

BLME Holdings plc¹ 2014 Full Year Financial Results - Revised

London / Dubai, 12 May 2015 – BLME Holdings plc today announced its revised full year financial results to 31 December 2014. BLME reported a Profit for the Year of £1.0 million and an Operating Profit before Impairment Charges of £12.6 million, a 54% increase from £8.2 million in 2013.

| | | % change | 2014 | 2013 |
|--|---|----------|--|--|
| Total Assets | ↑ | 12% | £1.4 billion (\$2.2 billion ²) | £1.2 billion (\$2.0 billion) |
| Total Operating Income | ↑ | 10% | £61.7 million (\$96.2 million) | £56.0 million (\$92.6 million) |
| Operating Profit before Impairment Charges | ↑ | 54% | £12.6 million (\$19.6 million) | £8.2 million (\$13.5 million) |
| Net Operating Profit before Tax | ↓ | -84% | £1.0 million (\$1.5 million) | £6.1 million (\$10.0 million) |
| Profit for the Year | ↓ | -77% | £1.0 million (\$1.5 million) | £4.3 million (\$7.1 million) |

Other highlights of the full year results are:

- Number of depositors increased to 5,587 over the period.
- Net fee income increased by 40%.
- Cost to Income ratio continued its downward trend from 76.5% to 72.3%, as business growth continues.
- Capital adequacy ratio maintained in excess of current and impending Basel III standards.

Key achievements in 2014:

- **Two new strategic relationships:** Corporate Banking has established a strategic leasing partnership with Marubeni Corporation and a financing partnership with Renaissance Asset Finance, a new provider of Sharia'a finance to the UK small and medium-sized enterprises (SME) sector. These relationships will diversify BLME's exposure profile as well as reduce the average size of its credit exposures.
- **Appointment as Co-lead Manager for Islamic Development Bank:** Two US\$1.5 billion five-year Sukuk tranches issued in 2014 - one in March and one in September.
- **Strong performance in fixed income funds:** The US\$ Income Fund celebrated its fifth anniversary and was again ranked in the top percentile in a peer group of 647 funds, as measured by Lipper Hindsight, the Thomson Reuters fund ranking service.

Adel Abdul Wahab Al-Majed, Chairman of BLME Holdings plc, commented on the results:

"After careful consideration the Board has taken the opportunity under section 454 of the Companies Act 2006 to issue a revised set of financial statements. The decision to restate was taken in the interest of good corporate governance in order to provide clarity for Shareholders due to information which came to light about an existing impaired credit exposure after approval of the original set of financial statements on 27 February 2015.

I am pleased to report on the strong underlying business performance and growth of the BLME Group in the year to 31 December 2014. BLME's Corporate Banking division has continued to grow and establish itself as one of the leading providers of finance for the UK mid-market including those UK companies that have links to the GCC. I am again pleased that BLME Asset

¹ In this press release, the expression "the Company" refers to BLME Holdings plc which is the ultimate parent company of the BLME Group and is listed on Nasdaq Dubai. The expression "BLME", "the Group" or "the BLME Group" refers to BLME Holdings plc and its subsidiaries.

² For ease of reference we have quoted US dollar amounts for pro forma information purposes. The 2014 results used the closing exchange rate as at 31 December 2014 of \$1.55935 and the 2013 results used the closing exchange rate as at 31 December 2013 of \$1.6538.

Management's service and offering has been recognised by Global Investor with their 2014 Sukuk Manager of the Year award and by Islamic Finance News with Best Islamic Asset Manager in Europe.

The Group is well positioned for 2015 with a robust capital base, healthy liquidity and a strong new business pipeline. The Bank will continue to build upon and develop new strategic business relationships while maintaining the momentum in our key target markets."

Humphrey Percy, CEO of BLME, commented on the results:

"Whilst I am disappointed that a material credit loss has occurred, these results demonstrate that in a competitive market environment BLME can significantly expand and increase underlying profitability while containing expenses and developing the Bank's infrastructure. BLME has continued to gain recognition for its expertise in Islamic finance and its commitment to broader industry development. It has maintained its position as the largest Islamic bank in Europe and continues both to broaden its product offering and to bring its distinctive range of financial solutions to clients in both the UK and the GCC. BLME is committed to growing the Asset Management business and in 2015 will be investing in and focusing the distribution team in the Dubai office. BLME has much to be proud of, and our business is well positioned for the future as we continue to develop a long-term sustainable business."

Results overview

In the year to 31 December 2014, BLME Holdings plc reported a Profit for the Year of £1.0 million. The Group has increased its operating Profit before Impairment Charges by 54% to £12.6 million in 2014. During the year there was a 10.2% increase in Group Operating Income from £56.0 million in 2013 to £61.7 million in 2014, with net fee income increasing by 40.2% to £3.8 million.

As business growth continues, the Bank's Cost to Income ratio has continued its downward trend, reducing from 76.5% in 2013 to 72.3% in 2014. At the same time the Bank has continued to improve its operational infrastructure and invest in personnel, product development and implementing new software.

The Balance Sheet total assets increased by 12.3% from £1.23 billion in 2013 to £1.39 billion in 2014. The 14.8% growth in deposits over the period leaves BLME well positioned to support asset growth in the financing businesses and means that the Bank meets stringent regulatory liquidity ratios.

Impaired loans, as a percentage of total loans and operating lease assets increased from 4.0% in 2013 to 4.9% in 2014. The total impairment charge for the year of £11.6 million includes a provision of £8.2 million against a UK retail park exposure where a major national retail chain decided not to progress as the anchor tenant for the second development phase. It also included a £2.6 million increase in provisioning against the shipping sector due to the continued depressed state of global charter rates.

BLME's capital adequacy ratio remains well in excess of current and impending Basel III standards.

To view BLME's 2014 Financial Results Presentation online, please go to: <https://www.blme.com/investor-relations/investor-presentations/>

The full audited 2014 Revised Financial Statements are also available online at: <https://www.blme.com/investor-relations/financial-results/>

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FOR MORE INFORMATION

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NOTES TO EDITORS

Statutory Accounts

The information in this press release does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2014 will be delivered to the Registrar of Companies in England and Wales in accordance with section 447 of the Companies Act 2006. The auditor has reported on those accounts. Its report was unqualified; did include a reference to the revision of impairment of financial assets to which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The full audited 2014 Revised Financial Statements are available on BLME's website at: <https://www.blme.com/investor-relations/financial-results/>

About BLME

BLME is an independent wholesale Sharia'a compliant bank based in London and is a leading provider of Islamic finance to the UK mid-market. BLME received FSA authorisation in July 2007 and is the largest of its peers in Europe. Led by a management team that brings together a combination of experienced international bankers and leading experts in Islamic finance, BLME has three key business areas; Corporate Banking, Treasury and Wealth Management, providing a wide range of financing solutions and investment opportunities.

- **Corporate Banking** consists of five business units, Property Finance, which includes acquisition, investment and development finance, Leasing which provides solutions for the UK mid-market, including international facilities, Trade Finance, ABL Finance and Acquisition Finance.
- **Wealth Management** consists of Private Banking, Asset Management and Islamic Capital Markets.
- **Treasury** which funds the financing activities in Corporate Banking and Wealth Management, provides BLME's Premier Deposit Accounts and manages the Group's capital and liquidity.

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.

Website: www.blme.com

About Islamic banking

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.