

BLME COMPLETES £67 MILLION OF LEASING DEALS IN FIRST HALF OF 2011

07 September 2011: Bank of London and The Middle East (BLME), the London based wholesale, Sharia'a compliant bank, has seen a 96% increase in the number of leasing deals completed in the first half of 2011, with 57 deals completed compared to a total of 29 in 2010.

The volume of deals completed totalled £67 million in H1 2011 versus £19 million for the first half of 2010. UK SME's and mid tier companies accounted for the bulk of business, with large corporate representing approximately 40% of deals completed. The Bank is building a strong franchise in the transport and equipment sectors highlighted by the following breakdown by asset type:

- 30% Containers
- 25% Vans
- 5% Material handlers
- 20% Cars
- 20% Trucks and trailers

The type of contract used for leasing is an Ijara, one of the most commonly used Islamic finance products. This structure has been used by individuals and businesses for hundreds of years, allowing them to use equipment that they would have been unable to purchase outright and can be structured to match a finance lease or an operating lease.

As with most conventional leases, Ijara products are asset-backed, meaning that there is always an asset with an inherent value sitting behind the contract. This is one of the main reasons why Islamic finance is so naturally comparable with conventional leasing.

Graeme Laing, Head of Leasing at BLME, commented: "The increase in demand for Islamic leasing has certainly been stimulated by the current economic climate. As Ijara has a familiar look and feel to counterparties used to conventional leasing products, we've found that many businesses that are unused to Islamic financial products are comfortable using it.

"We have also found that businesses are increasingly looking for a flexible, solutions-based offering. Since Islamic banks are generally smaller and therefore more agile than their conventional peers we can meet financing requirements in a way that those operating a high volume, quick-turnover system cannot."

The UK leasing market has shown notable growth over the last year. According to data released by the Financing and Leasing Association (FLA), Finance leasing new business grew by 12% and Operating leasing by 13% in May 2011 compared to May 2010. In addition, figures from LeaseEurope, European Federation of Leasing Company Associations, showed that the European leasing market grew by 4.7% in 2010.

Laing adds: "The limited offering from both Islamic banks and Islamic 'windows' of conventional banks, means that the leasing market remains a big growth opportunity for BLME and we have a very strong pipeline of deals for the second half of 2011. We are recruiting experienced executives to assist us with new business opportunities, and have recently appointed Pauline Elliott to the BLME leasing team. Pauline joins from KBC, where she was Senior Account Manager."

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NOTES TO EDITORS

About BLME

Bank of London and The Middle East plc (“BLME”) is an independent UK wholesale Sharia’a compliant bank based in London. BLME received FSA authorisation in July 2007 and is the largest of its peers in Europe. It is led by a management team that brings together a combination of experienced international bankers and leading experts in Islamic finance.

The five core areas that set the foundations for BLME’s competitive offering are Private Banking, Asset Management, Corporate Advisory, Corporate Banking and Markets Division.

BLME is dedicated to offering innovative Islamic investment and financing products to businesses and high net-worth individuals in the European, US, Asian and MENA regions. To ensure that BLME’s services and operations are wholly Sharia’a compliant, the Bank has a dedicated Sharia’a Supervisory Board (“SSB”). The SSB’s role is to review contracts and agreements relating to all transactions ensuring that they are consistent with the principles of Islamic jurisprudence.

About Islamic finance

Islamic finance upholds the principles of fairness, integrity and transparency. The principle of fairness is reflected in the risk and reward-sharing element that forms the foundation of every Islamic financial transaction.

Islamic finance aims to create business activities that generate a fair and equitable profit from transactions that are backed by real assets. This method of financing avoids speculation, short selling and excessive credit creation whilst encouraging sound risk management procedures.

Islamic banking has a robust system of risk management and self-regulation to ensure that each transaction is transparent and that the appropriate due diligence and higher standards of disclosure required are observed. To ensure compliance with these requirements each transaction and agreement is reviewed and approved by a Sharia’a Supervisory Board. This Sharia’a specific regulation and governance is in addition to the conventional regulation that applies to all UK based financial institutions.