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RELEVANT LAWS OF SUCH JURISDICTION**

16 March 2011

**RECOMMENDED UNCONDITIONAL CASH OFFER
FOR ISLAMIC BANK OF BRITAIN PLC**

Summary

- Qatar International Islamic Bank Q.S.C (“**QIIB**”) and Islamic Bank of Britain PLC (the “**Company**” or “**IBB**”) announce that they have reached agreement on the terms of a recommended unconditional cash offer to be made by QIIB for the entire issued and to be issued share capital of the Company not already held by QIIB.
- Under the terms of the Offer, Shareholders will receive one penny in cash for each IBB Share. The terms of the Offer value IBB’s fully diluted share capital at £25,464,700 (twenty five million four hundred and sixty four thousand seven hundred pounds).
- The consideration under the terms of the Offer represents a 70.4 per cent discount to the Closing Price of 3.38 pence per IBB Share on 15 March 2011, being the last business day prior to the Announcement Date.
- QIIB has received irrevocable undertakings from Gerry Deegan and Sultan Choudhury, who are directors of IBB, to accept the Offer in respect of their IBB Shares, representing in aggregate approximately 0.002 per cent of the IBB Issued Share Capital.
- QIIB was incorporated under Amiri Decree No. 52 of 1990 and is listed on the Qatar Exchange. QIIB’s registered office is at Grand Hamad Street, PO Box 664, Doha, Qatar. QIIB has 14 branches and 50 ATMs across Qatar and is primarily engaged in banking, financing and investing activities in accordance with the provisions of Sharia law.
- QIIB’s long-term strategy is to build an international Sharia-compliant banking business and it believes that its extensive experience in Sharia banking, together with a sound record of consistent profitability, will allow it to develop and integrate the IBB business efficiently into the Wider QIIB Group.
- IBB is a public limited company incorporated in England and Wales with company number 4483430 and registered office at Edgbaston House, 3 Duchess Place, Birmingham B16 8NH. IBB’s shares were admitted to trading on AIM on 12 October 2004 and IBB is the UK’s first Financial Services Authority approved fully Sharia-compliant retail bank.
- The IBB Directors, who have been so advised by Cattaneo LLP, consider the terms of the Offer to be fair and reasonable. In providing advice to the IBB Directors, Cattaneo LLP has taken into account the commercial assessments of the IBB Directors. Accordingly, the IBB Directors intend to unanimously recommend that Shareholders accept the Offer as they have irrevocably undertaken to do in respect of their own beneficial holdings which amount, in aggregate, to 54,000 IBB Shares, representing approximately 0.002 per cent of the IBB Issued Share Capital.

The Offer Document, which will shortly be dispatched to holders of IBB Shares (other than holders resident in Restricted Jurisdictions), will set out the terms of the Offer and certain information about QIIB and IBB.

Commenting on the Offer, HE Sheikh Dr Khalid Bin Thani Bin Abdullah Al Thani, Chairman of QIIB, stated that:

“We are delighted to formally announce our firm intention to make an unconditional offer in cash, for the issued share capital of IBB that we do not already own.

“Our long-term strategy is to build an international Sharia-compliant banking business and we believe that our extensive experience in Sharia banking will allow us to develop and integrate the IBB business into the QIIB group. We look forward to working closely with the existing management of the IBB business and to developing it in the long term”.

Mr. Robert Owen, Chairman of IBB, commented:

“In the absence of access to alternative additional sources of funds, the Board believes that it will be difficult for IBB to achieve the necessary asset growth to achieve profitability and therefore the Board welcomes the Offer from QIIB which will provide all shareholders the opportunity to exit their shareholding should they so desire”.

This summary should be read in conjunction with, and is subject to, the full text of this announcement. The Terms of the Offer are set out in Appendix 1 to this announcement. Appendix 2 to this announcement contains the sources and bases of information used in this announcement. Appendix 3 to this announcement contains details of the irrevocable undertakings. Appendix 4 to this announcement contains the definitions of certain expressions used in this summary and in this announcement.

In this announcement all references to “pounds”, “£”, “p” or “pence” are to the lawful currency of the United Kingdom.

In accordance with Rule 2.10 of the City Code on Takeovers and Mergers (the “Code”), the Company confirms that it has 2,546,470,000 ordinary shares of one penny each in issue. The International Securities Identification Number for the ordinary shares is GB00B02KNV97.

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This announcement is not intended to be and does not constitute, or form any part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor shall there be any sale, issue or transfer of the securities referred to in this announcement in or into any jurisdiction in contravention of any applicable law.

The Offer will be made solely by means of the Offer Document and the acceptance forms accompanying the Offer Document, which will contain the full terms of the Offer, including details of how it may be accepted.

The IBB Directors accept responsibility for the information contained in this announcement relating to IBB, the IBB Directors and the opinions attributable to the IBB Directors. To the best of the knowledge and belief of the IBB Directors (who have taken all reasonable care to ensure such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not affect the import of such information.

The Directors of QIIB accept responsibility for the information contained in this announcement relating to QIIB, the QIIB Directors and the opinions attributable to the QIIB Directors. To the best of the knowledge and belief of the Directors of QIIB (who have taken all reasonable care to ensure such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not affect the import of such information.

Westhouse Securities Limited is acting exclusively for QIIB and no one else in connection with the Offer and will not be responsible to anyone other than QIIB for providing the protections afforded to clients of Westhouse Securities Limited or for providing advice in relation to the Offer or any other matter referred to in this announcement.

Cattaneo LLP is acting exclusively for IBB and no one else in connection with the Offer and will not be responsible to anyone other than IBB for providing the protections afforded to customers of Cattaneo LLP or for providing advice in relation to the Offer or any other matter referred to in this announcement.

Overseas Jurisdictions

The distribution of this announcement in jurisdictions other than the UK and the availability of the Offer to Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the UK or Shareholders who are not resident in the UK will need to inform themselves about, and observe, any applicable requirements. Except as required by applicable law, copies of this announcement are not being, and may not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction.

In particular, the Offer is not, unless decided otherwise by QIIB, being made in or into, and is not capable of acceptance in or from, any Restricted Jurisdiction. Persons receiving this announcement

(including, without limitation, custodians, nominees or trustees) should observe these restrictions and should not send or distribute documents in or into any Restricted Jurisdiction.

This announcement has been prepared for the purpose of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK.

Forward-Looking Statements

This announcement contains a number of “forward-looking statements” relating to QIIB and IBB and the business sectors in which they operate. Generally, the words “will”, “may”, “should”, “continue”, “believes”, “expects”, “intends”, “anticipates”, “forecast”, “plan” and “project” or similar expressions identify forward-looking statements. Such statements reflect the relevant company’s current views with respect to future events and are subject to risks, assumptions and uncertainties that could cause the actual results to differ materially from those expressed or implied in the forward-looking statements. Many of these risks, assumptions and uncertainties relate to factors that are beyond the relevant company’s ability to control or estimate precisely, such as future market conditions, changes in general economic and business conditions, introduction of competing products and services, lack of acceptance of new products or services and the behaviour of other market participants. Although the expectations reflected in such forward-looking statements are considered reasonable, there can be no assurance that such expectations will prove to have been correct. You should not, therefore, place undue reliance on these forward-looking statements, which speak only as of the date of this announcement.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified.

An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Publication on IBB website

In accordance with Rule 19.11 of the Takeover Code, a copy of this announcement will be available at www.islamic-bank.com/investor-relations/regulatory-information by no later than 12 noon on 17 March 2011.

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16 March 2011

**RECOMMENDED UNCONDITIONAL CASH OFFER
FOR ISLAMIC BANK OF BRITAIN PLC**

1. Introduction

Qatar International Islamic Bank Q.S.C (**QIIB**) and Islamic Bank of Britain PLC (the **Company** or **IBB**) announce that they have reached agreement on the terms of a recommended unconditional cash offer to be made by QIIB for the entire issued and to be issued share capital of the Company not already held by QIIB.

2. The Offer

Under the terms of the Offer, which will be subject to the further terms set out in Appendix 1 to this announcement and the further terms to be set out in full in the Offer Document, Shareholders will be entitled to receive:

for each IBB Share one penny in cash

The Offer values the Company's fully diluted ordinary share capital at £25,464,700 (twenty five million four hundred and sixty four thousand seven hundred pounds).

The Offer will extend, subject to the further terms set out in Appendix 1, to any new IBB Shares unconditionally allotted or issued on or after the date the Offer was made and to any further IBB Shares unconditionally allotted or issued while the Offer remains open for acceptance (or such earlier date as QIIB may, subject to the Takeover Code, decide).

The consideration under the terms of the Offer represents a 70.4 per cent discount to the Closing Price of 3.38 pence per IBB Share on 15 March 2011, being the last business day prior to the Announcement Date.

3. Background to and reasons for the Offer

QIIB has been a shareholder in the Company since 11 October 2004. In August 2010, QIIB subscribed for 2,000,000,000 IBB Shares by way of a placing, taking its shareholding in the Company to 2,061,299,155 IBB Shares (representing 80.95 per cent of the total issued share capital of the Company) (the **Subscription**). Details of the Subscription were set out in a circular to shareholders dated 27 July 2010. Following the Subscription and an ongoing review of the Company, QIIB considers that the most appropriate action for the future success of the Company is for QIIB to acquire all minority shareholdings in the Company and to apply for the cancellation of the Company's admission to trading on AIM.

4. Background to and reasons for recommending the Offer

The reduction in Islamic interbank yields in 2008/09 affected IBB's margin income and contributed to a 67 per cent reduction in operating income for the year ended 31 December 2009 from £4.92 million to £1.60 million. Poor market conditions persisted into 2010 and as a result, operating income remained fairly static in the year ended 31 December 2010 at £1.64 million.

IBB's ability to generate new business has been, and is being, restricted due to a number of factors including the limited availability of funding for new assets and the limited capital available after factoring in projected results. Any material increase in net income will be dependent upon further injections of capital.

Whilst the net assets of the Company have increased by injections of capital, most recently in August 2010, the Company has continued to make losses which are eroding its capital base. The net assets of the Company at 31 December 2010 amounted to £26.2 million which equates to 1.028 pence per IBB Share.

QIIB subscribed for £20 million of IBB Shares in August 2010 at a price of one penny per IBB share, which resulted in it holding 80.95 per cent of the IBB Issued Share Capital. This subscription was approved by independent shareholders of the Company at a general meeting held on 17 August 2010. The Offer price of one penny per IBB Share is equal to the price at which QIIB subscribed for the two billion placing shares in August 2010.

As a result of its shareholding, QIIB already has significant influence over IBB and is able to pass ordinary and special resolutions at general meetings of the Company, in which it is entitled to vote, at will.

QIIB has requested the IBB Directors to take the necessary steps to apply for the cancellation of the Company's admission to trading on AIM and, in due course, to re-register the Company as a private limited company. Further details regarding the cancellation have been provided later in this announcement.

The QIIB Concert Party already holds in total 88.2 per cent of the IBB Issued Share Capital leaving just 11.8 per cent in the hands of minority Shareholders. Minority Shareholders who do not accept the Offer will be left with shareholdings in an unlisted entity with no public trading facility for their IBB Shares.

5. Current trading and prospects of IBB

The audited results for the Company for the year ended 31 December 2010 showed operating income of £1.6 million (2009: £1.6 million), and losses before tax of £8.1 million (2009: £9.5 million). Total assets as at 31 December 2010 were £218 million (2009: £207 million). The net assets of the Company at 31 December 2010 were £26.2 million (2009 £16.8 million).

The challenging market conditions look set to persist into 2011 and the IBB Directors and management will continue to identify opportunities to mitigate these adverse effects. The IBB Directors will maintain a tight control on costs, though further cost reductions may impact the operational capability of IBB and its ability to respond quickly should its financial position strengthen. The Company will seek asset growth with emphasis on secured consumer finance assets financed by capital and new funding when secured.

6. Recommendation

The IBB Directors, who have been so advised by Cattaneo LLP, consider the terms of the Offer to be fair and reasonable. In providing advice to the IBB Directors, Cattaneo LLP has taken into account the commercial assessments of the IBB Directors.

Accordingly, the IBB Directors intend to unanimously recommend that Shareholders accept the Offer as they have irrevocably undertaken to do in respect of their own beneficial holdings which amount, in aggregate, to 54,000 IBB Shares, representing approximately 0.002 per cent of the IBB Issued Share Capital.

7. Irrevocable undertakings

QIIB has received irrevocable undertakings from each of the IBB Directors to accept the Offer, in respect of a total of 54,000 IBB Shares, representing approximately 0.002 per cent of the IBB Issued Share Capital.

These irrevocable undertakings will remain in full force and effect and binding even in the event of a higher competing offer for IBB. Further details on these irrevocable undertakings are contained in Appendix 3 to this Announcement.

8. Information relating to QIIB

QIIB was incorporated under Amiri Decree No. 52 of 1990 and is listed on the Qatar Exchange. QIIB's registered office is at Grand Hamad Street, PO Box 664, Doha, Qatar. QIIB has 14 branches and 50 ATMs across Qatar and is primarily engaged in banking, financing and investing activities in accordance with the provisions of Sharia.

QIIB has held an interest in shares in IBB since 11 October 2004 when it subscribed for 45,000,000 shares at 25 pence per IBB Share. QIIB has a current shareholding of 2,061,299,155 IBB Shares, representing 80.95 per cent of the IBB Issued Share Capital.

9. Information relating to IBB

IBB is a public limited company incorporated in England and Wales with company number 4483430 and registered office at Edgbaston House, 3 Duchess Place, Birmingham B16 8NH. IBB's Shares were admitted to trading on AIM on 12 October 2004, and the Company is the UK's first Financial Services Authority approved fully Sharia-compliant retail bank.

10. Financing of the Offer and cash confirmation

Full acceptance of the Offer will result in the payment by QIIB of approximately £4,852,000 (four million eight hundred and fifty two thousand pounds) in cash.

The aggregate cash consideration payable by QIIB will be provided from existing cash resources.

Westhouse Securities Limited, financial adviser to QIIB, is satisfied that resources are available to QIIB sufficient to satisfy full acceptance of the Offer.

11. Management, employees and locations

QIIB values the skills, knowledge and expertise of IBB's existing management and employees and expects them to play an important role in the further development and continuing growth of the IBB

business. QIIB has given assurances to the IBB Directors that, upon and following completion of the Offer, the existing employment and contractual rights (including pension rights) of all IBB management and employees will be fully safeguarded.

12. IBB cancellation of trading on AIM, re-registration as a private company and intention to compulsorily purchase IBB Shares

As mentioned in paragraph 4 above, QIIB has requested the IBB Directors to take the necessary steps to apply for the cancellation of the Company's admission to trading on AIM and, in due course, to re-register the Company as a private limited company. On the basis that the Offer is unconditional and that Shareholders will be receiving the Offer Document with details of the Offer including the cancellation of the Company's admission to trading on AIM there will be no requirement to hold a general meeting to approve the cancellation. Once the Company's admission to trading on AIM has been cancelled, there is no intention to provide a facility to enable the Company's shares to be traded on any public share trading platform or to list the Company's shares on an alternative stock exchange.

Any transaction in the IBB Shares undertaken after the cancellation will only be capable of being undertaken by private sale. **Shareholders should be aware that the cancellation of trading of the Company's shares will significantly reduce the liquidity and marketability of any IBB Shares in respect of which the Offer has not been accepted.**

Further details regarding cancellation of the Company's admission to trading on AIM will be provided in the Offer Document.

If QIIB receives acceptances under the Offer in respect of, or otherwise acquires, 90 per cent or more of the IBB Shares to which the Offer relates, QIIB will exercise its rights pursuant to sections 974 to 991 of the Companies Act 2006 to acquire compulsorily the remaining IBB Shares in respect of which the Offer has not been accepted

13. Interests in IBB

Save for the QIIB shareholding in the Company referred to in paragraph 8 above, and the following interests:

- HE Sheikh Thani Bin Abdulla Bin Thani Jasim Al Thani holds 163,869,619 IBB Shares (or 6.44 per cent of the IBB Issued Share Capital) and is an indirect holder, through Tadawul Holding Group, of approximately 27.3 per cent of the shares of QIIB. One of Sheikh Thani's sons (HE Sheikh Khalid Bin Thani Al Thani) is chairman and a director of QIIB and another of his sons (HE Sheikh Abdullah Bin Thani Al Thani) is a director of QIIB. Sheikh Thani also has an indirect shareholding, through Tadawul Holding Group, in Qatar Islamic Insurance Company of approximately 22.8 per cent; and
- Qatar Islamic Insurance Company holds 20,657,972 IBB Shares (or 0.81 per cent of the IBB Issued Share Capital) and HE Sheikh Abdullah Bin Thani Al Thani, the vice-chairman of Qatar Islamic Insurance Company, is a director of QIIB and his brother, HE Sheikh Khalid Bin Thani Al Thani, the chairman of QIIB, is a director of Qatar Islamic Insurance Company;

neither QIIB nor any of the directors of QIIB, nor, so far as the directors of QIIB are aware, any person acting in concert with QIIB for the purposes of the Offer, has any interest in, right to subscribe for, or has borrowed or lent any IBB Shares or securities convertible or exchangeable into IBB Shares (**IBB Securities**), nor does any such person have any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any

agreement to sell or any delivery obligation or right to require another person to purchase or take delivery or any arrangement in relation to IBB Securities.

For these purposes, “arrangement” includes any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to IBB Securities which may be an inducement to deal or refrain from dealing in such securities.

14. Overseas Shareholders

The availability of the Offer or the distribution of this announcement to Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions in which they are located. Shareholders who are in doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities.

Shareholders are advised to read carefully the Offer Document once it has been despatched, which will contain further details in relation to overseas shareholders of IBB.

15. General and Documentation

The Offer will be governed by English law and will be subject to the jurisdiction of the English courts. The Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the Financial Services Authority.

The Offer will be on the terms set out herein and in Appendix 1 and to be set out in the Offer Document. The Offer Document will be posted to Shareholders (other than persons in a Restricted Jurisdiction) as soon as practicable and in any event within 28 days of this announcement.

Your attention is drawn to the further information contained in the Appendices to this announcement which form part of, and should be read in conjunction with, this announcement.

Appendix 1 to this announcement contains the terms of the Offer.

Appendix 2 to this announcement contains the sources and bases of certain information contained in this announcement.

Appendix 3 to this announcement contains details of the irrevocable undertakings.

Appendix 4 to this announcement contains the definitions of certain terms used in this announcement.

In accordance with Rule 2.10 of the City Code on Takeovers and Mergers (the “Code”), the Company confirms that it has 2,546,470,000 ordinary shares of one penny each in issue. The International Securities Identification Number for the ordinary shares is GB00B02KNV97.

Enquiries:

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offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Publication on IBB website

In accordance with Rule 19.11 of the Takeover Code, a copy of the announcement will be available at www.islamic-bank.com/investor-relations/regulatory-information by no later than 12 noon on 17 March 2011.

Appendix 1

Terms of the Offer

- (a) The IBB Shares which will be acquired under the Offer will be acquired by QIIB fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the date of this announcement. Accordingly, insofar as a dividend and/or a distribution and/or a return of capital is proposed, declared, made, paid or becomes payable by IBB in respect of an IBB Share on or after the date of this announcement and prior to the Offer becoming or being declared unconditional in all respects or lapsing or being withdrawn, QIIB reserves the right to reduce the price payable under the Offer in respect of an IBB Share by the amount of the dividend and/or distribution and/or return of capital except insofar as the IBB Share is or will be transferred pursuant to the Offer on a basis which entitles QIIB alone to receive the dividend and/or distribution and/or return of capital and to retain it. To the extent that a reduction in the price payable pursuant to the Offer in respect of an IBB Share is to apply in respect of a dividend and/or distribution and/or return of capital but that reduction in price has not been effected, the person to whom the price payable pursuant to the Offer is paid in respect of that IBB Share will be obliged to account to QIIB for the amount of such dividend or distribution or return of capital.
- (b) QIIB reserves the right, with the agreement of the IBB Directors and the Panel (if required), to elect to implement the Offer by way of a scheme(s) of arrangement pursuant to Part 26 of the Companies Act 2006. In such event, such offer will be implemented on the same terms (subject to appropriate amendments as may be required by law or regulation), so far as applicable, as those that would apply to the Offer and the scheme will become effective and binding following:
- (i) approval of the scheme at the court meeting (or any adjournment thereof) by a majority of the Shareholders present and voting either in person or by proxy representing 75 per cent or more in value of the IBB Shares to which the Offer relates;
 - (ii) the resolutions required to approve and implement the scheme being those set out in the notice of general meeting of the Shareholders being passed by the requisite majority at such general meeting; and
 - (iii) the sanction of the scheme and confirmation of any associated reduction of capital by the Court (in each case with or without modification, and any such modification to be on terms reasonably acceptable to IBB and QIIB) and an office copy of the order of the Court sanctioning the scheme and confirming the cancellation of share capital which forms part of it being delivered for registration to the Registrar of Companies and, if ordered by the Court, being registered by him.
- (c) If the Offer lapses it will cease to be capable of further acceptance. Shareholders who have accepted the Offer and QIIB shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.
- (d) The Offer will lapse if it is referred to the Competition Commission or is subject to a decision to initiate proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 before 1.00 pm on the first closing date of the Offer or the date on which

the Offer becomes or is declared unconditional as to acceptances, whichever is the later.

- (e) The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
- (f) This Offer will be governed by English law and be subject to the jurisdiction of the English courts, the further terms set out in this Appendix 1 and in the formal Offer Document and related form of acceptance. The Offer will comply with the applicable rules and regulations of the Financial Services Authority, the AIM Market of the London Stock Exchange and the Takeover Code.
- (g) The Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or e-mail) of interstate or foreign commerce of, or of any facility of a national securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within, any Restricted Jurisdiction.
- (h) The Offer will be on the terms set out in this Appendix 1, those terms which will be set out in the Offer Document and such further terms as may be required to comply with the Takeover Code and other applicable law. This announcement does not constitute an offer or invitation to purchase IBB Shares or any other securities.

Appendix 2

Sources and bases of information

In this announcement:

1. Unless otherwise stated:
 - Financial information relating to the IBB Group has been extracted or derived (without any adjustment) from the IBB audited annual report and accounts for the financial year ended 31 December 2009 and the final results for the year ended 31 December 2010 (announced on 16 March 2011); and
 - Financial information relating to QIIB has been extracted from the QIIB annual report and accounts for the financial year ended 31 December 2009 and the unaudited interim results for the six month period ending 30 June 2010.
2. The value of the Offer based on the offer price of one penny per IBB Share is calculated on the basis of the fully diluted number of IBB Shares in issue referred to in paragraph 4 below.
3. As at the close of business on 15 March 2011 (being the last business day prior to the Announcement Date), IBB had in issue 2,546,470,000 IBB Shares. The ISIN Number for IBB Shares is GB00B02KNV97.
4. The fully diluted issued share capital of IBB as at 15 March 2011 (being 2,546,470,000 IBB Shares) is calculated on the basis of:
 - the number of IBB Shares referred to in paragraph 3 above; and
 - no further IBB Shares being issued on or after the Announcement Date on the exercise or vesting of options or awards under the IBB CSOP on the basis that the exercise price for the existing options is above the Offer price.

Appendix 3

Details of irrevocable undertakings

The following IBB Directors have given irrevocable undertakings to accept or procure acceptance of the Offer in respect of their own beneficial holdings in issued and to be issued IBB Shares as follows:

Name of IBB Director	Number of IBB Shares	Percentage of the issued share capital of IBB	Percentage of the fully diluted share capital of IBB
Gerry Deegan	20,000	Less than 0.01%	Less than 0.01%
Sultan Choudhury	34,000	Less than 0.01%	Less than 0.01%

Definitions

The following definitions apply throughout this announcement, unless the context requires otherwise:

AIM	the AIM market of the London Stock Exchange
Announcement	means this announcement, dated 16 March 2011, made pursuant to Rule 2.5 of the Takeover Code
Announcement Date	16 March 2011
Cattaneo LLP	the financial and Rule 3 adviser to IBB
Closing Price	the middle market quotation at the close of business as derived from the Daily Official List
Companies Act 2006	the Companies Act 2006, as amended
Daily Official List	the AIM Appendix of the Daily Official List of the London Stock Exchange
IBB or the Company	Islamic Bank of Britain PLC, a company incorporated in England and Wales with company number 04483430 and whose registered address is Edgbaston House, 3 Duchess Place, Hagley Road, Birmingham B16 8NH
IBB CSOP	the IBB Company Share Option Plan
IBB Directors	the directors of IBB
IBB Group	IBB and its subsidiary undertakings from time to time
IBB Issued Share Capital	the 2,546,470,000 IBB Shares in issue at the date of this announcement
IBB Shares	ordinary shares of one penny each in the capital of IBB
London Stock Exchange	London Stock Exchange plc
Offer	the recommended unconditional cash offer to be made to acquire the IBB Shares not already held by QIIB on the terms set out in this announcement and to be set out in the Offer Document, including where the context so requires, any subsequent revision, variation, extension or renewal of such offer
Offer Document	the document which will shortly be dispatched to Shareholders and others containing and setting out the terms of the Offer and certain information about QIIB and IBB
Offer Period	the offer period (as defined in the Takeover Code) relating to IBB, which commenced on 16 March 2011

Panel	the Panel on Takeovers and Mergers
parent undertaking	has the meaning given to it by section 1162 of the Companies Act 2006
QIIB	Qatar International Islamic Bank Q.S.C, a company incorporated in Qatar, under Amiri Decree No.52 of 1990 and whose registered office is at Grand Hamad Street, PO Box 664, Doha, Qatar
QIIB Concert Party	QIIB together with HE Sheikh Thani Bin Abdulla Bin Thani Jasim Al Thani and Qatar Islamic Insurance Company Q.S.C who together hold 2,245,826,746 IBB Shares representing 88.2 per cent of the IBB Issued Share Capital
QIIB Group	QIIB and its subsidiary undertakings and parent undertakings, and any other subsidiary undertakings of its parent undertakings, in each case from time to time
Registrar of Companies	The Registrar of Companies for England and Wales, within the meaning of the Companies Act 2006
Regulatory Information Service	any of the services set out in Appendix 3 to the Listing Rules published by the United Kingdom Listing Authority
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for QIIB or IBB if information or documentation concerning the Offer is sent or made available to Shareholders in that jurisdiction
Shareholders or IBB Shareholders	registered holders of IBB Shares from time to time
subsidiary and subsidiary undertaking	have the meaning given to them by the Companies Act 2006
Takeover Code	the City Code on Takeovers and Mergers
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
Wider QIIB Group	the QIIB Group and associated undertakings of any member of the QIIB Group (including any joint venture, partnership, firm or company in which any member of the QIIB Group is interested or any other undertaking in which any member of the QIIB Group and/or such undertakings (aggregating their interests) have a significant interest)
Westhouse Securities Limited	the financial adviser to QIIB

For the purposes of this announcement **subsidiary**, **subsidiary undertaking**, **associated undertaking** and **undertaking** have the meanings in the Companies Act 2006 respectively, and **significant interest** means a direct or indirect interest in more than 10 per cent of the equity share capital (as defined in that Act).

In this announcement:

- all references to “pounds”, “£” “p” or “pence” are to the lawful currency of the United Kingdom;
- the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender;
- all references to legislation are to English legislation, unless the contrary is indicated, and any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension thereof; and
- references to time are to London time.