

European Islamic Investment Bank plc
(the "Company" or "EiIB")

Tender Offer for up to £20 million and publication of circular

Further to the Company's announcement of 16 March 2015, a circular explaining the terms of a tender offer for up to £20 million (the "**Tender Offer**") was posted to Shareholders on 17 April 2015 (the "**Circular**"). The Tender Offer is expected to close on 6 May 2015. A copy of the Circular is available on the Company's website: www.eiib.co.uk

The Chairman's Letter in respect of the Tender Offer, as contained in the Circular, is set out below.

Terms used and not defined in this announcement bear the meaning given to them in the Circular published and posted to shareholders on 17 April 2015.

Chairman's Letter

Dear Shareholder

Tender Offer to purchase up to 21 per cent. of the Company's issued share capital
Introduction

The purpose of this Circular is to set out your Board's proposals for a tender offer. The Company is seeking to improve the value of Shareholders' investments by buying back Shares, enhancing earnings for the remaining Shareholders. The Company has effected a Capital Reduction, creating distributable reserves of £40,000,000. Rather than buying back Shares on an ad hoc basis when they become available through the market, the Board considers that it would be appropriate to offer all Eligible Shareholders the opportunity to realise some of their investment in the Company by means of a tender offer pursuant to which the Company will purchase up to 21 per cent. of the issued share capital of the Company at the Tender Price.

The Company received Shareholder approval to effect the Capital Reduction at its Annual General Meeting held on 25 June 2014, at which the Resolution was also passed, and court approval for the Capital Reduction was granted on 16 July 2014. The Capital Reduction was effected on 24 July 2014 upon registration of the certificate confirming effectiveness at Companies House. The Capital Reduction has created distributable reserves enabling the Company to buy back its own Shares.

A tender offer (the "**2014 Tender**") was launched on 1 August 2014, and withdrawn on 28 November 2014 as the Company remained in discussions with its regulators regarding the implementation of that offer. Those discussions have now been concluded satisfactorily. The Tender Offer replicates the material terms of the 2014 Tender, but Shareholder responses to the 2014 Tender are not valid for the Tender Offer. Further, the Tender Offer differs from the 2014 Tender in that it is being made directly by the Company. Accordingly Shareholders

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should review thoroughly the terms and conditions of the Tender Offer set out in this Circular.

The Company (acting through Westhouse as its agent) shall buy the Tendered Shares at the Tender Price pursuant to the Tender Offer. Shares that are purchased by the Company will be cancelled.

This Circular sets out the terms and conditions of and the procedure for participating in the Tender Offer, details of which can be found in the accompanying Tender Offer Application Form.

Key points to the Tender Offer

The key points to the Tender Offer are as follows:

- The Tender Offer is for up to 8,000,000 Shares, representing approximately 21 per cent. of the Company's issued share capital. Under the Tender Offer, each Eligible Shareholder is entitled to have up to 21 per cent. of his or her shareholding purchased by the Company at the Tender Price.
- The Tender Offer is being made at **£2.50 per Share**, which represents a premium of 78 pence to the closing price of a premium of 70 pence to the closing price of 180 pence per Share on 16 April 2015, being the latest practicable date prior to the date of publication of this Circular.
- Eligible Shareholders will be able to decide whether to tender none, some or all of their Shares within the overall limits of the Tender Offer.
- Tenders in excess of an Eligible Shareholder's Basic Entitlement will only be accepted to the extent that other Shareholders tender less than their Basic Entitlement or do not tender any Shares and will, if necessary, be scaled back on a pro rata basis to their Shares tendered.

Any Shares purchased by the Company under the Tender Offer will be cancelled. The Tender Offer is subject to the conditions set out in paragraph 2 of Part III of this document being fulfilled. Following completion of the Tender Offer, the Company's issued share capital will be reduced to approximately 31,441,784 Shares, assuming the Tender Offer is taken up in full and there is no other change to the Company's issued ordinary share capital after 17 April 2015. The Tender Offer is open to Shareholders on the register of the Company at the close of business on 6 May 2015 who are not in Restricted Jurisdictions.

The purchase of Shares by the Company will be funded from available cash of the Company and will be paid out of the Company's distributable reserves. If the Tender Offer is taken up in full and the associated purchase is completed in full, the Company's distributable reserves will be reduced by £20,000,000.

There is no guarantee that the Tender Offer will be completed. The Tender Offer will not proceed if any of the conditions specified in paragraph 2 of Part III of this document are not satisfied or if it is withdrawn by the Company at any point prior to the announcement of the results of the Tender Offer. The non-fulfilment of the specified conditions would mean that the Tender Offer could not be implemented and that the Company would have to bear the abortive costs of making the Tender Offer.

Eligible Shareholders should note that once they have returned their Tender Offer Application Forms, they will be no longer able to withdraw them or, therefore, trade their

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Tendered Shares until the Tender Offer is completed or withdrawn. Shareholders should also note that the Company will retain the right to extend the Tender Offer timetable and that the Company intends to announce its final results for the year to 31 December 2014 towards the end of April 2015 and shortly before completion of the Tender Offer.

Options for Shareholders

Under the Tender Offer, Eligible Shareholders can choose:

- to do nothing and to retain in full their investment in the Company; or
- to tender some or all of their Shares for purchase and to receive cash in consideration of such purchase (subject to scaling back of tenders in excess of the Basic Entitlement).

Eligible Shareholders will be entitled to have up to 21 per cent. of their respective holdings purchased under the Tender Offer. Eligible Shareholders will be able to tender additional Shares, but such tenders will only be satisfied, on a pro rata basis, to the extent that other Shareholders tender less than their Basic Entitlement or do not submit a tender.

Authority for Tender Offer

The Tender Offer is being proposed in line with the authority to purchase shares on-market that was granted by Shareholders passing the Resolution at the Company's 2014 Annual General Meeting held on 25 June 2014.

Action to be taken by Eligible Shareholders

Eligible Shareholders who hold their shares in certificated form will find accompanying this Circular a personalised Tender Offer Application Form for use by them in connection with the Tender Offer. Eligible Shareholders who wish to make an application in respect of some or all of the Shares registered in their name on the Record Date should complete the Tender Offer Application Form in accordance with the instructions printed thereon and in the section of this Circular headed "Terms and Conditions of the Tender Offer" and return it by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to arrive no later than 1.00 pm on 6 May 2015. A reply-paid envelope is enclosed for this purpose.

In addition, participating Shareholders who hold Shares in certificated form should return their share certificate(s) (at their own risk) for the Shares in respect of which they are making an application in the Tender Offer. Eligible Shareholders who hold Shares in CREST should comply with the procedures set out in the section of this Circular headed "Terms and Conditions of the Tender Offer" in respect of transferring uncertificated Shares in escrow through CREST.

Shareholders who do not wish to sell Shares in the Tender Offer should not return their Tender Offer Application Forms. A Tender Offer Application Form, once lodged, may not be withdrawn.

The attention of all Shareholders is drawn to paragraph 10 of Part III of this document.

It is the responsibility of all Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such Shareholders to complete and return a Tender Offer Application Form or a TTE Instruction.

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If you have any questions on the Tender Offer, including questions relating to this Circular and the completion of the Tender Offer Application Form, please telephone Capita Asset Services between 9.00 am and 5.30 pm Monday to Friday on 0871 664 0321 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

Shareholder responses to the 2014 Tender are not valid for the Tender Offer. Eligible Shareholders wishing to tender their shares must take action in accordance with this document, regardless of any such response to the 2014 Tender.

Views of the Directors

The Board considers that the Tender Offer:

- provides an opportunity for Eligible Shareholders to tender all, some or none of their Shares, depending on their own liquidity requirements and their view of the prospects of the Company going forward; and
- provides a return of cash now, compared to the alternative of being exposed to the financial risks of the ongoing operations of the Company.

Intentions of the Board

Mohamed Abdul Aziz Ibrahim Al Sarhan, one of the Company's Non-Executive Directors, is connected to Al Faisaliah Group ("**AFG**"), a Shareholder. Mr Al Sarhan does not control AFG and the decision whether or not to participate in the Tender Offer shall be put to AFG's board for consideration.

Chase Nominees ("**Chase**") holds 110,991 shares for Mr Al Sarhan on a nominee basis. Mr Al Sarhan does not intend to instruct Chase to tender any of the shares Chase holds as his nominee.

Zulfi Caar Hydari, H.E. Abdallah Yahya Al-Mouallimi and Michael Toxvaerd are connected to HBG Holdings ("**HBG**"), a Shareholder, but do not, either individually or together, control HBG. HBG's board will consider the Tender Offer in due course and decide whether or not to tender some, all or none of HBG's Shares.

In each case acceptance by the Company of an application under the Tender Offer in excess of 21 per cent. of the applicant's holding is subject to there being capacity to purchase those Shares in accordance with the terms of the Tender Offer.

Enquiries:

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Antonio Bossi

EXPECTED TIMETABLE OF EVENTS

Announcement of Tender Offer	20 April 2015
Record date for the Tender Offer	close of business on 6 May 2015
Latest time and date for receipt of Tender Offer Application Forms and TTE Instructions in relation to Tender Offer	1.00 pm on 6 May 2015
Announcement of take-up level under the Tender Offer	7.00 am on 8 May 2015
Trade Date	13 May 2015
Settlement date for the Tender Offer: cheques despatched and assured payments made through CREST	on 20 May 2015
Balancing share certificates dispatched to Shareholders and CREST accounts settled	by 27 May 2015

The above times and/or dates are indicative only and may change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

All references to times in this document are to London times unless otherwise stated.