



Bank of London and The Middle East plc  
Country-by-Country Reporting  
As at 31 December 2014

## **Introduction**

The Capital Requirements Regulations 2013 came into effect on 1 January 2014, and have been transposed into UK law to impose certain reporting obligations on institutions, defined as credit institutions and investment firms, within the United Kingdom and within the scope of EU Capital Requirements Directive IV (CRD IV).

Disclosure requirements under article 89 in the Capital Requirements Directive comprise details on the registered office, nature of activities, turnover, profit or loss before tax, tax paid, public subsidies received and the average number of employees of the firm on a country by country basis. This is known as Country-by-Country Reporting ("CBCR").

The information contained in this disclosure is based on the scope of consolidation in the Annual Report and Accounts and reflects the data as at the reporting date 31 December 2014, alongside a brief explanation of the business undertaken.

## **Overview**

Bank of London and The Middle East plc ("the Bank" or "BLME") was originally incorporated in the United Kingdom on 7 August 2006 (as United House of Britain plc) and received FSA authorisation to launch and start trading as a bank in the City of London on 5 July 2007. BLME is an independent, wholly Sharia'a compliant wholesale bank authorised by the UK's Prudential Regulation Authority (the "PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. The Bank provides a range of Sharia'a compliant banking services to businesses and individuals with a strong focus on Europe and the Middle East. BLME has three strategic business divisions - Corporate Banking, Wealth Management and Treasury - offering competitive and innovative financial products and services. BLME Holdings plc is the parent company of BLME.

Under the UK FCA implementation of CRD IV, BLME is a credit institution.

The table overleaf shows that the vast majority of BLME profits are generated in the UK and therefore a higher amount of corporation tax is paid in the UK. Globally, BLME paid £0.5 million of corporation tax and generated £1.1 million of profit for 2014 making the global cash tax rate 45%.

All amounts are reported in Great British Pound Sterling.

Please refer to the basis of preparation for further details on how the information was prepared.

## Country-by-Country disclosure

<b>Country</b> <i>(in alphabetical order)</i>	<b>Turnover</b>	<b>Profit / (Loss)</b> <b>before Tax</b>	<b>Corporation</b> <b>tax paid</b>	<b>Public subsidies</b> <b>received</b>	<b>Average number</b> <b>of employees</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Jersey	0	(122,595)	0	0	0
Luxembourg	3,803,701	96,351	2,278	0	0
United Kingdom	50,190,222	453,634	500,000	0	116
United States of America	7,817,728	673,123	0	0	0
<b>Sub-total</b>	<b>61,811,651</b>	<b>1,100,513</b>	<b>502,278</b>	<b>0</b>	<b>116</b>
Consolidation adjustments	(110,757)	(110,757)			
<b>Total per Annual Report</b>	<b>61,700,894</b>	<b>989,756</b>			

<b>Country</b>	<b>Description of activities</b>	<b>Entities / Structured Entities</b>
Jersey	Agent for the employee share-based compensation plans	BLME Holdings EBT
Luxembourg	Fund management	BLME Umbrella Fund Management Sarl
United Kingdom	Commercial and wholesale banking	Bank of London and The Middle East plc
	Non-trading	BLME Asset Management Limited
	Non-trading	BLME Holdco Limited
	Non-trading	BLME Limited
	Non-trading	BLME Nominees LIBF Limited
	General partner of an investment property fund	BLME (UK) GP Limited
	Joint venture in operating and finance leases	MKL Construction Equipment Finance Limited
	Non-trading	Renaissance Trade Finance Limited
	Non-trading	Renaissance Property Finance Limited
United States of America	Operating and Finance lease entity	BLX13 Inc
	Operating lease entity	DMJ 2 LLC
	Operating lease entity	Kalakane Transatlantic Investors II, Inc
	Investment property	Medical Property Investments LLC
	Investment property	TP Funding Company LLC

## **Basis of preparation**

*Country:* the geographical location of the Company considers the country of incorporation or residence as well as the relevant tax jurisdiction. In this context, the countries applicable will be the United Kingdom, Luxembourg the United States of America and Jersey.

*Commentary:* BLME is also required to publish the nature of its activities in each country, and has classified its activities as financial services, leasing and fund management.

*Turnover:* BLME defines the Company's operating income as the sum of following consolidated income statement terms:

- Net margin
- Net fee income
- Net fair value losses on investment securities
- Net fair value gains on investment properties
- Operating lease income
- Other operating income

*Profit before tax:* as with turnover, the definition of profit or loss before tax is consistent with that in the Company's financial statements. These numbers also include profit or loss on the disposal of fixed assets.

*Corporation tax paid:* this column discloses the cash amount of corporation tax paid in each country in 2014.

*Public subsidies received:* In the context of CBCR, this is interpreted as direct support by the government. There were no subsidies received by BLME in 2014.

*Number of employees:* employee numbers reported reflect the number of employees on a full time equivalent basis.

*Accounting framework:* amounts reported are based on local statutory financial statements, in accordance with applicable law and International Financial Reporting Standards.

## **Statement of Directors' responsibilities in relation to the Country by Country Reporting ("CBCR") Information**

The CBCR Information comprises the information disclosed on the Company website.

The Directors of the Company are responsible for preparing the CBCR Information for the year ended 31 December 2014 in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013. In preparing the CBCR Information, the Directors are responsible for:

- interpreting the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013;
- determining the acceptability of the basis of preparation set out on page 3 of the CBCR information;
- making judgements and estimates that are reasonable and prudent; and
- establishing such internal control as the Directors determine is necessary to enable the preparation of CBCR Information that is free from material misstatement, whether due to fraud or error.

The CBCR information does not constitute the company's statutory accounts for the financial years ended 31 December 2014. Statutory accounts for 2014 have been delivered to the registrar of companies. The auditor has reported on those accounts; their report was (i) unqualified, (ii) 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 (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The CBCR information was approved by the Chief Financial Officer on 18 December 2015.



Richard Williams

## **Independent Auditor's Report to Bank of London and The Middle East plc ("the Company")**

We have audited the accompanying Country by Country Reporting information ('CBCR Information') as at and for the year ended 31 December 2014, which has been prepared based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as interpreted by the Directors of the Company as set out in the basis of preparation on page 3.

This report is made solely to the Company, in accordance with the agreed terms of our engagement. Our audit work has been undertaken so that we might state to the Company those matters we have agreed to state to it in this report, and to facilitate the Company's compliance with the requirement for audit of the Company's CBCR Information set out in Regulation 2(7) of the Capital Requirements (Country-by-Country Reporting) Regulations 2013, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our audit work, for this report, or for the opinions we have formed.

### **Directors' responsibilities for the CBCR Information**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors of the Company are responsible for the preparation of the CBCR Information in accordance with, and for interpreting the requirements of, the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for determining the acceptability of the basis of preparation as set out on page 3, and for such internal control as the Directors determine is necessary to enable the preparation of CBCR Information that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities**

Our responsibility is to express an opinion on the CBCR Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CBCR Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the information being audited. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the information being audited in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by the Directors, as well as evaluating the overall presentation of the information being audited.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the CBCR Information as at and for the year ended 31 December 2014 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as interpreted by the Directors as set out in the basis of preparation on page 3.

**Basis of preparation**

Without modifying our opinion, we draw attention to page 3 of the CBCR Information, which describes the basis of preparation. The CBCR Information has been prepared for the purposes of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and may not be suitable for another purpose.

Zaffarali Khakoo  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

18 December 2015