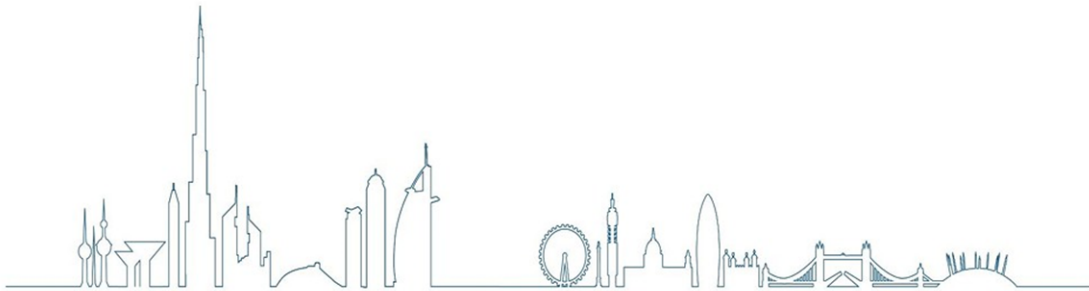


Registration number: 08503102

BLME Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2025



BLME Holdings Limited

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BLME Holdings Limited

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BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025

The Directors present their Strategic report for BLME Holdings Limited (Registered No. 08503102) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

BLME Holdings Limited (“the Company”) was incorporated in the United Kingdom on 24 April 2013 and acts as the holding company for Bank of London and The Middle East plc (“BLME” or “the Bank”) and its subsidiaries, including Walbrook Asset Finance Limited (“WAF”). Together, the Company and its subsidiaries are referred to as “the Group.”

BLME is a Sharia’a-compliant bank authorised by the UK Prudential Regulation Authority (“PRA”) and regulated by both the PRA and the Financial Conduct Authority (FCA). The Bank provides Sharia’a-compliant banking services to businesses and individuals, with operations in the UK and a branch in the Dubai International Financial Centre (“DIFC”), which has been operational since 2018 and obtained a retail endorsement in 2019.

In May 2023, BLME Capital Company, a wholly owned subsidiary incorporated in the Kingdom of Saudi Arabia (“KSA”), received approval from the Capital Market Authority to commence business and was granted a Services Investment License by the Ministry of Investment to manage investments, operate funds, arrange, and advise.

BLME Capital Company is excluded from the Sharia compliance review as the Saudi Capital Market Authority (CMA) does not require a Sharia’a audit or Sharia’a Supervisory Board report for entities operating in Saudi Arabia under its current regulatory framework.

THE BUSINESS MODEL

BLME Holdings Limited provides strategic oversight and supports the long-term growth of the Group. The Bank, as the principal operating entity, aims to strengthen its position as a leading provider of Sharia-compliant financial solutions in the UK and Middle East. Its core focus areas include wealth management for Gulf Cooperation Council (“GCC”) clients and real estate finance. All banking activities adhere to the ethical principles of Islamic finance, ensuring compliance with regulatory standards and alignment with the Group’s risk appetite.

Boubyan has been the Company’s largest shareholder since the Bank launched in 2006 with active representation on the Boards of BLME and the Company. The Boubyan Group currently has a 72.37% holding in the Company. The Bank works closely with Boubyan to exploit opportunities and group synergies. The Group seeks to benefit from Boubyan’s expertise in technology and systems, as well as enhanced client collaboration to bring our products and services to a wider audience across their franchise and to build capability and offer products to customers using digital channels.

Nomo

Nomo is a brand of BLME that aims to provide high net worth, affluent and mass affluent customers with seamless, secure, and Sharia-compliant digital banking. Nomo provides account holders access to a suite of the latest banking products, including daily banking across multiple currencies and home financing products, all managed via the Nomo App. Nomo offers savings products in the form of Instant Access Savings account to complement the existing Fixed Term Deposit accounts in GBP, USD and EUR with market leading expected profit rates. Nomo’s Sharia-compliant Property Finance product helps customers to finance UK property purchases for both rental and residential purchases.

Nomo continues to be a core pillar in the next phase of our strategic growth plan aimed at leveraging our digital capability with products and services to support our customers’ financial wellbeing. The focus of Nomo going forward is to grow and accelerate its path to profitability through its increased focus on wealth products. Nomo is also planning to offer wealth management solutions in the form of a managed portfolio of funds during 2026.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

Wealth Management

Wealth Management includes the Group's complementary businesses of Private Banking and Real Estate. It provides deposit products, banking services, mortgages, residential and investment property finance targeted towards GCC-based High Net Worth individuals. Wealth Management is the main part of the Group's business that is benefitting from closer collaboration with the Boubyan franchise and business model. In the first half of 2023 BLME opened an office in the KSA to help drive our Wealth Management initiatives.

Our Private Banking team leverages our Real Estate capabilities to provide a range of solutions that meet the requirements of our High-Net-Worth Clients in the GCC. Our distribution capabilities in London are supported by our subsidiary in the KSA and our DIFC office which is a branch of the Bank with a retail endorsement providing the perfect base to connect with our clients in the GCC and Middle East and North Africa ("MENA") region.

Real Estate remains the asset class of choice for GCC Wealth Management clients, and our Real Estate Investments team offers Sharia'a-compliant investments through in-house capabilities or third parties. BLME's Real Estate Finance team provides finance to small and medium sized Real Estate developers, investors and High Net Worth Individuals looking to invest in UK property across all sectors. The Real Estate Finance business has strong links to our GCC clients with over a third of the portfolio having ultimate beneficial owners from the region.

Commercial Finance

Commercial Finance includes the Group's specialist assets and syndications business units. This division provides competitive financing solutions to the UK mid-market and supports companies with links to the GCC region across a variety of sectors. The division had included the Group's leasing business, however, in June 2022 the Group Board made the decision to exit the leasing business and the final part of the leasing portfolio was sold on 30 December 2025.

Treasury

The Treasury division manages the Group's capital, liquidity and funding, ensuring that the Group operates within its market and liquidity risk appetites. To this end Treasury ensures funding sources are diversified and at cost-effective rates.

During 2025 Treasury continued to ensure liquidity remained readily available to the asset generating business units whilst at the same time also maintaining sound regulatory ratios. The Bank of England's Alternative Liquidity Facility serves as BLME's primary means of ensuring its stock of HQLA is better positioned to handle intra-day Sterling liquidity requirements. Treasury maintains a broad range of Sharia'a-compliant wholesale market counterparties for liquidity management and market risk hedging purposes, as well as a small US dollar-denominated Sukuk investment portfolio.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

STRATEGY AND OBJECTIVES

We are proud of our efforts in delivering steady operating performance. We continue to monitor and manage our costs closely and strive towards creating sustainable value for our stakeholders.

The Group works hard to align our core values with our strategic objectives to ensure that our employees operate in accordance with our risk appetite. Central to our values are the principles of Sharia'a and to support this we maintain a close relationship with our esteemed Sharia'a Supervisory Board. We are very grateful for the support, guidance and advice we receive from our Sharia'a Supervisory Board.

CONSOLIDATED FINANCIAL RESULTS

The financial statements for the year ended 31 December 2025 are shown on pages 27 to 36. The loss after tax for the year amounted to £1.2m (2024: £7.6m profit after tax).

Below are the highlights of the financial performance of the group for the year and the position as of 31 December 2025.

Key performance indicators - £ million	2025	2024
Profit / (loss) before tax	5.7	6.5
Profit / (loss) after tax	(1.2)	7.6
Total operating income (excluding credit impairment losses)	73.4	71.1
Total operating income (excluding credit impairment losses and Nomo business unit costs recharged to BB2 TechCo – see Note 9)	58.5	58.3
Total operating expenses	63.8	58.0
Total operating expenses (excluding Nomo business unit costs recharged by BB2 TechCo - see Notes 10 and 12)	45.4	42.3
Net credit impairment losses	3.9	6.5
Total finance lease receivables and operating lease assets	7.7	137.8
Total assets	1,529	1,573
Total Tier 1 capital (unaudited)	226	236
Other performance measures	2025	2024
Pre-tax return on equity	2.5%	2.8%
Cost income ratio	86.9%	79.7%
Cost income ratio (excluding Nomo business unit costs recharged to BB2 TechCo)	77.6%	74.6%
Non-performing Financing Assets to overall Financial Assets	5.1%	7.4%

Total consolidated operating income (excluding credit impairment losses) increased from £71.1m in 2024 to £73.4m in 2025. The Group reported a loss after tax of £1.2m, compared with a £7.6m profit after tax for 2024 due to an increase in other operating expenses during the year as well as a reversal of deferred tax assets. The Group's Balance Sheet decreased slightly in 2025 to £1,529m (2024: £1,573m). The Group maintained its healthy capital and liquidity positions.

The Parent Company reported a profit for the year of £1.7m (2024: loss £11.9m). The profit arose due to the reversal of impairments related to the Parent company's investment in subsidiaries. Further details can be found in Note 18.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

GLOBAL ECONOMIC OUTLOOK

Geopolitical tensions continued to be a central external risk for 2025. Trade friction, particularly between major economies, heightened policy uncertainty and generated volatility in commodity prices and financial markets as well as subdued investment from lingering supply chain frictions. Whereas some conflicts and tensions in the Middle East may appear to be reaching an inflection point, 2026 brings new risks of breaking old alliances and shifting world order. There will be a spotlight on NATO's standing in light of the United States' aggressive stance on Greenland.

Tighter global monetary conditions deployed to contain inflation have dampened growth and increased debt-servicing burden while simultaneously subduing labour markets. Pushing through monetary loosening could risk reigniting inflationary pressures when underlying components have not been fully addressed. The environment complicates balance sheet management, pricing strategies and forward looking risk assessments.

UK ECONOMIC OUTLOOK

Domestically, inflationary and monetary conditions entering 2026 are expected to remain finely balanced. While headline inflation has indeed moderated from recent peaks, services inflation and wage growth continue to pose upside risk. On the fiscal side, there is limited scope for stimulus given the tight budgetary headroom and thus there will be greater emphasis on the banking sector's role in facilitating credit and private sector investment

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, through the Board Risk Committee (BRC), has considered the provisions of the Companies Act 2006 relating to financial risk management objectives and policies. As part of this review, the BRC identified a subset of risks as principal risks, which are detailed in Note 38 under financial risk management, with further discussion and mitigation techniques outlined below. These are risks that, individually or collectively, could materially impact the Group's strategy, business model, performance, capital, liquidity, or long-term viability. Classification reflects factors such as likelihood, potential financial and non-financial impact, velocity, and the Group's ability to mitigate. This assessment is reviewed at least quarterly within the Risk Management Framework and against the Group's risk appetite. In addition to these principal risks, the Group monitors a broader range of other risks. While these are not currently considered material to long-term viability, they are actively managed to ensure they remain within appetite and do not escalate into principal risks.

Credit Risk

Credit risk is the potential loss arising from a counterparty failing to meet its contractual obligations. The Group manages this risk through its Credit Risk Management Policy, internal rating systems, and regular portfolio reviews. Risk appetite statements, portfolio limits, and key risk indicators guide exposure levels, with oversight from the Credit Risk Department and governance by the Board Credit Committee. Exposures are monitored daily, supported by authorisation structures and ongoing assessments to ensure compliance with approved limits and regulatory requirements.

Liquidity Risk

Liquidity risk is the risk that the Group may be unable to meet its financial obligations as they fall due. It is managed through adherence to the Liquidity Risk Management Policy and Internal Liquidity Adequacy Assessment Process ("ILAAP"), robust monitoring, and diversified funding sources. The Treasury Division oversees daily liquidity positions under frameworks approved by ALCO and the Board, maintaining sufficient short-term assets and marketable securities. Internal metrics, early warning indicators, and a Contingency Funding Plan support resilience under stress and compliance with PRA requirements.

Market Risk

Market risk is the potential impact on income from changes in market variables, including profit rates, credit spreads, equity prices, and foreign exchange rates. The Group manages this risk through Board-approved limits, stress testing, and oversight by ALCO in line with its Market Risk Management Policy. The primary exposure is to repricing risk in the banking book, while foreign exchange risk remains low and is monitored daily.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

Operational Risk

Operational risk arises from failures in internal processes, systems, people, or external events. It is managed through a governance framework underpinned by the three lines of defence model and overseen by the Executive and Board Risk Committees. Risks are identified and assessed through self-assessments, incident reporting, and monitoring. All staff contribute to operational risk management, with additional oversight for digital banking provided by the Nomo Risk Committee.

Capital Risk

Capital risk refers to the possibility that low risk-adjusted returns or stress events could erode profitability and reduce available capital. The Group manages this risk by maintaining a strong capital base aligned with its risk appetite and regulatory requirements, ensuring resilience under normal and stressed conditions.

Climate Risk

Climate-related risk includes physical risks (e.g., floods, extreme weather) and transition risks linked to the shift toward a net-zero economy. The Group actively monitors these risks, with a focus on flood exposure due to its UK-based asset portfolio. In line with its risk appetite, the Group does not pursue new business in areas designated as Flood Zone 3 (High Risk) by the UK Environment Agency and is expanding assessments to include subsidence and coastal erosion.

Conduct Risk

Conduct risk is managed through high standards of integrity and compliance across the Group. The Compliance function supports this through training, procedures, and risk-based monitoring, while Conduct Champions promote awareness and accountability. The Group's PROUD values are embedded in recruitment, training, and recognition, fostering a culture of good conduct.

SECTION 172(1) STATEMENT

Our Stakeholders

The Group has a diverse range of stakeholders, and a key priority is to engage positively with them to maintain mutually beneficial relationships and meet our regulatory, legal, and social responsibilities. BLME operates in a fully Sharia'a-compliant manner, avoiding interest-bearing investments and industries such as tobacco, alcohol, and gambling. Engagement with stakeholders informs both strategic and operational decisions taken by the Board.

The Directors confirm that they have acted in good faith to promote the success of the Group for the benefit of shareholders, while considering the interests of all stakeholders in line with section 172 of the UK Companies Act 2006.

In 2025, we widened our stakeholder engagement through enhanced communications, events and marketing initiatives. The Marketing and Communications team focused on building BLME's reputation with targeted clients and partners through events. We also drove Nomo's profile among brokers and customers alike. Once again we delivered thought leadership pieces for both BLME and Nomo and achieved our highest ever social media engagement. Marketing activities included developing core proposition materials, targeted email campaigns, and hosting Nomo's inaugural broker event in Dubai in partnership with other stakeholders in the region. Nomo also supported property events in London and Dubai, reinforcing relationships with key partners and received a nomination for specialist lender of the year at the Mortgage Introducer Awards.

Shareholders

We appreciate the support and patience our Shareholders have shown over the years, and we understand how important it is to communicate openly and engage with them. As of 31 December 2025, Boubyan Bank owned 72.37% (31 December 2024: 72.37%) of the Group. We remain open to ongoing dialogue with minority shareholders and sharing our annual reports.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

Customers

Our customers are central to all that we do, and we work hard at being a customer-centric bank aligned to the principals and rules of the Consumer Duty regulations. We will

- Take all reasonable steps to avoid causing foreseeable harm to customers.
- Take all reasonable steps to enable customers to pursue their financial objectives.
- Act in good faith, with good customer outcomes a priority

Customer service and delivering good customer outcomes is the platform on which we will build and drive better quality business and demonstrate a clear and differentiated value proposition. This is at all levels of our organisation, so whatever our role, we try to 'think good customer outcome.' Consumer Duty dashboards are embedded in the business to monitor customer outcomes, with actions being taken to address poor outcomes when they occur.

Nomo products are designed to complement our target market customers' needs with flexibility and competitive returns. In Property Finance, we have enhanced our product offering by adding portfolio landlords as a result of property finance in the current year, which has been a significant improvement. Additionally, we have improved our service and customer communication this year by adding WhatsApp as a channel, making it easier to reach our customers. Customer advocacy remains strong, as evidenced by our Net Promoter Score (NPS) reaching 62, placing us firmly in the top decile of UK banks. Moreover, our app store rating is an impressive 4.7, demonstrating our commitment to delivering an excellent customer experience.

Suppliers

We rely on our suppliers to help the Group run smoothly, from day-to-day business to our future operations. In order to maintain beneficial and productive relationships with our suppliers the Group frequently reviews supplier relationships and applies rigorous due diligence requirements.

Employees

In 2025, our Employee Engagement Survey delivered an Employee Engagement Index of 85% (2024: 86%), placing BLME among the top tier of peer firms.

We introduced two new benefits for our employees, an alternative medical and dental cash plan insurance benefit and menopause support benefit, to expand our current offering and give more choice.

Throughout the year, we hosted numerous staff events and charitable activities, including fundraising for Maggie's Cancer Care, the Standard Chartered Great City Race, and cultural celebrations such as Eid, Diwali, UK Pride, and Black History Month.

Employee wellbeing remained a priority with monthly back-rub massages, Majlis and Isma'a sessions, Women in Banking lunch-and-learns, and summer ice cream socials.

We continued our Tatawar recognition series, A Year Here and 3 with BLME-which achieved high engagement and showcased BLME as a great place to build a career.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

Communities and the Environment

We operate in a socially responsible manner, recognizing our social, civic, economic, and environmental responsibilities. Building a strong Corporate Social Responsibility (CSR) program is central to our commitment to creating positive change for individuals and society.

Employees at all levels are expected to act sustainably while upholding the Group's values and Sharia compliance. We encourage volunteering and fundraising for local communities and charitable causes, and the Bank partners with multiple charities each year.

In 2025, our community initiatives included partnerships with Matchable Volunteering, Santa in the City Run for Little Gate, catering through Fat Macy's and Luminary Bakery, the Standard Chartered Great City Race, Wild Hearts Group, From Babies with Love gifts, Future Frontiers Mentoring, and sponsoring teachers through the Aspiring Heads program. We also supported social enterprises such as Harry Specters, Change Please, and Shetland Soap Company.

As a signatory to HM Treasury's Women in Finance Charter, we submitted our annual update in September. We have achieved 36% (2024: 33%) of women in senior leadership roles, exceeding our set target of 35% by the end of 2025. Women represent 48% (2024: 43%) of our workforce, and we continue to host quarterly Women in Banking events with strong engagement.

OTHER FINANCIAL INFORMATION

Funding

The Group continues to operate within our market and liquidity risk appetite, and reviews funding sources on an ongoing basis. We remain cognisant of our obligations to our clients, particularly in these times of heightened volatility. We have acted prudently throughout a period of tightening monetary conditions and ensured that the Consumer Duty is embedded into our practices particularly around sourcing liquidity from the retail market. Efficient means of attracting funding for the Group remain vital to deliver our Strategy. We will continue to use direct channels to depositors as well as avail ourselves of services offered by deposit aggregators in order to ensure diversity and reduce depositor concentration risks. Whereas we believe we are currently served by a satisfactory number of Deposit Aggregators, and importantly with diversified business models, we continue to add new relationships for wholesale funding to expand our efficiency levers across both sides of the balance sheet.

OTHER NON-FINANCIAL INFORMATION

Financial Crime and Anti-Corruption and Anti-Bribery

The Group continues to maintain and develop its robust Financial Crime framework with supporting policies and processes alongside Financial Crime training, ongoing monitoring, and Risk Management. All Group staff including Board members receive annual training on key Financial Crime areas. The Group's core financial crime policies are, the Fraud Prevention Policy and Anti-Money Laundering and Counter Terrorism Financing policy, Sanctions Policy, Fraud Prevention Policy and the Anti-Bribery and Corruption Policy.

Human Rights

BLME is a wholly Sharia'a-compliant bank. Accordingly, we value traditional finance principles, and strive to be straightforward, competitive and prudent. We are committed to acting ethically in all our business relationships, as well as complying at all times with laws and regulations applicable to us.

We are committed to ensuring that our supply chain is free from the practice of modern slavery and human trafficking. All current and future relationships with our Suppliers will be managed with this commitment in mind, and we will not knowingly do business with any third party guilty of such practices. Further, we have put in place the appropriate key performance indicators to manage this risk. Our full statement on modern slavery can be found on our website, pursuant to section 54 of the Modern Slavery Act 2015.

BLME Holdings Limited

Strategic Report for the Year Ended 31 December 2025 (continued)

Whistleblowing

The Group has a Whistleblowing Policy. A whistleblower is a person who raises a genuine concern related to suspected wrongdoing or dangers at work. We support staff who have genuine concerns related to suspected wrongdoing or danger affecting any of Group's activities to report their concerns to our whistleblowing champion, the Chairman of the Board Audit Committee or the Head of Compliance.

FUTURE DEVELOPMENTS

The Group continues to monitor global economic conditions, including evolving interest rate dynamics, easing inflationary pressures, and heightened geopolitical and macroeconomic uncertainties. While inflation has largely abated, greater volatility and reduced economic visibility has introduced more complex risks affecting growth, market confidence, and potentially funding conditions. In 2025, the Group significantly strengthened its operational resilience capabilities by fulfilling all prior regulatory commitments and enhancing its framework, governance, and supporting processes to comply with PRA and FCA standards. The Group is well-equipped to meet regulatory expectations and protect its customers, operations, and financial stability through a robust and continuously advancing Operational Resilience framework with continuous maturity plans in place for 2026 and beyond

Looking ahead, the Group will prioritise sustainable growth in its core markets, strengthen relationships with GCC clients, and enhance digital capabilities through Nomo. Strategic initiatives include expanding broker engagement, improving operational efficiency, and embedding climate risk considerations into lending decisions. These actions aim to support long-term profitability while ensuring compliance with regulatory requirements and alignment with our risk appetite.

Material financial risks associated with these developments are detailed in Note 38 - Financial Risk Management, together with the policies and processes in place to mitigate them.

This report was approved by the Board of Directors on 08 April 2026 and signed on its behalf by:

Andrew Ball
Chief Executive Officer

BLME Holdings Limited

Directors' Report for the Year Ended 31 December 2025

The Directors present their report and audited financial statements of BLME Holdings Limited (Registered No. 08503102) for the year ended 31 December 2025, which have been prepared in accordance with the provisions of the Company's Act 2006.

The Company operated the BLME DIFC branch outside the United Kingdom during the year ended 31 December 2025.

Financial results and dividends

The financial statements for the year ended 31 December 2025 are shown on pages 27 to 36. The consolidated Group loss after tax for the year amounted to £1.2m (2024: £7.6 profit after tax). The result for the stand-alone company, BLME Holdings Limited, for the year was a profit after tax of £1.7m (2024: £11.9m loss after tax). The Directors do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: £nil). The results for the year are discussed further in the Group's strategic report.

In June 2022 the board of BLME Holdings Limited took the decision to wind down its leasing business and the final leasing portfolio was sold on 30 December 2025.

Directors' of the group

The directors, who held office during the year, were as follows:

Adel Abdul Wahab Al- Majed

Abdullah Abdulkareem Al Tuwajjri

Andrew Ball

Simon Gibbons

David Williams

Calum Thomson

Joanne Hindle

Bader Abdullah Al Kandari

Abdul-Salam Mohammed Al-Saleh

On 1 January 2026 the Board also appointed Alan Devine (Independent Director) and Dr Bader Al Hashel.

Directors' Insurance and Indemnity Disclosures

The Group had a Directors insurance policy in place during the financial year which provides all Directors with cover against liabilities, both during the year and at the date of this report.

Financial Risk Management

Financial Risk Management are presented within the Strategic Report and Notes to the Financial Statements on pages 5 and 90 respectively.

Sharia'a Supervisory Board members

The Sharia'a Supervisory Board ('SSB') members during the year were as follows:

- Sheikh Dr. Abdulaziz Al-Qassar (Chair)
- Sheikh Dr. Esam Khalaf Al-Enezi
- Sheikh Dr. Mohammad Al-Barrak

Sulaiman Zaki Al Othman was the Sharia'a Consultant to the SSB during the year.

BLME Holdings Limited

Directors' Report for the Year Ended 31 December 2025 (continued)

Political contributions

The Group made no political contributions during the year (2024: £nil).

Streamlined Energy Carbon Reporting ('SECR') Report

Overview

The Group's direct business impact on the environment is limited with the main carbon footprint relating to office premises, which are modern and energy efficient, with the majority of staff being based out of our Head Office in London.

The UK Group does not have any company cars or fleet vehicles and there is minimal use by the Group's employees of personal or hire cars for business purposes. There is one company vehicle in the subsidiary in Saudi Arabia.

The Group consumed more than 40,000 kWh of energy during the year and is therefore above the threshold for reporting under the Streamlined Energy and Carbon Reporting (SECR) framework requirements that were introduced by the UK Government for accounting periods beginning on or after 1 April 2019. SECR is relevant for the Group as BLME meets two out of three of the size criteria to be classified as a large unquoted company.

For the calendar year 2025, the Group's total gross carbon emissions were 1.61 tonnes of CO₂ equivalent (tCO₂e), attributable entirely to employee fuel reimbursements, as all purchased electricity was sourced from renewable-backed contracts (2024: 1.03 tCO₂e).

The emissions data is disclosed in relation to the same period in respect of which the directors' report is prepared (i.e. the calendar year).

UK Energy Consumption and SECR Disclosure

Our SECR report is shown in the table below and relates to the UK energy use of gas, electricity and transport energy consumption for both the current and prior year.

	2025	2024
Energy Consumption used to calculate emissions	62,964 kWh	443,572 kWh
Emissions from the combustion of gas tCO ₂ e	0 tCO ₂ e	0 tCO ₂ e
Emissions from the combustion of fuel for transport purposes (Scope 2, location-based)	0 tCO ₂ e	0 tCO ₂ e
Emissions from purchased electricity, heat, steam, and cooling (Scope 2, location-based)	0 tCO ₂ e	0 tCO ₂ e
Emissions from business travel in colleague-owned vehicles where we compensate for fuel based on the HMRC mileage rate (Scope 3.6, market-based)	1.61 tCO ₂ e	1.03 tCO ₂ e
Total gross tCO ₂ e based on the above fields	1.61 tCO ₂ e	1.03 tCO ₂ e
Intensity ratio: gross tCO ₂ e per £ million of revenue based on the above field	0.026	0.014
Energy efficiency actions in 2025	<p>We place a lot of focus on recycling in the office and in 2025 we worked with CBRE to monitor our levels achieved. Overall, we recycled 63.2% (2024: 63.2%) of our waste including 843.7 kg (2024: 935.9 kg) of Dry Mixed Recyclables (DMR), 696.3 kg (2024: 745.8 kg) of food waste and 121.4 kg (2024: 138.2 kg) of coffee waste.</p>	

BLME Holdings Limited

Directors' Report for the Year Ended 31 December 2025 (continued)

Methodology	The Group has chosen an intensity ratio using tCO2e (tonnes of carbon dioxide equivalent) per £ millions of income as being the most relevant carbon emissions intensity metric for its business type. The emissions details have been calculated using the utility bills' details for the buildings and estimated taking account of the floorspace occupied by BLME.
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Future developments

Future developments are presented within the Strategic Report on page 8.

Going concern

The Directors have assessed the Group's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. This assessment considered the Group's latest forecasts, liquidity position, capital adequacy and broader macroeconomic and climate-related risks. Liquidity and capital resources remain strong, with regulatory ratios comfortably above minimum requirements. Scenario analysis, including severe but plausible stress cases, confirmed that the Group can meet its obligations as they fall due. No material uncertainties were identified. Accordingly, the financial statements have been prepared on a going concern basis.

Subsequent events

Subsequent to the reporting date, the Group has continued to monitor the rapidly evolving conflict across the Middle East. The Group has considered these developments as part of its going concern assessment. Despite the heightened uncertainty, the Bank maintained a strong liquidity position throughout the period, with Pillar 2 LCR levels consistently above 220%, supported by a diversified and predominantly fixed-term UK retail deposit base, complemented by GCC retail funding. The Bank's liquidity profile is considered structurally resilient to developments in the region, and further steps have been taken to strengthen liquidity buffers where appropriate.

Considering this event, the Directors are not aware of any further matters or circumstances that have occurred since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that so far as they are each aware there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

BMLE Holdings has dispensed with the requirement to hold an Annual General Meeting. In accordance with Section 485 of the Companies Act 2006 the board will reappoint Deloitte LLP as auditors of the Group during the course of the year.

This report is approved by the Board on 8 April 2026 and signed on its behalf by:

Neil Sawbridge
Company Secretary

BLME Holdings Limited

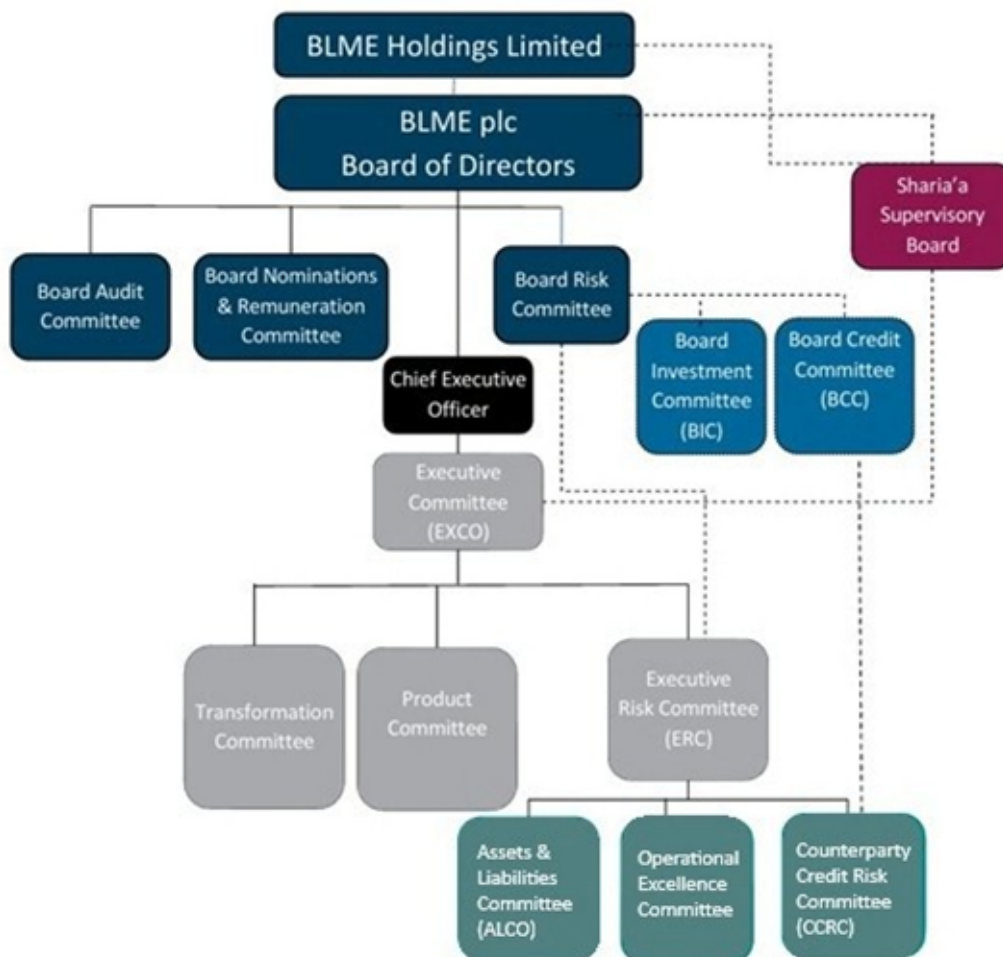
Corporate Governance Report

The Board recognises that robust corporate governance is fundamental to achieving the Group's strategic objectives. Accordingly, it has implemented a comprehensive governance framework that defines the procedures, policies, and practices required by law, regulation, and recognised best practice standards. This framework also underpins the Group's approach to risk management by establishing its risk appetite in alignment with strategic priorities. Adherence to risk appetite is monitored through a structured process of risk identification, control evaluation, and performance oversight.

To support effective governance, the Board and Executive Committee structures have been established with clearly defined roles and responsibilities for both individuals and committees. These committees oversee the Group's activities and ensure that internal controls operate as intended. Furthermore, these structures, together with departmental business plans, ensure that adequate financial and human resources are available to deliver the Group's objectives.

The Group has also implemented policies and behavioural standards, which are reinforced through regular training programmes covering key areas such as anti-money laundering and financial crime, the UK Bribery Act, conflicts of interest, and Consumer Duty.

Committee structure for governance of the UK banking subsidiary



The Group has outsourced its Internal Audit Function to BDO LLP.

BLME Holdings Limited

Corporate Governance Report (continued)

The Board of Directors

The BLME Holdings Limited Board is responsible for the Group's system of corporate governance.

As of 31 December 2025, the Board of Directors comprised two Executive Directors:

- Andrew Ball - Chief Executive Officer
- Simon Gibbons - Chief Financial Officer

and seven Non-executive Directors, including the Non-executive Chair:

- Adel Abdul Wahab Al-Majed - Non-executive Chair
- Abdullah Abdulkareem Al Tuwajri - Deputy Chair
- Calum Thomson - Chair of Audit Committee (Independent)
- David Williams - Chair of Risk Committee (Independent)
- Joanne Hindle - Chair of Nominations and Remuneration Committee (Independent)
- Bader Abdullah Al Kandari
- Abdul-Salam Mohammed Al Saleh

On 1st January 2026 the Board also appointed Alan Devine (Independent Director) and Dr Bader Al Hashel.

The appointment of Directors is considered by the Board Nominations and Remuneration Committee and ratified by the Board. Non-executive Directors are appointed for three-year renewable terms, which may be terminated by giving three months' notice. All the Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring compliance with Board procedures and applicable regulations. Independent professional advice is available to the Directors at the Group's expense where they judge it necessary to discharge their duties as Directors.

Board Meetings

The Board of Directors meets at least quarterly and has a defined agenda of matters reserved for its decision. The Board is responsible for the overall Group strategy, setting the risk appetite, approval of major capital expenditure projects and consideration of major financing matters. The Directors discharge their duties within a framework of controls relating to the assessment and management of risk.

The matters specifically referred to the Board for decision include the approval of the annual report and financial statements, the payment of dividends, the long-term objectives of the Group, the strategies necessary to achieve these objectives, the Group's budgets and plans, significant credit exposures, significant capital expenditure items, significant investments and disposals, the organisational structure of the Group, the arrangements for ensuring that the Group manages risk effectively and any significant change in accounting policies or practices.

Board Committees

The Board has delegated to the Committees of the Group the responsibility to review and make recommendations to the full Board. The Board Committees operate within clearly defined terms of reference.

BLME Holdings Limited

Corporate Governance Report (continued)

Board and Committee meetings attendance record for 2025

Director	Board	Nomination & Remuneration	Audit	Risk
Executive Directors				
Andrew Ball	5/5			
Simon Gibbons	5/5			
Non-Executive Directors				
Adel Abdul Wahab Al-Majed	5/5			
David Williams	5/5	6/6		4/4
Calum Thomson	5/5	6/6	5/5	4/4
Joanne Hindle	5/5	6/6	4/5	4/4
Abdul Salam Al Saleh	5/5	5/6	5/5	4/4
Bader Abdullah Al Kandari	5/5			4/4
Abdullah Abdulkareem Al Tuwaijri	5/5	6/6	5/5	

BLME Holdings Limited

Corporate Governance Report (continued)

There were four scheduled quarterly Board meetings; and one ad hoc Board meeting held in 2025. Attendance in the table is shown as 'meetings attended / meetings eligible to attend' (for example, 4/4 means the director attended all four eligible meetings). The Executive Directors regularly attend Board Committee meetings as guests.

Board Audit Committee

The Board Audit Committee is chaired by Calum Thomson (FCA) and for the calendar year comprised Joanne Hindle, Abdul Salam Mohammed Al Saleh, and Abdullah Abdulkareem Al Tuwaijri. The independent chair has a casting vote.

The Committee's main responsibilities include to review any reports from management, the internal auditor, and the external auditor regarding the internal control systems implemented throughout the Group, along with consideration of the Annual Report and Financial Statements. The Committee also oversees the relationships and provides input into the planning of the internal and external audits; and makes recommendations to the Board on the appointment of the auditors and the audit fee. The Board considers that the members of the Board Audit Committee possess recent and relevant financial experience. The Audit Committee has unrestricted access to the Group's auditors.

Furthermore, the Committee is responsible for reviewing and approving the external audit plan, monitoring the auditor's independence and objectivity and assessing the effectiveness of the audit process. The process through which the Committee evaluates auditor independence and objectivity each year includes the following:

- reviewing and approving the external audit plan and results of the annual audit.
- reviewing non-audit services provided to the Group and related fees .
- discussing with the auditors any relationships with the Group or other parties that could affect independence or its perception.
- reviewing the auditor's own procedures for ensuring independence, including the regular rotation of the audit partner.
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

BLME Holdings Limited

Corporate Governance Report (continued)

Board Risk Committee

The Board Risk Committee (BRC) is chaired by David Williams and comprises Bader Abdullah Al Kandari, Joanne Hindle, Calum Thomson and Abdul-Salam Mohammed Al Saleh.

BRC is responsible for the oversight of the risk profile of the Group and for providing guidance, advice and recommendations to the Board on credit, market, liquidity and operational risks with a view to re-enforcing a culture that encourages good stewardship of risk. Within this mandate it reviews risk levels in consideration of the Group's overall risk appetite, market conditions and business strategy. It also reviews the Group's Internal Capital Adequacy Assessment Process (ICAAP), Individual Liquidity Adequacy Assessment Process (ILAAP) and Recovery and Resolution Planning Process (RRP) and assesses the adequacy of stress testing and risk policies.

Ultimate responsibility for risk rests with the Board which, with advice and recommendations from BRC, approves the risk appetite for each major class of risk in line with the Group's business model and strategic priorities and also approves the annual ICAAP and ILAAP.

The management of risk is delegated to the Chief Executive Officer who in turn delegates the day-to-day management of risk to the Executive Committee and, in particular, to the Executive Risk Committee which oversees the three sub-committees of the Group responsible for risk oversight (being ALCO, CCRC and the Operational Excellence Committee). The day-to-day independent oversight of risk is performed by the Group's risk department. This process is supported by the regulatory reporting team's internal control role in monitoring adherence to risk limits, management action triggers and regulatory limits.

Board Nominations and Remuneration Committee

The Nominations and Remuneration Committee, chaired by Joanne Hindle, comprises David Williams, Calum Thomson, Abdul-Salam Mohammed Al Saleh, and Abdullah Abdulkareem Al Tuwaijri. It oversees Board composition, director appointments, annual performance evaluations, and ensures remuneration aligns with performance, shareholder interests, and FCA requirements. The Committee may use external consultants and appointed PwC as its independent advisor in 2025.

BLME Holdings Limited

Corporate Governance Report (continued)

Chair and Chief Executive

The roles of Chair and executive management, led by the Chief Executive Officer, are separated and clearly defined:

- a. The Non-executive Chair, Adel Abdul Wahab Al-Majed, is responsible for the leadership of the Board, ensuring effectiveness in all aspects of its role, reviewing the Board's agenda and conducting Board meetings, and ensuring effective communication with Shareholders.
- b. Executive management is led by the Chief Executive Officer (CEO), Andrew Ball, who has been delegated responsibility by the Board for the day-to-day management of the Group within the control and authority framework set by the Board. The CEO is supported in managing the business by the Chief Financial Officer (CFO), Simon Gibbons.
- c. The Company Secretary, Neil Sawbridge, is responsible for ensuring good information flows within the Board and its Committees and between senior management and Non-executive Directors, as well as facilitating inductions and assisting with professional development of Board members as required. The Company Secretary ensures that Board procedures are complied with, and advises the Board, through the Chair, in all governance matters. The Board has the responsibility for appointing and removing the Company Secretary.

In light of the “comply or explain” corporate governance best practice guidance in the UK that an independent Chair of a board should not serve on a board for more than nine years, the Nominations and Remuneration Committee considered the Group's circumstances and made a recommendation to the Board that retaining the services of Adel Abdul Wahab Al-Majed as the non-independent Chair would be in the best interest of the Group.

This recommendation took account of the significant ongoing strategic changes, including the closure of the leasing business, the continued transition and development of Nomo as a digital banking business unit and expansion into the GCC; as well as the potential disruption that appointing a new chair will cause. The Board accepted the Committee's recommendation and, accordingly, Mr. Al-Majed was retained as Chair of the Board for the short to medium term, with the position to be reviewed annually. Given his tenure, the Board will assess the continued independence status of Mr. Williams ahead of the Bank's 2026 Annual General Meeting (BLME, which holds AGMs; BLME Holdings does not).

Chairman's Other Significant Commitments

Adel Abdul Wahab Al-Majed has served as Group Chairman since 31 March 2014 and concurrently holds the position of Chief Executive Officer (“CEO”) and Vice Chairman at Boubyan Bank K.S.C.P., a role he has held since 27 March 2013.

The Board recognises that these external commitments could potentially give rise to conflicts of interest. To safeguard the integrity of decision-making, the Group has established robust governance procedures to ensure that no disadvantage arises. In accordance with these procedures, a Director is prohibited from voting on any resolution concerning a matter in which they have a direct or indirect interest.

Furthermore, all Directors are required to complete annual declarations of conflicts of interest and promptly notify the Board of any changes in circumstances throughout the year. These measures ensure transparency and uphold the highest standards of corporate governance.

BLME Holdings Limited

Corporate Governance Report (continued)

Board balance

The Board includes a balance of Executive and Non-executive Directors such that no individual, or small group of individuals, can dominate the Board's decision taking. The size of the Board and balance of skills is considered appropriate for the requirements of the business. No one other than the Committee Chairs and Committee members is entitled to be present at a meeting of the Audit, Nomination and Remuneration or Risk Committees, but others may attend at the invitation of each Chair.

During the year ended 31 December 2025, two of the Directors were Executive Directors and three were Non-executive Directors who were considered by the Company to be independent.

The Board believes that the Non-executive Directors who are classified as independent have retained their independent character and judgement. The Board periodically reviews the independence of its Non-executive Directors to assess whether their judgement could be impaired in any way which could affect the interests of the Company. The Board uses objective criteria to make this assessment, including:

- the length of term which the Non-executive Director has already served
- whether the Non-executive Director has any material business relationships which may conflict with the interests of the Group
- relationships with other Directors
- whether the Non-executive Director is a Shareholder
- the nature of the non-executive remuneration, including any participation in employee incentive arrangements

Information and professional development

The Board is supplied in a timely manner with information in a form, and of a quality appropriate to enable it to discharge its duties. The Company Secretary is responsible for ensuring the Directors receive accurate, timely and clear information, which is provided by operational management and enhanced or clarified where necessary. Professional development and training for the Board is monitored by the Board Nominations and Remuneration Committee as part of the annual performance evaluation review. In addition, the Continued Professional Development of the individual Directors are assessed as part of the annual fit and proper assessment and compliance with the Senior Managers and Certification Regime.

Board effectiveness review

An external effectiveness review of the Board was conducted during 2022 by a specialist consultancy firm with no connections with the Group. This independent review consisted of a review of board papers; confidential interviews with all Directors; confidential interviews with selected executives who have significant interaction with the Board and its Committees; and observation of a committee meeting and a Board meeting. The final report was issued during the first half of 2024 with no major findings or concerns raised. The report was discussed with the Board during 2024, and an action plan was instigated to track related actions from the recommendations. All action points have since been closed. The next review is planned to take place in 2026.

Financial reporting

The Board is responsible for presenting a balanced and understandable assessment of the Group's position and prospects, extending to annual reports and returns to regulators, including statutory requirements.

BLME Holdings Limited

Corporate Governance Report (continued)

Internal control

The Directors are responsible for reviewing the effectiveness of the Group's internal controls on an annual basis. There is an on-going process to identify, evaluate and manage risk, which has been in place throughout the year and is regularly reviewed by the Board with guidance from the Board Risk Committee and Board Audit Committee.

The internal control framework encompasses financial reporting, operational processes, compliance obligations and risk management. While no system of internal control can provide absolute assurance against material misstatement or loss, the Board seeks to maintain a robust framework that delivers reasonable assurance over the integrity of financial information, the safeguarding of assets and compliance with applicable laws and regulations.

The Group oversees a "three lines of defence" model:

- First line of defence: Management is responsible for designing, implementing, and operating controls within business processes.
- Second line: Risk and Compliance functions provide independent oversight and monitoring, including through the Compliance Monitoring Plan and risk reviews.
- Third line: Internal Audit provides independent assurance on the adequacy and effectiveness of systems and controls through periodic reviews.

Findings from these reviews, together with remediation plans, are tracked by management and monitored by internal governance committees and the Audit Committee to ensure timely resolution and continuous improvement. Based on its review, the Board is satisfied that the Group's internal control and risk management systems were effective throughout the year and as at 31 December 2025.

Relations with Shareholders

The Directors place great importance on maintaining good communications with all investors. The Group reports formally to Shareholders once a year with the publication of its annual report.

BLME Holdings Limited

Sharia'a Supervisory Board Report

In the name of Allah, the Most Gracious, the Most Merciful

To the Shareholders of BLME Holdings Limited

Assalamu Alaikum wa Rahmat Allah wa Barakatuh.

The management of the Group is responsible for ensuring that the Group conducts its business through its offices in England and Dubai, UAE (BLME Capital Company was excluded from Sharia'a oversight) in accordance with the principles of the Sharia'a. It is the responsibility of the Sharia'a Supervisory Board to form an independent opinion, based on the review of the operations, agreements and transactions conducted by the Group. It is the responsibility of management to implement the decisions of the Sharia'a Supervisory Board.

We, the Sharia'a Supervisory Board of BLME have reviewed and monitored the operations, agreements and transactions conducted by the Group through its offices in England and in the Dubai International Financial Centre during the period 1 January 2025 to 31 December 2025 and have reviewed the BLME Holdings Limited Annual Report and Accounts for the year ended 31 December 2025. We conducted our reviews to form an opinion as to whether the Group has complied with the principles of the Sharia'a and with specific fatwa rulings and guidelines issued by the Sharia'a Supervisory Board.

It is the Sharia'a Supervisory Board's opinion that:

1. The operations, agreements and transactions entered into and conducted by the Group through its offices in England and in the Dubai International Financial Centre during the year 1 January 2025 to 31 December 2025 and which were reviewed by the Sharia'a Supervisory Board are in compliance with the principles of the Sharia'a.
2. The distribution of profits and the sharing of losses in terms of the investment accounts at the Group are in compliance with the principles of the Sharia'a.
3. All profits generated by the Group during the year 1 January 2025 to 31 December 2025 has been derived from Sharia'a-compliant sources.
4. The Sharia'a Supervisory Board has reviewed all income received from non-Sharia'a-compliant sources during the year 1 January 2025 to 31 December 2025 and will oversee Group's dealings in the disposal of this income in a Sharia'a-compliant manner.

The Company will provide shareholders with a calculation of the zakat payable on their shareholdings, but it is the sole responsibility of shareholders to pay the zakat.

We ask Allah to lead the management and staff of the Group towards integrity, correctness and further success.

Wassalam Alaikum wa Rahmat Allah wa Barakatuh

Signed on behalf of the Sharia'a Supervisory Board of BLME Holdings Limited by:

Sheikh Dr. Abdulaziz Al-Qassar
Chairman

Date: 08 April 2026

BLME Holdings Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards and internal financial reporting standards, have been followed by the Group and the Company, subject to material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and / or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BLME Holdings Limited

Independent Auditor's Report to the Members of BLME Holdings Limited

To the members of BLME Holdings Limited

Opinion

In our opinion:

- the financial statements of BLME Holdings Limited (the “Parent Company” or the “Company”) and its subsidiaries (the “Group”) give a true and fair view of the state of the Group's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and parent company statement of financial position, the Consolidated and parent company statement of cash flows, the Consolidated and parent company statement of changes in equity, the material accounting policy information and the related notes 1 to 39.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the “FRC's”) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

BLME Holdings Limited

Independent Auditor's Report to the Members of BLME Holdings Limited (continued)

To the members of BLME Holdings Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

BLME Holdings Limited

Independent Auditor's Report to the Members of BLME Holdings Limited (continued)

To the members of BLME Holdings Limited

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included Prudential Regulation Authority ("PRA") Rulebook and Financial Conduct Authority ("FCA") Handbook.

We discussed among the audit engagement team including relevant internal specialists such as tax, real estate, economic, regulatory, credit modelling, valuation, IT, and analytics and modelling specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas within expected credit loss ("ECL") provision, and our specific procedures performed to address them are described below:

- There is significant management judgement surrounding the collateral valuations used in stage 3 facility. As a response to identified fraud risk, we engaged our real estate specialist to independently value a sample of stage 3 facilities and compared it with the Group's collateral valuation.
- The identification of significant increase in credit risk involves significant management judgement. For a sample of facilities classified in stage 1, we assessed whether the facility is recorded in the correct stage, considering the qualitative or quantitative SICR criteria.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC, PRA and FCA.

BLME Holdings Limited

Independent Auditor's Report to the Members of BLME Holdings Limited (continued)

To the members of BLME Holdings Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Opinions on other matters prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information for the financial period ended 31 December 2025 included on page 116 has been properly prepared, in all material aspects in accordance with the Capital Requirements (Country-by-Country) Regulations 2013.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Atif Yusuf (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor
London
United Kingdom

8 April 2026

BLME Holdings Limited

Consolidated Income Statement for the Year Ended 31 December 2025

	Note	2025 £ 000	2024 £ 000
Income from financing and investing activities	6	93,631	99,755
Returns to financial institutions and customers	7	<u>(55,348)</u>	<u>(59,603)</u>
Net margin		<u>38,283</u>	<u>40,152</u>
Fee and commission income	6	13,182	5,994
Fee and commission expense	8	<u>(5,272)</u>	<u>(3,264)</u>
Net fee and commission income / (expense)		7,910	2,730
Credit impairment losses	13	(3,947)	(6,464)
Operating lease income	6	6,177	8,676
Other operating income	9	18,303	16,575
Share of profit of equity-accounted investees, net of tax	30	658	2,921
Fair value gain on investment property	30	<u>2,100</u>	<u>-</u>
Net operating income		<u>69,484</u>	<u>64,590</u>
Expenses			
Personnel expenses	10	(32,745)	(31,541)
Operating lease depreciation	29	(6,261)	(7,076)
Other depreciation and amortisation	21, 24	(1,802)	(1,139)
Other operating expenses	12	<u>(22,992)</u>	<u>(18,289)</u>
Total operating expenses		<u>(63,800)</u>	<u>(58,045)</u>
Profit before tax		5,684	6,545
Tax (charge) / credit	14	<u>(6,881)</u>	<u>1,010</u>
(Loss)/profit for the year		<u>(1,197)</u>	<u>7,555</u>
Attributable to:			
Equity holders of the parent		(1,598)	7,287
Non-controlling interests	35	<u>401</u>	<u>268</u>
		<u>(1,197)</u>	<u>7,555</u>

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2025

	Note	2025 £ 000	2024 £ 000
Income			
(Loss) / profit for the year		(1,197)	7,555
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss if specific conditions are met:			
Foreign currency translation differences for foreign operations		(161)	46
Net losses in fair value of FVOCI debt instruments - net of tax		(43)	(285)
		<u>(204)</u>	<u>(239)</u>
Items that will not be reclassified subsequently to profit or loss:			
Net gains in fair value of FVOCI equity instruments		-	1
		<u>-</u>	<u>1</u>
Other comprehensive income for the year net of tax		<u>-</u>	<u>1</u>
Total comprehensive (expense) / income for the year		<u><u>(1,401)</u></u>	<u><u>7,317</u></u>
Attributable to:			
Owners of the company		(1,802)	7,049
Non-controlling interests	35	401	268
		<u>(1,401)</u>	<u>7,317</u>

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

(Registration number: 08503102)

Consolidated Statement of Financial Position as at 31 December 2025

	Note	2025 £ 000	2024 £ 000
Assets			
Cash and cash equivalents		139,180	101,266
Due from financial institutions	16	20,323	7,831
Investment securities	17	29,228	44,584
Financing arrangements	19	1,218,128	1,151,123
Finance lease receivables	20	7,700	113,936
Operating lease assets	22	-	23,901
Investment property	23	40,100	38,000
Investment in joint ventures	30	28,994	32,157
Property and equipment	21	3,250	2,744
Intangible assets	24	2,860	2,619
Other assets	25	17,000	23,116
Current tax asset		7,060	4,401
Deferred tax asset	14	14,785	25,676
Total assets		<u>1,528,608</u>	<u>1,571,354</u>
Liabilities			
Due to financial institutions	26	72,145	56,251
Due to customers	27	1,196,730	1,262,309
Other liabilities	28	25,972	18,039
Total liabilities		<u>1,294,847</u>	<u>1,336,599</u>
Equity attributable to equity holders of parent			
Share capital	33	50,091	50,091
Share premium		1,140	1,140
Other reserves		15,226	15,226
Capital redemption reserve		50	50
Fair value reserve		(145)	(347)
Foreign currency translation reserve		(486)	(325)
Retained earnings		163,952	165,175
Total equity attributable to parent		229,828	231,010
Total equity attributable to non-controlling interest	35	3,933	3,745
Total equity		<u>233,761</u>	<u>234,755</u>
Total liabilities and equity		<u>1,528,608</u>	<u>1,571,354</u>

These financial statements were approved by the Board of Directors on 8 April 2026 and were signed on its behalf by:

Andrew Ball
Chief Executive Officer

Simon Gibbons
Chief Financial Officer

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

(Registration number: 08503102)

Company Only Statement of Financial Position as at 31 December 2025

	Note	2025 £ 000	2024 £ 000
Assets			
Cash and cash equivalents		374	374
Investment in subsidiaries	18	166,100	164,356
Total assets		166,474	164,730
Liabilities			
Other liabilities		1	1
Total liabilities		1	1
Equity			
Share capital	33	50,091	50,091
Share premium		1,140	1,140
Retained earnings		115,242	113,498
Total equity attributable to equity holders of the Parent Company		166,473	164,729
Total liabilities and equity		166,474	164,730

The company profit after tax for the year ended 31 December 2025 was £1.7m (2024: loss after tax £11.9m). As permitted by section 408 of the Companies Act 2006, a separate profit and loss account of the parent has not been presented.

These financial statements were approved by the Board of Directors on 8 April 2026 and were signed on its behalf by:

Andrew Ball
Chief Executive Officer

Simon Gibbons
Chief Financial Officer

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025

	Share	Share	Capital Other redemption	Capital reserve	Fair value reserve	Retained earnings	Foreign currency translation reserve	Total	Non- controlling interests	Total equity
	capital £ 000	premium £ 000	reserves £ 000	reserve £ 000	reserve £ 000	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2025	50,091	1,140	15,226	50	(347)	165,175	(325)	231,010	3,745	234,755
(Loss)/profit for the year	-	-	-	-	-	(1,598)	-	(1,598)	401	(1,197)
Other comprehensive (expense) / income										
Foreign currency translation	-	-	-	-	-	-	(161)	(161)	-	(161)
Net change in fair value of equity/debt instrument at FVOCI - net of tax	-	-	-	-	202	(245)	-	(43)	-	(43)
Total other comprehensive income / (expense)	-	-	-	-	202	(245)	(161)	(204)	-	(204)
Total comprehensive (expense) / income for the year	-	-	-	-	202	(1,843)	(161)	(1,802)	401	(1,401)
Contributions by and distributions to owners										
Dividends paid by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(213)	(213)
Sale of equity instrument at FVOCI	-	-	-	-	-	620	-	620	-	620
Total transactions with owners	-	-	-	-	-	620	-	620	(213)	407
At 31 December 2025	50,091	1,140	15,226	50	(145)	163,952	(486)	229,828	3,933	233,761

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2025 (continued)

	Share capital £ 000	Share premium £ 000	Capital Other redemption reserves £ 000	Capital reserve £ 000	Fair value reserve £ 000	Retained earnings £ 000	Foreign currency translation reserve £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 January 2024	50,091	1,140	15,226	50	(63)	157,888	(371)	223,961	3,723	227,684
Profit for the year	-	-	-	-	-	7,287	-	7,287	268	7,555
Other comprehensive income / (expense)										
Foreign currency translation	-	-	-	-	-	-	46	46	-	46
Net change in fair value of equity/debt instrument at FVOCI	-	-	-	-	(284)	-	-	(284)	-	(284)
Total other comprehensive income / (expense)	-	-	-	-	(284)	-	46	(238)	-	(238)
Total comprehensive income for the year	-	-	-	-	(284)	7,287	46	7,049	268	7,317
Contributions by and distributions to owners										
Dividends paid by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	(246)	(246)
Total transactions with owners	-	-	-	-	-	-	-	-	(246)	(246)
At 31 December 2024	50,091	1,140	15,226	50	(347)	165,175	(325)	231,010	3,745	234,755

FVOCI – Fair value through other comprehensive income

Fair value reserve includes the cumulative net change in fair value of FVOCI instruments until the investment is either derecognised or becomes impaired.

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

The **capital redemption reserve** arose on 26 June 2014 following the redemption of 50,000 preference shares of £1 each and the repurchase of one A ordinary share of £1.

The redeemable preference shares and the A ordinary shares being the original issued share capital of the Company on incorporation on 24 April 2013.

The **other reserve** arose when the BLME Scheme of Arrangement, whereby the Company became the parent company of the Bank, took effect on 2 October 2013.

Non-controlling interest relates to the minority shareholders in AQ1 Limited and its related underlying structured entities.

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Company Only Statement of Changes in Equity for the Year Ended 31 December 2025

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2025	50,091	1,140	113,498	164,729
Profit for the year	-	-	1,744	1,744
Other comprehensive income / (expense)	-	-	-	-
Total comprehensive income for the period	-	-	1,744	1,744
Balance at 31 December 2025	50,091	1,140	115,242	166,473
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2024	50,091	1,140	125,373	176,604
Loss for the year	-	-	(11,875)	(11,875)
Other comprehensive income / (expense)	-	-	-	-
Total comprehensive expense for the period	-	-	(11,875)	(11,875)
Balance at 31 December 2024	50,091	1,140	113,498	164,729

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2025

	Note	2025 £ 000	2024 £ 000
Cash flows from operating activities			
Profit before tax		<u>5,684</u>	<u>6,545</u>
Adjusted for:			
Exchange differences		(17)	(8)
Fair value gain on investment property	23	(2,100)	-
Share of profit of equity-accounted investees, net of tax	30	(658)	(2,921)
Credit impairment losses	13	3,947	6,464
Depreciation and amortisation	21, 23	7,278	7,562
IFRS 16 - depreciation and additions	29	787	745
Accretion of finance charge on lease liabilities		106	
Amortisation of investment securities		(195)	364
Net change in fair value of investment in equity and debt instruments at FVOCI		280	-
Write down of property and equipment		97	-
		<u>15,209</u>	<u>18,751</u>
Net (increase)/decrease in operating assets:			
Due from financial institutions	16	(11,874)	15,949
Financing arrangements	19	(69,810)	(143,228)
Finance lease receivables	20	67,681	123,728
Proceeds from disposal of financing leases	20	38,705	-
Other assets	25	6,065	(10,588)
		<u>30,767</u>	<u>(14,139)</u>
Net increase/(decrease) in operating liabilities:			
Due to financial institutions	26	15,908	27,046
Due to customers	27	(63,977)	13,450
Other liabilities	28	6,747	(2,273)
		<u>(41,322)</u>	<u>38,223</u>
Corporation tax paid / (refund received)		<u>2,049</u>	<u>(597)</u>
Net cash outflow from operating activities		<u>6,703</u>	<u>42,238</u>

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2025 (continued)

	Note	2025 £ 000	2024 £ 000
Cash flows from investing activities			
Purchase of property and equipment	21	(922)	(377)
Proceeds from disposal of property and equipment		-	5
Purchase of intangible assets		(650)	(1,040)
Purchase of investment securities	17	(7,598)	(34,858)
Sale of investment securities	17	19,615	8,006
Sale of interest in assets held for sale	31	-	1,800
Sale of interest in joint venture		1,650	-
Dividends received from joint ventures	30	2,171	2,284
Proceeds from disposal of operating lease assets		17,638	1,890
Sale of equity instrument at FVOCI		620	-
Net cash flows from investing activities		32,524	(22,290)
Cash flows from financing activities			
Payment of principal portion of lease liabilities	15	(823)	(716)
Payment of finance charge portion of lease liabilities		(106)	-
Dividend paid by a subsidiary to a Non-controlling interest	35	(214)	(245)
Net cash outflow from financing activities		(1,143)	(961)
Net change in cash and cash equivalents		38,084	18,987
Cash and cash equivalents at the beginning of the period		101,266	82,438
Exchange differences in respect of cash and cash equivalents		(170)	(159)
Cash and cash equivalents at the end of the period		139,180	101,266

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Company Only Statement of Cash Flows for the Year Ended 31 December 2025

	Note	2025 £ 000	2024 £ 000
Cash flows from operating activities			
Profit/(loss) for the year	18	1,744	(11,875)
Adjusted for:			
Impairment (reversal)/loss		<u>(1,744)</u>	<u>11,875</u>
Net cash inflow from operating activities		<u>-</u>	<u>-</u>
Net change in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		<u>374</u>	<u>374</u>
Cash and cash equivalents at the end of the period		<u>374</u>	<u>374</u>

The notes on pages 37 to 116 form an integral part of these financial statements.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025

1 Reporting Entity

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the Company's registered office is 20 Churchill Place, Canary Wharf, London, England, E14 5HJ. The Company's principal activity is to act as a holding company for BLME and its subsidiaries and WAF. BLME is a wholesale bank involved in real estate finance, commercial finance, private client banking, digital banking and wealth management. The consolidated financial statements of the Group are presented as at and for the year ended 31 December 2025 and comprise BLME Holdings Limited and its subsidiaries (together referenced as "the Group").

2 Basis of preparation and consolidation

2.1 Basis of preparation

The Group and the Company have prepared their financial statements in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006. The financial statements have been prepared on a historical cost basis, except for certain financial instruments and investment property that are measured at fair value at each reporting date. These include investment securities measured at fair value through other comprehensive income and foreign exchange forward contracts. Investment property is also measured at fair value at the year-end date.

In preparing these financial statements, the Directors have considered the potential impact of physical and transition risks associated with climate change. Based on the assessment performed, it was concluded that these risks do not have a material impact on the recognition or measurement of assets and liabilities as at 31 December 2025. This conclusion may change over time as societal responses and market conditions evolve.

The accounting policies set out in the following sections have been applied consistently to all periods presented unless otherwise stated. All amounts are rounded to the nearest thousand unless indicated otherwise.

The financial statements are presented in Sterling, which is also the Company's functional currency. The method of translation applied is described in the relevant accounting policy note.

2.2 Going concern

The Directors have assessed the Group's ability to continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. This assessment considered the Group's latest forecasts, liquidity position, capital adequacy, the orderly wind-down of the leasing business and broader macroeconomic and climate-related risks. As part of this process, the Directors have also evaluated the potential impact of the ongoing Middle East conflict. The Group's liquidity sources are diversified across both gathering channels and geographies and further steps are being taken to bolster liquidity buffers in the coming weeks. Liquidity and capital resources remain strong, with regulatory ratios comfortably above minimum requirements. Scenario analysis, including severe but plausible stress cases, confirmed that the Group can meet its obligations as they fall due. No material uncertainties were identified. Accordingly, the financial statements have been prepared on a going concern basis.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

2 Basis of preparation and consolidation (continued)

2.3 Basis of consolidation

a) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to variable returns and can influence those returns through its power over the entity. Subsidiaries are consolidated from the date control is obtained until the date it ceases. Intercompany transactions and balances are eliminated on consolidation.

b) Joint ventures

Joint ventures are joint arrangements where the parties with joint control have rights to the net assets of the arrangement. Joint control exists when decisions about relevant activities require unanimous consent of the parties involved.

The Group accounts for investments in joint ventures using the equity method. Under this method, investments are initially recognised at cost and subsequently adjusted for the Group's share of post-acquisition changes in the joint ventures' net assets. The Group's share of profit or loss is recognised in the consolidated income statement, and its share of other comprehensive income (OCI) is presented within the Group's OCI.

Unrealised gains and losses on transactions with joint ventures are eliminated to the extent of the Group's interest. Upon disposal, changes in the joint ventures' equity are reflected in the Group's statement of changes in equity.

c) Structured Entities

Structured entities are designed so that voting rights are not the dominant factor in determining control. Control is assessed based on contractual arrangements directing key activities. These entities typically have restricted activities and a narrowly defined purpose.

d) Loss of Control

When control over a subsidiary is lost, the Group derecognises its assets, liabilities, non-controlling interests and related equity components, recognising any resulting gain or loss in profit or loss.

e) Foreign Operations

Assets and liabilities of foreign operations are translated at the closing exchange rate, while income and expenses are translated at average rates for the period. Translation differences are recognised in equity until disposal of the investment.

2.4 New standards, interpretations and amendments adopted by the Group

a) Standards effective from 1 January 2025

The following new standards, amendments or interpretations are required to be applied for an annual period beginning on 1 January 2025 however none are deemed material to the Group:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of exchangeability *

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

2 Basis of preparation and consolidation (continued)

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

b) Standards issued but not yet effective

The following new and amended standards and interpretations have been issued but are not yet effective. The Group intends to adopt these when they become effective:

- IFRS 18 'Presentation and Disclosure in Financial Statements' effective 1 January 2027
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' effective 1 January 2027
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' – Classification and Measurement of Financial Instruments effective 1 January 2026
- Annual Improvements to IFRS Accounting Standards – Volume 11 effective 1 January 2026

IFRS 18 replaces IAS 1 and introduces new requirements for presentation within the statement of profit or loss, including specified subtotals and classification of income and expenses into five categories: operating, investing, financing, income taxes and discontinued operations. It also requires disclosure of management-defined performance measures and enhanced aggregation and disaggregation principles. IFRS 18 will apply retrospectively, and early adoption is permitted.

The Group will assess the impact of IFRS 18 and related amendments during 2026. Apart from IFRS 18, the other new and amended standards are either not relevant or not expected to have a material impact on the Group's consolidated financial statements.

3 Material accounting policies

3.1 Foreign currency

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Foreign currency differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities, which are measured at historical cost, are translated into the functional currency at the effective historical rate used on the date of initial recognition. Foreign exchange for non-monetary items measured at fair value is determined at the spot rate at the time the fair value is determined. The associated foreign exchange differences for non-monetary assets and liabilities go to other comprehensive income or the income statement, depending on where the underlying fair value movement of asset or liability was recognised initially.

3.2 Revenue recognition

a. Murabaha, Wakala, Sukuk and Ijara income and expense (please refer to the Glossary of Islamic Finance Terminology on page 113)

Profit rate income or expense is recognised in the income statement over the term of the contract using the effective profit share method. This method calculates the rate that exactly discounts estimated future cash flows through the agreed payment term to the carrying amount of the financial asset or liability. Future cash flows are estimated based on contractual terms, excluding expected credit losses.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

b. Fees and commission

Fees and commission not linked to an effective profit rate basis, such as transaction negotiation and non-discretionary asset management fees, are recognised when the related service is provided and control transfers to the customer. This is typically at the point the activity is completed.

3.3 Intangible assets

Intangible assets acquired separately from a business combination consist of computer licences and software development. Intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditure on software development is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life, from the date available for use. The estimated useful life of computer licences reflects the contractual period.

- Core banking software - 7 years
- Other software development - 3 years
- Computer licences - 1-3 years

3.4. Property and equipment

a. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

b. Depreciation

Property and equipment are depreciated down to their estimated residual value. Depreciation is recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Assets leased out under operating leases are depreciated over the shorter of the lease term and their useful lives.

- Computer equipment - 3 years
- Office equipment - 3 years
- Fixtures and fittings - 4 years
- Motor vehicles - 1-3 years
- Leasehold improvements - 4 years

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

3.5 Investment property

Investment property comprises properties held to earn rental income or for capital appreciation, rather than for use in the Group's operations.

The Group applies the fair value model under IAS 40. Investment properties are initially measured at cost, including transaction costs, and subsequently carried at fair value. Fair values are determined annually by independent, professionally qualified valuers using active market prices, adjusted for differences in property characteristics. Where active market data is unavailable, alternative valuation techniques such as discounted cash flow projections or recent prices on less active markets are used.

Fair value reflects current market conditions, including rental income from existing leases and assumptions about future rentals. Changes in fair value are recognised in the income statement under "Net fair value gains/(losses) on investment properties." Subsequent expenditure is capitalised only when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably; all other costs are expensed as incurred.

3.6 Financial Instruments

a) Financial assets

Financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). Classification is determined at initial recognition based on the Group's business model for managing the assets and the contractual cash flow characteristics of the instrument.

Financial assets include cash and cash equivalents, trade and other receivables (excluding prepayments and accrued income), amounts due from financial institutions and customers, and investment securities measured at FVOCI or FVTPL.

To qualify for amortised cost or FVOCI, contractual terms must give rise to cash flows that are solely payments of principal and yield on the remaining principal. This assessment is performed at the instrument level.

The business model assessment reflects whether financial assets are managed to collect contractual cash flows, to sell financial instruments, or a combination of both.

The Company's only financial instrument is cash held with a investment grade-rated bank. All financial risk management policies, governance processes and controls are established and operated at Group level, and the Company is subject to the same policies. Further details of the Group's financial risk management framework are set out in Note 38 to the consolidated financial statements

Financial instruments at amortised cost

Financial assets held to collect contractual cash flows, and that contain contractual terms giving rise on specified dates to cash flows that are solely payments of principal and yield, are measured at amortised cost. These include Financing Arrangements, Due from financial institutions, Due from customers, and Investment securities. They are initially measured at fair value plus any directly attributable transaction costs. After initial recognition, they are carried at amortised cost, net of impairment losses.

Undrawn finance commitments and letters of credit represent commitments under which, during the commitment period, the Group is required to provide financing on pre-specified terms to the customer. Any premium received is amortised over the life of the facility.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Financial assets at fair value through other comprehensive income

Financial assets held within a business model aimed at both collecting contractual cash flows and selling, and that have contractual terms resulting in cash flows solely of principal and interest on specified dates, are measured at fair value through other comprehensive income (FVOCI). The Group holds an unlisted equity portfolio accounted for at FVOCI, as these instruments meet the definition of equity under IAS 32 and are not held for trading. Such financial assets may be debt or equity non-derivative instruments. Equity instruments classified under FVOCI are measured at fair value when management makes an irrevocable election. Changes in fair value are recognised in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends on these investments are recognised in profit or loss unless they represent a recovery of investment cost. For debt instruments, fair value changes are recorded in equity, and upon disposal, cumulative gains or losses previously recognised in OCI are reclassified to the income statement.

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include those held for trading, those designated at initial recognition as fair value through profit or loss, and those that must be measured at fair value. Assets are classified as held for trading if they are acquired with the intention of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model. These assets are presented in the statement of financial position at fair value, with all changes in fair value recognised in profit or loss.

b) Business model assessment

The Group determines its business model at a portfolio level based on how financial assets are managed, evaluated, and reported to key management, considering factors such as risk management, performance measurement, and expected sales activity.

c) The Solely Payments of Principal and Yield (SPPV) test

Financial assets must have contractual cash flows that are solely payments of principal and yield on the outstanding amount to qualify for measurement at amortised cost or FVOCI.

‘Principal’ is defined as the fair value of the financial asset at initial recognition and may change over time as a result of repayments or amortisation of any premium or discount. ‘Yield’ typically represents consideration for the time value of money and credit risk within a Sharia-compliant structure.

Contractual terms that introduce exposure to risks or volatility unrelated to a basic financing arrangement, such as returns linked to equity prices or commodities, do not meet the Solely Payments of Principal and Yield (SPPV) criteria. Such instruments are measured at fair value through profit or loss (FVPL).

3.7 Derivative financial instruments

Derivatives such as foreign exchange forwards and profit rate swaps are initially recognised and subsequently measured at fair value. Positive fair values are recognised as assets, and negative fair values as liabilities.

Changes in fair value are recognised in profit or loss, unless hedge accounting is applied. Derivative balances with different counterparties are not offset; offsetting is only applied where a legally enforceable right of set-off exists and there is an intention to settle on a net basis.

3.8 Fair value measurement

Fair value is measured as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

- Quoted prices in an active market, such as bid or ask prices, are used where available. Where quoted prices are not available, valuation techniques commonly used by market participants are applied, including recent arm's length transactions, discounted cash flow models, and models based on observable market inputs.
- Fair value measurements are classified into a hierarchy based on the observability of inputs:
 - Level 1: quoted prices in active markets;
 - Level 2: observable inputs other than quoted prices;
 - Level 3: significant unobservable inputs.

For Level 3 instruments, valuation techniques incorporate assumptions such as discount rates, credit spreads, and liquidity adjustments, which are reviewed regularly to reflect current market conditions.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits with banks held in non-profit rate earning accounts, and deposits placed with the Bank of England Alternative Liquidity Facility.

3.10 Impairment of financial assets

The Group applies a forward-looking Expected Credit Loss (ECL) model in accordance with IFRS 9 to financial assets measured at amortised cost and off-balance sheet credit exposures (such as undrawn commitments, letters of credit, and guarantees).

a) Measurement

Financial assets are classified into three stages based on credit risk. Stage 1 includes performing assets, for which an allowance is calculated using a 12-month expected credit loss (ECL). Stage 2 applies when there has been a significant increase in credit risk; in this case, the allowance is based on lifetime ECL. Stage 3 covers credit-impaired assets, where lifetime ECL is recognised and the probability of default (PD) is set at 100%.

b) Write-offs

Financial assets are written off when recovery is not reasonably expected, considering collateral and enforcement prospects. Subsequent recoveries are credited to credit loss expense.

3.11 Impairment of non-financial assets

At each reporting date, or when events indicate, property, equipment, right-of-use assets, intangible assets, and assets leased under operating leases are assessed for impairment. An impairment loss is recognised when the carrying amount exceeds the recoverable amount, which is the higher of:

- Value in use - discounted future cash flows from continued use and disposal, using a pre-tax market-based discount rate; or
- Fair value less costs to sell.

Impairment losses and reversals are recognised in the income statement.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

3.12 Forbearance

Forbearance refers to concessions granted to customers in financial difficulty that modify contractual terms outside standard credit appetite.

If modification results in substantially different terms, the original asset is derecognised and a new asset recognised at fair value.

3.13 Financial liabilities

Financial liabilities arising from funds received from financial institutions and customers are initially recognised at fair value minus directly attributable transaction costs and are subsequently measured at amortised cost using the effective profit rate. Financial liabilities are derecognised when the obligation is discharged, cancelled, or expires.

3.14 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset when a legally enforceable right exists and settlement is intended on a net basis or simultaneously.

3.15 Derecognition of financial assets and liabilities

Financial assets are derecognised when contractual rights to cash flows expire or when substantially all risks and rewards of ownership are transferred. If risks and rewards are neither fully transferred nor retained but control is lost, derecognition also occurs.

Financial liabilities are derecognised when the obligation is discharged, cancelled, or expires.

3.16 Collateral

The Group enters into master agreements, such as ISDA or Sharia-compliant equivalents, and obtains collateral where appropriate.

Collateral typically consists of a charge over customer assets, providing recourse for existing and future advances. Collateral does not result in offsetting unless set off conditions are met.

Netting is the presentation of financial assets and liabilities on a net basis only when there is a legally enforceable right to set off and an intention to settle net or simultaneously.

3.17 Leases

a) Group as a lessor

Operating Leases

Assets leased under agreements that do not transfer substantially all risks and rewards of ownership are classified as operating leases. These assets are depreciated on a straight-line basis over their useful lives, based on cost less estimated residual value. Lease income is recognised on a straight-line basis unless another method better reflects the pattern of benefits.

Residual values are set at lease inception and reviewed periodically based on market conditions and historical trends. Changes are reflected prospectively in depreciation charges.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Finance Leases

Assets leased under agreements transferring substantially all risks and rewards of ownership, other than legal title, are classified as finance leases. Minimum lease payments are apportioned between finance income (to achieve a constant rate of return) and reduction of the receivable. Hire purchase arrangements are treated as finance leases.

b) Group as a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

- Buildings 1-10 years
- Motor vehicles 1-3 years

Right-of-use assets are subject to impairment. Refer to the impairment of non-financial assets section of this note.

The Group's Right-of-use assets are included in Property and Equipment (see Note 21).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses the incremental financing rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are included in Other Liabilities (see Note 28).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases, defined as leases with a lease term of 12 months or less from the commencement date and that do not include a purchase option. The Group also applies the recognition exemption for leases of low value assets, which are assets with a value, when new, below the pound sterling equivalent of USD \$5,000.

Lease payments associated with short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. No right-of-use asset or lease liability is recognised for these leases.

3.18 Employee benefits

The Group operates a defined contribution pension scheme for all staff. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, and where the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to Scottish Widows. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term employee benefits such as salaries, paid absences and other benefits are accounted for on an accruals basis over the period for which employees have provided services. Bonuses are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably.

3.19 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of cost of funds and, where appropriate, the risks specific to the liability.

3.20 Taxation

Income tax expense comprises current and deferred tax and is recognised in profit or loss, except for items recorded directly in equity or other comprehensive income.

- a) Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and includes adjustments for prior years.
- b) Deferred tax is recognised using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is measured at tax rates expected to apply when the temporary differences reverse, based on laws enacted or substantively enacted at the reporting date.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

3 Material accounting policies (continued)

Deferred tax assets are recognised only when it is probable that future taxable profits will be available. They are reviewed at each reporting date and reduced if recovery is no longer probable.

The Group considers the OECD BEPS Pillar Two global minimum top-up tax to be within the scope of IAS 12. In 2023, the Group applied the mandatory temporary relief from deferred tax accounting for Pillar Two impacts and will recognise the tax as current when incurred.

The UK has enacted legislation implementing Pillar Two, including a Qualified Domestic Minimum Top-Up Tax. The Group also operates in the UAE, KSA, and Jersey and expects to apply transitional safe harbours for the first fiscal year. No current or deferred tax liabilities related to Pillar Two have been recognised in these financial statements as the impact is considered immaterial.

4 Critical judgements and key sources of estimates uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. These judgements and estimates are based on historical experience and other factors, including expectations of future events, and are subject to uncertainty. Actual results may differ from these estimates.

4.1 Key sources of estimation uncertainty

a) Expected credit losses on financial assets

The measurement of expected credit losses (ECL) under IFRS 9 involves complex models and assumptions about future cash flows, collateral values and macroeconomic conditions. These models incorporate interdependent variables such as probability of default, exposure at default and loss given default, which are sensitive to changes in economic scenarios. At the reporting date, a major source of uncertainty is the level of financing arrangements classified as Stage 3, most of which are secured by UK real estate. Further details, including sensitivity analysis, are provided in Note 13.

A sensitivity assessment was performed around the Stage 2 SICR threshold. The review considered accounts transferred to Stage 2 in 2025 that may not have met SICR criteria, with the impact measured as the difference between lifetime and 12-month ECL, and Stage 1 accounts one notch below the SICR trigger (“likely-to-roll” population), for which lifetime ECL was assessed to estimate potential understatement of impairment. The net impact of £0.1m reflects the combined over- and under-statement of ECL across both scenarios.

b) Impairment of investment in subsidiaries

Impairment testing of subsidiaries under IAS 36 requires estimating recoverable amounts using discounted cash flow models based on business plans and estimating fair value less cost to sell. These estimates are highly sensitive to cash flow assumptions and discount rates. Sensitivity analysis is included in Note 18.

4.2 Significant judgements

a) Effective profit rate adjustments

Judgement is applied in determining the effective profit rate for financial instruments under IFRS 9, which requires estimating uncertain future cash flows over the expected life of the instrument.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

4 Critical judgements and key sources of estimates uncertainty (continued)

b) Consolidation and joint venture assessments

Consolidation assessments under IFRS 10 involve determining whether the Group has power and control over an investee. Joint venture assessments require judgement in establishing whether joint control exists and whether unanimous consent is required for relevant activities.

c) Lease term determination

Determining the lease term for contracts with renewal and termination options involves judgement. The Group considers economic incentives and business strategy when assessing whether renewal options are reasonably certain to be exercised. For leases of plant and machinery, renewal periods have been included due to the operational significance of these assets.

d) Deferred taxes (critical judgement and key estimate)

Deferred tax assets are recognised for unused tax losses only when it is probable that future taxable profits will be available against which the losses can be utilised. This assessment requires significant judgement regarding the timing and level of future taxable profits and the implementation of tax planning strategies. Management considers approved budgets, forecasts and other relevant factors when determining the recoverability of deferred tax assets.

As part of this assessment, the Group performed a sensitivity analysis over a 6-year and 7-year forecast period. A downside sensitivity applying a 10% reduction in profit before tax was modelled and deferred tax assets was over 100% recoverable in both scenarios, with no amount deemed at risk.

e) Determination of incremental borrowing rate

The Group uses the market swap rate for the relevant lease term at commencement and adjusts it for an entity-specific credit spread to reflect the cost of borrowing on a secured basis over a similar duration.

f) Control assessment of investment in Ijara fund

The Group has exercised significant judgement in assessing whether it controls the ICP Islamic Leasing and Finance Fund 1 SCSP (the "Ijara Fund") in accordance with the requirements of IFRS 10 Consolidated Financial Statements. The assessment considered the three elements of control under IFRS 10: power over the investee, exposure, or rights, to variable returns, and the ability to use power to affect those returns.

Although the Group is the largest investor in the Ijara Fund and holds substantive kick-out rights, it does not have the practical ability to direct the relevant activities of the Fund. The Group, as a Limited Partner, does not hold any rights—contractual or otherwise—that would allow it to participate in, or direct, the Fund's relevant activities. The Group's returns comprise a fixed annual yield that does not vary with the performance of the Fund, resulting in a limited exposure to variable returns when compared to other parties involved in the Fund.

Although the Group is exposed to downside risk, its return structure does not provide evidence of control.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

5 Segmental information

The Group has four operating segments. These are business divisions that offer different products and services and are managed separately based on the Group's management and internal reporting structure.

Information regarding the results of the Group's four reportable segments is included in the following two pages. Performance is measured based on net segment contribution as included in the internally generated management information of the Group utilised by the Executive Committee. Segment contribution is stated after charging (or crediting) funding costs between the segments in respect of the segment assets or liabilities which either require or generate funding. There are no other significant transactions between segments.

The following table analyses the results of each of the Group's reportable segments, which are described in the Strategic Report, during the year:

For the year ended 31 December 2025

	Wealth Management £ 000	Commercial Finance £ 000	Treasury Division £ 000	Nomo £ 000	Unallocated items £ 000	Total £ 000
Income from financing and investing activities	33,780	1,545	56,931	1,375	-	93,631
Returns to financial institutions and customers	(1,716)	(136)	(55,733)	2,236	-	(55,349)
Operating lease income	-	6,177	-	-	-	6,177
Net fee and commission income/ (expense)	8,114	(118)	(53)	(94)	61	7,910
Net fair value gain on investment properties	2,100	-	-	-	-	2,100
Net impairment (charge)/ credit	(4,087)	171	(24)	(7)	-	(3,947)
Share of profit of equity-accounted investees, net of tax	658	-	-	-	-	658
Other operating income	2,109	(974)	2,058	14,928	183	18,304
Net operating income	<u>40,958</u>	<u>6,665</u>	<u>3,179</u>	<u>18,438</u>	<u>244</u>	<u>69,484</u>
Directly attributable segment expenses	(11,713)	(1,733)	(1,146)	(18,438)	-	(33,030)
Operating lease depreciation	-	(6,261)	-	-	-	(6,261)
Net segment contribution	<u>29,245</u>	<u>(1,329)</u>	<u>2,033</u>	<u>-</u>	<u>244</u>	30,193
Common costs not directly attributable to segments						(24,519)
Net operating profit before tax						<u>5,683</u>
Reportable segment assets	<u>1,130,917</u>	<u>6,210</u>	<u>181,878</u>	<u>172,463</u>	<u>41,141</u>	<u>1,528,608</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

5 Segmental information (continued)

For the year ended 2024

	Wealth Management £ 000	Commercial Finance £ 000	Treasury Division £ 000	Nomo £ 000	Unallocated items £ 000	Total £ 000
Income from financing and investing activities	31,319	6,790	61,116	530	-	99,755
Returns to financial institutions and customers	(1,201)	-	(60,658)	2,256	-	(59,603)
Operating lease income	-	8,676	-	-	-	8,676
Net fee and commission income/ (expense)	3,116	(552)	16	150	-	2,730
Net fair value losses on investment properties	-	-	-	-	-	-
Net impairment (charge)/ credit	(6,808)	374	(25)	(5)	-	(6,464)
Share of profit of equity-accounted investees, net of tax	2,921	-	-	-	-	2,921
Other operating income	3,277	533	1	12,764	-	16,575
Net operating income	<u>32,624</u>	<u>15,821</u>	<u>450</u>	<u>15,695</u>	<u>-</u>	<u>64,590</u>
Directly attributable segment expenses	(9,405)	(2,946)	(1,268)	(15,695)	-	(29,314)
Operating lease depreciation	-	(7,076)	-	-	-	(7,076)
Net segment contribution	<u>23,219</u>	<u>5,799</u>	<u>(818)</u>	<u>-</u>	<u>-</u>	<u>28,200</u>
Common costs not directly attributable to segments						(21,655)
Net operating profit before tax						<u>6,545</u>
Reportable segment assets	<u>1,153,163</u>	<u>156,748</u>	<u>128,153</u>	<u>77,257</u>	<u>57,943</u>	<u>1,573,264</u>

The Treasury Division manages the Group's liquidity as a whole. The Group's liabilities are not analysed by operating segment within the internally generated management information.

Comparative segment information has been amended to separately present income from financing and investing activities and returns to financial institutions and customers, reflecting the format in which financial information is reviewed by the Group's Chief Operating Decision Maker (CODM).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

5 Segmental information (continued)

Entity wide disclosures

Geographical analysis of net operating income

	2025	2024
	£ 000	£ 000
United Kingdom	57,535	58,286
Channel Islands	804	2,921
Kingdom of Saudi Arabia	11,162	3,383
Cayman Islands	(17)	-
Total	69,484	64,590

Geographical analysis of non-current assets

	2025	2024
	£ 000	£ 000
United Kingdom	16,240	51,818
Channel Islands	69,094	70,157
Kingdom of Saudi Arabia	6,668	2,126
United Arab Emirates	194	346
Cayman Islands	7	-
Total	92,203	124,447

Non-current assets include operating lease assets, property and equipment, intangible assets, other assets, investment property and investment in joint ventures.

Deferred tax assets have been removed from the geographical analysis of non-current assets in accordance with IFRS 8. The comparative information for 2024 has been updated accordingly to ensure consistency with the revised presentation.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

6 Income

	2025	2024
	£ 000	£ 000
Income from financing and investing activities:		
Financing arrangements: Murabaha income*	83,273	86,538
Due from financial institutions: Murabaha income	388	426
Due from financial institutions: Wakala income	641	958
Due from financial institutions: Alternative Liquidity facility	1,681	2,206
Due from financial institutions: Other income	-	18
Finance lease receivables: Finance Lease Income	818	1,731
Finance lease receivables: Hire Purchase Income	2,807	6,731
Finance lease receivables: Istisna and Ijara income	2,611	359
Investment securities: Sukuk income	1,412	788
	93,631	99,755
	93,631	99,755

*Included within this balance is £3.6m (2024: £2.7m) income related to the Nomo digital banking business unit and £2.3m related to Ijara fund income.

	2025	2024
	£ 000	£ 000
Fee and commission income		
Management fees	3,521	762
Acquisition and structure transaction fees	3,016	1,826
Card fee income	1,794	1,869
Other	357	162
Fund arrangement fees	4,494	1,375
	13,182	5,994
	13,182	5,994

	2025	2024
	£ 000	£ 000
Operating Lease income		
Operating Lease income: Operating Lease Rentals	6,177	8,676
	6,177	8,676
	6,177	8,676

Operating lease income does not include any income relating to variable lease payments that do not depend on an index or a rate.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

7 Returns to financial institutions and customers

	2025	2024
	£ 000	£ 000
Customer deposits	50,437	55,180
Murabaha	1,602	1,512
Cost of funding*	44	(27)
Wakala	3,265	2,938
	55,348	59,603

* This amount represents the cost of managing non-GBP funding incurred by the Bank. This cost arises due to the profit rate differential between GBP and non-GBP currencies and also the markets factoring economic/political impact on the future exchange rates.

8 Fee and commission expense

	2025	2024
	£ 000	£ 000
Agent fees	3,153	376
Brokerage fees	1,117	1,049
Card fees	769	1,737
Management fees	204	80
Mortgage broker fees	29	22
	5,272	3,264

9 Other operating income

	2025	2024
	£ 000	£ 000
Net (loss)/gain on foreign exchange transactions	(37)	30
(Loss)/gains on leased asset sales	(791)	502
Gain on sale of fixed assets	-	2
Rental income from investment property	2,146	3,261
Recharges from a Related Party *	14,928	12,764
Income from related parties **	2,030	-
Other income	27	16
	18,303	16,575

* This amount relates to recharges to BB2 Digital and Technology Services Limited in relation to the Nomo digital banking business unit as described in Note 36.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

9 Other operating income (continued)

** This amount relates to recharges to BB2 Digital and Technology Services Limited as described in Note 36.

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2025	2024
	£ 000	£ 000
Wages and salaries	26,377	24,968
Social security costs	2,263	2,331
Pension costs, defined contribution scheme	2,345	2,224
Recruitment costs	211	501
Other employee expense	1,549	1,517
	32,745	31,541

Included within personnel expenses above is £10.9m (2024: £8.9m) of cost related to the Nomo digital banking business unit that has been recharged to BB2 Digital and Technology Services Limited, a fellow subsidiary of Boubyan Bank K.S.C.P., as a component of the £14.9m (2024: £12.8m) total cost recharge disclosed in Note 9 Other Operating Income and Note 36 Related Parties.

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2025	2024
	Number	Number
Number of employees at year end	183	212
Monthly average number of employees for the period - management	6	9
Monthly average number of employees for the period - non-management	189	223

11 Directors' emoluments

	2025	2024
	£ 000	£ 000
Directors' emoluments	2,379	2,076
Pension contributions	110	104
	2,489	2,180

The aggregate emoluments of the highest paid Director was £1.0m (2024: £0.9m), and pension contributions of £0.06m (2024: £0.06m) were made on his behalf. Two directors are accruing retirement benefits in respect of a money purchase pension scheme.

During the year, compensation for loss of office amounting to £nil (2024: £0.2m) was expensed in relation to an Executive Director who resigned during that year.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

12 Other operating expenses

	2025	2024
	£ 000	£ 000
Advertising and market development	1,238	2,047
Board and SSB related expenses	897	714
Communications and IT costs	3,740	3,407
Consultancy	1,866	2,170
Legal and professional fees	10,637	6,908
Other operating charges	3,430	2,196
Rent and other occupancy costs	1,184	847
	22,992	18,289
	22,992	18,289

Included within other operating expenses above is £7.5m (2024: £6.8m) related to the Nomo digital banking business unit that has been recharged to BB2 Digital and Technology Services limited, a fellow subsidiary of Boubyan Bank K.S.C.P., as a component of the £14.9m (2024: £12.8m) total cost recharge disclosed in Note 9 Other Operating Income and Note 36 Related Parties.

The increase in legal and professional fees primarily reflects higher levels of advisory, project-related and one-off support costs incurred during the year.

Included within legal and professional fees are fees paid to the Group's auditors categorised as follows:

	2025	2024
	£ 000	£ 000
Auditor's remuneration		
Audit of financial statements of group, parent only and its subsidiary (BLME plc)		
- Current auditors	1,136	860
- Previous auditors	-	8
Other assurance services		
- Current auditors	44	40
	1,180	908
	1,180	908

Included as part of the current year auditor remuneration is £0.2m (2024: nil) in relation to overruns from the 2024 audit.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets

The table below shows the ECL charges and provisions on financial and other assets in the income statement and statement of financial position:

Statement of Financial Position

	Stage 1 Collective £ 000	Stage 2 Collective £ 000	Stage 3 Specific £ 000	Total £ 000
As at 31 December 2025				
Financing arrangements	999	1,230	4,851	7,080
Finance lease receivables	1	-	-	1
Other assets (inventory)	-	-	-	-
Due from financial institutions	28	-	-	28
Investment securities	22	-	-	22
Cash	3	-	-	3
Total Impairment	<u>1,053</u>	<u>1,230</u>	<u>4,851</u>	<u>7,134</u>

Statement of Financial Position

	Stage 1 Collective £ 000	Stage 2 Collective £ 000	Stage 3 Specific £ 000	Total £ 000
As at 31 December 2024				
Financing arrangements	533	798	12,554	13,885
Finance lease receivables	94	70	61	225
Other assets (inventory)	2	13	335	350
Due from financial institutions	6	-	-	6
Investment securities	23	-	-	23
Total Impairment	<u>658</u>	<u>881</u>	<u>12,950</u>	<u>14,489</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets (continued)

Within Stage 1 and Stage 2 for financing arrangements there is an ECL balance of £0.1m relating to undrawn commitments (2024: £0.04m).

Forborne exposures that have not been specifically provided for within Stage 3 equate to £nil (2024: £nil). The Stage 1 and Stage 2 ECLs relating to these three forborne exposures is £0.6m (2024: £0.7m relating to fifteen forborne exposures).

The gross exposure value for these forborne exposures is £56.8m supported by collateral held of £56.1m (2024: gross exposure value of £70.8m and collateral held of £71.8m).

The analysis by statement of financial position classification was £56.8m of exposure and £56.1m of collateral related to financing arrangements (2024: £70.0m of exposure and £70.8m of collateral); and £nil exposure and collateral related to finance lease receivables (2024: £0.8m of exposure and £0.9m of collateral).

Refer to page 98 for further details on how the Group monitors its forborne exposure.

Income Statement

	2025	2024
	£ 000	£ 000
New and increased provisions (net of releases)	3,780	5,917
Amounts written off during the year (net of write backs)	167	57
Modification (gain)/loss on financing arrangement	-	490
Total impairment loss	3,947	6,464

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

ECL by Stage

	Stage 1 Collective	Stage 2 Collective	Stage 3 Specific	Total
	£ 000	£ 000	£ 000	£ 000
1 January 2025	660	881	12,948	14,489
Changes due to financial assets recognised in the opening balances that have				
Transferred to Stage 1	21	(21)	-	-
Transferred to Stage 2	(126)	468	(342)	-
Transferred to Stage 3	(9)	-	9	-
Increased originations	738	468	3,924	5,130
Repayments	(229)	(570)	(551)	(1,350)
Write-offs from specific provisions	-	-	(11,135)	(11,135)
Foreign currency translation adjustments	-	-	-	-
As at 31 December 2025	1,055	1,226	4,853	7,134

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets (continued)

1 January 2024	772	876	8,128	9,776
Changes due to financial assets recognised in the opening balances that have				
Transferred to Stage 1	242	(242)	-	-
Transferred to Stage 2	(122)	122	-	-
Transferred to Stage 3	(1)	(58)	59	-
New and increased provisions (net of releases)	(231)	183	5,965	5,917
Write-offs from specific provisions	-	-	(1,201)	(1,201)
Foreign currency translation adjustments	-	-	(3)	(3)
As at 31 December 2024	<u>660</u>	<u>881</u>	<u>12,948</u>	<u>14,489</u>

A major source of estimation uncertainty at the end of the reporting period that has a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year is the level of financing arrangements that have been classified as ECL Stage 3. The majority of these ECL Stage 3 exposures relate to financing arrangements where the underlying collateral is represented by UK real estate assets. A sensitivity analysis was conducted as of 31 December 2025 on the underlying cashflows, and collateral values were dropped by 10% for each individual case which resulted in a cumulative increase in ECL Stage 3 provision of £3.7m.

Exposure by Stage

	Stage 1 Collective £ 000	Stage 2 Collective £ 000	Stage 3 Specific £ 000	Total £ 000
1 January 2025	1,142,969	254,979	62,174	1,460,122
Changes due to financial assets recognised in the opening balances that have				
Transferred to Stage 1	43,429	(43,429)	-	-
Transferred to Stage 2	(174,731)	190,826	(16,095)	-
Transferred to Stage 3	(32,022)	(2,754)	34,776	-
Increased originations	388,688	25,006	655	414,349
Repayments	(274,129)	(94,345)	(5,568)	(374,042)
Write-offs from specific provisions	-	-	(13,774)	(13,774)
Foreign currency translation adjustments	-	-	-	-
As at 31 December 2025	<u>1,094,204</u>	<u>330,283</u>	<u>62,168</u>	<u>1,486,655</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets (continued)

1 January 2024	1,048,067	360,108	65,143	1,473,318
Changes due to financial assets recognised in the opening balances that have				
Transferred to Stage 1	53,166	(53,166)	-	-
Transferred to Stage 2	(49,199)	49,199	-	-
Transferred to Stage 3	(1,124)	(40,853)	41,977	-
New and increased provisions (net of repayments)	92,059	(60,309)	(44,961)	(13,211)
Write-offs from specific provisions	-	-	-	-
Foreign currency translation adjustments	-	-	15	15
As at 31 December 2024	<u>1,142,969</u>	<u>254,979</u>	<u>62,174</u>	<u>1,460,122</u>

Contractual amounts outstanding on financial assets of £9.0m that were written off during the reporting period are still subject to enforcement activity (2024: £8.4m).

The total exposure is higher than the total assets due to undrawn credit facilities and off-balance sheet commitments.

IFRS 9 model using multiple economic scenarios

When estimating the ECLs, the Group considers three scenarios (a baseline, an upside and a downside case). Each scenario is based on the macroeconomic conditions most impactful to each of the Group's material portfolios and is taken from Moody's Analytics.

The scenario weights and macroeconomic assumption for 2025 are summarised below:

Scenario weights	Upside	Baseline	Downside
	30%	40%	30%
GDP%, yearly ¹	3.55%	1.05%	-2.25%
Equity%, yearly ²	13.30%	4.87%	-14.06%
Unemployment rate ³	4.67%	5.12%	6.26%
HPI%, yearly ³	10.14%	1.68%	-4.84%
Treasury10Yr ³	4.73%	4.52%	3.51%

¹ Denotes core macroeconomic variables for all segments

² Denotes the macroeconomic variables for all segments except for Private Banking and Nomo

³ Denotes the macroeconomic variables for Private Banking and Nomo

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets (continued)

A sensitivity analysis was conducted as of 31 December 2025 on the macroeconomic scenarios, this involved modelling the impact of a change from the blended scenario weighting approach to 100% for each of the individual scenarios.

This analysis resulted in the following output in terms of the total of the ECL Stage 1 and Stage 2 collective provisions:

Existing blended: £2.3m
100% base line: £2.0m
100% downside: £3.7m
100% upside: £1.3m

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets (continued)

Exposure by credit rating

Exposure by credit rating	Cash	Due from financial institutions		Due from customers	Finance lease receivables			Financing arrangements			Investment securities		Other assets			Undrawn Commitments		Total	
	£000 Stage 1	£000 Stage 1	£000 Stage 2	£000 Stage 1	£000 Stage 1	£000 Stage 2	£000 Stage 3	£000 Stage 1	£000 Stage 2	£000 Stage 3	£000 Stage 1	£000 Stage 3	£000 Stage 1	£000 Stage 2	£000 Stage 3	£000 Stage 1	£000 Stage 2	£000	
AAA	-	-	-	-	-	-	-	-	-	-	15,082	-	-	-	-	-	-	15,082	
AA+	-	721	-	-	-	-	-	-	-	-	14,168	-	-	-	-	-	-	14,889	
AA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
AA-	51,088	-	-	-	-	-	-	-	-	-	-	-	68	-	-	-	-	51,156	
A+	77,532	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,532	
A	4,890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,890	
BBB-	1,262	-	-	-	-	-	-	-	-	-	-	-	-	-	50	-	-	1,312	
BB	-	-	-	-	-	-	-	-	1,308	-	-	-	-	-	-	-	-	1,308	
BB-	-	-	-	-	-	-	-	-	605	-	-	-	-	-	-	-	-	605	
BB+	-	-	-	-	1,486	-	-	-	13,927	-	-	-	-	-	-	-	5,338	20,751	
B	-	19,629	-	-	-	-	-	-	11,953	-	-	-	-	-	-	-	14,312	45,894	
B-	-	-	-	-	-	-	-	-	122,301	-	-	-	-	-	-	-	14,992	137,294	
BBB+	4,380	-	-	-	-	-	-	-	182,775	-	-	-	-	-	-	-	2,923	190,078	
BBB	-	-	-	-	-	-	-	-	79,875	692	-	-	-	-	-	-	242	80,810	
BBB-	-	-	-	-	-	-	-	-	163,861	49,086	-	-	-	-	-	-	-	212,947	
BBB+	-	-	-	-	-	-	-	-	138,382	9,935	-	-	-	-	-	-	3,999	152,315	
BB	-	-	-	-	-	-	-	-	32,394	78,255	-	-	-	-	-	-	-	118,046	
BB-	-	-	-	-	-	-	-	-	48,100	112,737	-	-	-	-	-	-	21,888	182,726	
BB+	-	0	-	-	-	-	-	-	667	-	-	-	-	-	-	-	-	667	
B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
B-	-	-	-	-	-	-	-	-	-	64,746	-	-	-	-	-	-	-	64,746	
CCC+	-	-	-	-	-	-	-	-	51,440	-	-	-	-	-	-	-	-	51,440	
CCC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
CCC-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	
D	-	-	-	-	-	-	-	-	-	-	62,168	-	-	-	-	-	-	62,168	
At 31 December 2025	139,152	20,350	0	0	1,486	0	0	847,589	315,451	62,168	29,250	0	0	118	0	0	63,694	7,396	1,486,655

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

13 Impairments of financial assets (continued)

Exposure by credit rating

	Cash	Due from financial institutions		Finance lease receivables			Financing arrangements			Investment securities	Other assets	Undrawn commitments		Total
	£000 Stage 1	£000 Stage 1	£000 Stage 2	£000 Stage 1	£000 Stage 2	£000 Stage 3	£000 Stage 1	£000 Stage 2	£000 Stage 3	£000 Stage 1	£000 Stage 1	£000 Stage 1	£000 Stage 2	£000
AAA	-	-	-	-	-	-	-	-	-	16,277	-	-	-	16,277
AA+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AA-	41,723	-	-	-	-	-	-	-	-	-	-	-	-	41,723
A+	44,131	-	-	2,706	-	-	-	-	-	27,983	232	-	-	75,052
A	9,758	7,837	-	-	-	-	-	-	-	-	216	-	-	17,811
aa-	-	-	-	-	-	-	-	-	-	-	-	438	-	438
a+	-	-	-	1,347	-	-	9,338	-	-	-	-	2,543	-	13,228
a	-	-	-	3,068	-	-	47,260	-	-	-	-	5,188	-	55,516
a-	10	-	-	688	-	-	56,332	-	-	-	-	6,529	-	63,559
bbb+	3,315	-	-	1,059	337	-	167,960	-	-	-	-	562	-	173,233
bbb	2,329	-	-	7,237	3,272	-	91,579	28,356	-	-	50	-	-	132,823
bbb-	-	-	-	13,607	857	-	274,498	33,527	-	-	-	-	553	323,042
bb+	-	-	-	20,557	7,407	-	195,056	31,992	-	-	-	6,011	-	261,023
bb	-	-	-	16,422	5,899	-	29,237	45,728	-	-	-	-	1,408	98,694
bb-	-	-	-	15,099	4,454	-	9,321	62,973	-	-	-	458	3,055	95,360
b+	-	-	-	2,692	3,600	-	646	-	-	-	-	-	-	6,938
b	-	-	-	702	1,532	-	-	13,809	-	347	-	-	-	16,390
b-	-	-	-	557	608	-	-	5,365	-	-	-	-	-	6,530
ccc+	-	-	-	65	245	-	-	-	-	-	-	-	-	310
ccc	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ccc-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	-	-	-	-	-	144	-	-	62,031	-	-	-	-	62,175
At 31 December 2024	101,266	7,837	-	85,806	28,211	144	881,227	221,750	62,031	44,607	498	21,729	5,016	1,460,122

The total exposure is higher than the total assets due to undrawn credit facilities and off-balance sheet commitments.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Taxation

Tax charged/(credited) in the income statement

Group	2025 £ 000	2024 £ 000
UK Corporation Tax		
- current tax for the year	(4,728)	388
- adjustments in respect of prior years	47	(1,088)
	<u>(4,681)</u>	<u>(700)</u>
Deferred tax for the year	10,570	852
Prior year adjustment to deferred tax	(216)	(901)
Overseas deferred tax for the year	-	(301)
Effect of change In tax rates	1,208	40
Tax charge / (credit) in income statement	<u>6,881</u>	<u>(1,010)</u>

The tax charge for the year is higher (2024: tax credit is lower) than the standard rate of corporation tax which is explained as follows:

Group	2025 £ 000	2024 £ 000
Reconciliation of effective tax rate		
Profit for the year before tax	<u>5,684</u>	<u>6,545</u>
Profit / (loss) for the year multiplied by standard rate of corporation tax in the UK of 25% (2024: 25%)	1,421	1,636
Tax exempt income	(636)	(1,006)
Expenses not deductible for tax purposes	(84)	269
Tax on controlled foreign companies	422	435
Prior year adjustment - current tax	47	(1,088)
Prior year adjustment - deferred tax	2,347	(900)
Effect of change in tax rates	2,157	40
Movement in unrecognised deferred tax: UK	1,207	(95)
Movement in unrecognised deferred tax: Overseas	-	(301)
Tax charge / (credit) in income statement	<u>6,881</u>	<u>(1,010)</u>

The main rate of corporate tax for the year ended 31 December 2025 is 25% (2024: 25%).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

14 Taxation (continued)

Deferred tax

A deferred tax asset (DTA) is recognised on deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised. The Group has forecast taxable profits in future years. Management has recognised a DTA as of 31 December 2025 on accelerated depreciation of £8.6m (net) (2024: £20.7m). This reduction can be attributed to the disposal of the WAF portfolio with £12.5m being reversed from the DTA. Management has recognised tax losses carried forward of £4.8m (2024: £3.6m) and other temporary differences of £1.4m (net) (2024: £1.3m net).

Movements in deferred tax assets

	Balance at 1 January £ 000	Recognised in profit or loss £ 000	Recognised in OCI/Equity £ 000	Balance at 31 December £ 000
Group - 2025				
Accelerated depreciation	20,716	(12,070)	-	8,646
Tax losses carried forward	3,620	1,163	-	4,783
Other temporary differences	1,340	16	-	1,356
	<u>25,676</u>	<u>(10,891)</u>	<u>-</u>	<u>14,785</u>
Deferred tax assets	<u>25,676</u>	<u>(10,891)</u>	<u>-</u>	<u>14,785</u>

	Balance at 1 January £ 000	Recognised in profit or loss £ 000	Recognised in OCI/Equity £ 000	Balance at 31 December £ 000
Group - 2024				
Accelerated depreciation	21,490	(774)	-	20,716
Tax losses carried forward	2,828	792	-	3,620
Other temporary differences	1,043	297	-	1,340
	<u>25,361</u>	<u>315</u>	<u>-</u>	<u>25,676</u>
Deferred tax assets	<u>25,361</u>	<u>315</u>	<u>-</u>	<u>25,676</u>

There are no unrecognised deferred tax assets (2024: nil).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

15 Changes in liabilities from financing activities

Group	1 January 2025 £ 000	Cashflows £ 000	FX Movement £ 000	Additions to Right of Use assets £ 000	Termination of leases £ 000	Other £ 000	31 December 2025 £ 000
Lease liabilities	1,645	(929)	(29)	1,202	(64)	106	1,931

Group	1 January 2024 £ 000	Cashflows £ 000	FX Movement £ 000	Additions to Right of Use assets £ 000	Termination of leases £ 000	Other £ 000	31 December 2024 £ 000
Lease liabilities	1,935	(716)	10	330	-	86	1,645

16 Due from financial institutions

Due from financial institutions

	0 - 3 months £ 000	4 - 12 months £ 000	1 - 5 years £ 000	2025 £ 000
Wadiah	721	-	-	721
Wakala	47	4,046	-	4,093
Murabaha	15,537	-	-	15,537
	<u>16,305</u>	<u>4,046</u>	<u>-</u>	<u>20,351</u>
Provision for impairment				(28)
				<u>20,323</u>
IFRS 9 Stage 1 and 2 ECL				(28)
				<u>28</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

16 Due from financial institutions (continued)

Due from financial institutions

	0 - 3 months £ 000	4 - 12 months £ 000	1 - 5 years £ 000	2024 £ 000
Wadiah	3,481	-	-	3,481
Wakala	14	4,342	-	4,356
	<u>3,495</u>	<u>4,342</u>	<u>-</u>	<u>7,837</u>
Provision for impairment				(184)
				<u>7,653</u>
IFRS 9 Stage 1 and 2 ECL				(184)
				<u>(184)</u>

17 Investment securities

Group	Listed £ 000	Unlisted £ 000	2025 Total £ 000
Fair value through other comprehensive income			
Amortised cost			
Sukuk	29,250	-	29,250
	<u>29,250</u>	<u>-</u>	<u>29,250</u>
IFRS 9 Stage 1 and 2 ECL			(22)
			<u>29,228</u>

Group	Listed £ 000	Unlisted £ 000	2024 Total £ 000
Fair value through other comprehensive income			
Equity*	-	347	347
Sukuk	12,722	-	12,722
Amortised cost			
Sukuk	31,538	-	31,538
	<u>44,260</u>	<u>347</u>	<u>44,607</u>
IFRS 9 Stage 1 and 2 ECL			(23)
			<u>44,584</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

18 Investment in subsidiaries

The following note relates to the BLME Holdings company only financial statements.

Company	Cost £ 000	Impairment provision £ 000	2025 Total £ 000
Investment in subsidiaries			
Bank of London and The Middle East plc	243,144	(79,405)	163,739
Walbrook Asset Finance Limited	11,811	(9,450)	2,361
	<u>254,955</u>	<u>(88,855)</u>	<u>166,100</u>

Company	Cost £ 000	Impairment provision £ 000	2024 Total £ 000
Investment in subsidiaries			
Bank of London and The Middle East plc	243,144	(85,004)	158,140
Walbrook Asset Finance Limited	11,811	(5,595)	6,216
	<u>254,955</u>	<u>(90,599)</u>	<u>164,356</u>

Company	2025 £ 000	2024 £ 000
Investment in subsidiaries		
Opening balance	164,356	176,231
Impairment (charge) - Bank of London and The Middle East plc	5,599	(10,691)
Impairment (charge) / reversal - Walbrook Asset Finance Limited	(3,855)	(1,184)
	<u>166,100</u>	<u>164,356</u>

The value in use of BLME as of 31 December 2025 was estimated using a discounted cash flow model based on the latest business plan (with the future profits reduced by 15%) and a discount rate of 13.31% for BLME plc and AQ1 and 12.70% for KSA (2024: 13.25%). This resulted in a £1.7m impairment reversal (2024: £10.7m impairment charge). A 1% increase or decrease in the discount factor assumption results in an increase or decrease of £17.5m (2024: £17.1m) in the impairment amount. An additional 1% reduction in the future profits results in an increase or decrease in the impairment amount by £3.0m (2024: £1.9m).

The value in use of WAF as of 31 December 2025 was estimated using a discounted cash flow model. This resulted in a £3.9m impairment charge (2024: £1.2m).

The impairment charge and reversal on investments in subsidiaries are recognised in the Company's income statement under "Impairment of investment in subsidiaries." As the Company has taken advantage of the exemption under section 408 of the Companies Act 2006, a separate income statement for the Company is not presented. Accordingly, these amounts do not appear in the consolidated Income Statement.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

19 Financing arrangements

	Less than 1 year £ 000	1 - 5 years £ 000	Over 5 years £ 000	2025 Total £ 000
Group				
Murabaha	354,107	674,712	144,961	1,173,780
Ijarah fund investment	-	51,428	-	51,428
Provision for impairment				(7,080)
				<u>1,218,128</u>
IFRS 9 Stage 1 and 2 ECL				(2,228)
IFRS 9 Stage 3 ECL				(4,852)
				<u>7,080</u>

Refer to Note 13 for the analysis of changes in IFRS 9 Stages 1 and 2 and IFRS 9 Stage 3 ECLs.

	Less than 1 year £ 000	1 - 5 years £ 000	Over 5 years £ 000	2024 Total £ 000
Group				
Murabaha	373,641	734,995	56,372	1,165,008
Provision for impairment				(13,885)
				<u>1,151,123</u>
IFRS 9 Stage 1 and 2 ECL				(1,331)
IFRS 9 Stage 3 ECL				(12,554)
				<u>13,885</u>

20 Finance lease receivables

	2025 £ 000	2024 £ 000
Gross investment in finance lease receivables		
Within one year	5,073	14,560
One to five years	3,055	14,388
Over five years	-	-
	<u>8,128</u>	<u>28,948</u>
Hire purchase		
Within one year	-	55,962
One to five years	-	34,993
	<u>-</u>	<u>90,955</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Finance lease receivables (continued)

	2025	2024
	£ 000	£ 000
Unearned future income on finance leases	(427)	(1,532)
Unearned future income on hire purchase	-	(4,210)
IFRS 9 Stage 1 & 2 ECL	(1)	(164)
IFRS 9 Stage 3 ECL	-	(61)
Net investment in finance leases	7,700	113,936
The net investment in finance leases comprises:		
Within one year	4,791	13,523
One to five years	2,909	13,831
Over five years	-	-
	7,700	27,354
The net investment in hire purchase comprises:		
Within one year	-	52,880
One to five years	-	33,702
	-	86,582
Net investment in finance leases	7,700	113,936

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

20 Finance lease receivables (continued)

• 20.1. Transfers of financial assets

On 30 December 2025, WAF entered into a sale and purchase agreement to transfer its entire lease portfolio to Investec Asset Finance for total consideration of £52.7 million. The transaction resulted in the derecognition of the related finance lease receivables and operating lease assets in the financial statements of WAF, as substantially all risks and rewards of ownership were transferred to Investec.

As part of the transaction, BLME plc provided a number of guarantees to Investec in respect of certain lease agreements within the portfolio. These include:

Credit Support Guarantees covering credit risk exposures on 11 customers; and

- Residual Value Guarantees relating to 9 lessees.

These guarantees give rise to derivative financial assets in accordance with IFRS 9. The residual value guarantee has been measured using a probability-weighted assessment of expected disposal proceeds compared with the guaranteed amounts. As at the reporting date, a derivative asset of £0.2m has been recognised and is included within Other assets.

Although the legal title to the relevant assets has been transferred to Investec, BLME Holdings retains exposure to certain risks associated with a defined subset of the portfolio through the guarantees described above. The transaction therefore resulted in a partial derecognition of the leases, as the Group neither retained nor transferred substantially all risks and rewards. As a result, for those finance lease receivables subject to the credit guarantee, the Group continues to recognise £6.3m of these lease receivables as of 31 December 2025, representing the risk retained on the disposed finance lease receivable. A corresponding financial liability of £6.3 (comprising £6.1m consideration received and £0.2m deferred loss) has been recorded in other liabilities, reflecting the continuing involvement asset and liability required under IFRS 9. This liability is recorded at amortised cost, representing the obligation to repay the funding received and subsequently be adjusted for the retained risk.

With the exception of one lease recognised in the Bank, that had a carrying amount of £1.4m as at 31 December 2025 (31 December 2024: £2.7m), all of the above net investment in finance leases represents the credit support guarantee that the Group have committed to following the sale of the WAF leasing portfolio. In relation to the other portions of the portfolio that were derecognised, the Group disposed of operating lease assets and finance lease receivables with total sales proceeds of £52.7m. The carrying amount of the operating lease assets derecognised was £14.6m, resulting in a loss of £0.2m, and the carrying amount of finance lease receivables derecognised was £39.1m, resulting in a loss of £0.8m. These losses have been recognised in profit or loss in the period.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Property and equipment

Group

	Land and buildings £ 000	Computer Equipment £ 000	Office Equipment £ 000	Fixtures & Fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost						
At 1 January 2025	2,901	752	21	1,375	48	5,097
Additions	1,202	170	-	752	-	2,124
Disposals	(1,289)	(1)	-	(272)	-	(1,562)
FX difference	(57)	(5)	-	(21)	(3)	(86)
At 31 December 2025	<u>2,757</u>	<u>916</u>	<u>21</u>	<u>1,834</u>	<u>45</u>	<u>5,573</u>
At 1 January 2024	2,951	573	19	1,275	-	4,818
Additions	330	231	2	96	48	707
Disposals	(389)	(53)	-	-	-	(442)
Foreign exchange movements	9	1	-	4	-	14
At 31 December 2024	<u>2,901</u>	<u>752</u>	<u>21</u>	<u>1,375</u>	<u>48</u>	<u>5,097</u>
Depreciation						

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

21 Property and equipment (continued)

	Land and buildings £ 000	Computer Equipment £ 000	Office Equipment £ 000	Fixtures & Fittings £ 000	Motor vehicles £ 000	Total £ 000
At 1 January 2025	1,435	362	18	536	3	2,354
Charge for the year	783	246	2	350	11	1,392
Disposals	(1,222)	(2)	-	(177)	-	(1,401)
Foreign exchange movements	(22)	-	-	-	-	(22)
At 31 December 2025	<u>974</u>	<u>606</u>	<u>20</u>	<u>709</u>	<u>14</u>	<u>2,323</u>
At 1 January 2024	1,165	229	17	262	-	1,673
Charge for year	659	180	1	274	3	1,117
Eliminated on disposal	(389)	(48)	-	-	-	(437)
At 31 December 2024	<u>1,435</u>	<u>361</u>	<u>18</u>	<u>536</u>	<u>3</u>	<u>2,353</u>
Carrying amount						
At 31 December 2025	<u><u>1,783</u></u>	<u><u>310</u></u>	<u><u>1</u></u>	<u><u>1,125</u></u>	<u><u>31</u></u>	<u><u>3,250</u></u>
At 31 December 2024	<u><u>1,466</u></u>	<u><u>391</u></u>	<u><u>3</u></u>	<u><u>839</u></u>	<u><u>45</u></u>	<u><u>2,744</u></u>

The Group had contractual commitments for the acquisition of property, plant and equipment as of 31 December 2025 of £nil (31 December 2024: £1.0m).

During the year, the Group identified an error in the presentation of prior year PPE whereby the land and buildings cost and accumulated depreciation were overstated by £0.4m. The comparative amounts have been adjusted to reduce both cost and accumulated depreciation by £0.4m. There is no impact on the net book value of PPE.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

22 Operating lease assets

The following operating lease assets arise when the Group is the lessor in a leasing arrangement; and all arise in the subsidiary WAF.

Group	Commercial Vehicles £ 000	Plant and Equipment £ 000	Total £ 000
Cost			
At 1 January 2025	56,002	1,262	57,264
Additions during the year	-	-	-
Disposals during the year	(56,002)	(1,262)	(57,264)
At 31 December 2025	-	-	-
At 1 January 2024	62,771	1,262	64,033
Additions during the year	-	-	-
Disposals during the year	(6,769)	-	(6,769)
At 31 December 2024	56,002	1,262	57,264
Group			
Depreciation			
At 1 January 2025	32,616	747	33,363
Charge for the year	6,092	169	6,261
Disposals during the year	(38,708)	(916)	(39,624)
At 31 December 2025	-	-	-
At 1 January 2024	30,590	577	31,167
Charge for the year	6,906	170	7,076
Disposals during the year	(4,880)	-	(4,880)
At 31 December 2024	32,616	747	33,363
Net Book Value			
At 1 January 2025	23,386	515	23,901
At 31 December 2025	-	-	-

The final part of the Group's leasing business was sold on 30 December 2025.

	2025 £ 000	2024 £ 000
Rental receipts under operating leases*		
Less than one year	-	5,445
Between one and five years	-	2,578
More than five years	-	62
	-	8,085

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

22 Operating lease assets (continued)

*These future rental receipts represent undiscounted cash flows.

23 Investment property

	2025	2024
Group	£ 000	£ 000
As at 1 January	38,000	38,000
Movements in fair value*	2,100	-
	40,100	38,000
	40,100	38,000

* This item has been included in "net fair value losses on investment properties" in the consolidated income statement. No items have been included in the consolidated statement of comprehensive income.

The Group accounts for its investment properties under IAS 40 "Investment property" using a fair value model. The investment properties are valued by independent external professionally qualified valuation agents based on current prices in an active market and are classified as Level 2 for the purposes IFRS 13.

The investment property relates to AQ1 Properties Limited which is consolidated into the Group's results as disclosed in Note 2 and Note 34.

The income statement includes rental income from the investment property of £2.1m (2024: £3.3m) in the line "Other operating income" and direct operating expenses of £0.1m (2024: £0.1m) in the line "Other operating expenses".

24 Intangible assets

	2025	2024
Group	£ 000	£ 000
Cost		
Opening balance	2,655	4,679
Additions	651	1,040
Disposals	-	(3,064)
	3,306	2,655
	3,306	2,655

Amortisation and impairment losses

Opening balance	36	3,072
Charge for the year	410	29
Disposals	-	(3,065)
	446	36
	446	36

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

24 Intangible assets (continued)

Net book value	2,860	2,619
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Intangible assets primarily comprise computer licences and software development costs. The material intangible asset relates to the Oracle implementation, which represents a significant investment in the Group's core systems. Other intangible assets, including minor software licences and development projects, are considered immaterial individually and in aggregate. The above disclosure does not include any internally generated intangible assets.

25 Other assets

	2025	2024
	£ 000	£ 000
Amounts due from fellow subsidiary of majority shareholder	1,446	-
Collateral deposits*	163	51
Prepayments	1,379	1,343
VAT recoverable	162	10,527
Foreign exchange forward contracts**	-	447
Other receivables and assets	13,850	10,748
	17,000	23,116

* The Group has pledged cash collateral deposits of £0.2m (2024: £0.1m) pledged as security against rental payments on office premises, and £nil (2024: £nil) of cash collateral deposits placed with financial institutions. The pledged cash collateral deposits are subject to industry standard terms and conditions typical of short-term property leases in the London office rental market.

** Foreign exchange forward contracts relate to deal balances with a notional contract amount of £28.4m (2024: £20.2m). Further disclosure on the Group's foreign exchange forward deals is covered in Note 38.

26 Due to financial institutions

	2025	2024
	£ 000	£ 000
Reverse Murabaha	30,020	22,497
Wakala	42,125	33,754
	72,145	56,251

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

27 Due to customers

	2025	2024
	£ 000	£ 000
Customer deposits	1,183,501	1,258,647
Security deposits	13,229	3,662
	1,196,730	1,262,309

28 Other liabilities

	2025	2024
Group	£ 000	£ 000
Trade payables	3,430	2,736
Social security and income tax	704	508
Accruals	11,541	7,560
Lease liability*	1,931	1,645
Amounts due to fellow subsidiary of majority shareholder	42	1,764
Other creditors**	8,325	3,247
Deferred Income	-	580
	25,973	18,040

*Refer to Note 29 for further detail on lease liabilities recognised in line with IFRS 16.

**Other creditors include a foreign exchange forward deal balance of £0.2m (2024: £0.3m) with a notional contract amount of £34.5m (2024: £5.4m). Further disclosure on the Group's foreign exchange forward deals is covered in Note 38.

29 Leases

The Group has lease contracts for office premises in London, Dubai, Jeddah, and Riyadh. Lease term range between 1 and 10 years and the Group's obligations are governed by respective lease agreements. The Group is generally restricted from assigning or subletting lease premises under these agreements. Certain lease contracts include extension and termination options.

Set out below are the carrying amounts of right-of-use assets recognised (included under property and equipment) and the movements during the year:

	£ 000
At 1 January 2025	1,466
Additions	1,202
Termination of lease	(64)
Depreciation expense	(781)
Foreign currency translation adjustments	(39)
At 31 December 2025	1,784

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

29 Leases (continued)

	£ 000
At 1 January 2024	1,786
Additions	330
Termination of lease	-
Depreciation expense	(659)
Foreign currency translation adjustments	9
At 31 December 2024	<u>1,466</u>

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the year:

	£ 000
At 1 January 2025	1,645
Additions	1,202
Termination of lease	(64)
Accretion of finance charges	106
Payments	(929)
Foreign currency translation adjustments	(29)
At 31 December 2025	<u>1,931</u>

	£ 000
At 1 January 2024	1,935
Additions	330
Termination of lease	-
Accretion of finance charges	86
Payments	(716)
Foreign currency translation adjustments	10
At 31 December 2024	<u>1,645</u>

The maturity analysis of lease liabilities is as follows:

	Less than 1 month £ 000	1-3 months £ 000	3-12 months £ 000	1-5 years £ 000	5+ years £ 000	Total £ 000
At 31 December 2025						
Future lease payments (undiscounted)	84	252	530	1,196	-	2,062
Total future finance charges						(131)
Lease liability						<u>1,931</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

29 Leases (continued)

	Less than 1 month £ 000	1-3 months £ 000	3-12 months £ 000	1-5 years £ 000	5+ years £ 000	Total £ 000
31 December 2024						
Future lease payments (undiscounted)	78	175	518	1,015	-	1,786
Total future finance charges						(141)
Lease liability						<u>1,645</u>

Further detail on how the Group manages its liquidity risk inherent in its financial liabilities is disclosed in section (b) of Note 38.

The following are the amounts recognised in profit or loss:

	2025 £ 000	2024 £ 000
Depreciation expense of right-of-use assets	781	659
Finance charge on lease liabilities	106	86
Total amount recognised in profit or loss	<u>887</u>	<u>745</u>

The amounts recognised in profit or loss in respect of short-term leases and unrecognised leases of low-value assets was £0.1m (2024: £nil). Depreciation expense of right-of-use assets is disclosed in Note while finance charge on lease liabilities is included in rent and other occupancy costs per Note 12. The Group had total cash outflows for leases of £0.9m in the year (2024: £0.7m). The Group had non-cash additions to right-of-use assets and lease liabilities of £1.2m and £1.2m respectively in the year (2024: £0.3m and £0.3m). The Group also had non-cash terminations to right-of-use assets and lease liabilities of £0.1m and £0.1m respectively in the year (2024: £nil and £nil).

The Group has several lease contracts some that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

There are no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

30 Investment in Joint ventures

The Group holds half of the issued management shares of each of Waterfront Holdings Limited ("Waterfront"), Longbarn Holdings Limited ("Longbarn"), and Q12 Holdings Limited ("Q12"); giving it 50% of each set of voting rights and thereby joint control of these three entities alongside its joint venture partner a privately-owned real estate investment and asset management specialist based in London. The purpose of these joint ventures arrangements is to source and co-invest in real estate opportunities alongside professional investors seeking to allocate capital to UK real estate.

Summary of Group's shareholdings in entities classified as investments in joint ventures

	Redeemable Participating Ordinary shares of £1	Non Redeemable Management shares of £1	Non Redeemable Promote shares of £1
As of 31 December 2025			
Waterfront Holdings Limited	10.13%	50%	50%
Longbarn Holdings Limited	47.76%	50%	50%
Q12 Holdings Limited	57.73%	50%	50%

	Redeemable Participating Ordinary shares of £1	Non Redeemable Management shares of £1	Non Redeemable Promote shares of £1
As of 31 December 2024			
Waterfront Holdings Limited	10.13%	50%	50%
Longbarn Holdings Limited	47.76%	50%	50%
Q12 Holdings Limited	65.98%	50%	50%

The country of incorporation of the above three entities is Jersey, and they all have their registered address as 26 New Street, St Helier, Jersey JE2 3RA.

In 2025, the Group sold £1.7m of shares in Q12, reducing shareholding from 65.98% to 57.73%.

Summary of balance sheet investments in joint ventures

	2025	2024
	£ 000	£ 000
Waterfront Holdings Limited	175	428
Longbarn Holdings Limited	16,963	17,506
Q12 Holdings Limited	11,857	14,223
	<u>28,995</u>	<u>32,157</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

30 Investment in Joint ventures (continued)

The primary purpose of Waterfront is the ownership of an investment property in Edinburgh in the United Kingdom through its wholly owned subsidiary Waterfront Property Limited. The primary purpose of Longbarn is the ownership of an investment property in Warrington in the United Kingdom through its wholly owned subsidiary Longbarn Property Limited. The primary purpose of Q12 is the ownership of an investment property in Newcastle in the United Kingdom through its wholly owned subsidiary Q12 Property Limited. Waterfront, Longbarn and Q12 are private entities that are not listed on any public exchange.

The following tables illustrates the summarised financial information of the Group's joint venture investments:

Statement of Financial Position - 2025	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Non-current assets				
Investment properties	16,170	35,100	17,580	68,850
Current assets				
Cash and cash equivalents	292	1,199	1,742	3,233
Other assets	323	16	1,719	2,058
Total assets	<u>16,785</u>	<u>36,315</u>	<u>21,041</u>	<u>74,141</u>
Current liabilities				
Other liabilities	1,225	799	503	2,527
Due to financial institutions	13,837	-	-	13,837
Total liabilities	<u>15,062</u>	<u>799</u>	<u>503</u>	<u>16,364</u>
Net Assets	<u>1,723</u>	<u>35,516</u>	<u>20,538</u>	<u>57,777</u>
Equity accounting share in the Net Assets	<u>175</u>	<u>16,963</u>	<u>11,857</u>	<u>28,995</u>
Statement of Financial Position - 2024	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Non-current assets				
Investment properties	18,910	36,000	18,480	73,390
Current assets				
Cash and cash equivalents	589	1,443	2,561	4,593
Other assets	521	39	951	1,511
Total assets	<u>20,020</u>	<u>37,482</u>	<u>21,992</u>	<u>79,494</u>
Current liabilities				
Other liabilities	590	830	436	1,856
Due to financial institutions	15,206	-	-	15,206
Total liabilities	<u>15,796</u>	<u>830</u>	<u>436</u>	<u>17,062</u>
Net Assets	<u>4,224</u>	<u>36,652</u>	<u>21,556</u>	<u>62,432</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

30 Investment in Joint ventures (continued)

Statement of Financial Position - 2024	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Equity accounting share in the Net Assets	<u>428</u>	<u>17,506</u>	<u>14,223</u>	<u>32,157</u>
Income Statement - 2025	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Revenue	2,117	2,683	1,699	6,499
Unrealised profit/ (loss) on revaluation of investment	(2,619)	(900)	(900)	(4,419)
Management and advisory fees	(192)	(192)	(221)	(605)
Murabaha profit expense	(1,443)	-	-	(1,443)
Other expenses	<u>(350)</u>	<u>(62)</u>	<u>(31)</u>	<u>(443)</u>
Profit / (loss) before tax	<u>(2,487)</u>	<u>1,529</u>	<u>547</u>	<u>(411)</u>
Income tax expense	<u>(13)</u>	<u>-</u>	<u>(166)</u>	<u>(179)</u>
Profit/ (loss) for the year	<u>(2,500)</u>	<u>1,529</u>	<u>381</u>	<u>(590)</u>
Income Statement - 2024	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Revenue	2,766	2,699	1,737	7,202
Unrealised profit/ (loss) on revaluation of investment	(4,969)	2,350	180	(2,439)
Management and advisory fees	135	(125)	(55)	(45)
Murabaha profit expense	(392)	-	-	(392)
Other expenses	<u>(1,355)</u>	<u>(112)</u>	<u>(187)</u>	<u>(1,654)</u>
Profit / (loss) before tax	<u>(3,815)</u>	<u>4,812</u>	<u>1,675</u>	<u>2,672</u>
Income tax expense	<u>(114)</u>	<u>-</u>	<u>(18)</u>	<u>(132)</u>
Profit/ (loss) for the year	<u>(3,929)</u>	<u>4,812</u>	<u>1,657</u>	<u>2,540</u>
Movements in carrying amounts - 2025	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Opening balance	428	17,506	14,223	32,157
Share of profit/ (loss) of equity-accounted investees, net of tax	(253)	730	265	742
Dividends received	-	(1,273)	(898)	(2,171)
Disposal of shares	-	-	(1,650)	(1,650)
Impact of change in shareholding	-	-	(84)	(84)
Closing net book amount	<u>175</u>	<u>16,963</u>	<u>11,856</u>	<u>28,994</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

30 Investment in Joint ventures (continued)

	Waterfront £ 000	Longbarn £ 000	Q12 £ 000	Total £ 000
Movements in carrying amounts - 2024				
Opening balance	876	16,470	14,174	31,520
Share of profit/ (loss) of equity-accounted investees, net of tax	(398)	2,306	1,013	2,921
Dividends received	(50)	(1,270)	(964)	(2,284)
Closing net book amount	428	17,506	14,223	32,157

The Waterfront, Longbarn and Q12 joint ventures had no contingent liabilities or capital commitments as of 31 December 2025 (2024: £nil).

31 Assets held for sale

	2025 £ 000	2024 £ 000
Assets held for sale		
Opening balance as at 1 January	-	1,800
Acquisitions during the year	-	-
Amounts sold during the year	-	(1,800)
Reclassification to investment in joint ventures	-	-
Closing balance as at 31 December	-	-
Analysed by:		
Longbarn Holdings Limited	-	-
Q12 Holdings Limited	-	-
Total	-	-

32 Contingent liabilities

Except for the cost recharge arrangements described in Note 36 in conjunction with BB2 Digital and Technology Services Limited, there are no contingent liabilities as of 31 December 2025 to be disclosed (2024: £nil).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

33 Share Capital

	Number of shares	Share capital £ 000	Share premium £ 000
Allotted, called up and fully paid 25p per ordinary share			
At 31 December 2023	200,365,281	50,091	1,140
At 31 December 2024	200,365,281	50,091	1,140
At 31 December 2025	200,365,281	50,091	1,140

As permitted by the UK Companies Act 2006, the Company does not have an authorised share capital.

Ordinary shares have the rights attaching to them under Section 284 and 285 of the Companies Act 2006 (as amended). On a vote on a resolution by a show of hands each member shall have one vote. On a vote on a resolution on a poll, each member shall have one vote in respect of each ordinary share legally owned by him / her.

The ordinary shares carry the right to participate in any dividends in the Company which may be declared by the Directors. There are no shares reserved for issue under options and no contracts for the sale of shares.

34 Subsidiaries and Other Entities

		BLME		Profit / (loss) for year in GBP unless			
Principal Subsidiaries	Country of incorporation and principal operations	interest in equity capital	Issued equity capital	stated otherwise ('OOOs)	Principal business activity	Ultimate parent undertaking	Immediate parent undertaking
Directly held:							
Bank of London and The Middle East plc	United Kingdom	1	£48,933,422	13	Regulated Bank	Boubyan Bank K.S.C.P.	BLME Holdings Ltd
Walbrook Asset Finance Limited	United Kingdom	1	£11,811,000	(5,339)	Leasing	Boubyan Bank K.S.C.P.	BLME Holdings Ltd
Indirectly held:							
BLME Asset Management Limited	United Kingdom	1	£2	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

34 Subsidiaries and Other Entities (continued)

Principal Subsidiaries	Country of incorporation and principal operations	BLME interest in equity capital	Issued equity capital	Profit / (loss) for year in GBP unless stated otherwise ('OOOs)	Principal business activity	Ultimate parent undertaking	Immediate parent undertaking
BLME Holdco Limited	United Kingdom	1	£102	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc
BLME Limited	United Kingdom	1	£2	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc
Global Liquidity Solutions Limited	United Kingdom	1	£1	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc Walbrook Asset Finance Limited
WAF 1 Limited	United Kingdom	1	£2	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc
Renaissance Property Finance Limited	United Kingdom	1	£2	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc
Renaissance Trade Finance Limited	United Kingdom	1	£2	-	Dormant	Boubyan Bank K.S.C.P.	BLME plc
AQI Limited	Jersey	0.84	£33,030,750	443	Investment Holding Company	Boubyan Bank K.S.C.P.	BLME plc
AQI Holdings Limited	Jersey		£2	395	Investment Holding Company	Boubyan Bank K.S.C.P.	BLME plc
AQI Properties Limited	Jersey		£17,555,827	1,053	Property Management	Boubyan Bank K.S.C.P.	AQI Holdings Limited
BLME Capital Company	Kingdom of Saudi Arabia	1	SAR 20 million	5,014	Asset Management	Boubyan Bank K.S.C.P.	BLME plc
BLME Asia & GCC Consumer Growth GP Limited	Cayman Islands	1	USD 20	(17)	Asset Management	Boubyan Bank K.S.C.P.	BLME plc

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

34 Subsidiaries and Other Entities (continued)

Global Liquidity Solutions Limited ('GLS') has an accounting reference date ('ARD') of 31 October. The ARD for all the other above entities is 31 December. The GLS ARD was set automatically on incorporation and had not been changed as it is non-trading.

The registered office address for all subsidiaries incorporated in the UK is 20 Churchill Place, Canary Wharf, London, E14 SHJ.

The registered office address for AQI Limited, AQI Holdings Limited and AQI Properties Limited is 26 New Street, St Helier, Jersey JE2 3RA.

The registered office address for BLME Asia & GCC Consumer Growth GP Limited is C/o IQEQ Corporate Services (Cayman) Limited, 3rd floor, Whitehall House, 238 North Church Street, George Town, Grand Cayman, Cayman Islands.

As explained in Note 2, there are two structured entities AQI Holdings Limited and AQI Properties Limited, that have been consolidated following an updated IFRS 10 control assessment. These Jersey-based entities have the same registered office address as AQI Limited.

As the Group owns the majority of the equity capital of the above entities, it is exposed, and has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investees. Consequently, the results of the subsidiaries above have been consolidated in these financial statements.

- **Significant restrictions**

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios. The carrying amounts of Bank of London and The Middle East plc's assets and liabilities are £1,492.2m and £1,260.7m respectively (2024: £1,540.4m and £1,309.5m respectively).

- **Interests in unconsolidated structured entities**

The Group does not have any interests in unconsolidated structured entities.

- **Contractual arrangements, audit exemption and financial support**

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

34 Subsidiaries and Other Entities (continued)

The Board of BLME Holdings Limited has agreed to guarantee the liabilities of WAF, registered company number 11792589, in order that it qualifies for the exemption available under Section 479A and Section 394A of the Companies Act 2006 in respect of the requirement for an audit and preparation of its annual financial statements for the year ended 31 December 2025. The liabilities of WAF at the year-end was £4.6m (31 December 2024: £146.6m).

The Board of BLME Holdings Limited has agreed to guarantee the liabilities of Walbrook Construction Equipment Finance Limited, registered company number 09019700, in order that it qualifies for the exemption available under Section 479A and Section 394A of the Companies Act 2006 in respect of the requirement for an audit and preparation of its annual financial statements for the year ended 31 December 2025. The liabilities of Walbrook Construction Equipment Finance Limited at the year-end was £nil (31 December 2024: £nil).

The Board of BLME Holdings Limited has agreed to guarantee the liabilities of WAF 1 Limited, registered company number 13712678, in order that it qualifies for the exemption available under Section 479A and Section 394A of the Companies Act 2006 in respect of the requirement for an audit and preparation of its annual financial statements for the period ended 31 December 2025. The liabilities of WAF 1 Limited at the year-end was £1,998 (31 December 2024: £998).

Except for the above guarantees under Section 479C of the Companies Act 2006, the Group does not have any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated or unconsolidated structured entity (2024: none).

The Group did not provide financial support to any of its consolidated or unconsolidated structured entities during 2025 (2024: nil) and does not have any current intentions to provide such support (2024: none).

- **Parent company**

As of 31 December 2025, the Company's parent undertaking was Boubyan Bank K.S.C.P, a public shareholding company incorporated in Kuwait and listed on the Kuwait Stock Exchange. BLME Holdings Limited is the parent undertaking of the smallest group of undertakings for which Group consolidated financial statements are drawn up and of which the Company is a member. Boubyan Bank K.S.C.P. is the parent undertaking of the largest group of undertakings for which Group consolidated financial statements are drawn up and of which the Company is a member. Copies of the annual reports of Boubyan Bank K.S.C.P. are readily available for download from the investor relations section of Boubyan's corporate website.

The address of Boubyan Bank K.S.C.P.'s registered office is P.O. Box 25507, Safat 13116, State of Kuwait.

35 Non-controlling interests

The group holds an 83.77% (2024: 83.77%) shareholding in AQ1 Limited and consolidates it as a subsidiary under IFRS 10. The non-controlling interest represents the minority shareholders position of 16.23% (2024: 16.23%) in AQ1 Limited (who hold nil voting rights).

As explained in Note 2, there are two related structured entities AQ1 Holdings Limited and AQ1 Properties Limited, that have been consolidated following an updated IFRS 10 control assessment.

The following tables illustrates summarised financial information in respect of AQ1 Limited, AQ1 Holdings Limited and AQ1 Properties Limited:

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

35 Non-controlling interests (continued)

	2025	2024
	£ 000	£ 000
Statement of Financial Position		
Cash and cash equivalents	1,689	1,424
Investment property	40,100	38,000
Other assets	4,727	7,086
Total assets	46,516	46,510
Other liabilities	3,049	4,567
Due to financial institutions	22,574	22,497
Total liabilities	25,623	27,064
Net Assets	20,893	19,446
Equity attributable to non-controlling interest	3,933	3,745
	2025	2024
	£ 000	£ 000
Income Statement		
Returns payable to financial institutions	(1,461)	(1,464)
Net fee and commission expense	(200)	(200)
Net fair value gain on investment property	2,100	-
Other operating income	1,337	3,261
Credit impairment (reversal) / charge	(1,185)	-
Operating income	591	1,597
Other operating expenses	(115)	54
Profit for the year	476	1,651
Dividends paid during the year	1,024	920
Profit for the period attributable to non-controlling interest	401	268

36 Related party transactions

As of 31 December 2025, Boubyan Bank K.S.C.P held an economic interest of 72.37% of the Company's voting shares (2024: 72.37%). Transactions entered into during the year with BB2 Digital and Technology Services Limited are described below.

All deposits with related parties (outstanding balances that are classified as due to financial institutions) are treated as interbank deposits. They are dealt using the standard wholesale template Wakala / Commodity Murabaha documentation i.e., the same treatment that would be applied for any other interbank deposit. There are no collateral arrangements in relation to these.

During the year the Group entered into transactions on an arm's length basis with related counterparties as detailed below.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

36 Related party transactions (continued)

	Relationship	Transactions type	2025 £ 000	2024 £ 000
Boubyan Bank K.S.C.P	Majority shareholder	Wakala placement	-	68,569
		Participation deposit	17,783	74,633
	Fellow subsidiary of majority			
NBK International PLC	shareholder	Reverse Murabaha	-	5,000
		Commodity Murabaha	-	153,000
Waterfront Holdings Limited	Joint venture	Sharia'a and strategic advisory fee	81	81
Longbarn Holdings Limited	Joint venture	Sharia'a and strategic advisory fee	63	63
Q12 Holdings Limited	Joint venture	Sharia'a and strategic advisory fee	45	45
BLME Capital Company	Subsidiary	NIM revenue share for REF and PB	(2,687)	-

BLME has an agreement in place with BB2 Digital and Technology Services Limited (“BB2 TechCo”), a fellow subsidiary of Boubyan Bank K.S.C.P., to be reimbursed for all costs incurred in the development and related expenditure of Nomo until the business unit becomes profitable. Upon Nomo becoming profitable, BLME will reimburse BB2 TechCo for all development costs incurred through a recharge which is capped by the annual profits generated by Nomo. Once those costs have been fully recuperated by BB2 TechCo, 45% of annual net profits generated by Nomo will be paid to BB2 TechCo as part of a commercial agreement.

The total amount to be reimbursed to BB2 TechCo and the repayment period cannot be reliably measured due to uncertainty over the timing and quantum of profitability. Furthermore, repayment is contingent on the Nomo business unit being profitable. The net cost recharged by BLME under this agreement to BB2 TechCo for the year ending 31 December 2025 was £14.9m (2024: £12.8m). If Nomo does not come to profitability there will be no overall cost to the BLME.

During the year, £2m (2024: nil) was recharged by BLME to BB2 TechCo in relation to the management and support services agreement.

BB2 TechCo is a member of the BLME Holdings Limited VAT group registration with HMRC. During the year the Company received payments from HMRC in respect of BB2 TechCo amounting to £0.3m (2024: £0.1m payment).

During the year BLME paid £nil of insurance premiums on behalf of BB2 TechCo (2024: £nil).

During the year BLME recharged £nil in respect of office fixtures and fittings to BB2 TechCo (2024: £0.3m).

The amounts outstanding with related counterparties as at 31 December were as follows:

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

36 Related party transactions (continued)

	Relationship	Transactions type	2025 £ 000	2024 £ 000
Boubyan Bank K.S.C.P	Majority shareholder	Cash and balances with banks - Nostros	634	1,947
		Financing arrangements - Participation deposit	17,992	18,027
BB2 Digital and Technology Services Limited	Fellow subsidiary of majority shareholder	Other assets/ (liabilities) - Nomo Business Unit recharge to BB2 TechCo	1,446	1,834
		VAT payment made on behalf of BB2 TechCo	-	72
Waterfront Holdings Limited	Joint venture	Other assets - Other receivables	20	20
Longbarn Holdings Limited	Joint venture	Other assets - Other receivables	16	16
Q12 Holdings Limited	Joint venture	Other assets	11	11

The above related party balances are unsecured, and settlement occurs in cash.

The key management of the Bank are the Executive Directors. The compensation of key management personnel for the year was as follows:

	2025 £ 000	2024 £ 000
Key management emoluments *	2,003	1,723
Bank contributions to pension plans	110	104
	2,113	1,827

* Key management emoluments include other long-term benefits of £0.2m (2024: £0.2m).

37 Subsequent events

Subsequent to the reporting date, the Group has continued to monitor the rapidly evolving conflict across the Middle East. The Group has considered these developments as part of its going concern assessment. Despite the heightened uncertainty, the Bank maintained a strong liquidity position throughout the period, with Pillar 2 LCR levels consistently above 220%, supported by a diversified and predominantly fixed-term UK retail deposit base, complemented by GCC retail funding. The Bank's liquidity profile is considered structurally resilient to developments in the region, and further steps have been taken to strengthen liquidity buffers where appropriate.

Considering this event, the Directors are not aware of any further matters or circumstances that have occurred since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management

The Group has exposure to the following primary risk categories arising from the use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk (including cyber and conduct risk)
- capital risk

The following presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks, and the management of capital.

The Group's strategic business objectives include the following:

- Expansion of its presence in the Gulf Cooperation Council (GCC) states and the Middle East;
- Continued development of a digital banking offering; and
- Continue to reduce exposure to capital intensive and non-strategic business lines.

The Group does not engage in supplier finance or reverse factoring.

Risk management framework

The Group's Risk Management Framework (RMF) provides the foundation for ensuring that risk-taking activities align with the Group's strategy and risk appetite, while delivering fair outcomes and high-quality service to customers. The RMF seeks to maintain an appropriate balance between risk and reward through robust controls and effective risk management practices.

The Group's approach to managing risk begins with defining its Risk Appetite, which, when combined with the Group's strategic objectives, articulates its willingness to accept exposure to risk events and potential losses.

The RMF is subject to regular review and enhancement to ensure it remains fit for purpose in a dynamic market environment and complies with regulatory standards and industry best practices. A strong and proactive RMF enables the Group to mitigate principal risks and:

- Operate in line with the Board-approved Risk Appetite;
- Achieve strategic objectives while adhering to established Risk Tolerance levels;
- Empower staff to make risk-aware decisions, supported by clearly defined roles, responsibilities, and delegated authorities; and
- Embed a culture of fairness and compliance with the FCA's Consumer Duty requirements.

The RMF lays out systematic processes to identify, evaluate, mitigate, report, and manage risk:

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

- Risk Identification - Determining risks that could impede the achievement of the Group's objectives;
- Risk Assessment - Evaluating and quantifying the likelihood and impact of potential risk events;
- Risk Mitigation - Implementing strategies and controls to reduce exposure and likelihood of adverse outcomes, including limit structures, impairment allowance criteria, and reporting requirements. Policies and frameworks are regularly reviewed to ensure relevance and effectiveness;
- Execution and Monitoring - Independent control functions oversee adherence to risk limits and direction;
- Assurance - The Third Line of Defence, through Internal Audit, provides independent assurance to the Board on the adequacy and effectiveness of risk management, control, and governance processes. External audit offers additional assurance;
- Monitoring and Reporting - The Second Line of Defence monitors control effectiveness and compliance with risk parameters.

The RMF ensures comprehensive oversight of risks across the Group, consistent with the Board's Risk Appetite and strategic objectives.

Key Components of the RMF include:

- Sharia'a principles;
- Group governance;
- Business strategy, vision, values and culture;
- Risk appetite;
- Risk management approach;
- Policies and procedures;
- Infrastructure; and
- Training, remuneration and rewards.

Board Risk Appetite

The Board defines its risk appetite and tolerance using qualitative and quantitative metrics assessed under both stressed and unstressed conditions. The Group Risk Appetite Statement is approved by the Board and reviewed at least annually.

Risk appetite is set within the context of projected earnings and balance sheet strength over the short to medium term. It articulates the Board's objectives under stress scenarios and ensures alignment with the Group's strategic goals.

The Board expresses its appetite as the level of potential loss it is willing to accept under normal and stressed market conditions. This approach drives the business to pursue opportunities that offer adequate returns for the risks taken while maintaining a prudent overall risk profile.

The principal risks faced by the Group, along with their management and related quantitative disclosures, are outlined in the following sections. These figures reflect the position at the reporting date and are indicative of exposures throughout the year.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Credit Risk

Credit risk is the potential for financial loss if a customer or counterparty fails to meet its contractual obligations, including repayment of capital or profit. The Group manages this risk in line with its Credit Risk Management Policy. A comprehensive credit review process applies to all customers and counterparties. Each is assigned an internal rating and a maximum permitted tenor, supplemented by external ratings where available. Both ratings and credit limits are subject to regular review.

i. Management of credit risk

The Group manages credit risk through its Risk Appetite Statement, portfolio limits, and Key Risk Indicators (KRIs) as outlined in the Credit Risk Management Policy. These measures define acceptable exposure by counterparty rating, country, sector, and collateral adequacy. Creditworthiness is monitored daily and reassessed regularly. Oversight is provided by a dedicated Credit Risk Department, accountable to the CCRC, which is responsible for:

- Developing credit policies covering assessments, collateral, reporting, and regulatory compliance;
- Setting authorisation structures for approving and renewing credit limits;
- Reviewing credit risk before agreements are executed;
- Establishing and monitoring counterparty limits;
- Continuously assessing exposures and implementing mitigation measures; and
- Advising business units on credit risk management.

Compliance with country and counterparty limits is monitored continuously, with a full review conducted at least annually. Senior management receives regular utilisation reports.

The Group also employs a credit grading system to monitor portfolio quality and segment performance.

ii. Customer Risk Assessment and Monitoring guidelines

Customer Classification Framework

The Group applies a three-tier customer classification system to manage credit risk:

- Normal: Customers with no material adverse credit indicators.
- Watchlist: Customers requiring heightened credit oversight due to emerging concerns or forbearance arrangements.
- Asset Recovery Unit (ARU): Customers in distressed situations or where non-performing exposure (NPE) is likely, requiring specialist management.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Classification is based on judgemental trigger events (early warning indicators) and mandatory default criteria. These classifications influence credit risk monitoring, escalation, and management actions.

Normal customers are monitored by the First Line of Defence (1LOD), supported by the Second Line of Defence (2LOD), to identify indicators that may warrant escalation.

Watchlist customers exhibit one or more judgemental triggers or have forbearance measures in place.

The Watchlist is maintained by Credit Risk Management and reviewed monthly by the Credit Committee (CCRC).

Customers are assigned a risk category (Red, Yellow, Green) reflecting likelihood of default and recovery prospects. Red-rated customers are automatically transferred to ARU.

ARU classification applies where mandatory default criteria are met or customers are considered “unlikely to pay.” ARU focuses on restructuring, managed exit, or asset recovery. Approval for ARU classification rests with CCRC.

Appointment of Administrators/Receivers

For distressed cases, the Group may appoint administrators, receivers, or external legal advisors to protect its interests. Such appointments must be from an approved panel of independent and qualified parties and require CCRC approval following recommendation by 1LOD and review by 2LOD. Oversight of implementation is provided by the Legal department. All requests are documented through a formal template and retained for audit purposes. The process adheres to the Group’s Treating Customers Fairly (TCF) principles, ensuring clear communication and consideration of customer circumstances, including additional care for vulnerable customers as defined by regulatory standards.

Default

The Group defines default in line with EBA guidance for Non-Performing Exposures. A counterparty is considered in default if any of the following occur:

- Unlikely to Pay: The obligor is assessed as unlikely to meet credit obligations in full without enforcement actions.
- Past Due: Any material credit obligation (>€500) is more than 90 days past due.
- Forborne Exposure: A performing forborne exposure becomes >30 days past due.

Indicators strongly suggesting “Unlikely to Pay” include:

- Credit obligation placed on non-accrual status.
- Acceleration or calling of facility.
- Collateral enforcement (including guarantees).
- Appointment of receiver/administrator
- Significant deterioration in financial condition (e.g., inability to generate cash flows, unsustainable leverage, debt service coverage failure).
- Bankruptcy or insolvency filings.
- Fraud cases.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Judgemental trigger events (e.g., smaller adverse factors) may also lead to default classification.

A return to performing status requires evidence of:

- Improved financial condition and ability to meet obligations without collateral realisation.
- Availability of refinancing on standard terms.
- Customer cooperation in resolving financial distress.
- Consideration of Consumer Duty obligations, especially under macroeconomic stress.

Credit Ratings and PD estimation process

The Group uses internal credit ratings (scale 1-20) aligned to ECAI ratings to assess client creditworthiness. Ratings and Probability of Default (PD) are determined using vendor models and internal methodologies based on client type and transaction profile, including:

ECAI ratings (Moody's, Fitch) for financial institutions and corporates where available. Moody's models for listed and private corporates, real estate facilities, and mortgage portfolios.

PD represents the likelihood that an obligor will fail to meet scheduled repayments over a specified period.

Credit assessment responsibilities:

- First Line of Defence (1LoD): Performs initial and ongoing credit assessments, generates ratings and PDs.
- Second Line of Defence (2LoD): Independently reviews and challenges ratings and PDs before approval.
- Changes to rating methodologies or tools require ERC approval.

Group Provisioning Guidelines

Assets can move between IFRS 9 stages without rigid cure periods in most cases. When an asset moves from Stage 1 to Stage 2, it may return to Stage 1 immediately once the conditions for SICR no longer apply. Similarly, there is no mandatory waiting period for an asset downgraded to Stage 3 to be upgraded to Stage 2; these decisions are made on a case-by-case basis, reflecting the borrower's recovery progress and overall credit profile.

However, when an asset has been upgraded from Stage 3 to Stage 2, the Group requires a minimum recovery period of three months before it can be further upgraded to Stage 1. This ensures that improvements in credit quality are sustainable and not temporary.

For facilities previously classified as Watchlist (Stage 2), the Group does not prescribe a specific credit risk rating once the asset is removed from the Watchlist and returned to Normal status. The rating is determined individually, based on expert judgment and the borrower's circumstances. Once the Watchlist designation is lifted, the asset is automatically classified as Stage 1 under IFRS 9.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Significant increase in credit risk (Criteria for escalation into Stage 2)

The transition from recognising 12-month expected credit losses (i.e. Stage 1) to lifetime expected credit losses (i.e. Stage 2) in IFRS 9 is based on the notion of a significant increase in credit risk over the remaining life of the instrument. The focus is on the changes in the risk of a default, and not the changes in the amount of expected credit losses.

The criteria to downgrade an exposure from Stage 1 to Stage 2 are the following:

- 1) The counterparty's payment performance has deteriorated to being past due (arrears) of 30 days+.
- 2) The counterparty has been added to the Watchlist, this includes considering judgemental trigger events, with expert credit analysis to identify Significant Increase(s) In Credit Risk (i.e., SICR). Detailed examples of the judgemental trigger events that result in a facility being added to the Watchlist are included on pages 91 and 92 in Note 36. In addition, when a customer is granted any item of Forbearance it is added to the Watchlist.
- 3) The counterparty is subject to a downgrade as detailed in the paragraph below.

The Group measures the increase in credit risk by monitoring the changes in credit scores of its counterparties since origination. The notch downgrade is based on the credit score, where a "BBB+" or higher rated counterparty has a 3-notch movement required to show deterioration, whilst a lower quality counterparty ("BBB-" to "BB-") needing a 2-notch movement, and the worst quality ("B+" and below) a 1 notch. This follows the broad principles of credit deterioration being seen when a default rate doubles.

Transfers between stage categorisation

Once an asset has been moved from Stage 1 to Stage 2 there is no minimum 'cure' period before the asset can be moved back to Stage 1. There is no minimum 'cure period' before an asset can be moved from Stage 3 to Stage 2 as defaulted assets are reviewed on a case-by-case basis. However, assets that have been upgraded from Stage 3 to Stage 2 require a minimum recovery period of three months before it can be upgraded to Stage 1.

For facilities that are classified as Watchlist, the Group's policy does not dictate a specific credit risk rating after moving the asset from the Watchlist (Stage 2) back to Normal (Stage 1) and the rating is agreed on a case-by-case basis. As long as the asset is removed from the Watchlist and back to Normal, it is automatically classified as Stage 1.

Allowance for impairment

The Group has implemented a comprehensive policy for monitoring impairment events that may result in losses within its asset portfolio. This policy addresses both specific loss events affecting individual significant exposures and collective loss events impacting groups of homogeneous assets that have not yet been individually identified or assessed for impairment. A balance, together with any related impairment allowance, is written off when the Credit Risk Department concludes that recovery is no longer feasible. This determination is based on factors such as significant deterioration in the counterparty's financial position, rendering it unable to meet its obligations, or when expected proceeds from collateral are insufficient to cover the outstanding exposure.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

iii. Exposure by Statement of Financial Position line

The tables below present the Group's maximum exposure to credit risk on balance sheet financial instruments as of 31 December, without taking account of any collateral held or other credit enhancements. These amounts represent the maximum potential loss that could arise if counterparties fail to meet their contractual obligations. The exposures are stated net of ECL impairment provisions where applicable and are indicative of the amounts at risk throughout the year.

	2025	2024
	£ 000	£ 000
Cash and cash equivalents	139,180	101,266
Due from financial institutions - Wadiah	721	3,481
Due from financial institutions - Wakala	19,602	4,350
Investments in securities	29,228	44,584
Financing arrangements	1,218,128	1,151,123
Finance lease receivables	7,700	113,936
Other assets	15,459	10,799
Foreign exchange forward contracts	-	447
Total credit exposure	1,430,018	1,429,986

Except for the subsidiary audit exemption guarantees under Section 479C of the Companies Act 2006 disclosed in Note 33, the Group had no letters of credit or guarantees outstanding as of 31 December 2025 (2024: none).

The Group has a credit exposure to £61.0m in undrawn commitments (2024: £27.0m).

The Group has included Other assets as part of the exposure balance in 2025 to reflect all financial assets. The comparative information for 2024 has been updated accordingly to ensure consistency with the revised presentation throughout this note.

iv. Exposure by country of the financed counterparty

The Group's exposure to credit risk at the balance sheet date was dispersed across the following countries:

	2025	2024
	£ 000	£ 000
GCC countries		
Kuwait	17,381	4,114
Qatar	1,485	2,705
Saudi Arabia	46,319	61,209
United Arab Emirates	3,013	2,449
EEA countries		
United Kingdom	1,308,394	1,353,609
Luxembourg	50,983	-

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

	2025	2024
	£ 000	£ 000
Other countries		
Jersey	1,689	2,067
USA	737	3,833
Other countries	17	-
Total credit exposure	1,430,018	1,429,986

v. Exposure by economic sector

The Group's exposure to credit risk at the balance sheet date was dispersed across the following economic sectors:

	2025	2024
	£ 000	£ 000
Financial services:		
GCC financial institutions	50,442	48,388
UK financial institutions	201,560	146,325
Other financial institutions	68,485	21,164
Mining and quarrying	-	3,413
Manufacturing	-	3,192
Real estate	539,898	634,168
Transportation and storage	50,693	50,348
Wholesale/ Retail	1,658	10,366
Commodities	-	3,131
Energy	1,485	2,705
Construction	165,313	160,189
Education	-	8,079
Buy to let mortgages	305,211	251,742
Renting and Leasing of Equipment	-	41,613
Others	45,273	45,163
Total credit exposure	1,430,018	1,429,986

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

vi. Credit Quality and Direct Investments

Credit quality is overseen by the CCRC, while direct investments are managed by the Assets & Liabilities Committee (ALCO) under the supervision of the Executive Risk Committee. Assessment methods include ratings from major External Credit Assessment Institutions (ECAIs) and internal ratings for unrated customers.

As at 31 December 2025, 12% of the portfolio (2024: 10%) was rated by at least one ECAI, with the remaining 88% (2024: 90%) assessed internally.

For unrated counterparties, the Group uses Moody's tools-CreditEdge, RiskCalc, and Commercial Real Estate Models-alongside internal procedures. These combine analysis of financial strength, management quality, business model resilience, collateral adequacy, and sector/geographic factors to assign an internal rating.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

At 31 December 2025	<u>Neither Past Due Nor Impaired</u>		<u>Neither Past Due Nor Impaired</u>		Ungraded £ 000	Past due but not impaired £ 000	Individually Impaired £ 000	Total £ 000
	ECAI Rating Investment Grade £ 000	Sub- Investment Grade £ 000	BLME Internal Rating Investment Grade equivalent £ 000	Sub- Investment Grade £ 000				
Cash and balances with banks	139,180	-	-	-	-	-	-	139,180
Due from financial institutions	-	-	20,346	(23)	-	-	-	20,323
Investment securities - amortised cost	29,228	-	-	-	-	-	-	29,228
Financing arrangements	-	-	650,696	512,714	-	1,448	53,270	1,218,128
Finance lease receivables	-	-	7,700	-	-	-	-	7,700
Other assets	-	-	-	-	15,459	-	-	15,459
Total credit exposure	<u>168,408</u>	<u>-</u>	<u>678,742</u>	<u>512,691</u>	<u>15,459</u>	<u>1,448</u>	<u>53,270</u>	<u>1,430,018</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

At 31 December 2024	<u>Neither Past Due Nor Impaired</u>		<u>BLME Internal Rating</u>		Ungraded £ 000	Past due but not impaired £ 000	Individually Impaired £ 000	Total £ 000
	ECAI Rating Investment Grade £ 000	Sub- Investment Grade £ 000	Investment Grade equivalent £ 000	Sub- Investment Grade £ 000				
Cash and balances with banks	101,266	-	-	-	-	-	-	101,266
Due from financial institutions	-	-	7,831	-	-	-	-	7,831
Investment securities								
FVOCI								
Government debt securities	-	-	-	-	-	-	-	-
Other Investment securities	12,722	-	-	347	-	-	-	13,069
Amortised Cost								
Government debt securities	-	-	-	-	-	-	-	-
Other Investment securities	31,515	-	-	-	-	-	-	31,515
Financing arrangements	-	-	707,868	346,317	-	34,907	62,031	1,151,123
Finance lease receivables	-	-	34,176	79,528	-	88	144	113,936
Other assets (Foreign exchange forward deals)	447	-	-	-	-	-	-	447
Other assets	-	-	-	-	10,799	-	-	10,799
Total credit exposure	<u>145,950</u>	<u>-</u>	<u>749,875</u>	<u>426,192</u>	<u>10,799</u>	<u>34,995</u>	<u>62,175</u>	<u>1,429,986</u>

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

The Group's cash balances, amounts due from financial institutions and customers, investment securities and derivative financial instruments were neither past due nor impaired as of 31 December 2025 and 31 December 2024.

Analysis of past due amounts and impairments

	Financing arrangements		Finance Leases	
	2025	2024	2025	2024
	£ 000	£ 000	£ 000	£ 000
Neither past due nor impaired	1,168,262	1,066,739	7,700	113,765
Past due but not impaired	1,448	34,907	-	88
Impaired exposure	53,270	62,031	-	144
Less: allowance for impairments	(4,852)	(12,554)	-	(61)
Total	<u>1,218,128</u>	<u>1,151,123</u>	<u>7,700</u>	<u>113,936</u>
Past due but not impaired	£ 000	£ 000	£ 000	£ 000
Past due up to 30 days	82	34,907	-	59
Past due 30 to 60 days	107	-	-	14
Past due 60 to 90 days	-	-	-	8
Past due over 90 days	1,259	-	-	7
Total	<u>1,448</u>	<u>34,907</u>	<u>-</u>	<u>88</u>

An analysis of impairments is provided in Note 13 "Impairment of financial assets".

vii. Collateral

The Group monitors the market value of its collateral on an on-going basis which, dependent upon the collateral type, can vary from monthly to yearly. The Bank uses external valuers to perform independent valuations of assets. These valuations are reviewed and challenged by management and, where applicable, corroborated with internal estimations. In calculating collateral value, the Group considers factors such as asset condition, market environment, ease of liquidation and the interdependency between the financed party and collateral.

Financial assets or non-financial assets obtained through possession of collateral held as security against financing arrangements and finance leases and held at the year-end are disclosed within Note 25 Other Assets.

For collateral assets that are not readily convertible into cash in distressed situations, the Group appoints licensed Insolvency Practitioners from an approved panel of independent and qualified professionals. Such appointments require approval by the CCRC. All actions relating to the appointment and disposal process are governed by the FCA's consumer protection framework and, where applicable, the Bank's Vulnerable Customer Policy.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

	2025	2025	2024	2024
	On balance sheet exposure £ 000		Collateral exposure £ 000	
Cash and balances with banks	139,180	-	101,266	-
Due from financial institutions	20,323	-	7,831	-
Investment securities	29,228	-	44,584	-
Financing arrangements	1,218,128	1,107,378	1,151,123	957,499
Finance lease receivables	7,700	-	113,936	110,899
Foreign exchange forward contracts	-	-	447	-
Other assets	15,459	-	10,799	-
Total credit exposure	<u>1,430,018</u>	<u>1,107,378</u>	<u>1,429,986</u>	<u>1,068,398</u>

As of 31 December 2025, collateral represented 78% (2024: 75%) of the Group's total credit exposure.

Analysis of collateral	2025	2024
	£ 000	£ 000
Plant and equipment	-	112,175
Property	1,107,378	956,223
Total credit exposure	<u>1,107,378</u>	<u>1,068,398</u>

In addition, the Group holds financial guarantees of £nil (2024: £nil) against financing arrangements.

Collateral is disclosed at the lower of 100% of the exposure or management estimation of the value of the collateral based on prevailing valuations.

As of 31 December 2025, 65% (2024: 75%) of the Group's property financing exposure had an average financing-to value ratio equal to or less than 70%.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

viii. Fair value of financial assets and liabilities

The following table summarises the carrying amounts and estimated fair values of financial assets and liabilities.

	Fair value hierarchy £ 000	2025 Carrying value £ 000	2025 Fair value £ 000	2024 Carrying value £ 000	2024 Fair value £ 000
Cash and balances with banks	1	139,180	*	101,266	*
Due from financial institutions	2	20,323	20,390	7,831	8,333
Investment securities	See next table**	29,228	29,228	44,584	44,584
Financing arrangements	3	1,218,128	1,161,979	1,151,123	1,116,209
Finance lease receivables	3	7,700	7,383	113,936	106,584
Other assets (Foreign exchange forward deals)	2	-	-	447	447
Other assets	3	15,459	15,459	10,799	10,799
Due to financial institutions	3	72,145	72,630	56,251	54,831
Due to customers	3	1,196,730	1,187,510	1,262,309	1,249,498
Other liabilities (Foreign exchange forward deals)	2	150	150	318	318
Other liabilities	3	25,269	25,269	16,951	16,951

* The carrying amount of these financial assets and financial liabilities are representative of their fair values.

** Investment securities not included in the table below are accounted for as financial assets at amortised cost.

The Group has included other liabilities as part of the exposure balance in 2025 to reflect all financial liabilities. The comparative information for 2024 has been updated accordingly to ensure consistency with the revised presentation throughout this note.

Valuation of Financial Instruments

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the fair value hierarchy.

	2025 Level 1 £ 000	2025 Level 2 £ 000	2025 Level 3 £ 000	2025 Total £ 000
Investment securities	-	-	-	
Foreign exchange forward deals (assets)	-	-	-	
Foreign exchange forward deals (liabilities)	-	150	-	150

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

	2024 Level 1 £ 000	2024 Level 2 £ 000	2024 Level 3 £ 000	2024 Total £ 000
Investment securities	12,722		347	13,069
Foreign exchange forward deals (assets)	-	447	-	447
Foreign exchange forward deals (liabilities)	-	318	-	318

During the year, there were no transfers between Level 1 and Level 2 fair value measurements (2024: none), and no transfers into or out of Level 3 fair value measurements (2024: none). Transfers between levels occur at the date of the event or change in circumstances that caused the transfer.

Level 3 investment securities comprise investments in subsidiaries, which are held at cost less any impairment provisions, and one unlisted equity investment. The unlisted equity investment's fair value is determined by using prices and other relevant information generated by market transactions involving the individual security and/or identical or comparable securities.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	2025 £ 000	2024 £ 000
Investment securities		
Balance at 1 January	347	341
Total gains/ (losses) recognised in:		
- profit or loss	(347)	6
Balance at 31 December	-	347

The analysis of investment securities is included in Note 17.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

ix. Financial assets and liabilities

The following table details the carrying value by category of financial assets and liabilities as of 31 December 2025.

	2025 Fair value through profit and loss £ 000	2025 Fair value through other comprehensive income £ 000	2025 Financial assets at amortised cost £ 000	2025 Total £ 000
Assets				
Cash and balances with banks	-	-	139,180	139,180
Due from financial institutions	-	-	20,323	20,323
Investment securities:				
Sukuk	-	-	29,228	29,228
Equity	-	-	-	-
Investment in subsidiaries	-	-	-	-
Financing arrangements	-	-	1,218,128	1,218,128
Finance lease receivables	-	-	7,700	7,700
Other assets (foreign exchange forward deals)	-	-	-	-
Other assets	-	-	15,459	15,459
Total financial assets	-	-	1,430,018	1,430,018
Liabilities				
Due to financial institutions	-	-	72,145	72,145
Due to customers	-	-	1,196,730	1,196,730
Other liabilities (foreign exchange forward deals)	150	-	-	150
Other liabilities	-	-	25,269	25,269
Total financial liabilities	150	-	1,294,144	1,294,294

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

	2024 Fair value through profit and loss £ 000	2024 Fair value through other comprehensive income £ 000	2024 Financial assets at amortised cost £ 000	2024 Total £ 000
Assets				
Cash and balances with banks	-	-	101,266	101,266
Due from financial institutions	-	-	7,831	7,831
Investment securities:				
Sukuk	-	12,722	31,515	44,237
Equity	-	347	-	347
Financing arrangements	-	-	1,151,123	1,151,123
Finance lease receivables	-	-	113,936	113,936
Other assets (foreign exchange forward deals)	447	-	-	447
Other assets	-	-	10,799	10,799
Total financial assets	447	13,069	1,416,470	1,429,986

	2024 Fair value through profit and loss £ 000	2024 Fair value through other comprehensive income £ 000	2024 Financial assets at amortised cost £ 000	2024 Total £ 000
Liabilities				
Due to financial institutions	-	-	56,251	56,251
Due to customers	-	-	1,262,309	1,262,309
Other liabilities (Foreign exchange forward deals)	318	-	-	318
Other liabilities	-	-	16,951	16,951
Total financial liabilities	318	-	1,335,511	1,335,829

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

a. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due, arising from the differing maturity profile of its assets and liabilities. This risk is managed by ensuring that the Group has sufficient liquidity to meet its liabilities as and when they fall due. Liquidity risk also includes the funding concentration risk which is the risk associated to the dependence on a single or limited number of counterparties to provide funding for the Group's activities.

The Treasury Division is responsible for monitoring the liquidity profile of financial assets and liabilities, including projected cash flows from current and future business. This area maintains a portfolio of short-term money market assets and marketable securities and seeks to ensure that sufficient liquidity is maintained. The liquidity position is monitored on a daily basis in accordance with guidelines issued by ALCO and approved by Board Risk Committee. Overall, the management of liquidity risk is conducted in accordance with the Group's Liquidity Risk Management Policy and its annual ILAAP, as required by the PRA. Included in the Recovery Plan is the Group's Contingency Funding Plan that details actions during a liquidity stress.

Over and above regulatory liquidity, ALCO establishes its own liquidity performance measures and PRA guidelines. These include a series of early warning triggers and management data on liability stability (i.e. the likelihood of deposits being withdrawn), liability diversification, reserve liquidity, Net Stable Funding Ratio (NSFR), maturity mismatch and forecasting the Liquidity Coverage Ratio (LCR).

The Group monitors retail funding as part of its Executive Risk Appetite Statement to ensure that its funding sources are adequately diversified. Retail deposits are collected directly (through the BLME website) and through the use of deposit aggregators, which offer greater exposure to the retail market across a variety of terms.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Residual contractual maturities of financial assets

Group	Less than 1 month £ 000	1-3 months £ 000	3-12 months £ 000	1-5 years £ 000	5+ years £ 000	2025 Total £ 000
Cash and balances with banks	139,180	-	-	-	-	139,180
Due from financial institutions	23,957	-	-	-	-	23,957
Investment securities and investment in subsidiaries	-	7,761	683	17,084	7,842	33,370
Financing arrangements	5,902	-	20,842	947,789	437,349	1,411,882
Finance lease receivables	576	820	3,738	3,056	-	8,190
Other assets (Foreign exchange forward deals)	-	-	-	-	-	-
Other assets	1	4	13,604	1,850	-	15,459
	<u>169,616</u>	<u>8,585</u>	<u>38,867</u>	<u>969,779</u>	<u>445,191</u>	<u>1,632,038</u>

Group	Less than 1 month £ 000	1-3 months £ 000	3-12 months £ 000	1-5 years £ 000	5+ years £ 000	2024 Total £ 000
Cash and balances with banks	101,266	-	-	-	-	101,266
Due from financial institutions	8,138	-	-	-	-	8,138
Investment securities	86	537	1,440	34,976	17,096	54,135
Financing arrangements	117,867	34,132	216,086	752,622	60,591	1,181,298
Finance lease receivables	587	21,158	48,776	49,382	-	119,903
Other assets (Foreign exchange forward deals)	447	-	-	-	-	447
Other assets	-	-	10,799	-	-	10,799
	<u>228,391</u>	<u>55,827</u>	<u>277,101</u>	<u>836,980</u>	<u>77,687</u>	<u>1,475,986</u>

The tables above show the contractual, undiscounted cash flows of the Group's financial assets.

None of the Group's assets have been pledged as collateral apart from cash collateral deposits of £0.1m (31 December 2024: £0.1m) pledged as security against rental payments on the Group's premises and £nil (31 December 2024: £nil) of cash held as deposits with financial institutions related to foreign exchange forward deals. The pledged cash collateral deposits are subject to industry standard terms and conditions typical of short-term property leases in the London office rental market.

The relatively short-dated tenor and diversification of our assets mitigates any material climate risk exposure to the overall financial statements in the short term. However, work to further review the longer-term risks and opportunities posed by climate change remains ongoing at present.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Residual contractual maturities of financial liabilities

Group	Less than 1 month £ 000	1-3 months £ 000	3-12 months £ 000	1-5 years £ 000	5+ years £ 000	2025 Total £ 000
Due to financial institutions	32,691	14,467	1,355	29,292	-	77,805
Due to customers	271,303	211,233	559,986	196,799	1,713	1,241,034
Other liabilities (Foreign exchange forward deals)	196	(46)	-	-	-	150
Other liabilities	-	-	23,338	1,931	-	25,269
	<u>304,190</u>	<u>225,654</u>	<u>584,679</u>	<u>228,022</u>	<u>1,713</u>	<u>1,344,258</u>
Group	Less than 1 month £ 000	1-3 months £ 000	3-12 months £ 000	1-5 years £ 000	5+ years £ 000	2024 Total £ 000
Due to financial institutions	19,992	10,083	2,145	29,705	-	61,925
Due to customers	204,195	212,562	672,103	225,426	3,299	1,317,585
Other liabilities (Foreign exchange forward deals)	43	275	-	-	-	318
Other liabilities	-	-	15,306	1,645	-	16,951
	<u>224,230</u>	<u>222,920</u>	<u>689,554</u>	<u>256,776</u>	<u>3,299</u>	<u>1,396,779</u>

The above tables analyse assets and liabilities into relevant maturity groupings based on the remaining period to contractual maturity. The maturity profiles disclosed above do not include the impact of behavioural characteristics observed by the Group. This has a material impact on the maturity profile and forms a key part of our liquidity management and stress testing. A diverse set of key risk indicators covering all areas of liquidity risk, including liquidity concentration risk, are monitored on a frequent basis to ensure that the liquidity risk profile remains within appetite. This includes monitoring internal limits placed on the use of Deposit Aggregators. The liquidity risk metrics are monitored by the Risk department and reported to ALCO on a monthly basis.

Whilst the Group has sufficient assets in the short-dated time buckets to cover its short-dated liabilities as they become due, it also holds significant High Quality Liquid Assets ("HQLA") in line with CRR requirements as implemented in the UK by the Prudential Regulation Authority. These HQLA holdings have been greater than the regulatory liquidity requirement throughout the year (unaudited).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

The following table sets out components of the Group's liquidity reserves on the balance sheet:

	2025	2024
	£ 000	£ 000
Highly liquid securities (included in HQLA)	29,228	31,515
Bank of England Alternative Liquidity Facility	47,000	37,972
Other cash and cash equivalents	92,180	63,294
	168,408	132,781

As of 31 December 2025, there are no limitations on the use of the liquidity reserves held by the Group (2024: none).

b. Market risk

Market risk is the risk that changes in market prices will affect income. It covers profit rate risk, credit spread risk, equity price risk and foreign exchange risk. The credit spread risk only pertains to the part that is not related to the issuer's/ obligor's credit standing as that part is already covered in credit risk. In accordance with the Group's Market Risk Management Policy, ALCO is responsible for reviewing all classes of market price risk and positions, sanctioning dealing limits and approving Group's stress testing program in accordance with Group's Stress Testing and Scenario Analysis Policy.

The principal exposure to market risk relates to asset and liability market rate re-price risk within the accrual-based Banking Book. These risks are governed by mismatch limits expressed as the present value sensitivity of a 1 basis point change in profit rates. The main stress tests relate to asset and liability re-price, credit spread and foreign exchange risks.

i. Profit rate risk

This risk arises from the effects of changes in profit rates on the re-pricing of assets and liabilities and covers both fixed and variable profit rates. The Group manages such risks through the use of limits that measure the profit rate sensitivity to changes in profit rates.

As of 31 December 2025, the Group's net profit rate sensitivity to profit and loss on its fixed and variable rate assets and liabilities, and its capital and reserves, as measured by the discounted value of a one basis point change in market rates, was £0.1m (2024: £0.025m). The impact of an increase / decrease of 100 basis points in profit rates at the statement of financial position date, subject to a minimum rate of 0%, would be as follows:

	At 31 December 2025		At 31 December 2024	
	Increase of 100 bp £ 000	Decrease of 100 bp £ 000	Increase of 100 bp £ 000	Decrease of 100 bp £ 000
Increase in profit & loss	-	8,200	-	2,680
Decrease in profit & loss	7,821	-	2,501	-
Increase in off-balance sheet	-	-	-	-
Decrease in off-balance sheet	-	-	-	-

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

The Bank measures interest rate risk in the banking book using the Present Value of a Basis Point (PV01) and a 100 basis point (PV100) shift under the standardised approach. Sensitivities are calculated by applying parallel shocks to interest rates across the yield curve, in line with Basel Committee guidance.

PV01 represents the change in the present value of assets and liabilities for a 1 basis point shift in interest rates, while PV100 reflects the impact of a 100 basis point shift. These metrics are derived by discounting future cash flows up to the repricing date of each instrument under both base and shocked scenarios. The difference between assets and liabilities is assessed to determine whether the Bank is more asset- or liability-sensitive to interest rate movements. The net PV01 and PV100 figures are reported as measures of overall sensitivity.

ii. Foreign exchange risk

Foreign exchange risk is the risk that the value of a non-Sterling asset or liability position will fluctuate due to changes in currency rates. The Bank does not take significant foreign exchange positions, and the majority of foreign exchange risk originates from exposure to US Dollar, UAE Dirham, Saudi Riyal and Euro denominated assets and liabilities. Foreign exchange risk is managed through a Board approved risk appetite limit and early warning indicator, monitored daily and reported to Senior Management through ALCO and Risk Committees.

	2025	2024
	£ 000	£ 000
Resultant foreign exchange revaluation (loss)/ gain from a 10% strengthening or weakening of the net foreign currency positions against Sterling	(119)	(168)
	2025	2024
	£ 000	£ 000
Net foreign exchange gain for the year	(27)	1

iii. Equity price risk

The Group has limited exposure to equity price risk and the sensitivity risk is not currently significant in relation to the overall results and financial position of the Group.

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

c. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The responsibility for the operating framework for risk governance rests with the Board. This extends to determining risk appetite in line with the Group's strategy and ensuring that there is a clearly defined risk management structure with distinct roles and responsibilities that allow risks to be monitored, controlled and reported effectively. Risk governance is underpinned by ensuring that the Board and its committees are provided with transparent and risk sensitive reporting to facilitate their accountabilities and decision making. The Operational Risk Policy is built around the three lines of defence model. This Policy has been approved and is periodically reviewed by the Risk Committee of the Board.

Senior Management ensures the identification and assessment of operational risk through a Risk and Control Self Assessment ("RCSA") process. Operational Risk events, issues and near misses are also reportable and are centrally tracked to ensure appropriate action is taken and issues remediated. All staff are responsible for reporting, managing and escalating operational risk as part of their role. All identified operational risks, issues and events are discussed at the monthly Executive Risk Committee meeting and reported to the Board Risk Committee.

The Bank's has a separate Nomo Risk Committee has helped to ensure that all identified operational risks, issues and events within the digital banking business unit are managed and reported into the Executive Risk Committee.

Basel III requires Pillar 1 capital to be retained for operational risk, which the Group has calculated to be £8.7m using the Basic Indicator Approach (31 December 2024: £7.3m) (unaudited).

d. Capital risk

Capital risk is the risk that low risk adjusted returns or stress events reduce the Group's profitability, which result in a reduction in available capital.

BLME and WAF together comprise a UK Regulatory Consolidation Group that came into being during 2020 and which is subject to regulatory capital requirements. The Consolidated regulatory position as of 31 December 2025 has been set out below.

Throughout the year the Group complied with the capital requirements that were in force as set out by the Prudential Regulation Authority ("the PRA") (unaudited). The PRA adopted the Basel III requirements with effect from 1 January 2014.

The components of Common Equity Tier 1, which the Group manages as its capital, are outlined in the Bank's unaudited regulatory capital return as of 31 December detailed below:

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

	2025 £ 000 (Unaudited)	2024 £ 000 (Unaudited)
Tier 1 Capital - CET1		
Ordinary Share Capital	60,744	60,744
Share Premium	140,623	140,623
Capital Contribution	3,527	3,527
Fair Value reserve	(145)	(347)
Retained earnings	24,432	31,161
Total Tier 1 capital	229,181	235,708
Deductions from Tier 1 Capital		
Intangible assets	(2,860)	(2,611)
Others	(515)	(79)
Total Tier 1 capital after deductions	225,806	233,018
Tier 2 capital	-	-
Total Tier 2 capital	-	-
Total Tier 1 and Tier 2 capital	225,806	233,018
Deductions from Tier 2 Capital	-	-
Total regulatory capital	225,806	233,018

The amounts of regulatory capital shown above differ from the equity balances shown in the Group's statement of financial position in light of adjustments in respect of certain reserves, which are not eligible under the PRA's capital adequacy rules.

Under the capital adequacy rules applicable from 1 January 2008, the Group adopted the Standardised Approach to Credit Risk and the Basic Indicator Approach to Operational Risk. Counterparty Credit Risk ("CCR") is measured using the CCR mark-to-market method, and Market Risk is determined using the standard Position Risk Requirement ("PRR") rules.

The Group's overall minimum capital resource requirement under Pillar 1 is calculated by adding the credit risk charge to that required for Operational Risk, for Market Risk and for CCR.

The following table shows both the Group's overall minimum capital requirement and capital adequacy position under Pillar 1 as of 31 December:

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

	2025 £ 000 (Unaudited)	2024 £ 000 (Unaudited)
Pillar 1 capital requirements		
Credit risk	84,916	93,623
Market risk - foreign currency PRR	-	-
Counterparty risk capital component	25	29
Operational risk	8,671	7,319
Total Pillar 1 capital requirement	93,612	100,971
Total regulatory capital in place	225,806	233,018

The Group undertakes regular internal assessments of the amount of capital which it requires to support its activities. This assessment process is called the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP identifies a number of other risks faced by the Group which do not explicitly attract a capital requirement under the Pillar 1 rules. The Group allocates additional capital for these Pillar 2 risks (“the Pillar 2 capital requirement”). The total capital requirement of the Bank is determined as the sum of the Pillar 1 and the Pillar 2 capital requirements.

The PRA reviews the group’s ICAAP assessment of its Pillar 2 capital requirement as part of the Individual Capital Guidance (ICG) process. The Group manages its capital in accordance with its Pillar 2 capital requirement and was in compliance throughout the year.

The Bank has put in place processes to monitor and manage capital adequacy including reporting regulatory capital headroom against the Pillar 2 capital requirement to executive management on a weekly basis. Liquidity is monitored on a daily basis. Further information regarding the Bank’s approach to risk management and its capital adequacy are contained in the unaudited disclosures made under the requirements of Basel II Pillar 3 (the Pillar 3 disclosures) which can be found in the Investor Relations section of the Group website www.blme.com.

The Group will continue to prudently employ capital and maintain appropriate capital adequacy, liquidity and leverage ratios. BLME reported to the PRA ratios above the minimum requirement throughout 2025. The capital planning process continues to incorporate these measures.

e. Climate-related risks

The Group and its customers may face significant climate-related risks in the future as they are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy.

Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. As the Group’s assets are all based in the United Kingdom the main physical risk that has been considered is flood risk. It is expected that the Group will start exploring the impact from subsidence risk and coastal erosion risk.

The Bank has no appetite for new business in a location that is deemed by the UK Environment Agency to be in Flood Zone 3 (High Risk).

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

The Bank's exposure to River and Sea flooding risk covering the Real Estate Finance, Private Banking and Noma portfolios is detailed below:

	31 December 2025 %	31 December 2024 %
Flood Risk from Rivers and the Sea		
Very Low	69	82
Low	24	13
Medium	3	-
High	3	4
Not Available	1	1
	100	100

Flood risk can arise also through a number of different transmission channels and work has been undertaken to extend the physical risk assessment and measurement to be wider than river and sea flooding. Other types of flood risk include risks arising from surface water, reservoirs, and ground water. For the Bank's current portfolio surface water flooding (occurs when the volume of rainfall exceeds the capacity of drains and surface water sewers and is unable to drain away through drainage systems or soak into the land and instead flows over the land) is a considerable risk and the physical risk assessment and measurement has been extended to include this risk.

The Bank's exposure within the Real Estate Finance, Private Banking and Noma portfolios to Surface Water risk is detailed below:

	31 December 2025 %	31 December 2024 %
Surface Water Flood Risk		
Very Low	49	44
Low	33	32
Medium	7	5
High	10	17
Not Available	1	2
	100	100

BLME Holdings Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2025 (continued)

38 Financial risk management (continued)

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

The UK Government - similar to other governments worldwide - has set a target to be net zero for carbon emissions by 2050 and an 81% reduction in carbon emissions by 2035. On the basis that majority of the Bank's assets are backed by Real Estate properties in the United Kingdom, the Bank's exposure to transition risk is currently measured by reference to Energy Performance Certificates ('EPC'), which include an energy efficiency rating on a scale from A to G, with 'A' being the most energy efficient, and 'G' being the least.

The Bank's assessment covers the Real Estate Finance, Private Banking and Nomo portfolios. For the Real Estate Development Finance facilities for which the project is ongoing and for new build assets for which the EPC rating is not yet available, transition risk has been assumed as Low, as for both cases it is expected that the EPC for the new build assets, once issued, it will most likely range between A and C.

	31 December 2025 %	31 December 2024 %
Transition Risk - EPC ratings		
Low Risk (A to C)	69	66
Medium Risk (D and E)	17	18
High Risk (F and G)	-	2
Not Available	14	13
Exempt	-	1
	100	100

39 Country-by-country reporting

The Group is required to disclose annually under UK legislation the following information:

	Turnover £ 000	Profit / (loss) before tax £ 000	Corporation tax paid £ 000	Average number of employees £ 000
CBCR - 2025				
United Kingdom	57,535	(447)	(2,049)	188
Jersey	804	1,134	-	-
Kingdom of Saudi Arabia	11,162	5,014	-	26
Cayman Islands	(17)	(17)	-	-
Total	69,484	5,684	(2,049)	214

Total turnover is net operating income as disclosed in the consolidated income statement.

The Group received no public subsidies during the period.

BLME Holdings Limited

GLOSSARY OF ISLAMIC FINANCE TERMINOLOGY

Murabaha	A deferred sale contract where goods are sold at cost plus an agreed profit margin. Delivery is immediate, while payment is deferred. Commonly used for trade finance and working capital.
Commodity Murabaha	A type of Murabaha used for liquidity management, often involving commodities such as base metals. Widely applied in Islamic interbank short-term markets.
Wakala	An agency arrangement where a principal appoints an agent to invest funds on their behalf for an agreed fee or profit share.
Ijara	A lease contract granting the right to use an asset in exchange for rental payments. Typically used for financing real estate, equipment, and vehicles.
Mudaraba	A partnership where one party provides capital (Rab al Mal) and the other (Mudarib) provides expertise. Profits are shared per agreement; losses borne by the capital provider unless negligence is proven.
Musharaka	A joint venture where funds are pooled by partners. Profits are shared based on agreed ratios; losses are borne in proportion to capital contribution.
Sukuk	Islamic certificates representing ownership in underlying assets. Returns are based on asset performance. Commonly issued by structured entities for funding and investment.
Istisna	A contract for manufacturing or construction where the asset is built to agreed specifications and delivered at a future date. Common in project and construction finance.
Profit rate swaps	A contract between two parties to exchange fixed-rate profit payments for floating-rate payments (or vice versa) in a specified currency, providing a means to manage profit rate risk.
Participation agreement	Agreements between the Bank and a structured entity to provide funding for acquiring leased assets or investment property. These agreements transfer risks and rewards to the Bank, while indemnifying the structured entity against actual losses except in cases of misappropriation.
Zakat	An obligatory annual donation of a portion of wealth to eligible recipients under Sharia principles. Shareholders are responsible for paying Zakat on their shareholding.
Fatwa	A ruling or interpretation of Islamic law issued by a recognised authority.
Wadiah	A trust or deposit arrangement where funds are entrusted to the Bank, which must return them on demand. Commonly used for current and certain savings accounts