years at Robert Fleming & Co initially as the first Group Risk Manager and then set up the Global Equities Derivatives business which took him to a brief spell in Tokyo and three years in Hong Kong at Jardine Fleming. He has experience in venture capital having worked at Legal & General Ventures and has been involved in a number of start up companies.

Nigel Denison is an Executive Director and Head of Markets. He has held a number of senior posts with Barclays Bank Group and WestLB over the past 25 years. He has extensive experience of the European and US markets, and more recently has focussed on the Islamic market. His roles have included a number of client facing positions in sales, relationship management and treasury together with wide exposure to trading.

Fuad Saleh Al-Shehab is a non-executive Director of HLME and General Manager of the Investment Group at Boubyan Bank. He has more than 25 years in investment banking encompassing fixed income, equities, real estate and direct investments, having previously worked as Managing Director of Global Securities House Ltd., one of Kuwait's leading investment groups.

Waleed Khalid Al-Omar is a non- executive Director of HLME and Executive Manager of Direct Investments at Boubyan Bank where he leads origination activities, drives investment research and valuations, negotiations and due diligence activities, and monitors investments through to exit. He has more than 17 years experience in business development, finance, operations, and integration of technology into customer business models.

Frank Vermeulen is a non-Executive Director of HLME and has worked in the banking and financial markets industry for over 35 years. He has worked in the Netherlands, Canada and the UK and has extensive experience of working in the Middle East. He has retained strong connections in the Middle East and is a Board member, Committee Chairman or advisor to a number of Saudi Arabian financial institutions

Neil Holden is a non-executive Risk Director of HLME. He has more than 20 years experience in financial institutions in various senior risk management roles. Apart from HLME, he holds non-executive directorships at Quadrant Risk Management International Limited, and Stanbic International Insurance Limited.

About the Sharia'a Board

Sheikh Professor Abdulaziz Khalifa Al-Qassar

Professor Al-Qassar holds a PhD in Comparative Jurisprudence 1997, Sharia'a College, Al-Azhar University, Cairo. He was assistant Dean in the Faculty of Sharia'a – Kuwait University from 2003 until 2006 and he is currently the lecturer Professor of Contemporary financial transactions – Faculty of Sharia'a.

He is a member of various Sharia'a Advisory Committees in the Middle East and was in charge of the conversion of Kuwait Real Estate Bank (KREB) to an Islamic banking institution.

Professor Al-Qassar has published more than 15 articles in various academic journals and books.

Sheikh Dr. Esam Khalaf Al-Enezi

Dr. Al-Enezi holds a master Degree – Kuwait University – Faculty of Higher Studies – Fiqh Programme and a PhD in Fiqh from the Jordanian University. Currently Dr Al-Enezi is the Sharia'a Control Unit Manager in the Investment Dar Company and a lecturer at Kuwait University, Faculty of Sharia'a and Islamic Studies. He is also a member of various Sharia'a Advisory Committees in the Middle East.

Dr. Al-Enezi has published a number of research articles in the field of Islamic Finance in various academic journals.

Sheikh Dr. Mohammed Daud Bakar: received his first degree in Shariah from University of Kuwait in 1988 and obtained his Ph.D. from University of St. Andrews, United Kingdom in 1993. In 2002, he completed his external Bachelor of Jurisprudence at University of Malaya. Dr Daud is member of the Central Shariah Advisory Council of the Central Bank of Malaysia and Securities Commission of Malaysia. He also serves as a member of Shariah board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), International Islamic Financial Market (Bahrain), Dow Jones Islamic Market Index, Unicorn Investment Bank (Bahrain) and BNP Paribas.

Sheikh Dr. Muhammad Imran Ashraf Usmani: has completed his Aalmiyah from Jamia Darul Uloom, Karachi and holds Ph.D. in Islamic finance from University of Karachi. He is a member of the Central Shariah Board of the Central Bank of Pakistan. He is an established academician and teaches Fiqh at Jamia Darul Uloom, Karachi. Dr. Imran Usmani has been engaged by various financial institutions including Meezan Bank, Pakistan and Guidance Financial Group, USA for advice on Islamic law and Islamic Finance.