

BLME Holdings plc

*(a public limited company incorporated in the United Kingdom
with registration number 08503102)*

PROSPECTUS

Admission to the Official List of Securities of Dubai Financial Services Authority and Admission to Trading on NASDAQ

Dubai

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities to any person in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful. In connection with the introduction of the Shares to the Official List of Securities maintained by the DFSA and to trading on NASDAQ Dubai, no Shares have been marketed to, nor are available for purchase by, the public in the UAE or elsewhere. This Prospectus does not constitute an offer or invitation for any person to subscribe for or purchase any securities in the Company or any other company.

Prior to the introduction of the Shares to the Official List of Securities maintained by the DFSA and to trading on NASDAQ Dubai, no public trading of the Shares has taken place and no price formation process (e.g. an investor roadshow, book building or auction) has been undertaken. Therefore, there can be no assurance that an active trading market for the Shares will develop or, if developed, that such market will be maintained. If an active trading market is not developed or maintained, the liquidity and trading prices of the Shares could be adversely affected.

The DFSA does not accept any responsibility for the content of the information included in the Prospectus, including the accuracy or completeness of such information. The liability for the content of the Prospectus lies with the issuer of the Prospectus and other Persons (as defined in the Market Rules), such as Experts (as defined in the Market Rules), whose opinions are included in the Prospectus with their consent. The DFSA has also not assessed the suitability of the Securities (as defined in the Market Rules) to which the Prospectus relates to any particular investor or type of investor and has not determined whether they are Sharia'a compliant. If you

do not understand the contents of this Prospectus or are unsure whether the Securities to which the Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

Prospectus dated 7 October, 2013

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NOTICE TO INVESTORS

This Prospectus provides certain information relating to the Company which has been prepared in accordance with Part 2 of the Markets Law and Chapter 2 of the Market Rules. This Prospectus has been filed with the DFSA and has been made available to the public in accordance with rule 2.6.3 of the Market Rules.

The Directors, whose names and signatures appear on page 146 of this Prospectus, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Prospective investors should read the whole of this Prospectus and any information incorporated by reference into it, including, in particular, the risk factors set out in Part 5 of this Prospectus. In making an investment decision, prospective investors should rely upon their own examination of the Company and the Group and the terms set out in this Prospectus, including the merits and risks involved. Prospective investors should rely exclusively on the information contained in this Prospectus. If you are in any doubt as to the action you should take, you should seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or appropriately authorised independent financial adviser.

Application has been made for this Prospectus to be approved by the DFSA under rule 2.6 of the Market Rules. Application has also been made to the DFSA and NASDAQ Dubai for up to 195,733,691 Shares to be admitted to the Official List of Securities and to trading on the NASDAQ Dubai, respectively.

It is expected that Admission will become effective and that dealings in the Shares will commence on NASDAQ Dubai at 10.00 a.m. on 8 October 2013. No application has been or is currently intended to be made for the Shares to be admitted to listing elsewhere or to be traded on any other exchange.

The Company and the Sponsor have not authorised anyone to provide prospective investors with information different from that contained in this Prospectus. Apart from responsibility and liability, if any, which may be imposed on the Sponsor by the Markets Law, the DIFC Regulatory Law 2004 or the regulatory regime established thereunder, the Sponsor makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus, and nothing contained in this Prospectus is, or shall be, relied upon as a promise or representation by the Sponsor or its respective affiliates or advisors. The Sponsor is acting for the Company in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to Admission or the contents of this Prospectus or any transaction, arrangement or matter referred to herein. The information contained in this Prospectus is accurate only as at the date of this Prospectus, regardless of the time of delivery of this Prospectus or of any sale of the Shares.

The Company has appointed EFG-Hermes UAE Limited as its sole transaction adviser (the "**Corporate Broker**") and EFG-Hermes Brokerage UAE LLC as its preferred broker ("**Preferred Broker**").

The Corporate Broker is a company established in the DIFC and is regulated by the DFSA and is licensed to carry out advising, arranging, managing and dealing activities. The Corporate Activities conducts these activities in relation to Professional Clients only.

The Preferred Broker is a company established in the UAE and is regulated by the Securities and Commodities Authority of the UAE (the "ESCA") and is licensed to carry on brokerage activities of dealing as an agent on Nasdaq Dubai. The Preferred Broker and the Corporate Broker are acting exclusively for the Company and no one else in connection with Admission, and will not regard any other person (whether or not a recipient of this document) as a client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to Admission or any transaction, arrangement or matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Corporate Broker in its capacity as transaction adviser, by the DFSA or the regulatory regime established thereunder, or on the Preferred Broker by the ESCA or the regulatory regime established thereunder, or, in each case, under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, EFG-Hermes/the Corporate Broker accepts no responsibility whatsoever nor makes any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or Admission and nothing contained in this document is, or shall be, relied upon as a promise or representation by EFG-Hermes/the Corporate Broker or its respective affiliates or advisors, whether or not to the past or the future. EFG-Hermes/the Corporate Broker has not actively marketed the listing and no price discovery mechanism has been put in place prior to the listing. EFG-Hermes/the Corporate Broker accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (except as referred to above), which it might otherwise have in respect of this document or any such statement.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities to any person in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful. No Shares have been marketed to, nor are available for purchase by, the public in the UAE or elsewhere in connection with the introduction of the Shares to the Official List of Securities. This Prospectus does not constitute an offer or invitation for any person to subscribe for or purchase any securities in the Company or any other company.

Overseas Shareholders and other jurisdictions

The distribution of this Prospectus is restricted by law in certain jurisdictions, and this Prospectus does not constitute, and may not be used in connection with, any offer or solicitation in any such jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken in any jurisdiction by the Company or the Sponsor that would permit a public offering of the Shares, or possession or distribution of a document in any jurisdiction where action for that purpose would be required. Persons into whose possession this Prospectus may come are required by the Company and the Sponsor to inform themselves about, and to observe the restrictions contained in, this Prospectus. Neither the Company nor the Sponsor accepts any responsibility for any violation by any other person, whether or not it is a prospective subscriber or purchaser of the Shares, of any of the above-mentioned restrictions. Neither the Company nor any of the Sponsor nor any of their respective representatives, make any representation to any offeree or purchaser of the Shares regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws.

This Prospectus has been prepared for the purposes of complying with the rules of the DFSA and the information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside the DIFC.

Overseas shareholders should consult with their own advisors as to the legal, tax, business, financial and other relevant implications of the purchase of the Shares.

Capitalised terms have the meanings ascribed to them in the Definitions section of this Prospectus.

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Definitions

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| “A Ordinary Share” | the A ordinary share of £1.00 (equivalent to USD \$1.60035 as at 26 September 2013), in the capital of the Company |
| “ABL Finance” | Asset Based Lending Finance |
| “Admission” | the admission of the Shares to the Official List of Securities and admission to trading on NASDAQ Dubai becoming effective in accordance with the Market Rules |
| “AFS Sukuk” | available-for-sale Sukuk |
| “AIFMD” | the EU’s Alternative Investment Fund Managers Directive |
| “ALCO” | the asset and liability management committee of the Board of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.2 of this Prospectus |
| “ALM” | asset and liability management |
| “AMIC” | the asset management investment committee is a management committee of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.3 of this Prospectus |
| “Articles” | the articles of association of the Company from time to time |
| “Associated Company” | means all companies associated with other companies within the meaning of sections 435(6) and 435(7) of the (UK) Insolvency Act 1986 (as amended from time to time) |
| “ASOP” | the approved share option plan, details of which are set out in Part 6.3 of this Prospectus |
| “AUD” | the lawful currency of the Commonwealth of Australia |
| “Audit Committee” | the audit committee of the Board of BLME or the Company, as the context may require, the |

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| | function and composition of which is set out in Part 7.8.2 of this Prospectus |
| “Bank Shareholders” | the holders of shares in BLME immediately prior to the BLME Scheme of Arrangement becoming effective |
| “BIS Ratio” | Bank for International Settlements liquidity coverage ratio, as implemented under Basel III |
| “BLME EBT” | the Bank of London and The Middle East EBT which is the employment benefit trust of the Group |
| “BLME Holdings Nominee Account” | an account set up by the Company with Deutsche Securities and Services, Dubai Branch, to hold the Shares in the Central Securities Depository, on behalf of the Shareholders |
| “BLME Light Industrial Building Fund” | BLME's light industrial building fund, details of which are set out in Part 3.3.3 of this Prospectus |
| “BLME” | Bank of London and The Middle East plc, a public limited company incorporated in England and Wales with its registered office at Sherborne House, 119 Cannon Street, London EC4N 5AT with company number 05897786 |
| “BLME Scheme of Arrangement” | the Court-approved scheme of arrangement under sections 895 to 899 of the UK Companies Act as set out in the Scheme Document |
| “BLME Shares” | the ordinary shares of £0.01 each (equivalent to USD \$0.0016 each as at 26 September 2013), in the capital of BLME |
| “Board” or “Directors” | the directors of BLME or the Company, as the context may require |
| “BRC” | the Board risk committee of BLME or the Company, as the context may require |
| “Capital Adequacy Ratio” | the total regulatory capital expressed as a percentage of the risk weighted assets |
| “CCRC” | the counterparty credit risk committee is a management committee of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.3 of this Prospectus |

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| “Central Securities Depository” | the NASDAQ Dubai Central Securities Depository |
| “Certificated Shares” | shares in the capital of a company represented by a share certificate |
| “CLM” | cash and liquidity management |
| “Company” | BLME Holdings plc, a public limited company incorporated in England and Wales with its registered office at Sherborne House, 119 Cannon Street, London EC4N 5AT with company number 08503102 |
| “Company Reduction of Capital” | the Court-approved reduction of capital of the Company under sections 645 to 651 of the UK Companies Act |
| “Commodity Murabaha” | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| "Connected Person" | a person who (a) is a Director or an individual involved in the senior management of either (i) the Company; or (ii) a controller of the Company; OR (b) owns, whether legally or beneficially, or controls, whether directly or indirectly, voting shares carrying more than 5% of the voting rights attaching to all the voting shares of either (i) the Company; or (ii) a controller of the Company, as defined in rule 4.3.2 of the Market Rules |
| “Court” | the High Court of Justice of England and Wales |
| “COBA” | COBA Asset Management Limited with its registered office at 55 Bryanston Street, London W1H 7AA |
| "Controller" | a person who holds 10% or more of the shares in an undertaking or a parent undertaking of the undertaking, 10% or more of the voting power in an undertaking or a parent undertaking of the undertaking or shares or voting power in an undertaking or a parent undertaking of the undertaking as a result of which that person is able to exercise significant influence over the management of the undertaking, as defined in section 422 of UK FSMA |
| “Corporate Banking Division” | BLME's corporate banking division, details of which are set out in Part 3.3.2 of this Prospectus |

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| "Corporate Broker" | EFG-Hermes UAE Limited |
| "CREST" | the UK Central Securities Depository |
| "CSD Trading Account" | an account with the Central Securities Depository in which a Shareholder will hold his Shares |
| "DABS" | the deferred annual bonus scheme, details of which are set out in Part 6.3 of this Prospectus |
| "Deferred Shares" | the deferred shares of £1.00 each in the capital of the Company ¹ |
| "Deutsche Securities and Services" | Deutsche Bank Securities and Services, Dubai Branch |
| "DFSA" | the Dubai Financial Services Authority |
| "DIFC" | the Dubai International Financial Centre |
| "DIFC Personal Property Law" | DIFC Personal Property Law No. 9/2005 |
| "EFG Hermes" | EFG-Hermes UAE Limited |
| "ESCA" | Securities and Commodities Authority of the United Arab Emirates |
| "ESOP" | the executive share option scheme, details of which are set out in Part 6.3 of this Prospectus |
| "EU" | the European Union |
| "EUR" | the lawful currency of the member states of the European Union that adopt the single currency in accordance with the treaty of Lisbon amending the Treaty of European Union and the treaty establishing the European community |
| "EXCO" | the executive management committee of the Board of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.2 of this Prospectus |
| "FCA" | the UK Financial Conduct Authority |
| "FPE" | the financial period ended 30 June 2013 |
| "FSA" | the UK Financial Services Authority |

¹ Number of Deferred Shares and its value will be confirmed after Scheme of Arrangement is approved by UK Court.

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| “FYE” | the financial year ended/ ending 31 December in each year |
| “FX” | foreign exchange |
| “GBP”, “Pound Sterling” or “£” | the lawful currency of United Kingdom |
| “General Partner” | BLME Umbrella Fund Management S.à.r.l., having its registered office at 2, place de Metz, L-1930 Luxembourg; |
| “GCC” | the Gulf Cooperation Council |
| “Global Sukuk Fund” | BLME's global Sukuk fund, details of which are set out in Part 3.3.3 of this Prospectus |
| “Group” | before the Sanction Date, BLME and its subsidiaries and, from the Sanction Date, the Company and its subsidiaries |
| “HMRC” | Her Majesty’s Revenue and Customs in the UK |
| “HMT” | Her Majesty’s Treasury in the UK |
| “IAS” | the International Accounting Standards issued by the International Accounting Standards Committee |
| “ICAAP” | the Internal Capital Adequacy Assessment Process as defined by the Basel Committee on Banking Supervision in the Basel Accords |
| “IDB Sukuk” | syndicated Islamic bond issue by the Islamic Development Bank |
| “Ijara” | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| “ILAA” | Individual Liquidity Adequacy Assessment |
| “Impairment Charges” | as detailed in Part 8.1 of this Prospectus |
| “Information Rights” | has the meaning given to such expression in section 146(3) of the UK Companies Act |
| “Inside Information” | information of a precise nature which: (i) is not generally available; (ii) relates, directly or indirectly, to one or more reporting entities or the issuer of the investments concerned or to one or more of the investments; and (iii) would, if |

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| | generally available, be likely to have a significant effect on the price of the investments or on the price of related investments, as defined in Article 63(1)(a) of DIFC Markets Law (No. 1 of 2012) |
| “Investor Data Entry Application Form” | the form required to be completed by the Shareholders in order to open a CSD Trading Account with the Central Securities Depository |
| “Istisna” | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| “IC” | the investment management committee is a management committee of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.3 of this Prospectus |
| “IFR” | the Islamic Finance Rules of the DFSA |
| “IFRS” | the International Financial Reporting Standards issued by the International Accounting Standards Board |
| “IRR” | the Internal Rate of Return for an investment |
| “ITC” | the information technology management committee is a management committee of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.3 of this Prospectus |
| “LIBOR” | the London Inter-Bank Offered Rate, being the index compiled for the British Banker's Association giving an average rate at which a leading bank can obtain unsecured funding for a given period in a given currency in the London market |
| “Lipper Hindsight” | A fund ranking service provided by Thomson Reuters |
| “KWD” | Kuwaiti dinars, the lawful currency of Kuwait |
| “Markets Law” | the DIFC Markets Law (Law No. 1 of 2012) |
| “Market Rules” | the Market Rules of the DFSA |
| “MIFID 2” | the EU's Markets in Financial Instruments Directive 2 |

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| "Money Market Deposits" | Murabaha and Wakala deposits |
| "Mudaraba" | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| "Murabaha" | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| "Musharaka" | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| "NASDAQ Dubai" | NASDAQ Dubai, the stock exchange operated by NASDAQ Dubai Limited |
| "NASDAQ Dubai Broker" | a regional or international broker who is listed on the NASDAQ Dubai website (www.nasdaqdubai.com) |
| "NASDAQ Dubai Custodian" | a party, as defined in the NASDAQ Dubai Business Rules, that holds, manages, controls, or takes custody of securities by way of business for one or more of its customers (or the underlying clients of its customers) under a segregated or omnibus account |
| "NASDAQ Dubai Custodian Account" | the account established by a NASDAQ Dubai Custodian with NASDAQ Dubai |
| "NDGL" | NASDAQ Dubai Guardian Limited, a company limited by shares incorporated under the laws of DIFC with registration number CL0079 with its registered address at Level 7, the Exchange Building (Building 5), DIFC Street, P.O Box 53536 Dubai, United Arab Emirates |
| "Nominations Committee" | the nominations committee of the Board of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.1 of this Prospectus |
| "Nomination Notice" | a notice given by a Shareholder to the Company that another person is entitled to enjoy Information Rights and to receive Shareholder Information which that Shareholder is entitled to enjoy or receive |

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| “Official List of Securities” | the official list of securities maintained by the DFSA |
| “Ordinary Shareholders” | the holders of the Shares |
| “OPCO” | the operations management committee is a management committee of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.3 of this Prospectus |
| “Participating Securities” | shares held in CREST accounts, or through another system for holding shares in uncertificated form and "Participating Security" shall be construed accordingly |
| “PDA” | BLME's premier deposit account |
| “Pillar 1” | the minimum regulatory capital requirements for banks as laid down by the Basel Committee on Banking Supervision in the Basel Accords. The first pillar deals with maintenance of regulatory capital calculated for three major components of risk that a bank faces: credit risk, operational risk, and market risk. Other risks are not considered fully quantifiable at this stage. |
| “Pillar 2” | the mandatory processes for both banks and regulators to fulfil the Basel capital-adequacy requirements. Banks have to conduct an Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate that they have implemented methods and procedures to ensure adequate capital resources, with due attention to all material risk. Regulators have to conduct a Supervisory Review and Evaluation Process to assess the soundness of a bank’s ICAAP and take any appropriate actions that may be required. It also provides a framework for dealing with systemic risk, pension risk, concentration risk, strategic risk, reputational risk, liquidity risk and legal risk, which the accords combines under the title of residual risk. |
| “Pillar 3” | The third Pillar of the Basel Accords which mandates the disclosures that banks must make to provide investors and the public with full transparency which will allow the market participants to gauge the capital adequacy of an institution. |

| | |
|---------------------------------|---|
| "PRA" | the UK Prudential Regulation Authority |
| "Preferred Broker" | EFG-Hermes Brokerage UAE LLC |
| "Profit Rate Swaps" | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| "Profit-Stabilisation Accounts" | the account to which any amount appropriated by the Company out of the Mudaraba income or income of a similar nature is credited, before allocating the mudarib share or its equivalent, in order to maintain a certain level of return to the deposit holders on their savings or investment accounts facilities offered by the Company recognising Sharia'a principles of law |
| "Prospectus" | this document dated and approved by the DFSA on 7 October 2013 together with any amendments and supplements hereto. |
| "Redeemable Preference Shares" | the redeemable preference shares of £1.00 each in the capital of the Company |
| "Related Party" | a person who (i) is, or was within the 12 months before the date of the Related Party Transaction; (A) a Director or a person involved in the senior management of the Company or a member of its group; (B) an associate of a person referred to in (A); or (ii) owns, or has owned within 12 months before the date of the Related Party Transaction, voting shares carrying more than 5% of the voting rights attaching to all the voting shares of either the Company or a member of its group; or (iii) is, or was within the 12 months before the date of the Related Party Transaction, a person exercising or having the ability to exercise significant influence over the Company or an associate of such a person, as defined in Rule 3.5.2(a) of the Market Rules |
| "Remuneration Code" | the FCA's remuneration code, set out at SYSC 19A of the FCA handbook |
| "Remuneration Committee" | the remuneration committee of the Board of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.2 of this Prospectus |

| | |
|---------------------------|--|
| “Restricted Persons” | pursuant to rule 3.4 of the Market Rules, individuals involved in the senior management of a company listed in NASDAQ Dubai (such as executive directors and other senior executives) |
| “Risk Committee” | the risk committee is a management committee of BLME or the Company, as the context may require, the function and composition of which is set out in Part 7.8.2 of this Prospectus |
| “Sanction Date” | 2 October 2013, the date upon which the BLME Scheme of Arrangement was sanctioned by the Court |
| “Scheme Document” | the scheme document sent to shareholders of BLME on 13 May 2013 in connection with the BLME Scheme of Arrangement |
| "Scheme Shares" | the BLME Shares in issue immediately prior to the BLME Scheme of Arrangement becoming effective, save for any BLME Shares held by the Company |
| “Shareholders” | the holders of any class of shares in the capital of the Company from time to time |
| “Shareholder Information” | the notices, documents or information which the Company wishes or is required to communicate to Shareholders including, without limitation, annual reports and accounts, interim financial statements, summary financial statements, notices of meetings and proxy forms |
| “Shares” | the 195,733,691 ordinary shares of 25 pence each in the capital of the Company (ISIN GB00BB0RJ113) |
| “Sharia'a” | the rules, principles and parameters of Islamic law as interpreted by the SSB |
| “Sponsor” | Habib Al-Mulla & Company of Level 8, Al Sila Tower Sowwah Square, Al Maryah Island, P.O. Box 44980 Abu Dhabi, United Arab Emirates |
| “Sukuk” | as defined in the notes to the consolidated financial statements incorporated by reference at part 12 of this Prospectus |
| “SDRT” | stamp duty reserve tax, a tax imposing a charge of 0.5 per cent. on agreement to transfer chargeable securities for consideration in the UK |

| | |
|---------------------------------------|--|
| “SCA” | the Société en Commandite par Actions; a Luxembourg based corporate partnership limited by shares |
| “SICAV” | the Société d’Investissement à Capital Variable; a Luxembourg open ended investment company with multiple compartments |
| “SIF” | the Specialized Investment Funds in accordance with the provisions of the law of 13th February 2007 on Specialized Investment Funds as amended by the law of 26th March 2012 and applicable from 1st April 2012, and the law of 10th August 1915 on commercial companies in Luxembourg |
| “SSB” or “Sharia’a Supervisory Board” | the Sharia’a Supervisory Board of BLME or the Company, as the context may require |
| “Takeover Code” | the UK City Code on Takeovers and Mergers |
| “Takeover Module” | the DFSA Takeover Rules Module |
| “Tier 1” | as defined in the FCA Handbook |
| “Treasury Division” | BLME's treasury division, details of which are set out in Part 3.3.1 of this Prospectus |
| “UAE” | the United Arab Emirates |
| “UK Companies Act” | the UK Companies Act 2006 (as amended from time to time) |
| “UK FSMA” | the UK Financial Services and Markets Act 2000 (as amended from time to time) |
| "UK" or "United Kingdom" | the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies |
| “UK Takeover Panel” | the UK regulatory body which administers the Takeover Code |
| “US” | the United States of America |
| “USD”, “US Dollar”, “US\$” or “\$” | the lawful currency of the US |
| “US\$ Income Fund” | BLME's fixed US\$ income fund, details of which are set out in Part 3.3.3 of this Prospectus |

| | |
|------------------------------|--|
| “USOP” | the unapproved share option plan, details of which are set out in Part 6.3 of this Prospectus |
| “Wakala” | as defined in the notes to the consolidated financial statements incorporated by reference at Part 12 of this Prospectus |
| “Walker Review” | the 2009 HM Treasury Walker Review of corporate governance of the UK banking industry |
| “Wealth Management Division” | BLME's wealth management division, details of which are set out in Part 3.3.3 of this Prospectus |
| “Zawya” | an Islamic finance information service, part of Thomson Reuters providing a fund monitor and ranking service |

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Interpretation

References to “we” and “our” are to the Company and where the context requires the Group.

In this Prospectus, words referring to the singular shall, where applicable, include the plural and vice versa, and words referring to masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a company or a corporation.

Any reference in this Prospectus to any legislation, statute, statutory provision, rules, regulations or enactment is a reference to that legislation, statute, statutory provision, rules, regulations for the time being as amended or re-enacted, and to any repealed legislation, statute, statutory provision, rules, regulations which it re-enacts (with or without modification).

The word “approximately” used in this Prospectus, is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth/hundredth or one/two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

In this Prospectus, references to “connected person” are references to such persons as defined under rule 4.3.2 of the Market Rules. A person is prescribed as a connected person of the Company if that person:

- (a) is a Director or an individual involved in the senior management of either:
 - (i) the Company; or
 - (ii) a controller of the Company; or
- (b) owns voting securities carrying more than 5 per cent. of the voting rights attaching to all the voting securities of either:
 - (i) the Company; or
 - (ii) a controller of the Company.

A person is a controller of the Company if that person (the first person), either alone or with the associates of that person, controls the majority of the voting rights in, or the right to appoint or remove the majority of the Board of Directors of, the Company or any person who has similar control over the first person, including an ultimate controller of the first person. For the purposes of determining whether a person controls the voting rights in, or the right to appoint or remove the majority of the Board of Directors of the Company or a controller of the Company, any securities held by that person and his associates, including those in which that person or associate of that person has a beneficial interest, are deemed as his securities except where:

- (a) any such securities are held by that person on behalf of another person who is not an associate of that person; or
- (b) the person does not have control over the voting rights attaching to the securities because of circumstances where some other person exercises those rights or manages those securities on a discretionary basis.

A person is not a connected person of the Company merely by reason of the admission of its structured products to trading on NASDAQ Dubai or other authorised market institution licensed by the DFSA.

This Prospectus contains certain forward-looking statements and information relating to the Group that are based on expectations, estimates, projections and information currently available to the Group. These statements include, but are not limited to, statements about the Group's strategies, plans, objectives, expectations, intentions, expenditure and assumptions. These statements reflect the current views of the Board with respect to future events. They do not constitute a guarantee of future performance and involve certain risks and uncertainties that are difficult to predict.

Sources and bases of presentation of financial information

Unless otherwise indicated, financial information in this Prospectus has been prepared in accordance with the basis of preparation set out in paragraph 1(a) of the notes to the consolidated financial statements incorporated by reference at Part 12 of this Prospectus. It has been presented in sterling unless otherwise stated.

Where information contained in this Prospectus has been sourced from a third party, it has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Unless otherwise indicated, all unaudited financial information in this Prospectus has been extracted without material adjustment from BLME's accounting records. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it.

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Exchange Rates

The exchange rates as outlined below, are extracted from published information by Bloomberg L.P. The average exchange rate for each financial period is the average of the closing exchange rates on the last day of each month during that financial period. These exchange rates have been presented solely for information only and should not be construed as a representation that GBP could have been, or could be, or was converted into USD, at any particular rates, the rates stated below or at all.

| | GBP : USD | |
|----------|------------------|----------------|
| | Average | Closing |
| FYE 2010 | 1.54585 | 1.54855 |
| FYE 2011 | 1.60324 | 1.54610 |
| FYE 2012 | 1.58527 | 1.61715 |
| FPE 2013 | 1.54365 | 1.51615 |

(Source: Bloomberg L.P.)

The high and low exchange rates between GBP and USD for each of the past eight months prior and up to 26 September 2013 were as follows:

| | GBP : USD | |
|---|------------------|------------|
| | High | Low |
| January | 1.62845 | 1.57080 |
| February | 1.58365 | 1.51095 |
| March | 1.52240 | 1.48835 |
| April | 1.55635 | 1.51275 |
| May | 1.55690 | 1.50365 |
| June | 1.57130 | 1.51665 |
| July | 1.53695 | 1.48825 |
| August | 1.56890 | 1.51615 |
| September (up to the 26 September 2013) | 1.55305 | 1.60685 |

(Source: Bloomberg L.P.)

As at 26 September 2013, the closing exchange rates between GBP and USD was GBP 1 to USD1.60035.

Fluctuations in the exchange rates between GBP and USD will affect the GBP equivalent of the USD price of the Shares on NASDAQ Dubai and the USD equivalent of any cash dividend paid by us in GBP.

We believe that we have extracted the relevant information in its proper form and context in this Prospectus, and have not verified the above exchange rates.

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Corporate Directory

Company:

BLME
Sherborne House
119 Cannon Street
London
EC4N 5AT
United Kingdom

Tel: + 44 (0) 20 7618 0000
Fax: +44 (0) 20 7618 0001
Email: info@blme.com
Website: www.blme.com

BLME Investor Relations

Waleed Al Omar
Head of Investor Relations
Tel: + 44 (0) 20 7618 0000
Email: waleed.alomar@blme.com

Auditors:

KPMG Audit Plc
Chartered Accountants
15 Canada Square
London
E14 5GL

Website: www.kpmg.com

Custodian:

Deutsche Securities and Services Dubai
Branch
Emirates Towers, Level 27B,
P.O Box 504902
Dubai, United Arab Emirates

Website: www.db.com

Sponsor:

Habib Al-Mulla & Company
Level 8, Al Sila Tower
Sowwah Square, Al Maryah Island
P. O. Box 44980
Abu Dhabi, UAE

Tel: +971 2 6961 200
Fax: +971 2 6766 477

Registrar, Paying Agent and Tabulation Agent:

Deutsche Bank AG Dubai (DIFC) Branch
Gate Village, Building 5, Level 6
Dubai International Financial Centre,
P.O. Box 504902
Dubai, United Arab Emirates

Website: www.db.com

Corporate Broker:

Mohammed M. Fahmi
Director, Investment Banking
EFG Hermes UAE
Level 6, The Gate, DIFC
Dubai, United Arab Emirates
Tel: +971 (0)4 363 4000
Fax: +971 (0)4 362 1170
Email: mfahmi@efg-hermes.com
Website: www.efghermes.com

1. SUMMARY

This summary should be read as an introduction to this Prospectus. This summary is not complete and does not contain all the information you should consider before investing in the Company. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor.

Civil liability may arise on the basis of the summary but only if the summary is misleading, inaccurate or inconsistent, when read in conjunction with the other parts of this Prospectus, or fails to provide the key information in order to aid investors when considering whether to invest in such securities.

1.1 History and Background of the Group

BLME was incorporated and registered in England and Wales on 7 August 2006 as a public company limited by shares with registered number 05897786 and with the name United House of Britain plc. On 9 October 2006, BLME changed its name to House of London and The Middle East plc and on 4 July 2007 it changed its name to Bank of London and The Middle East plc.

BLME received a banking licence from the FSA (now replaced by the PRA and FCA) on 5 July 2007. BLME was launched to bridge the European and Middle Eastern markets with the aim of becoming the market leader in Islamic finance.

As part of the preparation for Admission, a corporate reorganisation was implemented by BLME by means of the BLME Scheme of Arrangement.

Pursuant to the corporate reorganisation, the Company was incorporated and registered in England and Wales on 24 April 2013 as a public company limited by shares with registered number 08503102.

Pursuant to the BLME Scheme of Arrangement, the Bank Shareholders approved the proposals and agreed to exchange their ordinary shares in BLME for a beneficial interest in the Shares, thereby establishing the Company as the new holding company of the Group.

All of the Directors of BLME are also Directors of the Company.

The Company is the ultimate holding company of the Group and has the following direct and indirect subsidiaries:

| Subsidiary | Country of incorporation | Date of incorporation or establishment | The Company's Interest in equity capital per cent. | Company function |
|--|--------------------------|--|--|--|
| Bank of London and The Middle East plc | England and Wales | 7 August 2006 | 100 | UK regulated bank |
| BLME Umbrella Fund Management Sarl | Luxembourg | 7 October 2008 | 100 | General partner of the BLME Sharia'a Umbrella Fund SICAV-SIF |

| | | | | |
|--|-------------------|------------------|-----|--|
| BLME (UK) GP Limited | England and Wales | 12 May 2011 | 100 | Managing General Partner of the BLME Light Industrial Building Fund |
| BLME Nominees LIBF Limited | England and Wales | 07 June 2011 | 100 | Ownership of UK property, as nominee, on behalf of BLME Light Industrial Building Fund |
| Bank of London and The Middle East EBT | Jersey | 16 November 2007 | 100 | An employee benefit trust established as a discretionary trust for the purpose of encouraging and facilitating the holding of BLME Shares by employees |
| Global Liquidity Solutions Limited | England and Wales | 25 October 2011 | 100 | A non-trading company established for name protection purposes |

In addition, at 30 June 2013, BLME held the following investments in three different compartments of the BLME Sharia'a Umbrella Fund SICAV-SIF:

| Compartment | Holdings |
|-------------------------------------|--|
| US\$ Income Fund | 1 Management share 25,978.466 class B shares 24,995.251 class C shares 1,234.491 class G shares |
| Global Sukuk Fund | 10,000.000 class A shares |
| BLME Light Industrial Building Fund | 10,027.628 class A shares |

These holdings represented a majority interest in all three active compartments of the BLME Sharia'a Umbrella Fund SICAV-SIF which are therefore deemed to be controlled by the BLME and therefore, under accounting standards adopted by BLME, consolidated into the Group's results.

There are five active entities that do not qualify as subsidiaries under the UK Companies Act but which are consolidated under IAS 27 (SIC-12) as the substance of the relationship is that the entities are controlled by BLME. These entities are deemed to be controlled by BLME because the relationships between BLME and the entities are governed by participation agreements which confer the risk and rewards to BLME and indemnify the entities for losses. Therefore this gives rise to benefits and risks that are in substance no different from those that would arise were the entities subsidiaries of BLME.

The five active entities are as follows:

- Kalakane Transatlantic Investors II, Inc. (USA) – Operating leases;
- BLX13 Inc (USA) – Operating leases and finance leases;
- DMJ 2 LLC (USA) – Operating leases;
- TP Funding Company LLC (USA) – Investment property; and

- Medical Property Investments LLC (USA) – Investment property

1.2 The Group's Business

BLME provides a range of Sharia'a compliant banking services to businesses and individuals, with a focus on Europe and the Middle East. It is led by a management team that brings together a combination of experienced international bankers and leading experts in Islamic finance. BLME has over 100 full-time employees (including contractors) mostly based in two offices in central London. In March 2013, BLME received a licence to open a representative office in Dubai.

BLME is authorised and regulated by both the PRA and the FCA (Firm Reference Number: 464292). Although these regulatory authorities do not have a dedicated regime for Islamic banks, the control structures in place within BLME together with the consultation process adopted by the regulatory authorities ensures the appropriate introduction of new and existing regulation.

The three core divisions that make up BLME's business are Corporate Banking, Treasury and Wealth Management which combines Private Banking, Asset Management and Islamic Capital Markets which are summarised below:

Corporate Banking Division

The Corporate Banking Division specialises in providing financing to UK based businesses in the mid-market sector through five specialist product teams:

- Real Estate Finance
- Leasing
- Trade Finance
- ABL Finance
- Acquisition Finance

Treasury Division

Treasury's role is to manage the BLME capital, liquidity and funding.

The Treasury Division is BLME's point of contact with international banks, financial institutions and corporate treasurers. It funds and manages BLME's liquidity and provides innovative Sharia'a compliant hedging, and FX structures.

Wealth Management Division

The Wealth Management Division comprises Private Banking, Asset Management, and the Islamic Capital Markets businesses.

1.3 Key Strengths

- At the end of 2012 BLME is the largest wholly Sharia'a compliant bank in Europe in terms of capital, balance sheet and profit.

- In The Banker Top 1000 Banks, 2012 Report BLME was ranked 11th out of 1000 banks for capital-asset ratio.
- In The Banker Top 1000 Banks, 2012 Report BLME was ranked 21st out of 1000 banks for the soundest BIS Ratio.
- BLME is the only Islamic Bank in Europe to offer full service corporate banking including Real Estate Finance, Leasing, Trade Finance, ABL Finance and Acquisition Finance.
- BLME was the first Islamic bank in Europe to offer ABL Finance and Acquisition Finance.
- BLME was the first Islamic bank in Europe to finance a green energy transaction in a Sharia'a compliant manner.
- BLME launched the first Sharia'a compliant US\$ income fund². This fund is the only investment grade (A rated by Moody's) Islamic US\$ income fund available.
- As at 31st December 2012, the Global Sukuk Fund³ was the top performing Sukuk fund of 2012 according to Zawya data.
- BLME is the first UK Islamic Bank to be listed as a co-lead on an Islamic Development Bank Sukuk.

1.4 Directors, Senior Management and Employees

The Board of BLME is responsible for the Group's system of corporate governance. The Board of the Company comprises three executive Directors:

- **Humphrey Percy** - Chief Executive Officer,
- **Richard Williams** – Chief Financial Officer and
- **Nigel Denison** - Director and Head of Wealth Management and Treasury

and six Non-executive Directors including the Non-executive Chairman:

- **Yacob Yousef Al-Muzaini** - Non-executive Chairman,
- **Sheikh Abdullah Jaber Al-Ahmed Al-Sabah** - Vice Chairman of the Board,
- **Neil Holden** – Non-executive Director and Chairman of the Remuneration Committee
- **Frank Vermeulen** - Non-executive Director and Chairman of the Audit Committee,
- **Michael Williams** - Non-executive Director and Chairman of the Risk Committee and
- **Adel Abdul Wahab Al-Majed** - Non-executive Director

1.5 Sharia'a Supervisory Board

To ensure compliance with the principles of Sharia'a, transactions and agreements entered into by BLME and the Company are reviewed and approved by the SSB whose governance is in addition to the conventional regulation that applies to UK based financial institutions. The SSB conducts its reviews to form an opinion as to whether the Group has complied with the principles of Sharia'a and with specific fatwa rulings and guidelines issued by the SSB.

² This fund is an unregulated scheme and not suitable for retail investors.

³ This fund is an unregulated scheme and not suitable for retail investors.

1.6 Summary of Financial Information

The summary financial information set out below has been extracted without material adjustment from the financial information about the Issuer set out in Part 8 of this Prospectus.

BLME - Income statement summary

| | 2012 (12 months) £'000s | 2011 (12 months) £'000s | 2010 (12 months) £'000s |
|--|-------------------------------|-------------------------------|-------------------------------|
| Income | | | |
| Net margin | 17,141 | 16,290 | 16,324 |
| Net fee income | 1,777 | 642 | 975 |
| Operating lease income | 27,250 | 25,260 | 20,289 |
| Total other operating income | 6,299 | 827 | 2,851 |
| Total operating income | 52,467 | 43,019 | 40,439 |
| Expenses | | | |
| Personnel expenses | (12,146) | (9,520) | (11,374) |
| Operating lease depreciation | (21,646) | (20,607) | (16,181) |
| Total other operating expenses | (11,399) | (8,538) | (8,916) |
| Total operating expenses | (45,191) | (38,665) | (36,471) |
| Operating profit before impairment charges | 7,276 | 4,354 | 3,968 |
| Net impairment (charge) / credit on financial assets | (1,761) | (15,202) | 1,048 |
| Net operating profit / (loss) before tax | 5,515 | (10,848) | 5,016 |
| Tax (expense) / credit | (1,674) | 1,950 | (1,498) |
| Profit / (loss) for the year | 3,841 | (8,898) | 3,518 |

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BLME - Balance sheet summary

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Total assets | 1,038,958 | 807,131 | 711,934 |
| Liabilities | | | |
| Due to financial institutions | 512,113 | 500,474 | 424,132 |
| Due to customers | 257,747 | 51,031 | 24,253 |
| Total other liabilities | 29,449 | 16,986 | 16,557 |
| Total liabilities | 799,309 | 568,491 | 464,942 |
| Equity | | | |
| Share capital | 48,933 | 48,933 | 48,933 |
| Share premium | 206,226 | 206,226 | 206,226 |
| Total other reserves | (15,510) | (16,519) | (8,167) |
| Total equity | 239,649 | 238,640 | 246,992 |
| Total liabilities and equity | 1,038,958 | 807,131 | 711,934 |

BLME - Income statement summary

| | 6 months to 30 June 2013 (unaudited) £'000s | 6 months to 30 June 2012 (unaudited) £'000s |
|---|--|--|
| Income | | |
| Net margin | 9,377 | 8,792 |
| Net fee income | 1,196 | 687 |
| Operating lease income | 13,525 | 13,877 |
| Total other operating income | 1,198 | 3,305 |
| Total operating income | 25,296 | 26,661 |
| Expenses | | |
| Personnel expenses | (6,127) | (6,239) |
| Operating lease depreciation | (10,759) | (11,120) |
| Total other operating expenses | (5,940) | (5,516) |
| Total operating expenses | (22,826) | (22,875) |
| Operating profit before impairment charges | 2,470 | 3,786 |
| Net impairment charge on financial assets | (1,020) | (927) |
| Net operating profit before tax | 1,450 | 2,859 |
| Tax expense | (458) | (698) |

| | | |
|-----------------------|------------|--------------|
| Profit for the period | <u>992</u> | <u>2,161</u> |
|-----------------------|------------|--------------|

BLME - Balance sheet summary

| | 30 June 2013 (unaudited) £'000s | 30 June 2012 (unaudited) £'000s |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Total assets | <u>1,137,116</u> | <u>798,930</u> |
| Liabilities | | |
| Due to financial institutions | 581,109 | 442,591 |
| Due to customers | 287,637 | 91,986 |
| Total other liabilities | 31,537 | 26,724 |
| Total liabilities | <u>900,283</u> | <u>561,301</u> |
| Equity | | |
| Share capital | 48,933 | 48,933 |
| Share premium | 206,226 | 206,226 |
| Total other reserves | (18,326) | (17,530) |
| Total equity | <u>236,833</u> | <u>237,629</u> |
| Total liabilities and equity | <u>1,137,116</u> | <u>798,930</u> |

Please refer to section 8 for details of the inclusion of historical financial information and half yearly information.

1.7 Current Trading and Prospects

Since 31 December 2012, the Group has continued to grow its total assets, and grow and diversify its depositor base, with income from financing activities ahead of the same period last year.

The Directors believe the Group is well positioned to capitalise on the opportunities in its chosen markets and view its financial prospects with confidence.

1.8 Details of Admission

The Group intends to seek an admission to listing of the Shares on the Official List of Securities and to trading on NASDAQ Dubai.

The principal reason for Admission is to provide the Ordinary Shareholders with greater liquidity in relation to their shareholdings.

The Company is not raising any proceeds from the Admission.

Admission is expected to take place on 8 October 2013.

1.9 Risk Factors

Below is a summary of key information relating to risks associated with the Group and its business operation, risks relating to the Shares and other risks.

| | | |
|---------------------|--|---|
| <p>1.9.1</p> | <p>Risks relating to the Group and its business</p> | <ul style="list-style-type: none"> ▪ Competition in Islamic banking and finance is rising due to market awareness of the opportunity ▪ Unfavourable taxation of Sharia'a compliant financial products in some jurisdictions and/or future changes in taxation legislation ▪ As a regulated bank in the UK, potential material changes in applicable rules and regulations could have a significant adverse impact on the Company ▪ Failure to maintain the right image and to gain loyalty of Islamic institutions and or to develop strategic alliances in key markets and sectors ▪ Failure to attract qualified and skilled personnel and/or failure of staff to adapt to Islamic banking principles ▪ Business risk, being the risk of the volatility of earnings ▪ Credit risk, being the risk of financial loss to the Group if a customer or counterparty is not able to repay capital and/or profit, or otherwise meet its contractual obligations under credit facilities or in respect of other agreements ▪ Insurance Risk – the Company does not offer insurance services or underwrite insurance risks. The Company has retained the services of an established insurance consultant to put in place the necessary bankers blanket bond insurance policies ▪ Liquidity risk, being 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 ▪ Market risk, being the risk that changes in market prices will affect the Group's income. It covers profit rate risk, credit spread risk and foreign exchange risk. The principal exposure to market risk relates to asset and liability market rate re-price risk within the accrual based banking book. Rate re-pricing risks are caused by the mismatching of assets and liabilities in the banking book ▪ Operational risk, being the risk of loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external |
|---------------------|--|---|

| | | |
|--------------|-------------------------------------|--|
| | | <p>factors other than credit, market and liquidity risks</p> <ul style="list-style-type: none"> ▪ Residual risk – the Company has evaluated this risk in terms of the unenforceability of legal contracts under UK law and Sharia’a ▪ Gap in the understanding of Islamic banking and its products among its customers, which could potentially lead to adverse impact on the franchise strength of Islamic banks ▪ Potential risk of the regulatory and banking policy treatment of the Group in markets where it operates being in conflict with its obligation to carry out its business in a Sharia’a-compliant manner ▪ Suspension or cancellation of BLME's banking licence would result in BLME becoming incapable of carrying on its activities within the UK which could have a material adverse effect on the Group's business and results of operations ▪ Failure to maintain its capital adequacy requirements as required by the PRA for a bank ▪ Structure of Islamic financial products |
| 1.9.2 | Risks relating to the Shares | <ul style="list-style-type: none"> ▪ Absence of prior trading market; potential volatility of share price ▪ Distribution of dividends. The Company will only be able to pay dividends to the extent that it has distributable profits available for this purpose. Any decision to pay dividends to Shareholders and the amount of such dividends will be at the discretion and upon the recommendation of the Board ▪ Foreign exchange movements. Fluctuations in USD vis-à-vis the GBP may have a material impact on the share price |
| 1.9.3 | Other risks | <ul style="list-style-type: none"> ▪ Changes in legislation or regulation in the UK and EU or Dubai ▪ Political and economic risk and market conditions in Europe ▪ Political and economic risk in the Middle East ▪ Forward-looking statements |

2. INFORMATION ABOUT THE COMPANY AND THE GROUP

2.1 Introduction

On 2 October 2013, the BLME Scheme of Arrangement became effective which introduced the Company as the new holding company of the Group.

Further information on the BLME Scheme of Arrangement is set out in Part 10 of this Prospectus.

2.2 Information on the Company

2.2.1 *The Company*

The Company is a new company incorporated and registered in England and Wales on 24 April 2013 as a public company limited by shares with registered number 08503102. The Company has remained incorporated since that date and does not have a fixed life. All of the Directors of BLME are also Directors of the Company. The principal legislation under which the Company operates is the UK Companies Act.

The registered office of the Company is at Sherborne House, 119 Cannon Street, London EC4N 5AT. The telephone number of the Company is +44 (0) 20 7618 0000.

The Company is the holding company of the Group. It acquired all of the BLME Shares through the BLME Scheme of Arrangement.

Since its incorporation, the Company has not traded, it has received no income, incurred no material expenditure and it has not entered into any material contracts.

2.2.2 *Share Capital of the Company*

Upon its incorporation, the issued share capital of the Company was as follows:

- i. 50,000 Redeemable Preference Shares; and
- ii. 1 ordinary share of £1.00.

The above shares were, on incorporation, held by BLME as the sole shareholder.

By an ordinary resolution passed on 10 May 2013, the issued ordinary share of £1.00 in the capital of the Company was redesignated as an A Ordinary Share.

On 10 June 2013, it was resolved that following the BLME Scheme of Arrangement becoming effective, any part of the amount standing to the credit of the merger reserve of the Company would be capitalised and applied in paying up in full at par a number of new Deferred Shares and that the issued share capital of the Company would be increased by the creation of such number of new Deferred Shares as shall be required to effect such capitalisation and the Directors of the Company be authorised to allot and issue all the Deferred Shares thereby created.

On 10 June 2013, it was further resolved that, subject to and conditional upon the BLME Scheme of Arrangement becoming effective, the Directors of the Company be authorised to allot Shares, credited as fully paid up to an aggregate nominal amount of £49,010,653.53 to Shareholders.

On 2 October 2013, following the BLME Scheme of Arrangement becoming effective, the issued share capital of the Company was as follows:

- i. 50,000 Redeemable Preference Shares;
- ii. 1 A Ordinary Share;
- iii. 175,000,000 Deferred Shares; and
- iv. 195,733,691 Shares.

On 7 October 2013, the Deferred Shares were cancelled and extinguished pursuant to the Company Reduction of Capital,

The Company's current issued share capital and its issued share capital immediately prior to Admission is:

- i. 195,733,691 Shares held by the Ordinary Shareholders; and
- ii. 50,000 Redeemable Preference Shares and 1 A Ordinary Share held by BLME.

2.3 History of and Background to the Group

BLME was incorporated and registered in England and Wales on 7 August 2006 as a public company limited by shares with registered number 05897786 and with the name United House of Britain plc. On 9 October 2006, BLME changed its name to House of London and The Middle East plc and on 4 July 2007 it changed its name to Bank of London and The Middle East plc.

BLME received a banking licence from the FSA (now the PRA and FCA) on 5 July 2007; BLME was launched to bridge the European and Middle Eastern markets with the aim of becoming the market leader in Islamic finance. London, as a key centre for global finance, was chosen as BLME's base due to its strong tradition of financial innovation and creativity. London has also provided BLME with access to a highly skilled workforce.

The registered office of BLME is at Sherborne House, 119 Cannon Street, London EC4N 5AT. The telephone number of BLME is +44 (0) 20 7618 0000.

At the time of FSA authorisation BLME had paid up capital of £175 million. By February 2008, a second private placement was successfully completed bringing BLME's total capital base to £250 million. As an integral part of BLME's strategy, a private banking and asset management division were successfully launched in early 2009.

BLME provides a range of Sharia'a compliant banking services to businesses and individuals, with a focus on Europe and the Middle East regions, requiring access to innovative Islamic financial products. It is led by a management team that brings together a combination of experienced international bankers and leading experts in Islamic finance. BLME has over 100 full-time employees (including contractors) mostly based in two offices in central London. In March 2013, BLME received a licence to open a representative office in Dubai.

BLME is now authorised and regulated by both the PRA and the FCA (Firm Reference Number: 464292).

2.4 Principal Investments

As can be seen from BLME's historic audited financial statements incorporated by reference at Part 12 of this Prospectus, the main items described as investments on the BLME consolidated balance sheet for the period ended 31 December 2010, 31 December 2011 and 31 December 2012 include 'Investment Securities' and 'Investment Properties'.

The BLME balance sheet also includes a small investment in subsidiaries (£15,559 as at 31 December 2012) which mainly represents a 100 per cent. investment in BLME Umbrella Fund Management Sarl, which acts as the general partner of the BLME Sharia'a Umbrella Fund SICAV-SIF.

| | 31/12/2012 | 31/12/11 | 31/12/10 |
|--------------------------|--------------|-------------|-------------|
| | £ million | £ million | £ million |
| Investment Securities | 104.8 | 81.4 | 26.8 |
| Investment Properties | 27.8 | 12.9 | 7.2 |
| Total investments | 132.6 | 94.3 | 34.0 |

Investment Securities as at 31 December 2012 represents approximately £62 million of AFS Sukuk, £40 million of Sukuk held at fair value through profit and loss (which mostly arises through the consolidation of the two income fund compartments of the BLME Sharia'a Umbrella Fund SICAV-SIF) and £2 million of unlisted equity investments. The actual split is provided in note 18 to the 2012 audited consolidated financial statements, which are incorporated by reference in Part 12 of this Prospectus. The increase in this category over the three year period partly reflects the growth of assets under management in the income fund compartments and also reflects the investment of increased liquidity by the Treasury Division into AFS Sukuk.

Properties held for long term rental yields not occupied by the Group are classified as 'Investment Properties'. This category includes Investment Properties reported by the Group as a result of the consolidation of the BLME Light Industrial Building Fund compartment of the BLME Sharia'a Umbrella Fund SICAV-SIF. More detail is provided in note 19 and note 32 to the 2012 audited financial statements as incorporated by virtue of Part 12 of this Prospectus. The growth in Investment Properties over the three year period mainly reflects the launch of the BLME Light Industrial Building Fund during the second half of 2011.

2.5 The European Islamic banking market and BLME's position

2.5.1 BLME and the European Islamic banking market

The UK continues to support and promote Islamic finance.

BLME plays a key role in the European Islamic finance industry and contributes to policy and thought leadership.

- BLME works with the UK Government and political parties via the UK Islamic Finance Secretariat, City UK and an All Parliamentary Group.

- BLME has consulted with the Bank of England, HMT and HMRC on liquidity and taxation in the UK Islamic Finance Industry.
- The UK is the only major European country to develop the legal and regulatory infrastructure to support Islamic finance.
- The UK Islamic market place will be heavily promoted when the World Islamic Economic Forum (WIEF) is hosted in the UK in October 2013.
- As the UK is hosting WIEF the UK Government has appointed a governmental taskforce. The taskforce has been charged with supporting the development of the UK Islamic finance industry.
- The UK Islamic finance market is still relatively young with the first of the six authorised UK Sharia'a based banks launching in 2005. The two significant market situations that impact Islamic banks are:
 - lack of liquidity instruments,
 - a developing syndication market.

2.5.2 Awards and Industry Recognition

BLME is the leading Sharia'a based bank in the European time zone:

- 2008 Best Islamic Bank in Europe by Islamic Finance News.
- 2009 Best Islamic Bank in the UK by Islamic Finance News.
- 2009 Best UK Leasing Provider by Islamic Finance News.
- 2009 Best UK Leasing Deal by Islamic Finance News.
- 2009 Institutional Excellence Award by World Islamic Banking Conference.
- 2010 Best Islamic Institution in the UK by Global Finance Magazine.
- 2010 Best Islamic Bank in the UK by Islamic Finance News.
- 2011 Best Islamic Financial Institution in Europe by Global Finance Magazine.
- 2011 Best Islamic Bank in the UK by Islamic Finance News.
- 2011 Best Real Estate Deal of the Year by Islamic Finance News.
- 2012 Best Islamic Bank in Europe by Global Finance Magazine.
- 2012 Best Islamic Bank in the UK by Islamic Finance News.
- 2012 BLME Global Sukuk Fund⁴ shortlisted for the MENA Fund Manager Newcomer of the Year award.
- 2012 BLME US\$ Income Fund shortlisted for MENA Fund Manager Best Fixed Income Fund of the Year.

⁴ This fund is an unregulated scheme and not suitable for retail investors.

- 2012 BLME US\$ Income Fund shortlisted for the MENA Fund Manager Best Fixed Income Fund – 3 year performance award.
- 2012 The Global Sukuk Fund⁵ was rated as the top performing Sukuk Fund by Zawya.
- 2012 The US\$ Income Fund was ranked 6th best performing fund out of 758 funds by Lipper Hindsight.⁶
- 2013 Sustainable Investment Funds Firm of the Year by Finance Monthly Global Awards.
- 2013 Best Islamic Bank in the UK by Islamic Finance News.
- 2013 BLME's Premier Deposit Account shortlisted for the Best Fixed Rate Account Provider in the Moneyfacts Awards.
- 2013 Best Islamic Asset Manager by Islamic Finance News Investor Poll.

2.6 Admission

2.6.1 Details of Admission

This Prospectus was approved by the DFSA on 7 October 2013 in accordance with article 14 of the Markets Law for the purposes of the admission to trading of 195,733,691 Shares (ISIN GB00BB0RJ113) on NASDAQ Dubai. The Shares listed on Nasdaq Dubai will be held in book-entry form. The book-entry register will be held and maintained by Deutsche Bank AG Dubai (DIFC) Branch.

It is expected that the admission to trading will become effective and that dealings in the Shares on NASDAQ Dubai will commence on or around 8 October 2013.

No application has been made or is currently intended to be made for the Shares to be admitted to listing or dealt in on any other exchange.

No offer of shares is made by any member of the Board of their Shares in the Company. All Shares will be listed and traded on NASDAQ Dubai in USD currency.

2.6.2 Settlement

All Shares in the Company are held in the Central Securities Depository and are registered in the name of NDGL as a bare nominee for Shareholders in accordance with rule 11.1.1 of the NASDAQ Dubai Business Rules. The Shares will be traded electronically on NASDAQ Dubai's trading platform in accordance with the DIFC's Dematerialised Investment Regulations 2005.

Shares which are eligible to be traded may be held either in accounts opened with the Central Securities Depository by the holders thereof or through custodian omnibus accounts and the ownership of the Shares will be evidenced by the holdings in such accounts. Clearing and settlement of trades on NASDAQ Dubai by brokers or custodians may be performed only through members of NASDAQ Dubai. Settlement of securities trading on the NASDAQ Dubai is governed by the NASDAQ

⁵ This fund is an unregulated scheme and not suitable for retail investors.

⁶ This fund is an unregulated scheme and not suitable for retail investors.

Dubai Business Rules. For further information on Shareholders' entitlements to Shares please refer to Part 2.6.3 below.

The NASDAQ Dubai Business Rules and the DIFC Personal Property Law provide that the Shares registered in the name of NDGL, for the purposes of Admission, are held by NDGL as bare nominee for the owner of the beneficial interest in such Shares. The DFSA Market Rules and the DIFC Personal Property Law also protect the rights of such beneficial owners so as to enable them to exercise all rights, including but not limited to the right to receive dividends and to vote at general meetings, attaching to such Shares. Arrangements have been put in place by the Company to facilitate the exercise by Shareholders of these rights. Therefore, all legal rights enjoyed by NDGL, as holder of the legal title to the Shares, are conferred upon all persons holding entitlements to Shares in the Central Securities Depository on Admission.

A Shareholder can withdraw his Shares from the Depository at any time following Admission, thereby becoming the registered holder of Shares, in place of NDGL, however, as only Shares registered in the name of NDGL may be traded on NASDAQ Dubai, should Shareholders, who have withdrawn their Shares from the Central Depository, wish to sell their Shares, they may only then do so pursuant to an off-market sale, which would ordinarily attract stamp duty or SDRT in the UK at a rate of 0.5 per cent. This duty must be paid (and the transfer document stamped by HMRC) before the sale can be registered in the share register of the Company. Furthermore, if Shares which have been withdrawn from the Central Securities Depository are subsequently redeposited into the Central Securities Depository and re-registered in the name of NDGL, the redeposit will attract stamp duty or SDRT in the UK at the rate of 1.5 per cent.

2.6.3 Shareholders' entitlements

Shareholders' entitlements to Shares will, depending on the action that a Shareholder has taken, be one of the following at Admission:

- credited to a CSD Trading Account, where a NASDAQ Dubai Broker has been appointed and an Investor Data Entry Application Form has been completed;
- credited to a Shareholder's nominated NASDAQ Dubai Custodian Account; or
- credited to the BLME Holdings Nominee Account with Deutsche Securities and Services.

Only Shareholders that have either:

- appointed a NASDAQ Dubai Broker and established a CSD Trading Account; or
- opened an account with one of the NASDAQ Dubai Custodians and appointed a NASDAQ Dubai Broker,

will be able to trade their Shares on NASDAQ Dubai immediately following Admission. Shareholders that have not established a CSD Trading Account or a NASDAQ Dubai Custodian Account by Admission will hold their Shares in the BLME Nominee Account.

It is the Board's intention that a Shareholder that has neither appointed a NASDAQ Dubai Broker and established a CSD Trading Account nor opened an account with one of the NASDAQ Dubai Custodians and appointed a NASDAQ Dubai Broker by 28 June 2014 or, if later, within one year of

the date on which the BLME Scheme of Arrangement became effective, will have his Shares in the BLME Holdings Nominee Account withdrawn from the Central Securities Depository and registered in his own name thereby becoming the registered holder of the appropriate number of Shares in place of NDGL. A Shareholder can also become the registered holder of Shares, in place of NDGL, before this time by withdrawing his Shares from the Central Depository at any time following Admission. As only Shares registered in the name of NDGL may be traded on NASDAQ Dubai, should Shareholders who are the registered holders of their Shares then wish to sell their Shares, they may only do so pursuant to an off-market sale, which would ordinarily attract stamp duty in the UK at a rate of 0.5 per cent. Furthermore, if Shares which have been withdrawn from the Central Securities Depository are subsequently redeposited into the Central Securities Depository and re-registered in the name of NDGL, the redeposit will attract stamp duty or SDRT in the UK at the rate of 1.5 per cent.

If an Ordinary Shareholder's Shares are held in the BLME Nominee Account and he would like to trade his Shares following Admission, he is advised, as soon as possible following Admission, to either:

- establish a CSD Trading Account with EFG Hermes Brokerage UAE LLC by calling Ramy El Essawy on +971 (0)4 363 4093 or email using ressawy@efg-hermes.com. EFG Hermes Brokerage UAE LLC is a NASDAQ Dubai Broker, with whom the Company already has arrangements in place. (www.efghermes.com)
- establish a CSD Trading Account with one of the other NASDAQ Dubai Broker's. Complete lists of the regional and international brokers are available on the NASDAQ Dubai website (www.nasdaqdubai.com).

2.6.4 Corporate Broker

EFG-Hermes/the Corporate Broker has been appointed with respect to the proposed admission to trading of the Shares to the Official List of Securities and admission to trading on Nasdaq Dubai. The Corporate Broker will assist the Company and the Sponsor in seeking necessary approvals and consents from the DFSA and NASDAQ Dubai.

The Corporate Broker will undertake three functions:

- i. to carry out advising, arranging, managing and dealing activities, the Corporate Broker will introduce the Preferred Broker to the Company
- ii. to assist in the opening of the brokerage account and assist the Company with the investor relations function, such as arranging non-deal roadshows post listing; and
- iii. To publish independent equity research as pertains to the stock post listing.

The Preferred Broker will assist interested shareholders of the stock to establish trading accounts. Interested shareholders of the stock may, at the same time, use any other authorised broker for these purposes.

2.7 Key Legislation/Regulations that apply to the Company

2.7.1 Mandatory Takeover Bids and Compulsory Acquisitions

As the Company is a UK registered public limited company which has its place of central management and control in the UK, the Takeover Code applies to the Company.

Mandatory bids

Under rule 9 of the Takeover Code, if:

- iv. a person acquires an interest in shares in a company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in a company; or
- v. a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in a company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the bidder and, depending on the circumstances, its concert parties, would be required (except with the consent of the UK Takeover Panel) to make a cash offer for the outstanding shares in the company at a price not less than the highest price paid for any interests in the shares by the bidder or its concert parties during the previous 12 months.

The Company is also subject to the rules under the Takeover Module. Accordingly, Shareholders are entitled to the protections provided by the Takeover Module. Pursuant to rule 4.1.1 of the Takeover Module, if:

- i. any person (natural person, body corporate or body unincorporated) acquires, whether by a series of transactions over a period of time or not, shares which carry 30 per cent. or more of the voting rights of a company; or
- ii. two or more persons are acting in concert as defined in rule 1.4.1 of the Takeover Module, and they collectively hold shares which carry less than 30 per cent. of the voting rights of the company, and any one or more of them acquires shares and such acquisition has the effect of increasing to 30 per cent. or more their collective holding of shares carrying voting rights of the company; or
- iii. any person holds not less than 30 per cent. of shares carrying voting rights of the company and such person acquires additional shares and such acquisition has the effect of increasing that person's holding of shares carrying voting rights by more than 3 per cent. from the lowest percentage holding of that person in the 12 month period ending on and inclusive of the date of the relevant acquisition; or
- iv. two or more persons are acting in concert, and they collectively hold not less than 30 per cent. of shares carrying voting rights of the company, and any one or more of them acquires additional shares and such acquisition has the effect of increasing their collective holding of shares carrying voting rights by more than 3 per cent. from the lowest percentage holding of such persons in the 12 month period ending on and inclusive of the date of the relevant acquisition; that person together with the persons acting in concert with it, is required to extend offers, under the Takeover

Module, to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any class of voting non-equity share capital of which such person, or persons acting in concert with it hold shares.

The consideration shall be in cash or accompanied by a cash alternative, at the highest price paid by the bidder (or any persons acting in concert with it) for shares in the company during the bid period and within the preceding six months. The mandatory offer must be conditional upon the bidder having received acceptance in respect of shares which, together with shares acquired or agreed to be acquired before or during the bid, will result in the bidder and any person acting in concert with it holding shares carrying more than 50 per cent. of the voting rights.

There is no conflict between provisions of the Takeover Code and the Takeover Module.

Takeover Offers

Under sections 974 to 991 of the UK Companies Act, if a bidder acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It does so by sending a notice to outstanding holders of shares explaining that it will compulsorily acquire their shares on the same terms as the takeover offer and then, six weeks later, it is entitled to execute a transfer of the outstanding shares in its favour and pay the consideration to the company, which holds the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the UK Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the UK Companies Act, if a bidder acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the bidder to acquire his shares on the same terms as the takeover offer.

The bidder is required to give any holder of shares notice of his right to be bought out within one month of that right arising. These rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their rights. If a holder of shares exercises his/her rights, the bidder is bound to acquire those shares on the same terms as the takeover offer or on such other terms as may be agreed.

2.7.2 Unfair Prejudice and Minority Shareholder Protections

As the Company is a UK registered public company, there are a number of UK statutes, orders and regulations which apply to the Company. The principal legislation which applies to the Company is the UK Companies Act.

Under the UK Companies Act, shareholders in the Company have a broad range of powers and rights to protect their interests (including minority interests). A summary of the key provisions are set out below.

Unfair Prejudice

Section 994 of the UK Companies Act provides that a shareholder of a company may apply to the court by petition for an order that:

- i. the company's affairs are being or have been conducted in a manner that is unfairly prejudicial to the interest of the members generally or some part or its members (including at least himself); or
- ii. an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be prejudicial.

When it is satisfied that a petition is well founded, the court can make such order as it thinks fit for giving relief in respect of the petition including but not limited to an order:

- i. regulating the conduct of the affairs of the company in the future;
- ii. requiring the company to carry out or refrain from carrying out, certain actions;
- iii. authorising civil proceedings to be brought in the name and on behalf of the company against such persons as the court may direct;
- iv. requiring the company not to make any, or any specified alterations to its articles of association without the leave of the court; and/or

providing for the purchase of the shares of any members of the company by other members or by the company itself.

Minority Shareholder Protections

| Summary of provision in the UK Companies Act | Threshold |
|---|--|
| Section 303 of the UK Companies Act provides that members of a company may require the directors to call a general meeting of the company. | Members holding at least 5 per cent. of the paid up share capital carrying voting rights (excluding treasury shares). |
| Section 305 of the UK Companies Act provides that members can convene a meeting in the event that directors fail to do so pursuant to section 303 of the UK Companies Act. | Members who requested the meeting under section 303 of the UK Companies Act or any of them representing more than 50 per cent. of the total voting rights of all of them. |
| Section 314 of the UK Companies Act provides that members of a company may require the company to circulate, to members of the company entitled to receive notice of a general meeting, a | Members representing at least 5 per cent. of the total voting rights of all the members (excluding treasury shares) or at least one hundred members having the right to vote on the resolution at the general meeting which have been paid up as to an average of £100 per |

| | |
|--|--|
| <p>statement of not more than 1,000 words with respect to:</p> <p>(a) a matter referred to in a proposed resolution to be dealt with at that meeting, or</p> <p>(b) other business to be dealt with at that meeting.</p> | <p>member.</p> |
| <p>Section 321 of the UK Companies Act provides that a provision of a company's articles is void in so far as it would have the effect of making ineffective a demand for a poll at a general meeting on any question made by the thresholds set out therein.</p> | <p>Exercisable by:</p> <ul style="list-style-type: none"> i. not fewer than five members; or ii. by a member or members holding not less than 10 per cent. of the voting rights (excluding treasury shares); or iii. by a member or members holding voting shares being shares which represent at least 10 per cent. of the paid up voting share capital. |
| <p>Section 338 of the UK Companies Act provides that members of a public company may require the company to give, to members of the company entitled to receive notice of the next annual general meeting, notice of a resolution which may properly be moved and is intended to be moved at that meeting.</p> | <p>Exercisable by:</p> <ul style="list-style-type: none"> i. members representing at least 5 per cent. of the total voting rights of all the members having the right to vote at the annual general meeting (excluding treasury shares); or ii. at least one hundred members having the right to vote on the resolution at the annual general meeting which have been paid up as to an average of £100 per member. |

In addition to these provisions the Board ensures that no steps are taken which may prevent shareholders consulting with other shareholders on issues concerning their basic shareholder rights, subject to exceptions to prevent abuse.

2.7.3 Ongoing Disclosure Requirements under the IFR

Pursuant to rule 7.3 of the IFR, the Company is subject to an ongoing disclosure responsibility to disclose without delay to NASDAQ Dubai and the DFSA, any changes to the details of its Sharia'a Supervisory Board, the identity, qualifications and experience of any new Sharia'a Supervisory Board members and the identity of any Sharia'a Supervisory Board members who resign or are dismissed.

2.7.4 Dealings by Restricted Persons and Related Party Transactions

Dealings by Restricted Persons

Restricted Persons are prohibited from dealing in securities of a listed company during “close periods”, unless prior clearance for those dealings is obtained. Such prohibition applies to any dealing by Restricted Persons whether or not such dealings are with another Restricted Person or any other person.

A person is a Restricted Person in relation to a listed company if he is involved in the senior management of the company. Persons are considered as involved in the senior management if they are in a position of authority and influence in making management or executive decisions with regard to the day-to-day management of the business of the company. Some members of the Board of directors, such as executive directors, will be subject to the requirements under rule 3.4 of the Market Rules because they undertake managerial functions and responsibilities relating to the day-to-day management of the company.

The term “dealing in securities” is defined under the Market Rules as:

- i. any acquisition or disposal of, or agreement to acquire or dispose of, securities of the listed company;
- ii. entering into a contract (such as a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the price of the securities of the listed company;
- iii. the grant, acceptance, acquisition, disposal, exercise or discharge of any option to acquire or dispose of any securities of the listed company;
- iv. entering into, or terminating, assigning or novating any stock lending agreement in respect of the securities of the listed company;
- v. using as security, or otherwise granting a charge, lien or other encumbrance over the securities of the listed company; or
- vi. any other transaction including a transfer for no consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in, the securities of the listed company.

However, the following dealings are considered as “exempt dealings” and will not trigger the prohibition:

- i. a rights issue or dividend reinvestment offer, or allowing such an entitlement or offer to lapse;
- ii. undertakings to accept, or the acceptance of, a takeover offer as defined under the Takeover Module;
- iii. dealings where the beneficial interest in the relevant security does not change;
- iv. transactions between the Restricted Person and an associate of such a person; or
- v. transactions relating to dealings in an employee share scheme in accordance with the terms of such a scheme.

A “close period” is the period from the relevant financial year end up to and including the time of the announcement or publication of the annual financial reports. If the listed company reports on a semi-annual or on a quarterly basis, the period from the end of the relevant semi-annual or quarter up to and including the time of the announcement.

Prior written clearance to deal in the securities can be obtained by a Restricted Person from a Director designated by the Board of directors of the listed company for the purposes of providing clearances to deal and in the case of dealings by the Director designated for the purpose of providing clearances to deal, from the full Board of directors or another Director designated by the Board for the purposes of providing such clearance. However a clearance must not be given at any time if the Director believes that the dealing in securities involved any matter which constitute as “Inside Information” as defined under the Markets Law.

Related Party Transactions

Pursuant to the Market Rules, rule 3.5 concerning procedures for “Related Party Transactions” applies to the Company and its “Related Party”. In any Related Party Transaction of a listed company, the listed company must ensure that:

- i. if the value of a Related Party Transaction is greater than 5 per cent. of value of the net assets of the listed company as stated in its most recent financial reports, it does not enter into such a transaction unless the transaction has been put to shareholder approval and has received prior approval by a majority of the shareholders in voting of the listed company; or
- ii. if the value of the Related Party Transaction is less than the 5 per cent. threshold referred to in (i), it gives to the DFSA a notice as soon as possible after the transaction of the relevant terms and the basis on which such terms are considered fair and reasonable, supported by a written confirmation by an independent third party acceptable to the DFSA; or
- iii. if the cumulative value of a series of Related Party Transactions with the same Related Party reaches the 5 per cent. threshold referred to in (i) in any 12 month period, unless the last of the series of the transactions has been put to shareholder approval and received approval by a majority of the shareholders in voting of the listed company.

A person is a “Related Party” to a listed company if that person:

- i. is, or was within the 12 months before the date of the Related Party Transaction, either a Director or a person involved in the senior management of the listed company or a member of its group, or “Associate” of that Director or person; or
- ii. owns, or has owned within 12 months before the date of the Related Party Transaction, voting securities carrying more than 5 per cent. of the voting rights attaching to all the voting securities of either the listed company or a member of its group; or
- iii. is, or was within the 12 months before the date of the Related Party Transaction, a person exercising or having the ability to exercise significant influence over the Reporting Entity (this may include an advisor or consultant to the company) or an Associate of such a person.

The DFSA Glossary Module defines the term “Associate” as in respect of a person ‘A’, any person, including an affiliated company which is an undertaking in the same group as A or any other person whose business or domestic relationship with A or his Associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.

Any of the following transactions is considered as a “Related Party Transaction”:

- i. transaction between the listed company and a Related Party;
- ii. transaction under which the listed company invests in another undertaking or asset, or provides financial assistance to another undertaking, in which a Related Party also has a financial interest;
- iii. transaction between the listed company and any other person the purpose or effect of which is to benefit a Related Party; or
- iv. transaction of the kind referred to in (i) – (iii) and is between a subsidiary of the listed company and a Related Party of the listed company.

The rules of “Related Party Transaction” do not apply if the transaction:

- i. is made in the ordinary course of business and on commercial terms no less favourable than those of an arm’s length transaction with an unrelated party;
- ii. where it, or any series of transactions with the same Related Party in any 12 month period, does not exceed 0.25 per cent. of the value of the net assets of the listed company as stated in its most recent financial reports;
- iii. where it is made in accordance with the terms of an employee share scheme or other employee incentive scheme approved by the Board of directors of the listed company; or
- iv. where it involves the issue of new securities for cash or pursuant to the exercise of conversion or subscription rights attaching to securities issued to existing shareholders where the securities are traded on an authorised market institution (in this respect NASDAQ Dubai) or other regulated exchange.

3. OPERATIONAL AND FINANCIAL OVERVIEW

The following sections should be read in conjunction with the audited consolidated financial statements of the Group, including the notes thereto, incorporated by reference into this Prospectus as set out at Part 12 of this Prospectus for the years 2010, 2011 and 2012. Investors should also read certain risks associated with the purchase of Shares in Part 5 of this Prospectus entitled “Risk Factors.”

These historic financial statements have been prepared in accordance with IFRS and contain unqualified audit opinions from BLME’s auditors, KPMG Audit Plc.

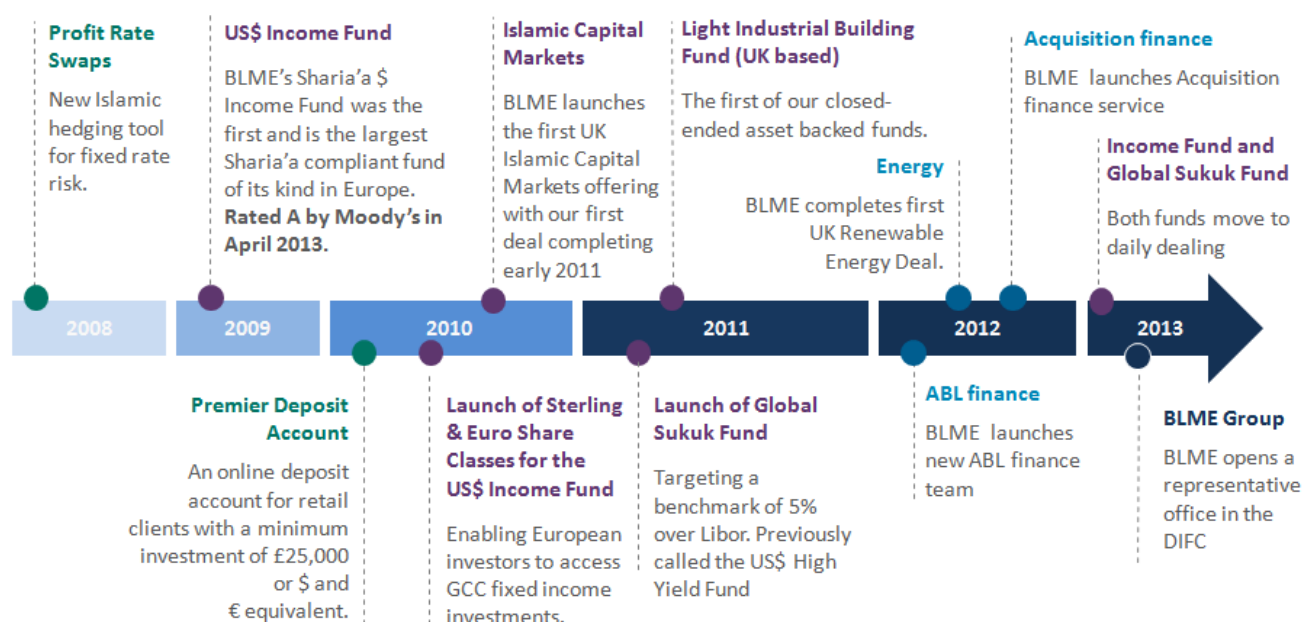
3.1 Product Development

Since its inception, BLME has been a pioneer in developing new products and financing solutions underpinned by Sharia'a principles.

Pioneering Product and Service Development



BLME has the broadest product and service offering of any of the UK Islamic banks:



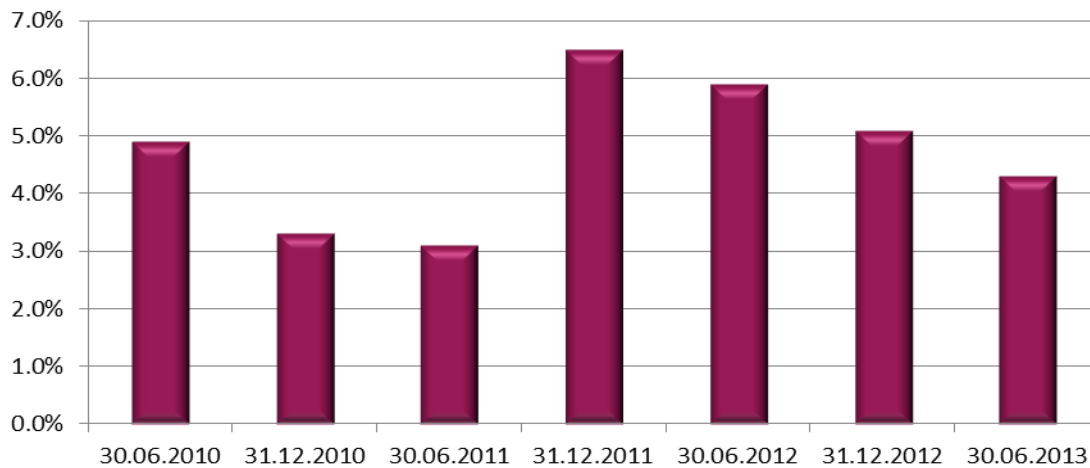
On-going work with UK Tax authorities, Government, bank of England and lawyers to develop a new template for UK Sukuk and Sharia'a compliant liquidity instruments.

3.2 Financial Highlights

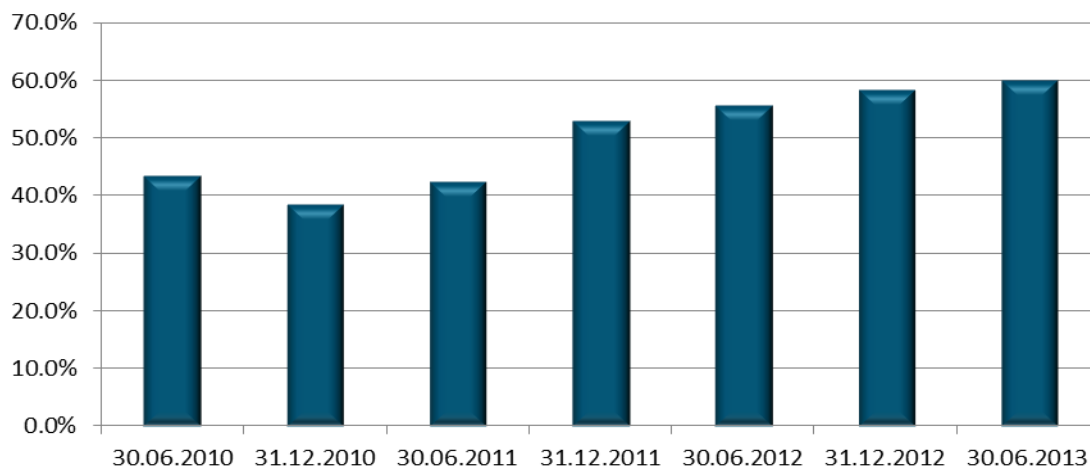
In the year to 31 December 2012 BLME reported an Operating Profit before tax of £5.5 million. The key factor behind this achievement was a 67 per cent. increase in Operating Profit before Impairment Charges. In addition, there were no significant new impairments in the credit portfolio and there was revenue growth across the Corporate Banking Division and Wealth Management Division businesses. The improved credit situation is reflected in impaired loans as a percentage of total loans and operating lease assets, reducing from 6.5 per cent. as at 31 December 2011 to 5.1 per cent. as at 31 December 2012.

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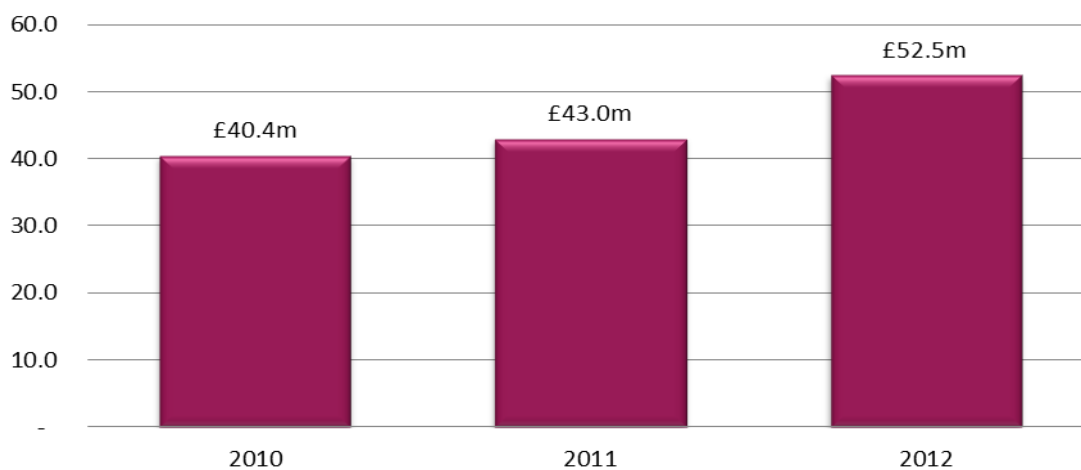
Impaired loans to total loans and operating leases



Coverage Ratios



Consolidated Total Operating Income



Operating Income for the Group increased by 22 per cent. between 2011 and 2012 whilst Operating expenses continued to be managed. This is reflected in the significant increase in operating profit before impairment charges which increased by 67% in 2012 from £4.35 million to £7.28 million.

Moreover, earnings were increasingly diversified across BLME’s three business divisions: Corporate Banking Division, Treasury and Wealth Management Division and the growth in net fee income from £642,000 to £1,777,000.

| | 2012 (12 months) £'000s | 2011 (12 months) £'000s | 2010 (12 months) £'000s |
|-------------------------------|--|--|--|
| Net margin | 17,141 | 16,290 | 16,324 |
| Net Fee Income | 1,777 | 642 | 975 |
| Total other Income | 33,549 | 26,087 | 23,140 |
| Total operating Income | 52,467 | 43,019 | 40,439 |

BLME’s total Operating Income comprises the aggregate of net margin, net fee income and other income, and has grown by a 30 per cent. over the three year period.

BLME’s net margin comprises the gross profit rate income on Islamic products distributed by the Corporate Banking, Private Banking and Islamic Capital Markets businesses less the profit rate paid on the Islamic deposits sourced by the Treasury Division.

Fee income comprises exit fees on banking products, asset management fees, and property advisory fees. Other income largely comprises Operating lease income but also (i) Net fair value gains and losses on investment securities, (ii) Net fair value gains and losses on investment property, and (iii) Other Operating Income.

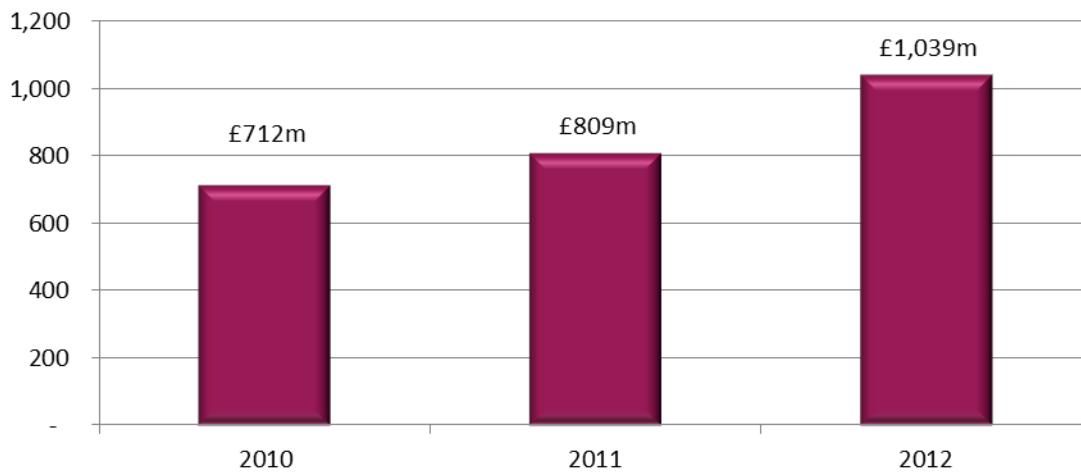
Since its launch in 2007 through to 31 December 2012, BLME has delivered consistent growth in Operating Income with its Corporate Banking Division and Treasury Division businesses being the two main drivers of growth.

Operating Profits recovered well in 2010 and 2011 until a Turkish textile manufacturer’s facility, which had been reducing in size throughout 2011, failed to meet key payment obligations and BLME decided on the conservative measure of taking a full credit provision of €17.5 million (£14.6 m).

Further information about BLME’s impairment provisions are included in note 14 “Impairment of financial assets” for the three years of audited financial statements incorporated by reference as set out at Part 12 of this Prospectus.

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Consolidated Total Assets at year end



An increase of 490 per cent. in the value of PDA's for the calendar year 2012 which, together with increases in institutional deposits, enabled the Group's total assets in 2012 to break through the £1 billion mark for the first time.

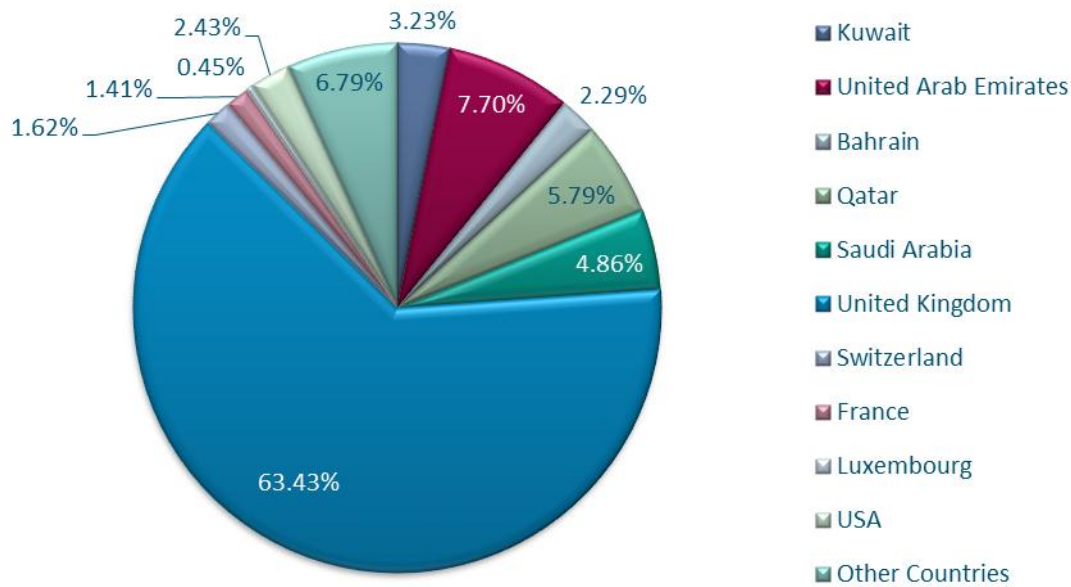
During 2012, Group total assets increased by 29 per cent. from £807 million to £1,039 million, and the capital adequacy ratio remained well in excess of current and impending Basel standards, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision. The significant increase in Group total assets resulted from developing a more diversified liability base and increasing BLME's ability to fund asset growth.

At 31 December 2012, BLME's assets were widely dispersed across geographies and industries as depicted in the graphs below. BLME has very limited direct credit exposure to institutions and governments of the EU outside the United Kingdom. The non-UK EU component represents approximately 2 per cent. the total credit exposure. BLME has no direct exposure to either governments, institutions or corporates in Greece, Portugal, Ireland, Spain or Cyprus.

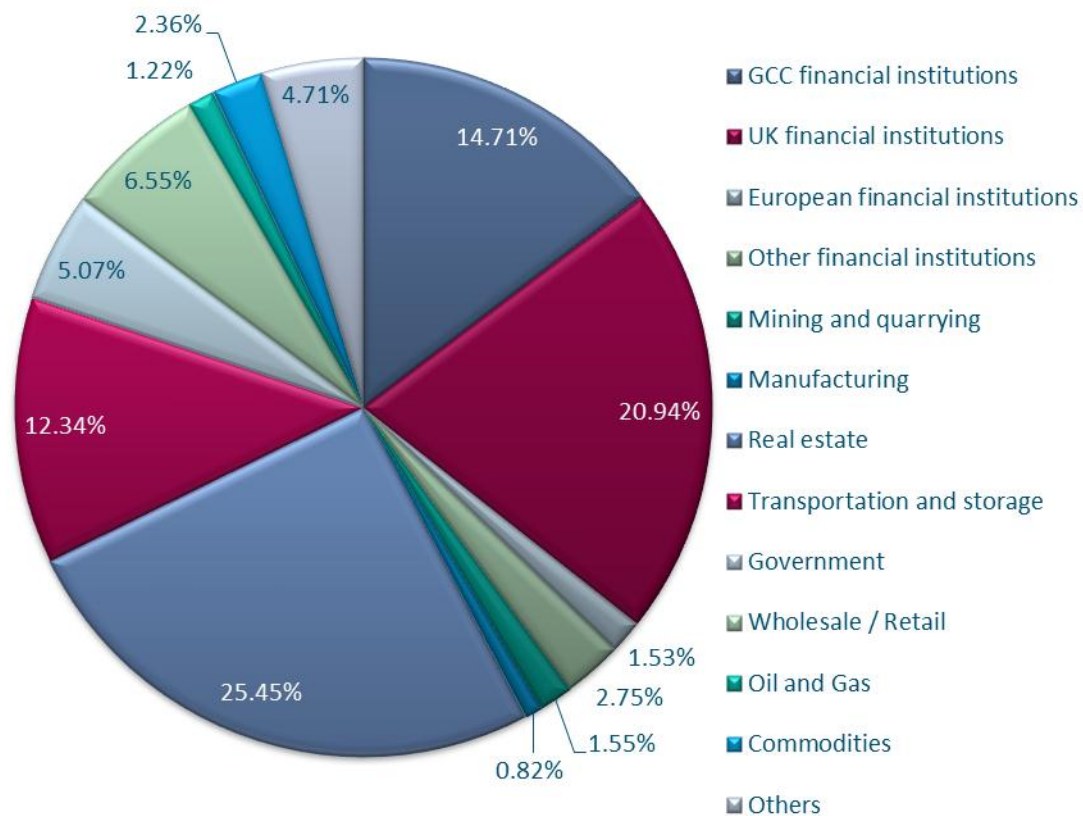
BLME is a UK based bank with all of its business originated from the UK. BLME only has one office outside the UK, its newly opened representative office in Dubai, which is not licensed to originate any business.

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Exposure by Country as at 31 December 2012



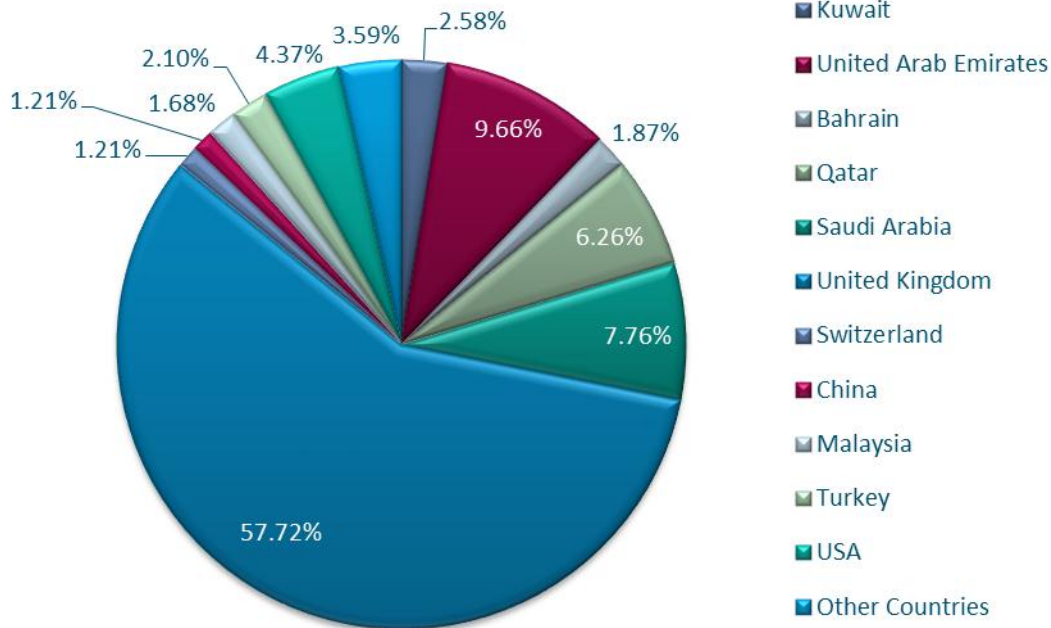
Exposure by Sector as at 31 December 2012



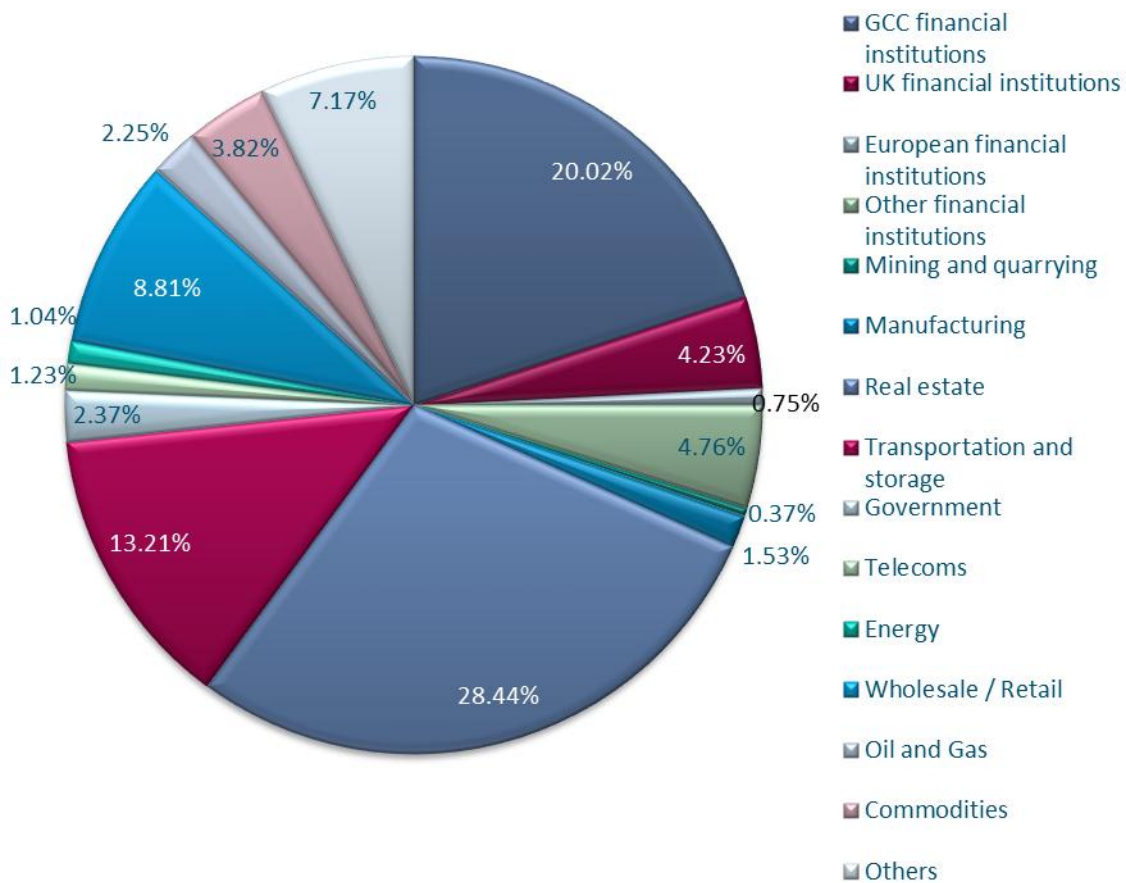
The geographic analysis of exposures has been provided to assist the understanding of the credit risk BLME undertakes. BLME invests in Sukuk which explains why almost 25 per cent. of the value of exposures by country relates to GCC countries.

Updated Exposure by Country and Exposure by Sector charts based on the unaudited BLME Interim Report for the six months ended 30 June 2013, which has been incorporated by reference as set out at Part 12 of this Prospectus, is presented below for information.

Exposure by Country as at 30 June 2013



Exposure by Sector as at 30 June 2013



3.3 Principal Activities and Business of BLME

The three core divisions that make up BLME's competitive offerings are the Corporate Banking Division, Treasury Division and Wealth Management Division (which combines Private Banking, Asset Management and Islamic Capital Markets).

3.3.1 Corporate Banking Division

The Corporate Banking division specialises in providing financing to UK based businesses in the mid-market sector through five specialist product teams:

- Real Estate Finance
- Leasing
- Trade Finance
- ABL Finance
- Acquisition Finance

Corporate Banking clients range from multinational corporations to family businesses generally earning a minimum operating profit of £1 million across a variety of business sectors. The division focuses on the following sectors real estate, transportation, energy and healthcare. Facilities typically range in size from £1million - £20million.

BLME's Corporate Banking offering extends across all of the division's teams so that holistic financing solutions are provided combined with deposit and foreign exchange products.

Real Estate Finance

BLME is able to arrange and provide investment and development senior debt financing. Exceptionally, facilities can include mezzanine debt.

The Real Estate Finance business is focused on providing financing for the acquisition and development of commercial or residential property mainly in the London, South-East and South-West regions of the UK. Typical target property deal size ranges from £5 million to £20 million apart from larger deals or exposures to major companies.

The real estate market sectors in which BLME has particular development finance expertise are:

- *Residential:* single prime asset and multi-unit schemes in London, the South East and South West.
- *Student Accommodation:* where there is demonstrable local supply/demand imbalance for purpose built accommodation units.
- *Retirement Housing:* targeting areas where demographics show demand for this product, and developments undertaken by well capitalised operators and developers.
- *Commercial:* pre-let to good quality covenants or pre-sold, and may be part of a mixed-use scheme.

Recent transactions include:

- Finance for Phase I of a mixed-use town-centre development in South West England,
- Development of prime residential houses (e.g. Chelsea and Mayfair), and
- Warehouse conversions into multiple units at Gloucester Docks and in East London.

The Real Estate Finance business also funds investment property, with transaction sizes in the £5 million to £15 million range on a typical maturity of 3 years. This lower risk business has smaller margins than the development finance transactions and does not charge exit fees.

Leasing

BLME has an experienced team of Leasing specialists providing leasing solutions for mainly UK but also clients in the US. The team has cumulatively completed more than £500 million of leasing transactions generally funding hard assets, particularly in the transportation, materials handling, renewable energy and healthcare sectors.

The products provided by Leasing are:

- Finance lease
- Operating lease (where BLME manages the residual value exposure)
- Hire purchase

Leasing focuses on transaction sizes of £500,000 to £10 million to mid-tier corporate businesses typically within uncommitted facility limits of £3 million to £25 million. Recent transactions include:

- Trucks and trailers to major UK retailers
- A pool of rail equipment to a national US railroad company
- Shipping containers to a large global shipping company

The US Leasing business mainly finances investment grade rated corporate customers through large deals originated in the secondary market. BLME does not have staff on the ground in the US. Deal origination, billing and collections is handled by US based leasing managers who are familiar with BLME's financing criteria. The credit underwriting of US deals follows the same process as other leasing deals with BLME oversight of all other aspects of the business.

BLME is a member of the Finance and Leasing Association in the UK.

Trade Finance

BLME provides flexible financing for import and export, including working capital and warehouse financing. BLME has developed some innovative structures that enable it to participate in inventory financing, unfunded participations in structured trade finance transactions, the issuance of letters of credit and guarantees and confirming and negotiating letters of credit from Islamic banks.

Trade Finance's target market comprises UK importers and distributors, shareholders/directors with good track record, primary security over stock and receivables, and strong requirement for specialist trade finance products and services. Also, Trade Finance targets exporters from the UK, Europe and the GCC and provide financing solutions for exporters, primarily to the Middle East, such as credit enhancement, letter of credit confirmation and discounting.

The typical structure is for uncommitted facilities with security over defined assets within a working capital cycle. Typical corporate parameters are minimum net tangible assets of £3 million and gearing covenants of approximately 500 per cent..

ABL Finance

BLME's ABL Finance team has found a niche providing flexible funding. BLME can offer multi-asset class financing with funding secured against trade receivables, inventories, property, or a combination of all three asset types.

BLME provides working capital funding which is typically based on a weekly financing base calculation. We consider cashflow top up tranches.

This business was established in March 2012 and it provides flexible whole business funding solutions that support and grow with clients' businesses. Typically BLME offers funding secured against a combination of trade receivables, inventories, property and plant where they are monitored on a weekly basis.

The team is experienced in dealing with UK owner managed businesses that deal in tangible products and are looking for financing of between £2 million and £15 million. BLME focuses on working with companies that have a strong track record in their sector but may be constrained by equity availability.

Recent transactions include the following counterparties:

- The leading UK stone and marble wholesaler.
- A slate importer and distributor.
- A privately owned factoring business.

BLME is a member of the Asset Based Finance Association.

Acquisition Finance

The Acquisition Finance team was established in January 2013 and works closely with existing management teams, private equity investors and corporate finance advisors to provide senior debt for UK mid-market corporates making material acquisitions of new businesses or product lines, or management buy-outs.

The team is experienced in dealing with UK owner managed businesses looking for financing of between £3 million and £15 million. It works with companies that have a strong track record in their sector.

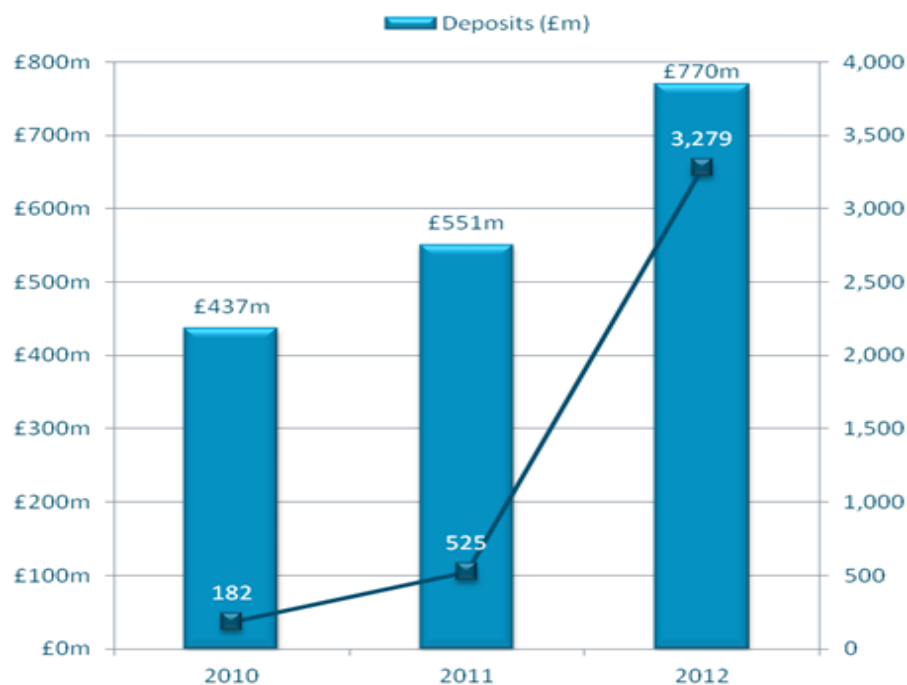
The team has funded the management buy-out of the UK's largest indoor go karting business where the equity was provided by a private equity group.

3.3.2 Treasury Division

The Treasury's role is to manage BLME's capital, liquidity and funding. In 2012 one of the major accomplishments was the sizeable growth and diversification in BLME's liability base. This was

achieved by a combination of attracting new customers to the PDA's, which grew from £40 million to £236 million over the 12 months, and increases in institutional deposits. BLME increased the number of its depositors from 525 to 3,279 in 2012. This has enabled the Group balance sheet to grow by 29 per cent. and allowed BLME to meet the planned growth of customer assets. It has also substantially strengthened BLME's ability to meet the increasing regulatory demands for banks to establish longer term sources of funding.

Total Deposits



The Treasury Division is BLME's point of contact with international banks, financial institutions and corporate treasurers. It funds and manages BLME's liquidity and provides innovative Sharia'a compliant hedging, and FX structures.

The Treasury Division offers the following Sharia'a compliant products:

- Money Market Deposits
- Deposits such as PDA's which offers attractive rates out to 5 years in Pound Sterling, US Dollar, and Euro
- Foreign Exchange-spot and forward
- Profit Rate Swaps

The PDA allows customers to place a deposit of £25,000 and over for a fixed term at a competitive rate of return. The flexible investment periods of between 1 and 5 years mean that a customer can select a term that suits their objectives.

Sharia'a compliance of these funding products is in accordance with the Company's usual practices (see Part 7.9 (Sharia'a Compliance Governance)). It is the responsibility of BLME's management to

ensure that all funding products are Sharia'a compliant. Furthermore, article 3 of the Articles prohibits the Company from acting in conflict with Sharia'a (such compliance to be determined by the SSB).

PDA's are eligible deposits with BLME which are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit protection scheme. Any deposits held above the £85,000 limit are not protected.

3.3.3 Wealth Management Division

The Wealth Management Division comprises BLME's Private Banking, Asset Management, and Islamic Capital Markets businesses.

Private Banking

From the Private Banking offices in the west end of London, BLME provides a distinctive service to high net worth individuals, their families and businesses offering a range of services and products that are based on Sharia'a principles of transparency and fairness. BLME Private Banking is customer and solution led with an approach to financial matters that values service over selling.

Typical products and services offered to Private Banking clients include:

- Financing the acquisition of London residential property and selective country estates
- Supplement financing with a range of complimentary services supplied by selected partners such as:
 - Property search and acquisition
 - Interior design
 - Development opportunities
 - Property management
 - BLME investments funds
 - Custom mandates/portfolios

At this stage of its development, the Private Banking business does not purport to offer the wide range of services that are generally offered by large, established wealth management firms. Instead, the business has taken the decision to focus on a niche area, real estate, where there is proven demand and from which a strong reputation can be established and client relationships can be nurtured.

Asset Management

Asset Management was launched in 2009 to provide investors with a range of distinctive products to cater for their specific investment needs and risk appetite. The products developed include fixed income and real estate backed funds. BLME aims to generate a fair and equitable profit from

transactions that are backed by real assets. The principles of Sharia'a prohibit short selling and excessive leverage whilst focusing on sound risk management procedures.

BLME launched the BLME Sharia'a Umbrella Fund SICAV-SIF, an umbrella fund, structured as a SICAV organised as a SIF in the form of a SCA.

The following are the currently active compartments of the SICAV-SIF:

- BLME Sharia'a Umbrella Fund SICAV-SIF – *US\$ Income Fund*
- BLME Sharia'a Umbrella Fund SICAV-SIF – *Global Sukuk Fund*
- BLME Sharia'a Umbrella Fund SICAV-SIF – *BLME Light Industrial Building Fund*

US\$ Income Fund⁷

The US\$ Income Fund is an open-ended Sharia'a compliant fund which was launched in 2009 and targets a net return of 3 month USD LIBOR +1per cent. per annum by investing in short term Islamic money market instruments and longer term Sukuk. It offers daily dealing and investors can invest in USD, EUR, GBP, and AUD share classes.

As at 31 December 2012, the asset allocation was 8per cent. cash, 7per cent. Wakala, 22per cent. Commodity Murabaha, and 63 per cent. Sukuk. The fund was diversified across 24 separate names with 89 per cent. of assets rated short term A-2 or higher and long term A- or higher by Standard and Poor's. The fund's life stood at 2.5 years.

As at 30 June 2013, the Income Fund's annualised performance since its launch was 2.84 per cent. vs. 0.40 per cent. for the benchmark. The US\$ Income Fund is the only Sharia'a compliant income fund that has a A rating from Moody's.

The US\$ Income Fund was ranked 6th out of 758 funds in 2012 by Lipper Hindsight, Thomson Reuters's fund ranking service and Top Money Market Fund in 2012 by Zawya.

Global Sukuk Fund⁸

The Global Sukuk Fund (previously High Yield Fund) was launched in May 2011 and is an open-ended Sharia'a compliant fund and targets a net return of 3 month USD LIBOR +5per cent. per annum. It offers daily dealing and investors can invest in USD, EUR and GBP share classes.

As at 31 December 2012, the asset allocation was 2 per cent. cash and 98 per cent. Sukuk. The fund was diversified across 19 separate names with the spread of credit risk expected to increase as the fund develops. The fund's life stood at 4.8 years.

The Global Sukuk Fund was ranked in top decile of 569 funds in 2012 by Lipper Hindsight, Thomson Reuters's fund ranking service and Top Performing Sukuk Fund in 2012 by Zawya.

⁷ This fund is an unregulated scheme and not suitable for retail investors.

⁸ This fund is an unregulated scheme and not suitable for retail investors.

BLME Light Industrial Building Fund⁹

The BLME Light Industrial Building Fund was launched in the middle of 2011 as a five-year closed-ended Sharia'a compliant fund. The BLME Light Industrial Building Fund is investing in property that is the backbone of the UK economy. The assets of the fund are the workplaces of small and medium sized businesses that provide a wide range of essential jobs, products and services to local and national consumers.

To achieve a cash-on-cash yield of 8% per annum and a target IRR of between 10% and 15% by acquiring high yielding portfolios of UK light industrial buildings. COBA is the property asset manager of the fund. The COBA team is highly experienced with a specific focus on acquiring and managing industrial property. The team has acquired and managed over £2 billion of industrial property and has a wide range of contacts for sourcing opportunities.

Islamic Capital Markets

The Islamic Capital Markets team focuses on the structuring and distribution of Sharia'a compliant assets. It can manage large club transactions in equipment leasing and real estate and has actively participated in a number of syndicated Murabaha and project finance transactions internationally, such as a Middle Eastern water and electricity company. BLME has access to a wide range of investors in Sharia'a compliant assets.

BLME's UK origination focuses on the issuers of high yield bonds, whilst for international origination it tends to look at sovereign or rated asset backed issues. BLME can participate in and structure syndicated Murabaha deals for short term (up to one year) working capital requirements as well as for secured term financing needs (up to five years).

3.4 Significant Factors Affecting Income and Operations

Other than the risk factors detailed in 1.9 of this Prospectus there are no other significant factors, including unusual or infrequent events or new developments, which are materially affecting or likely to affect BLME's income from operations.

However, as referred to in Part 5 (Risk Factors) and Part 7.10.1 (Credit Risk) of this Prospectus, as a bank, credit risk is the principal risk to BLME. Allowance for credit losses is therefore a critical accounting estimate and judgment in applying BLME accounting policies (also see note 3 to the annual financial statements incorporated by reference at Part 12 of this Prospectus).

The material growth in BLME's total Operating Income over the three years period from 2010 to 2012 referred to in Part 3.2 (Financial Highlights) is explained in more detail within Part 8 (Financial Information about the Company) of this Prospectus.

In April 2013 UK banking regulation, which previously had been performed the FSA, transitioned to the PRA.

This twin approach means that the focus of the two regulators is:

- PRA – focuses on prudential issues

⁹ This fund is an unregulated scheme and not suitable for retail investors. This fund has now closed.

- FCA – focuses on conduct regulation

The PRA model for supervision is expected to be a more prescriptive and judgment based approach closer to the US model than the previous UK model.

BLME's Asset Management business also has regulatory change to plan for i.e. the AIFMD and MIFID 2.

In order to mitigate the ongoing risk of financial crime, BLME has implemented a suite of policies and procedures that employ a risk based approach taking into consideration BLME's strategic objectives, client and product base, geographical locations and targeted sectors to allow for the identification of high risk transactions and the subsequent allocation of resources to manage effectively these risks.

These policies/procedures are updated on an annual basis (or as changes occur) to take into consideration BLME's expanding business. The procedures in place are linked by the Financial Crime Manual which contains BLME's high level policy on all types of financial crime and includes the rationale behind BLME's risk based approach in addition to documenting the roles and responsibilities of staff and senior management, Politically Exposed Persons (PEP) policy, high level client due diligence requirements and the suspicious activity reporting process. The supplementary procedures that sit alongside the Financial Crime Manual include detailed client on-boarding and ongoing review procedures, a suite of procedures around market abuse, sensitive information and conflicts of interest, a sanctions policy to mitigate the risk of potential international sanctions breaches and finally a suite of procedures around bribery and corruption.

The remaining procedures focus on employee conduct and include procedures on how to report suspicious transaction/clients, a whistle blowing procedure and a personal account dealing policy. Together this suite of documents enables BLME to effectively manage and mitigate the financial crime risk posed to it.

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4. CONSTITUTION AND ORGANISATIONAL STRUCTURE

4.1 Articles of Association (Constitution)

Set out below is a summary only of certain provisions of the Articles.

4.1.1 Objectives and Purpose

The Company was incorporated under the UK Companies Act and so its objects are unlimited.

4.1.2 Provisions with respect to Directors

Powers of the Board

Subject always to Sharia'a compliance, the provisions of the UK Companies Act, the Articles and any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company.

The Board may delegate any of its powers to any committee consisting of one or more Directors. It may also delegate to any Director holding any executive office or any other Director such of its powers as it considers desirable to be exercised by him. The power to delegate includes the power to delegate the determination of any fees, remuneration or other benefits which may be paid or provided to any Director and the revision of financial statements, internal functions or any other matters of the Company. Any such delegation may be made subject to any conditions the Board may impose and either in conjunction with or to the exclusion of its own powers and may be revoked or altered, but no person dealing in good faith and without notice of such revocation or variation shall be affected by it.

Number of Directors

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than three nor more than ten in number.

Election, appointment and retirement by rotation

The Company may by ordinary resolution elect a person who is willing to act to be a Director either to fill a vacancy or as an additional Director; but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Articles (i.e. ten).

The Board shall have power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles (i.e. ten). Any Director appointed by the Board shall hold office only until the next annual general meeting, when he is eligible for re-election.

Each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting at which they were elected. Any Non-executive Director who has held office for nine years or more is subject to re-election annually.

A retiring Director shall be eligible for re-election. If he is not re-elected or deemed to be re-elected, he shall hold office until the meeting elects someone in his place or, if it does not do so, until the end of the meeting.

If the Company at the meeting at which a Director retires by rotation does not fill the vacancy, the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost.

There is no age limit in respect of the Directors.

Alternate Directors

Any Director (other than an alternate Director) may appoint another Director, or any other person approved by the Board, to be an alternate Director and may at any time terminate that appointment.

Directors' Interests

Subject to the UK Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the UK Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration at a meeting of the Board, any requirement as to the quorum of the meeting is met without including the Director in question and any other interested Director and the matter was agreed to without such Directors voting (or would have been agreed to if the votes of such Directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

A Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or Sukuk or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because one of the following applies (in which case he may vote and be counted in the quorum):

- the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;

- any proposal concerning him being a participant in the underwriting or sub-underwriting of an offer of shares, Sukuk or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
- any proposal concerning an offer of shares or Sukuk or other securities of or by the Company or any of its subsidiaries in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to Shareholders of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award to any Director any privilege or benefit not generally awarded to the employees to which such arrangement relates; or
- any proposal concerning any Sharia'a compliant insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, the Directors.

Directors' remuneration and voting on remuneration (including pension or other benefits)

A Director may not, in the absence of an independent quorum, vote on remuneration to themselves or any members of the Board.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board.

The Directors shall also be entitled to be repaid by the Company all travelling, hotel and other expenses of attending Board meetings, committee meetings, general meetings, separate meetings of the holders of any class of shares or of Sukuk of the Company or otherwise incurred while engaged on the business of the Company.

Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may decide.

The remuneration of any executive Director (whether by way of salary, commission, participation in profits or otherwise) shall be decided by the Board and may be either in addition to or in lieu of any remuneration as a Director.

With the approval of the SSB and/or such other scholar who may be nominated by the SSB as having the requisite skills and knowledge to adequately advise, the Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any Sharia'a approved institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit, any person who is or has at any time been a Director or employee of the Company or any subsidiary undertaking of or other undertaking allied to or associated with the Company or any such subsidiary undertaking or any predecessor in business of the Company or of any such subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to create and issue Sukuk and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.

The Articles do not set out how the borrowing powers may be varied.

4.1.3 Rights Attached to the shares in the Company

Subject to the provisions of the UK Companies Act and without prejudice to the rights attaching to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights or such restrictions as the Company may from time to time by ordinary resolution determine or, if the Company has not so determined, as the Directors may determine.

The rights attaching to the Shares, as determined upon incorporation of the Company are as follows:

- Under sections 284 and 285 of the UK Companies Act, on a vote on a resolution on a show of hands at a meeting, each holder present in person has one vote and, on a vote on a resolution on a poll taken at a meeting, every shareholder has one vote in respect of each share held by him;
- The Shares all rank *pari passu* as respects dividend distributions; and
- The Shares all rank *pari passu* as respect capital distributions made other than on a winding up; on a winding up each share carries the right to a repayment of capital of up to £1 paid up capital and the shares all rank *pari passu* as respects distributions of any surplus remaining after all such capital has been repaid.

The Redeemable Preference Shares are subject to the rights and conditions set out in the Articles and are summarised below:

- on a return of capital on a liquidation or otherwise, the assets of the Company available for distribution among the shareholders will be applied first in repaying to the holders of Redeemable Preference Shares the amounts paid up on such Redeemable Preference Shares together with all accrued but unpaid dividends. Save as aforesaid, the

Redeemable Preference Shares do not carry any other right to participate in profits or assets of the Company;

- the holders of Redeemable Preference Shares are not entitled to receive notice of or to attend or vote at any general meeting of the Company unless a resolution to wind up the Company or to vary, modify or abrogate the rights attaching to the Redeemable Preference Shares is proposed;
- the Redeemable Preference Shares carry a right to receive, out of the profits of the Company available for distribution and resolved to be distributed, a fixed non-cumulative preferential (that is, in priority to the other shares of the Company in issue from time to time) dividend of four per cent. per annum on the amounts paid up, to accrue with effect from 1 January 2014;
- the Company may redeem the Redeemable Preference Shares at any time at the discretion of the Directors or, at the request of the holders of the Redeemable Preference Shares, following any reduction of capital of the Company becoming effective. Upon any such redemption, the Company shall pay to the holder the nominal amount paid up on such shares together with accrued but unpaid dividends; and
- the Redeemable Preference Shares may only be transferred with the consent of the Board.

4.1.4 Conditions to Changing the Rights of Shareholders

Subject to the provisions of the UK Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied or abrogated (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

The conditions in the Articles are no more stringent than the requirements under the UK Companies Act.

4.1.5 General Meetings

The Company shall hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time. On the requisition of Shareholders or persons nominated under Nomination Notices (if permitted to do so under the terms of the agreement nominating such a person) in accordance with the UK Companies Act, the

Board shall proceed to convene a general meeting for a date not more than 28 days after the date of the notice convening the meeting.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, at least 14 clear days' written notice must be given. The notice for any general meeting must state:

- i. whether the meeting is an annual general meeting;
- ii. the date, time and place of the meeting;
- iii. the general nature of the business of the meeting;
- iv. any intention to propose a resolution as a special resolution; and
- v. with reasonable prominence, that a Shareholder entitled to attend and vote or person nominated under a Nomination Notice (if permitted to do so under the terms of the agreement nominating such a person) is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a Shareholder.

All Shareholders who are entitled to receive notice under the Articles must be given notice. The accidental omission to send a notice of any meeting, or notice of a resolution to be moved at a meeting or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of any meeting or a form of proxy by such a person, shall not invalidate the proceedings at the meeting.

Before a general meeting starts, there must be a quorum, being two Shareholders present in person or by proxy.

In accordance with the UK Companies Act and the Articles, members, proxies, corporate representatives and Directors can attend any general meeting. Notwithstanding this, the Board may implement at general meetings such security arrangements as it shall see appropriate and shall be entitled to refuse entry to the meeting to any Shareholder, representative or proxy who fails to comply with such security arrangements.

The Chairman of the company and the respective Chairs of the Board Committees are in attendance at the general meetings.

4.1.6 Change of Control

The Board may serve a notice on a Shareholder if that Shareholder acquires a number of Shares that would make him a Controller or if the acquisition of such Shares would increase his percentage of Shares or voting rights from:

- i. below 10 per cent. to 10 per cent. or more but less than 20 per cent.;
- ii. below 20 per cent. to 20 per cent. or more but less than 30 per cent.;
- iii. below 30 per cent. to 30 per cent. or more but less than 50 per cent.; or
- iv. below 50 per cent. or 50 per cent. or more.

On service of the notice, the relevant Shareholder shall not be entitled, in respect of the relevant Shares to attend, speak or vote at any general meeting of the Company or meeting of any holders of

any class of shares, and the rights to attend, speak and to demand and vote on a poll shall instead vest in the chairman of such meeting. The chairman has the discretion to refrain from or exercise these rights.

The Board may serve notice on the relevant Shareholder requiring the relevant Shareholder to dispose of the relevant shares within 21 days (or such longer period as the Board may decide) of receiving the notice. If the relevant Shareholder fails to dispose of the relevant shares, the Board may arrange for the relevant shares to be sold at the best price reasonably obtainable at the relevant time.

4.1.7 Compulsory Disclosure

Section 793 of the UK Companies Act provides a public company with the statutory means to require a person who it knows, or has reasonable cause to believe, has an interest in its shares (or to have had an interest in the previous three years) to confirm or deny the fact, and, if they confirm the interest to disclose information about the interest, including information about any other person with an interest in the shares (a "**Section 793 Notice**").

When a Shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "**disenfranchisement notice**"). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a Shareholders' meeting or to exercise any other right in relation to Shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

In the Articles there is no ownership threshold below which Shareholders do not have to disclose their interests pursuant to a Section 793 Notice.

The Articles do not restrict in any way the provisions of section 793 of the UK Companies Act.

4.1.8 Dividends

The Company is a company incorporated in England and Wales and is subject to the UK Companies Act which contains detailed provisions regarding when a dividend can be paid.

Subject to the UK Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to Shareholders of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the UK Companies Act, the Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according

to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with a Section 793 Notice.

4.1.9 Voting Rights

Subject to any special terms as to voting upon which any shares may be issued (for example the Redeemable Preference Shares) or may for the time being be held and any restriction on voting referred to below, every Shareholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of Shareholders for whom he is proxy) shall have one vote on a show of hands. On a poll, every Shareholder present in person or by proxy shall have one vote for every share of which he is the holder.

The duly authorised representative of a corporate Shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual Shareholder.

A Shareholder is not entitled to vote unless all calls due from him have been paid.

A Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with Section 793 Notice and, having failed to comply with such notice within the period specified in such notice, is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

4.1.10 Winding Up

On a voluntary winding-up of the Company, Shareholders shall not be entitled to receive assets from the Company until all valid claims of holders of Profit-Stabilisation Accounts against the Company arising out of their holding of Profit-Stabilisation Accounts have been satisfied in full or have lapsed, or the liquidator has established that all such claims are capable of being satisfied.

Subject to the above, a liquidator may, with the sanction of a special resolution of the Company and subject to the UK Companies Act and the UK Insolvency Act 1986 (as amended, replaced or supplemented from time to time), divide amongst the shareholders in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction, shall determine.

4.1.11 Indemnity

The Directors of the Company or any company which is an associated company of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the UK Companies Act. Subject to sections 205(2) to (4) of the UK Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an associated company of the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with defending himself in an investigation by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

4.1.12 Sharia'a Compliance

The Company shall not at any time or in any circumstances act in conflict with Sharia'a as determined by the SSB.

4.1.13 Share Capital and Changes to Share Capital

Subject to the provisions of the UK Companies Act and without prejudice to the rights attaching to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights or such restrictions as the Company may from time to time by ordinary resolution determine or, if the Company has not so determined, as the Directors may determine.

Subject to the provisions of the Articles and the UK Companies Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the UK Companies Act. This condition is not more stringent than that which is required under the UK Companies Act.

4.1.14 Transfer of shares

The Articles provide that the Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to, and traded in uncertificated form on, NASDAQ Dubai or other securities in the Company (in accordance with the DIFC's Dematerialised Investment Regulations 2005 (as amended, replaced or supplemented from time to time) and the facilities and practices instituted by NASDAQ Dubai).

The Articles provide for shares to be held as Participating Securities.

Subject to such of the restrictions in the Articles as shall be applicable, any Shareholder may transfer all or any of his shares. In the case of Certificated Shares, for example, those shares not held in the Central Securities Depository, the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need

not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of Shareholders.

The Board shall not decline to register:

- a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- a transfer pursuant to the acceptance of an offer made to all shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- a transfer in consequence of a sale made through a recognised investment exchange (as defined by section 417 UK FSMA) or any stock exchange outside the UK on which shares in the Company are normally traded.

4.1.15 Nomination notices and Information Rights

The Articles permit Shareholders who hold shares as nominee to allow the underlying beneficial owners to enjoy or exercise all or any specified rights of a Shareholder. These rights include receiving information about the Company and receiving notice of general meetings and enable the underlying beneficial owner to give instructions to the Shareholder who nominated him regarding how to exercise voting rights.

The Articles permit Shareholders to nominate another person or persons to enjoy Information Rights.

4.1.16 Electronic Communication with Shareholders

The Company may communicate electronically with its Shareholders in accordance with the provisions of the UK Electronic Communications Act 2000. In addition, Shareholders with addresses inside the UK or the United Arab Emirates (or those that have supplied addresses in the UK or United Arab Emirates) are entitled to receive notices from the Company at those addresses.

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4.2 Group Structure

The Company is the ultimate holding company of the Group and has the following direct and indirect subsidiaries:

| Subsidiary | Country of incorporation | The Company's Interest in equity capital per cent. |
|--|--------------------------|--|
| Bank of London and The Middle East plc | England and Wales | 100 |
| BLME Umbrella Fund Management Sarl | Luxembourg | 100 |
| BLME (UK) GP Limited | England and Wales | 100 |
| BLME Nominees LIBF Limited | England and Wales | 100 |
| Bank of London and The Middle East EBT | Jersey | 100 |
| Global Liquidity Solutions Limited | England and Wales | 100 |
| BLME Limited | England and Wales | 100 |

In addition, at 31 December 2012, BLME held the following investments in three different compartments of the BLME Sharia'a Umbrella Fund SICAV-SIF:

| Compartment ¹⁰ | Holdings |
|-------------------------------------|---|
| US\$ Income Fund | 1 Management share 47,883.888 class B shares 1,234.491 class G shares |
| Global Sukuk Fund | 10,000 class A shares |
| BLME Light Industrial Building Fund | 10,027.628 class A shares |

These holdings represented a majority interest in all three active compartments of the BLME Sharia'a Umbrella Fund SICAV-SIF which are therefore deemed to be controlled by BLME and therefore, under accounting standards adopted by BLME, consolidated into the Group's results.

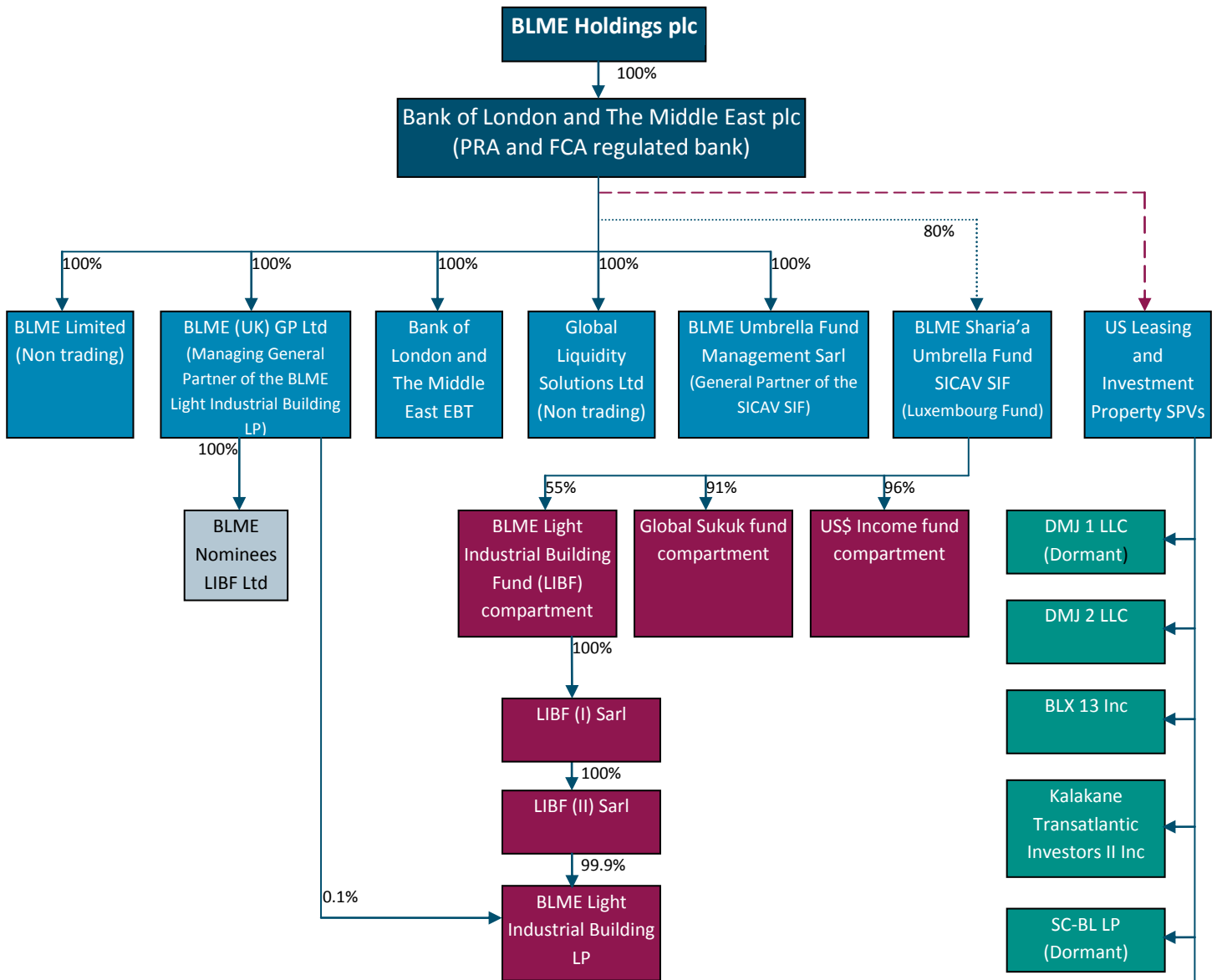
There are five active entities that do not qualify as subsidiaries under the UK Companies Act but which are consolidated under IAS 27 (SIC-12) as the substance of the relationship is that the entities are controlled by BLME. These entities are deemed to be controlled by BLME because the relationships between BLME and the entities are governed by participation agreements which confer the risk and rewards to BLME and indemnify the entities for losses. Therefore this gives rise to benefits and risks that are in substance no different from those that would arise were the entities subsidiaries of BLME.

The five active entities at 31 December 2012 were:

¹⁰ These compartments are part of an unregulated scheme and not suitable for retail investors.

- Kalakane Transatlantic Investors II, Inc. (USA) – Operating leases;
- BLX13 Inc (USA) – Operating leases and finance leases;
- DMJ 2 LLC (USA) – Operating leases;
- TP Funding Company LLC (USA) – Investment property; and
- Medical Property Investments LLC (USA) – Investment property

The diagram below sets out the structure of the Group:



Percentages are as at 30 June 2013

| | |
|-----------|---|
| | Consolidated due to ownership of share capital |
| - - - - - | Consolidated due to BLME plc being the majority investor |
| ————— | Consolidated due to BLME plc having all the risks and rewards or ownership through the participation agreements |

5. RISK FACTORS

Before investing in the Shares, prospective investors should carefully consider and evaluate the risks and uncertainties described below, and all other information contained in this Prospectus.

Such risks could have an adverse effect on the Group's business and the anticipated financial condition, performance or results from the operations of the Group. In such case, an investor could lose all or part of his investment.

Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the BLME's businesses. The information set out below does not purport to be an exhaustive summary of the risks affecting, or which may affect, the Group.

An investment in the Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment, and who have sufficient resources to be able to bear any losses which may arise therefrom. Investors should consider carefully whether investment in the Company is suitable for them in the light of the information in this Prospectus and their personal circumstances. Prospective investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing.

Competition in Islamic banking and finance is rising due to market awareness of the opportunity

There are six authorised Islamic banks in the UK. In addition, there are conventional banks and a number of persons in the UK and overseas who are presently active, participate, or have shown an interest, in Islamic wholesale and investment banking, and who could become direct competitors of BLME for a share of this market. Direct competitors could decrease BLME's anticipated customer base and/or its expected revenue earning potential.

Unfavourable taxation of Sharia'a compliant financial products

The UK government has amended legislation to cater specifically for the taxation of certain Islamic financial products to make them consistent with their conventional equivalents. However, the understanding of the application of taxation provisions to Islamic financial products is developing, and a finding that the tax treatment for an Islamic financial product is not as the Group had anticipated could have a material adverse effect on the Group's businesses and results of operations. In addition, the tax treatment for certain Islamic financial products in some jurisdictions may result in the product being uncompetitive in comparison to its conventional equivalent, reducing the demand for the product which could in turn have a material adverse effect on the Group's business and results of operations. Future changes in taxation legislation may also lead to changes in the taxation of the Group's earnings, which could have a material adverse effect on the Group's businesses.

Political and economic risk in Europe and market conditions

Businesses in the financial services sector are affected by changing general market conditions which are outside the control of the Group and which can cause the results and value of such businesses to fluctuate from year to year, as well as on a long-term basis, in ways that may be unpredictable.

The Group's business activities will depend principally on the level of banking, finance and financial services required by banks, companies, and individuals in Europe and the Middle East. In particular, levels of borrowing and demand for investment products are heavily dependent on customer confidence in the financial system, consumer spending, the state of the economy and market interest rates at the time, which is in turn impacted by international economic and political events because of the interrelationships within global financial markets. If there is a sustained deterioration in the economies of the countries in Europe or a major political upheaval, this could have a material adverse effect on the Group's businesses and results of operations.

Political and economic risk in the Middle East

The Group targets some of its products at clients affiliated with Middle East countries, including Bahrain, Kuwait, Qatar, Saudi Arabia and the UAE whose economies have expanded significantly in recent years, driven by sustained high oil prices. This expansion has been reflected in increased financing and deposit-taking activity by banks in the region. It is likely that, if there is any sustained deterioration in the economies of these countries or a major political upheaval, this could have a material adverse effect on the Group's businesses and results of operations.

Changes in legislation or regulation in the UK and EU

The Group operates in a highly regulated industry, and any changes in regulations governing its businesses or adverse outcomes of regulatory reviews of BLME could reduce the number and type of products BLME can offer.

The regulatory environment in the EU and the UK continues to be one of change with a long pipeline of proposed EU Directives on a wide range of topics from product specific regulation to capital adequacy and liquidity. A key risk to the Group will be to ensure that BLME stays compliant with its regulatory obligations and implements changes to the business model in the most appropriate way to ensure compliance with the level of regulatory change experienced.

Currently, due to the emergence of the Islamic finance sector in the UK, some Islamic financial products are not regulated in the UK and EU in the same way as conventional products. However, as the Islamic finance sector and the understanding of the Islamic financial products are developing, the regulation of these products may change and become more rigorous.

The value of the Group's assets may also be affected by uncertainties such as changes in policies, taxation or other developments in the laws and regulations in the UK. The legislation and regulation that BLME will be subject to governs a wide range of matters. The Group is not always able to predict the impact of future legislation or regulation, or changes in the interpretation or operation of existing legislation or regulation on its business, results of operation, and/or financial condition. Further changes to financial services legislation or regulation may be enacted, and such changes could have a material adverse effect on the Group's business, results of operations, and/or financial condition, and may result in increased costs to the Group due to it being required to set up additional compliance controls or due to the direct cost of such compliance.

In addition, the Company may face the risk of not being able to comply with upcoming regulations in the area of liquidity risk management, while ensuring Sharia'a compliance in all aspects of its operations. Whilst BLME, as a Sharia'a based bank, does not have access to the same range of liquidity instruments as many conventional banks, its business model precludes it from many of the activities that precipitated the 2008 liquidity crisis (leveraged derivatives positions resulting in high collateral uncertainty risks, excessive dependency on short dated interbank deposits etc). The lack of eligible collateral and reserve assets under central bank rules is compensated by the long dated nature of customer deposits and by the gradual relaxation of the definition of eligible collateral by the Basle Committee on Banking Supervision. Through its Asset and Liability Committee, BLME operates under a series of liquidity metrics that have, over the past 6 years, resulted in it maintaining liquidity ratios substantially in excess of regulatory requirements.

Failure to maintain the right image and to gain loyalty of Islamic institutions and or to develop strategic alliances in key markets and sectors

The Group deals with financial institutions and other companies from around the world. Any failure of the Group to maintain the right image and act fast enough to mobilise loyalty of Islamic institutional customers and/or develop strategic alliances in key markets and sectors could have a material adverse effect on the Group's businesses or results of operations.

Failure to attract qualified and skilled personnel and/or failure of staff to adapt to Islamic Banking principles

The success of the Group depends heavily on its ability to identify, hire, train, motivate and retain highly qualified professionals who are required to adapt to the principles of Islamic banking and finance. Competition for such professionals can be intense, and the Group cannot give assurances that it will be able to attract or retain the highly qualified professionals that it requires in the future. If the Group is unable to attract and retain the necessary professionals, its future growth and profitability may be adversely affected.

Risks arising from the Company's business activities

In the course of its business activities, the Group is exposed to the following risks:

Business Risk – Business risk is the risk that the volatility of the core of the Company's earnings negatively impact its value. The Company has therefore continued to attach a high priority to business diversification and stability of earnings. Diverse techniques are required to assess the internal and external factors that might cause a material and unexpected adverse deviation in earnings.

Credit Risk – Credit risk is the risk of financial loss to the Group if a customer or counterparty is not able to repay capital and/or profit, or otherwise meet its contractual obligations under credit facilities or in respect of other agreements. The majority of BLME's credit risks relate to customer lending activities. Within this, BLME's core businesses are Real Estate Finance

and Lease Finance where credit is extended on a fully collateralised basis. The other large component of BLME's credit portfolio risk relates to unsecured money market loans to higher rated bank counterparties. A description of the Group's exposure to credit risk is included at Part 7.10.1 of this Prospectus.

Insurance Risk – the Company does not offer insurance services or underwrite insurance risks. The Company has retained the services of an established insurance consultant to put in place the necessary bankers blanket bond insurance policies. These policies are underwritten by two leading insurance companies. The main risks covered are:

- comprehensive crime - covering the wrongful, dishonest, fraudulent and malicious acts of employees; and fraud by BLME or any person or body acting on behalf of BLME, including computer or telephone related fraud;
- civil liability - covering the Directors against any liability for negligence, default, breach of duty and breach of trust. This includes cover for criminal proceedings brought against a Director of the Company; and
- key man - covering death or critical illness of the chief executive officer.

BLME also has general insurance covering its properties and assets (e.g. IT, fixed assets and computers), and employer liability cover.

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. A description of the Group's exposure to liquidity risk is included at Part 7.10.4 of this Prospectus.

Market Risk – Market risk is the risk that changes in market prices will affect the Group's income. It covers profit rate risk, credit spread risk and foreign exchange risk. The principal exposure to market risk relates to asset and liability market rate re-price risk within the accrual based banking book. A description of the Group's exposure to market risk is included at Part 7.10.2 of this Prospectus.

Market (Interest) Rate Risk in the Banking Book – this is the risk that rate re-pricing, caused by the mismatching of assets and liabilities in the banking book negatively impacts upon the Company's financial position. It is an area where the Company and other Sharia'a compliant banks need to be particularly vigilant due to the relatively small number of permissible Islamic risk management tools and Islamic Money Market products, as well as the prohibition on taking short positions. In the main, the Company has continued to operate its ALM desk as a funding service centre for its lending and investment activities, and as the Company's liquidity management unit.

Operational Risk – Operational risk is the risk of loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from

external factors other than credit, market and liquidity risks. A description of the Group's exposure to operational risk is included at Part 7.10.5 of this Prospectus.

Residual Risk – the Company has evaluated this risk in terms of the unenforceability of legal contracts under UK law and Sharia'a. The Company uses standard and approved documentation templates wherever possible, and external legal counsel is always consulted. The Company's Sharia'a advisors ensure that all documentation terms are examined and approved for Sharia'a compliance purposes. This process has continued to be audited by the SSB.

Whilst the Company believes it has implemented the appropriate policies, systems and processes to control and mitigate these risks, potential investors should note that any failure to adequately control these risks could be greater than anticipated which could result in adverse effects on the Group's financial condition and reputation.

Licences

BLME has obtained a banking licence from the FSA (now the PRA and the FCA) to carry on regulated activities. Suspension or cancellation of this licence would result in BLME becoming incapable of carrying on its activities within the UK which could have a material adverse effect on the Group's business and results of operations.

Capital Adequacy Requirements and Risk Management

BLME is subject to capital adequacy guidelines adopted by the FSA (now the PRA) for a bank, which provide for a minimum ratio of total capital to risk adjusted assets expressed as a percentage. At least half of the total capital must be maintained in the form of Tier 1 capital. The Company's failure to maintain its ratios may result in administrative actions or sanctions against BLME by the PRA which may have a detrimental effect on the Group's business.

Structure of Islamic financial products

Like some conventional financial products, the structure of Islamic financial products can include the financial institution offering the product by acquiring title to physical assets including, for example, real estate, aircraft or ships. Whilst the risks associated with ownership of these products can be mitigated through contractual arrangements and the purchase of the Islamic insurance, if BLME is found to have financial liability arising from the ownership of assets comprising part of its offering of financial products, this could have a material adverse effect on the Group's business and results of operations.

Gap in the understanding of Islamic banking and its products among its customers

There is a gap in understanding of Islamic banking and its products among its customers, which could potentially lead to adverse impact on the franchise strength of Islamic banks. For example, customers perceive the funds they invest in an Islamic bank as equivalent to deposits offered by a conventional bank while in reality they are not. If a particular situation results in the Islamic bank seeking its clients to share in the losses, it could lead to break-down of trust in the Islamic bank and potentially adversely affect financial stability in its market.

However, as a wholesale bank BLME generally undertakes business with sophisticated business customers who engage the services of appropriate professional advisers to advise them on both the product and documentation. Whilst certain products are focused at individuals minimum thresholds limit accessibility. Customer's therefore have an ability to assess the product and its terms. To assist the Company's website contains a glossary of terms for better understanding and certain products have their own "Frequently Asked Questions" sections which provide further explanations as to the nature of the underlying product and how it may differ from an economically equivalent conventional bank product. As part of the Company's UK regulatory controls in addition to "Know Your Client" certain products require a suitability assessment before the customer can be offered them. The combination of these factors reduces the risk of customer misunderstanding and therefore the impact on the franchise strength of Islamic banks.

Sharia'a Compliance

There is a potential risk of the regulatory and banking policy treatment of the Company in markets where it operates being in conflict with its obligation to carry out its business in a Sharia'a-compliant manner. For example, the Group may be obligated to guarantee return of principal and stated profit rate to its investors which might be seen as not in compliance with Sharia'a by its Sharia'a Supervisory Board.

However, BLME's operations and products are structured, in addition to being Sharia'a compliant, in such a way as to comply with local laws and regulation. Sharia'a compliance is therefore a self-imposed condition of business. Whilst the regulatory and banking policy is not static, the UK government regularly promotes Islamic Finance and in demonstration of this has amended legislation to address particular aspects of Sharia'a compliant products to support a level playing field with conventional banks. Experience has demonstrated that legislative changes are targeted at outcomes and not the Sharia'a compliant nature of a product. The Group can refer matters to its regulator for discussion and understanding on treatment. Accordingly the Group works with its Sharia'a Compliance Officer and Sharia'a Supervisory Board to determine the impact on its operations and products of any relevant changes. The experience and skills of the Group's staff minimises any potential conflict between local regulatory and banking policy and the Group's ongoing Sharia'a compliance.

Risk Factors Relating to the Shares

Absence of prior trading market; Potential volatility of Share Price

Prior to Admission, there has been no public market for the Shares and there can be no assurance that an active trading market for the Shares will develop or, if developed, that such market will be maintained. If an active trading market is not developed or maintained, the liquidity and trading prices of the Shares could be adversely affected. Sharp market fluctuations may adversely affect the trading price of the Shares on NASDAQ Dubai regardless of the actual operating performance of the Group. Additionally, several factors can affect the prices of traded securities and their volatility. These factors include, but are not limited to: changes in operating results, downturn in the economy, and/or slowdown in the growth of the Group.

Distribution of Dividends

Under the UK Companies Act, the Company will only be able to pay dividends to the extent that it has distributable profits available for this purpose. Any decision to pay dividends to Shareholders and the amount of such dividends will be at the discretion and upon the recommendation of the Board. The amount and percentage of any dividends may vary from year to year. The declaration of dividends may also be influenced by other factors, including the Group's business prospects, working capital requirements, profitability and general financial performance, the condition of the market and the general economic climate, and other factors, including regulatory considerations. Distribution of dividends is also subject to PRA threshold conditions for regulated firms.

Foreign Exchange Movements

The Group maintains its accounts, and reports its results in GBP. Fluctuations in USD vis-à-vis the GBP may have a material impact on the Share price.

Forward-Looking Statements

This Prospectus contains certain forward-looking statements and information relating to the Group that are based on expectations, estimates, projections and information currently available to the Group. These statements include, but are not limited to, statements about the Group's strategies, plans, objectives, expectations, intentions, expenditure and assumptions. These statements reflect the current views of the Board with respect to future events. They do not constitute a guarantee of future performance and involve certain risks and uncertainties that are difficult to predict. In addition, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate.

Many factors could affect the Group's future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include inter alia, the following:

- Changes in the general political, economic and business conditions in the country(ies) or region(s) in which the Company and its subsidiaries operate;
- Changes in the laws or policies of governments or other governmental or quasi-governmental activities in the country(ies) in which the Company and its subsidiaries operate;

- The prevalence of a competitive environment and the introduction of competing products and services by other companies;
- Changes in currency exchange rates, interest rates and inflation rates; and/or
- Changes in the business strategy and various other factors.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. For more details please see Part 7.10 (Financial Risk Management).

Many of these factors are macroeconomic in nature and are, therefore, beyond the control of the Board and management. Should one or more of these risks or uncertainties materialise, the Group's results may vary materially from those anticipated, believed, estimated, expected, intended, planned or projected.

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6. CAPITAL

6.1 Capital resources

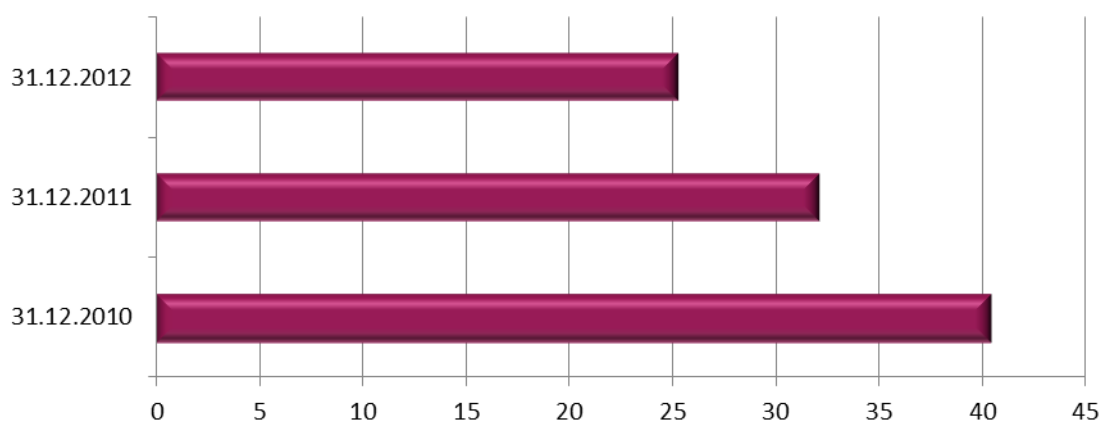
All of BLME's capital of £241.2 million as at 31 December 2012 qualified as Tier 1 capital, and is principally in the form of share capital and share premium. As such, all of BLME's capital is undated and consequently long dated in nature. The cash flows relating to BLME's capital resources took the form of a £175 million private placement of shares completed in early 2007 including the £2 million of seed capital provided by Boubyan Bank K.S.C (BLME's initial sponsor), and a subsequent private placement of shares raising of £75 million in the first quarter of 2008. There are no debt or borrowing structures within BLME's capital resources, and at 31 December 2012 87.3 per cent. of share subscriptions have come from Kuwaiti investors, most of which relates to institutional investors.

There are no restrictions in the structure of BLME's capital resources that impact its business operations. At December 31, 2012 BLME had £190.1 million of total capital resources (after deductions for direct investments) and a Capital Adequacy Ratio of 25.3 per cent., substantially higher than Basel II and the impending Basel III requirements laid down by the Basel Committee on Banking Supervision.

Over and above its regular loan commitments to customers, for which BLME sets aside regulatory capital, there are currently no future investments to which the Board or the senior management of BLME have already made firm commitments. In addition, BLME currently has no plans to acquire material fixed assets or leased properties.

BLME has made direct investments using capital resources of £53.7 million, principally as seed capital in three BLME asset management fund initiatives. The asset backed nature, credit quality and liquidity of the underlying assets, along with the associated risk management and fund governance mechanisms, do not give rise to issues that are expected to have a significant adverse impact on BLME's financial position or profits and losses.

Capital Adequacy Ratio



6.2 Share capital

The following share capital information is as at 31 December 2012 being the date of the most recent audited balance sheet included in the historical financial information of BLME incorporated by reference at Part 12 of this Prospectus. These amounts did not change during the 6 months ended 30 June 2013.

| Group and Bank | | 2012 | 2011 |
|---|-----------------------------|--------------------------|---------------------------|
| | | £ | £ |
| Authorised | | | |
| 6,000,000,000 ordinary shares of £0.01 each | | 60,000,000 | 60,000,000 |
| | | <hr/> | <hr/> |
| | No. of shares | Share capital | Share premium |
| | | £ | £ |
| Allotted, called up and fully paid | | | |
| At 31 December 2010 | 4,893,342,281 | 48,933,422 | 206,226,328 |
| Shares issued during 2011 | - | - | - |
| At 31 December 2011 | <u>4,893,342,281</u> | <u>48,933,422</u> | <u>206,226,328</u> |
| Allotted, called up and fully paid | | | |
| At 31 December 2011 | 4,893,342,281 | 48,933,422 | 206,226,328 |
| Shares issued during 2012 | - | - | - |
| At 31 December 2012 | <u>4,893,342,281</u> | <u>48,933,422</u> | <u>206,226,328</u> |

On 7 August 2006 200,000,000 new ordinary shares with a nominal value of £0.01 were issued and on 20 February 2007 BLME issued a further 3,460,000,000 shares at a price of £0.05 raising £175,000,000 in total. In November and December 2007 BLME issued a total of 69,173,048 new ordinary shares with a nominal value of £0.01 under employee incentive schemes for consideration of £0.065 per share.

In February 2008 BLME issued 1,153,846,154 ordinary shares with a nominal value of £0.01 at a price of £0.065 via a private placement, raising proceeds of £75 million. On 8 February 2008 BLME issued a total of 8,361,538 new ordinary shares with a nominal value of £0.01 under employee incentive schemes for a deemed value of £0.065 per share.

On 20 January 2009 and 16 February 2009 BLME issued a total of 1,461,540 new ordinary shares with a nominal value of £0.01 under employee incentive schemes for a deemed value of £0.065 per share.

On 28 February 2010 BLME issued 500,000 new ordinary shares with nominal value of £0.01 under employee incentive schemes for a deemed value of £0.05 per share.

| Event | Date | | No. of Shares | Description |
|---------------------------------|-----------|---------------|----------------------|--------------------------|
| Nominal Capital | 7 Aug 06 | | 200,000,000 | Initial Funding |
| Private Placing Share Issuance | 20 Feb 07 | | 3,460,000,000 | Private Placement Scheme |
| | 22 Oct 07 | Consolidation | | |
| | 16 Nov 07 | | 2,250,048 | Employee Incentivisation |
| Staff Shares | 19 Dec 07 | EBT Shares | 66,923,000 | Employee Incentivisation |
| Staff Shares | 08 Feb 08 | | 8,361,539 | Employee Incentivisation |
| Private Placement Share Raising | 19 Feb 08 | | 1,153,846,154 | Private Placement Scheme |
| New Employees | 20 Jan 09 | | 384,616 | Employee Incentivisation |
| New Employees | 16 Feb 09 | | 1,076,924 | Employee Incentivisation |
| New Employees | 28 Feb 10 | | 500,000 | Employee Incentivisation |
| TOTAL | | | 4,893,342,281 | |

Appleby Trust (Jersey) Limited holds 66,923,048 BLME shares with a value of £4,350,000 on behalf of the BLME EBT.

Except for the USOP and the ASOP (details of which are set out below in part 6.3), there are no convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription. Please refer to note 13 of the 2012 Financial Statements incorporated by reference at Part 12 for further information.

There are no shares which do not represent capital. There are no shares held on behalf of the Company or by subsidiaries of the Company other than the shares held by Appleby Trust (Jersey) Limited on behalf of BLME's EBT as referred to above.

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6.3 Options

The following table summarises the number of options outstanding under various BLME share incentive plans at both the most recent financial year-end and as at 30 June 2013

| | 30/06/2013 | | 31/12/2012 | |
|---|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| BLME share scheme: | Number of shares subject to awards | Weighted Average Strike Price (£) | Number of shares subject to awards | Weighted Average Strike Price (£) |
| Approved Share Option Plan | 13,876,917 | 0.062 | 11,415,381 | 0.061 |
| Approved Share Option Plan – parallel options | 2,384,613 | 0.050 | 2,384,613 | 0.050 |
| Unapproved Share Option Plan | 615,385 | 0.065 | 615,385 | 0.065 |
| Executive Share Option Scheme | 70,255,153 | 0.065 | 67,101,307 | 0.065 |
| Deferred Annual Bonus Scheme * | 30,592,112 | Nil | 21,592,112 | Nil |
| Total number of shares subject to awards | 117,724,810 | 0.047 | 103,108,798 | 0.051 |

* Options issued under the BLME Deferred Annual Bonus Scheme are nil strike price options. All of the other options have been granted as strike price options.

More information regarding these schemes is disclosed in note 13 “Share-based payments” of the 2012 audited financial statements incorporated by reference at Part 12 of this Prospectus.

It is intended that replacement options or awards (to acquire Shares) are offered by the Company in respect of all existing options and awards under the BLME share incentive plans. Replacement options and awards shall be offered on the following further terms:

- i. the exercise of the replacement options and awards shall be subject to performance conditions which are equivalent, so far as practicable, to any original performance conditions under the existing options and awards;
- ii. the exercise of the replacement options and awards shall be exercisable in the same manner as the existing options and awards;
- iii. the number of Shares subject to the replacement options and awards shall be determined by the Remuneration Committee of BLME acting reasonably, taking into account the market value of BLME Shares and the Shares; and
- iv. the replacement options and awards shall be treated as granted at the same time as the existing options and awards.

It is intended that replacement awards and options are granted to employees as soon as reasonably practicable following Admission (subject to approval of HMRC in the case of the options granted under the ASOP). The offer of replacement awards has been accepted or deemed to be accepted, conditional upon Admission, by all award holders, with the consequence that no Shares should be issued under any BLME share incentive plan following Admission. The minimum number of Shares

which would need to be issued or purchased in the market by the BLME EBT, if all of the replacement awards and options were exercised is 2,041,274 Shares. This estimate takes account of the stock of 2,676,923 Shares which will be held by the BLME EBT following the BLME Scheme of Arrangement.

Approved Share Options

Approved Share Options are granted to employees under the ASOP up to a market value limit of £30,000 to each individual on the date of grant. The options may vest after three years and are exercisable up to the tenth anniversary of the date of grant, after which they lapse.

Unapproved Share Options

Unapproved Share Options are granted under the USOP to employees who already have received approved share options up to the market value limit of £30,000. The options may vest after three years and are exercisable up to the tenth anniversary of the date of grant, after which they lapse.

Deferred Annual Bonus Scheme

Awards were first made to employees under the DABS in 2008. The Group introduced the scheme to ensure that the long term interests of certain employees were aligned with the interests of BLME's shareholders. Participating in the scheme entitles the employee to receive a matching award at no cost providing certain conditions, including a performance condition, are met. Performance conditions are set and monitored by the Remuneration Committee.

Under the original scheme rules the employee was required to surrender a percentage of their annual discretionary bonus in return for a conditional right to receive shares in the Bank at the vesting date being three years following the award date. During 2010 the existing awards were modified so that they took the form of nil cost options. The modified awards gave employees options, to acquire the same number of shares as the original award, which can be exercised at any point from the original vesting date until the tenth anniversary of the original award date. No incremental fair value arose as a result of this modification.

During 2012 employees were given the opportunity to have their vested DABS options from earlier years settled in cash. The resultant cash payment of £2,288,333 in May 2012 was accounted for as a deduction against the share-based payment reserve. The DABS scheme has been reclassified during 2012 as a cash-settled share-based payment scheme with £1,182,168 being reclassified from the share-based payment reserve to other liabilities. During 2012 there was no excess payment over the fair value of the award at the settlement date requiring to be recognised as an expense under IFRS 2.

Participating in the scheme entitles the employee to receive a matching award at no cost providing certain conditions, including a performance condition, are met. Performance conditions are set and monitored by the Remuneration Committee.

Executive Share Option Scheme

Share options were first granted to executives, senior management and other select senior employees under the USOP. A second grant was made in October 2010; the options granted were split equally into employment options and performance options. Employment options vest upon completion of service periods, performance options vest on meeting or surpassing targets for growth in the net asset value of BLME. Both categories of options only vest upon BLME being listed on a recognised exchange.

The ESOP awards are generally made in four equal tranches with different vesting periods. The expected option life is dependent on the behaviour of option holders but lapse on tenth anniversary of the date of grant.

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7. MANAGEMENT OF THE COMPANY

7.1 Board of Directors and Executive Management

The Board is responsible for the Company's system of corporate governance. . The Board of the Company comprises three executive Directors:

- **Humphrey Percy** - Chief Executive Officer,
- **Richard Williams** – Chief Financial Officer and
- **Nigel Denison** - Director and Head of Wealth Management and Treasury

and six Non-executive Directors including the Non-executive Chairman:

- **Yacob Yousef Al-Muzaini** - Non-executive Chairman,
- **Sheikh Abdullah Jaber Al-Ahmed Al-Sabah** - Vice Chairman of the Board,
- **Neil Holden** – Non-executive Director and Chairman of the Remuneration Committee
- **Frank Vermeulen** - Non-executive Director and Chairman of the Audit Committee,
- **Michael Williams** - Non-executive Director and Chairman of the Risk Committee and
- **Adel Abdul Wahab Al-Majed** - Non-executive Director

A Board Effectiveness Review is undertaken, at the request of the Chairman, to evaluate Board performance and governance and to ensure the Board is equipped with the necessary mix of expertise, skills and knowledge. The Board Effectiveness Review identifies any necessary training requirements for individual Non-executive Directors. The Chairman is provided with the report, which includes recommendations for training and Board enhancement.

Chairman and Vice-Chairman of the Board

Yacob Yousef Al-Muzaini – Chairman (Independent)

Yacob is the Non-executive Chairman of the Board of the Company. He has 30 years of leadership experience in private and public sector financial institutions. Until 2008 he was the Chairman and Managing Director of Boubyan Bank K.S.C, thereafter he became the Managing Director of Hayat Invest Company, Kuwait. Yacob has also held several board memberships of national and international companies and investment funds.

Sheikh Abdullah Jaber Al-Ahmed Al-Sabah – Vice Chairman

Abdullah is the Non-executive Vice Chairman of the Board of the Company. He is the Deputy Director General for Investment at Kuwait's Public Institution for Social Security and Chairman of Housing Finance Company and Ahli United Bank of Kuwait. Previously he was Vice President at Wafra Investment Advisory Group in New York between 1991 - 1998, where he was involved with projects in direct equity, real estate and equity portfolios.

Executive Directors

Humphrey Richard Percy – Chief Executive Officer

Humphrey is Chief Executive Officer of the Company and joined BLME as Chief Executive Officer in August 2006. Humphrey has more than 30 years of international banking experience. In the course of his career he has worked at J. Henry Schroder Wagg, Barclays Merchant Bank (later Barclays de Zoete Wedd/BZW) and WestLB where he held positions including CEO, Managing Director, General Manager, and Head of Global Financial Markets. Humphrey is experienced in building new functions and product areas, and has managed a number of global businesses within both Barclays and WestLB as well as founding his own business in 2002 where he remains Non-executive Chairman.

Richard Radway Williams – Chief Financial Officer

Richard is Chief Financial Officer of the Company and joined BLME as Chief Financial Officer and Company Secretary in November 2006. Having qualified as a Chartered Accountant with KPMG in 1980, Richard's early career in investment banking was spent with Chase Manhattan, Credit Agricole and Bankers Trust. He then spent 10 years at Robert Fleming & Co setting up their Global Equities Derivatives business, including three years in Hong Kong with Jardine Fleming. Richard also has experience with start-up companies and in private equity with Legal & General Ventures.

Nigel Brodie Denison – Director, Head of Wealth Management and Treasury

Nigel is an executive Director of the Company and joined BLME as Director and Head of Treasury in November 2006. In 2009 he established the Asset Management business and in 2011 took over the Private Banking unit creating a single Wealth Management division. Before joining BLME he was Head of European Distribution for WestLB's Global Markets unit which included treasury, capital markets and emerging markets. Nigel began his career at Barclays Merchant Bank (later Barclays de Zoete Wedd/BZW), where he became Head of Trading for Barclays Swaps and Options European business, based in London. He then worked in New York where he ran the derivatives trading operations for Barclays.

Non-Executive Directors

Neil Jonathan Holden (Independent)

Neil is Chairman of the Remuneration Committee of each of the Company and BLME. He is a mathematician and chartered accountant with more than 25 years experience of international banking focusing on financial control, risk management and governance. His executive roles included Head of Corporate and Investment Banking Credit for Standard Bank Group, Head of Risk for Standard Bank Plc, and previously various senior roles at WestLB and Hambros Bank covering all risk, finance and operational disciplines. He is also a Non-executive director of Stanbic International Insurance Limited and Integrated Financial Arrangements Plc.

Frank Willem Vermeulen (Independent)

Frank is Chairman of the Audit Committee of each of the Company and BLME. He has a master's degree in Dutch law and has more than 20 years experience in finance. For most of this period Frank worked for ABN Bank NV in a variety of roles in different countries, including Head of Corporate Banking, Syndications & International for Saudi Hollandi Bank, Riyadh. In 1992 he joined Olayan Financing Company in Riyadh, where he worked until his retirement at the end of 2006. At Olayan he held positions including Treasurer and CFO and various board positions in affiliated companies and now is an advisor. Frank currently holds Board positions with Mining & Minerals Opportunity, Inc. and Bolsa Resources Inc. He also acts as an advisor for Jarir Marketing Company, Riyadh, where he is a member of the audit committee, and is involved in risk management at Saudi Hollandi Bank.

Michael Williams (Independent)

Michael is Chairman of the Risk Committee of each of the Company and BLME. He is a qualified banker with an extensive background in international finance. He has held a number of senior and board level positions in the UK and more recently in the Middle East. Michael currently is Chairman of a UK public limited company with interests in IT and recruitment, is Deputy Chairman of a Mutual Friendly Society where he also chairs the audit and risk committee, and is on the board of a Business Services Group in the United Arab Emirates. Michael also holds a consultancy role with a major Middle Eastern bank advising on their international expansion. Prior to this he was CEO of the International Bank of Qatar in Doha before which he was the CEO of the National Bank of Fujairah in the UAE having previously been the Managing Director of Nomura Bank International Plc for 6 years. Michael started his career with Barclays Bank Group working for them for 25 years holding a number of senior positions including Managing Director of Barclays Global Services and Corporate Banking Director at Barclays Bank PLC.

Adel Abdul Wahab Al-Majed

Adel is a Non-executive member of the Board. He has over 30 years of experience in banking. He is currently Chief Executive Officer and Vice-Chairman of the Company's largest shareholder, Boubyan Bank K.S.C., having previously held the position of Chairman. From 1980 to 2009 Adel worked for National Bank of Kuwait where he held a number of positions including Deputy Chief Executive Officer and General Manager. Adel has played a key role in the development of the Kuwait banking sector including regulation, shared enterprises (Credit Bureau and K-Net Shared Switch) and Islamic banking. He currently holds a board position with Visa APCEMEA – Senior Client Council and is Chairman of United Capital Bank.

7.2 Directors' Appointments and Committees Membership

Humphrey Percy, Richard Williams and Nigel Denison were appointed to the Board of the Company and the relevant Committee of the Company on incorporation. The remaining Non-executive Directors were appointed to the Board of the Company and the relevant Committee of the Company on 26th April 2013. The Directors of BLME are the same as the Directors of the Company.

The date of appointment to the Board of BLME and to the relevant Committee is set out below:

| Name | Date of Appointment | Committee Memberships | Chairmanships |
|---|---------------------|--|--|
| Yacob Yousef Al-Muzaini (Independent) | 07 August 2006 | Nominations | Chairman of the Board Chairman of the Nominations Committee |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | 22 October 2007 | Nominations Audit Remuneration Risk | Vice Chairman of the Board |
| Humphrey Richard Percy | 21 September 2006 | Executive | |
| Richard Radway Williams | 28 November 2006 | Executive | |
| Nigel Brodie Denison | 28 November 2006 | Executive | |
| Neil Jonathan Holden (Independent) | 01 November 2006 | Audit Risk Remuneration | Chairman of the Remuneration Committee |
| Frank Willem Vermeulen (Independent) | 01 January 2007 | Nominations Audit Risk | Chairman of the Audit Committee |
| Michael Williams (Independent) | 02 March 2012 | Risk Remuneration | Chairman of the Risk Committee |
| Adel Abdul Wahab Al-Majed | 06 December 2012 | Nominations Risk Remuneration | |

The independent Directors comply with the UK Corporate Governance Code provisions for independence.

The appointment of Directors is considered by the Nominations Committee and then the Board. Following the provisions in the Articles all Directors who have been appointed by the Board, rather than at a general meeting of Shareholders, must stand for re-election by the Shareholders at the first annual general meeting following their appointment and, following that meeting, must stand for re-election by the Shareholders at least every three years.

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 BLME's expense where they judge it necessary to discharge their duties as Directors.

7.3 Directors' Other Company Board Appointments

| Director | Company | Appointment | Date of Appointment | Date of Resignation (if appropriate) |
|--|--|--|---------------------|---|
| Yacob Yousef Al Muzaini | Boubyan Bank | Chairman | 1-Sep-2004 | 1-Mar-2008 |
| | Hayat Invest | Vice Chairman and Managing Director | 1-Dec-2008 | |
| | BLME Umbrella Fund Management Sarl | Director of General Partner | 7-Oct-2008 | 15-Sep-2010 |
| | Hayat Indian Equity Fund | Director | 1-Aug-2009 | |
| | Hayat Real Estate Investment Co (Saudi Limited Liability Co) | Manager, Managerial Board of the Company | 1-Mar-2011 | |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | Public Institution for Social Security | Director | 3-Sep-1988 | |
| | Global Investment House | Director | 5-May-2010 | |
| | Bank of Kuwait and the Middle East | Director | | Merged with AUBK |
| | Housing Finance Company (ISKAN) | Chairman | 14-Apr-2002 | |
| | Ahli United Bank of Kuwait (AUBK) | Chairman | 26-Mar-2009 | |

| | | | | |
|-------------------------------|--|------------------------------------|-------------|-------------|
| Humphrey Percy | SGM-Foreign Exchange Limited | Director | 10-Oct-2002 | |
| | PDQFX Limited | Director | 17-Mar-2004 | |
| Nigel Denison | BLME Umbrella Fund Management Sarl | Director of General Partner | 7-Oct-2008 | |
| Neil Holden | Stanbic International Insurance Ltd. | Independent Non-executive Director | 8-Oct-2003 | |
| | Integrated Financial Arrangements Plc | Non-executive Director | 9-Sep-2011 | |
| | Quadrant Risk Management (International) Ltd | Independent Non-executive Director | 1-May-2007 | 16-Sep-2009 |
| | Calmindon Ltd | Executive Director | 19-Feb-2010 | |
| Frank Willem Vermeulen | Mining and Minerals Opportunity Inc | Board Member | 10-Apr-2010 | |
| | Bolsa Resources Inc | Board Member | 16-May-2008 | |
| | Opitune Plc, London, UK | Member of the Board of Directors | 10-Mar-2008 | 01-Jun-2010 |
| | Global Mobility Holding BV | Member of the Managing Board | 01-Jan-2006 | 01-Feb-2010 |
| | Abu Soma Development Company | Board Member | 07-May-2002 | 08-Apr-2007 |
| | Egyptian Finance Company | Board Member | 07-May-2002 | 08-Apr-2007 |
| | Saudi Swiss Securities | Board Member | 18-Dec-2005 | 01-Dec-2008 |

| | | | | |
|----------------------------------|--|--|-------------|-------------|
| Michael Williams | Sovereign Business Integration Plc | Chairman | 2-Aug-2008 | |
| | Shepherds Friendly Society | Senior Independent Director and Chairman, Member of the Audit and Risk Committee | 27-Jan-2010 | |
| | Links Group Ltd, Dubai (The Service Company) | Chairman | 22-Feb-2012 | |
| | TBI International Ltd | Board Member | 23-Apr-2008 | |
| | Cancelada Consultants Ltd | Board Member | 13-Aug-2008 | |
| Adel Abdul Wahab Al-Majed | Boubyan Bank | Chairman | 5-Mar-2012 | 26-Mar-2013 |
| | Boubyan Bank | Chief Executive Officer and Vice Chairman | 27-Mar-2013 | |

7.4 Directors' Interests

7.4.1 Employment contracts and letters of appointment relating to the Directors of BLME and Directors of the Company

Executive Directors

All executive Directors have service agreements with BLME which set out the specific terms of their employment. Such service agreements shall continue in full force and effect and the executive Directors shall continue to be employees and Directors of BLME. The executive Directors have been appointed to the Board of the Company (without becoming entitled to any further remuneration). The executive Directors have signed a side letter confirming their agreement to the above and to their compliance with the listing rules of any investment exchange on which the Company may be listed.

Non-executive Directors

All Non-executive Directors have letters of appointment with BLME which set out the specific terms

of engagement. Such letters of appointment shall continue in full force and effect and the Non-executive Directors shall continue to be Directors of BLME. The Non-executive Directors have been appointed to the Board of the Company (without becoming entitled to any further remuneration). The Non-executive Directors have signed a side letter confirming their agreement to the above and to their compliance with the listing rules of any investment exchange on which the Company may be listed.

7.4.2 Interests relating to the Directors of BLME and Directors of the Company

Other than the service agreements or letters of appointment and the interests set out below, the Directors are not interested in any contracts, loan or guarantee agreements which have been granted or provided to, or for the benefit of, any of the Directors by any member of the Group and do not have any other material interests in BLME or the Company.

As at the 26 September 2013 the Directors have the following interests in the Company:

| Name of Director | No. of Shares held | Percentage of Shares |
|---|---------------------------|-----------------------------|
| Yacob Yousef Al-Muzaini | 1,460,000* | 0.75 per cent. |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | 80,000 | 0.04 per cent. |
| Humphrey Percy | 346,000 | 0.18 per cent. |
| Nigel Denison | 200,000 | 0.10 per cent. |
| Richard Williams | 140,000 | 0.07 per cent. |
| Frank Willem Vermeulen | 10,522 | 0.01 per cent. |
| Michael Williams | - | - |
| Neil Jonathan Holden | 30,000** | 0.02 per cent. |
| Adel Abdul Wahab Al-Majed | - | - |

* Held jointly with his wife, Khawla Ali Abdul Riham Al Bahar.

** Held in Calmindon Ltd, a company owned by Neil Holden and his wife.

7.5 Senior Management

The senior managers of BLME are as follows:

Jervis Rhodes - Head of Corporate Banking

Jervis graduated from Cambridge University and has spent his career in banking. In 1987 he joined NM Rothschild and was appointed as a board director in 1999. He moved to Singer & Friedlander in 2003 where he was responsible for acquisition finance, trade finance and corporate banking. In May 2006 he was appointed Chief Executive of Ruffler Bank until its sale. He subsequently joined BLME in May 2010.

Jervis has also been a member of the following boards of directors:

- Aldermore Bank Plc, Director ceased 20 April 2010
- Aldermore Holdings Limited, Director ceased 20 April 2010
- Aldermore Bank Nominees Limited, Director ceased 20 April 2010

Mike Kennedy - Head of Risk

Mike joined BLME as Head of Risk Management in May 2007, having previously worked as Business Manager for Global Financial Markets at WestLB. Prior to this he was Chief Finance Officer for the Global Treasury division of Standard Chartered Bank following a role as Head of Business and Risk Management for Industrial Bank of Japan International in London. He has also held positions with ABN-AMRO Bank, Chemical Bank and Barclays Bank International Limited, including a number of overseas postings.

Stephen Mapes - Head of Compliance

Stephen joined BLME as Head of Compliance in January 2013 and has over 15 years of experience in Compliance and Operational Risk. Stephen was a Controls Assurance Director at Cofunds Limited from 2005 to 2011 in charge of Financial Crime, Compliance and Internal Audit. Prior to this he held senior compliance positions at Schroder Unit Trusts and Schroder Investments in addition to other compliance support functions at Norwich Union.

Stephen has also been/is currently a member of the following boards of directors:

- Cofunds Limited, Director ceased 31 March 2011
- Conquest Integrated Healthcare Limited – Director (Current)
- Conquest Health Limited – Director (Current)
- Metro Medical Limited - Director (Current)
- Rhinefield Investments Limited - Director (Current)

Mark Lynch - Head of Treasury

Mark Lynch joined BLME in August 2007 as Assistant Director, Markets Division. Prior to this he was Assistant Director at Dexia Bank Belgium, London responsible for ALM and cash and liquidity management activities in their Treasury. Mark began his career at the Royal Bank of Scotland in 1985, before moving on to Banque Internationale á Luxembourg, London three years later. Mark was one of the lead Managers responsible for the transfer of the Dexia Banque Internationale London office to Dexia Bank Belgium organization.

7.6 Key Person's Disclosure

The key persons of the Company are the executive Directors and the Non-executive Directors, details of which are set out in Part 7.1 of this Prospectus, and the four individuals who hold senior management positions, details of which are set out in Part 7.5 of this Prospectus.

Pursuant to the Market Rules no key person has any convictions relating to fraud or other financial crimes for at least five years. No key person has any bankruptcy, sanctions, receiverships or liquidations judgments made against them in the past five years when acting in a similar capacity.

None of the key persons has convictions relating to fraud or other financial crimes within the last five years.

Save as disclosed below, none of the key persons, as directors or senior management of such entities, has been involved in other entities which became subject to bankruptcy, receivership or liquidation for the last five years.

On 16 September 2009, Neil Holden resigned as a non-executive director of Quadrant Risk Management (International) Ltd and on 14 July 2010 Quadrant Risk Management (International) Ltd was put into administration.

None of the key persons has been disqualified by a court from acting as a Director or from acting in a senior management position or conducting the affairs of any entity within the last five years. Neither has such person been subject to official public incrimination and or sanction by a statutory or regulatory authority or professional body.

There are no family and business relationships between the key persons. Part 9.3 (*Related Party Transactions*) of this Prospectus sets out the relationship between the Chief Executive Officer of the Company and two of the Group's counterparties called SGM-Foreign Exchange Limited and PDQFX Limited as potential conflicts of interest. No other potential conflicts exist between the personal interests of the other key persons.

There is no actual or potential conflict of interest between the personal interests of any of the key persons and that of their duties owed to the Company or interest of the Company.

7.7 Sharia'a Supervisory Board

To ensure compliance with the principles of Sharia'a the Group follows the decisions and guidance of its Sharia'a Supervisory Board. It is the responsibility of the Group management to implement the decisions and guidance of the Sharia'a Supervisory Board.

The Sharia'a Supervisory Board members are as follows:

Sheikh Dr. Abdulaziz Al-Qassar (Chairman)

Prof. Dr. Abdul Aziz Khalifa Al Qassar Professor of Comparative Jurisprudence at the Faculty of Sharia'a and Islamic Studies at Kuwait University, he received a doctorate degree in comparative jurisprudence from the Faculty of Sharia'a and Law - Al-Azhar University - Cairo - Arab Republic of Egypt in 1997 AD. Faculty member at the Faculty of Sharia'a and Islamic Studies at Kuwait University from 1997 to this time, he served as Associate Dean for Academic Affairs and Graduate Studies and Research at the Faculty of Sharia'a and Islamic Studies at Kuwait University from the period 2001-2005 AD, and a member of the Fatwa and Sharia'a in many institutions and Islamic banks in Kuwait and abroad, a lecturer in Islamic finance, has many research and religious studies in Islamic jurisprudence and contemporary financial transactions.

Sheikh Dr. Esam Khalaf Al-Enezi

Dr. Al-Enezi holds a masters degree from the Fiqh Programme of the Faculty of Higher Studies of Kuwait University and a PhD in Fiqh from the Jordanian University. Currently Dr Al-Enezi is the manager of the Sharia'a Control Unit at Investment Dar and an associate professor at Kuwait University, Faculty of Sharia'a and Islamic Studies.

Sheikh Dr. Mohammed Daud Bakar

Dr. Dr Mohd Daud Bakar is a prominent Sharia'a scholar who plays key Sharia'a advisory roles in the Malaysia market, the GCC, North Africa, Europe and the Far East. Dr Mohd Daud is currently the Chairman of the Sharia'a Advisory Council of the Central Bank of Malaysia, the Sharia'a Advisory Council of Securities Commission of Malaysia and the Sharia'a Supervisory Council of Labuan Financial Services Authority. He is also a member of Sharia'a Board of Dow Jones Islamic Market Index (New York), The National Bank of Oman, BNP Paribas (Bahrain), Morgan Stanley (Dubai), Bank of London and Middle East (London), Noor Islamic Bank (Dubai), Islamic Bank of Asia (Singapore), and in other financial institutions. Dr. Mohd Daud Bakar is the Founder and Group Chairman of Amanie Advisors, a global boutique Sharia'a advisory firm with offices located in Kuala Lumpur, Dubai, Luxembourg, Cairo, Kazakhstan, Oman, Australia, South Korea and Dublin. He is also the Founder and Chairman of Amanie Nexus Sdn Bhd (Kuala Lumpur). Prior to this; he was the Deputy Vice-Chancellor at the International Islamic University Malaysia. He received his first degree in Sharia'a from University of Kuwait in 1988 and obtained his PhD from University of St. Andrews, United Kingdom in 1993. In 2002, he went on to complete his external Bachelor of Jurisprudence at University of Malaya. He has published a number of articles in various academic journals and has made many presentations in various conferences both local and overseas. Apart from that, Dr Mohd Daud is also actively advising in capital market product structuring such as Sukuk both local and overseas.

7.8 Corporate Governance

BLME and the Company are in compliance with the Corporate Governance Principles as set out in section 3.2 of the Market Rules. BLME and the Company, however, are not obligated to comply with the UK Corporate Governance Code, nor any other corporate governance principles in the UK which are not contained within the UK Companies Act.

The Board considers that good corporate governance is central to achieving the Group's objectives. To this end, the Board has established a structured operating framework, which determines risk appetite in line with the Group's defined strategic objectives. This is achieved through a formalised process of risk and mitigating control identification and management. Board and executive committee structures have been implemented, together with clearly defined roles and responsibilities both of the individuals and the committee, to oversee the activities of the Group to help ensure controls are operating as designed. These structures, including individual department business plans ensure that appropriate financial and human resources are in place to deliver the Group's strategic objectives. Policies and behavioral standards have been established and reiterated to all staff through regular training programmes, including anti money laundering and financial crime, conflicts of interest and treating customers fairly.

The Board and its Board Audit and Board Risk committees meet on at least a quarterly basis and Nominations and Remuneration Committees meet at least biannually; Executive management and its committees meet at least monthly. The number of Board and Committee meetings held is declared in the annual report along with a summary of the Board and Committee responsibilities.

An induction programme is in place to ensure Non-executive Directors receive a detailed overview of BLME and the necessary regulatory training. The Directors are kept abreast of regulatory changes and internal business developments.

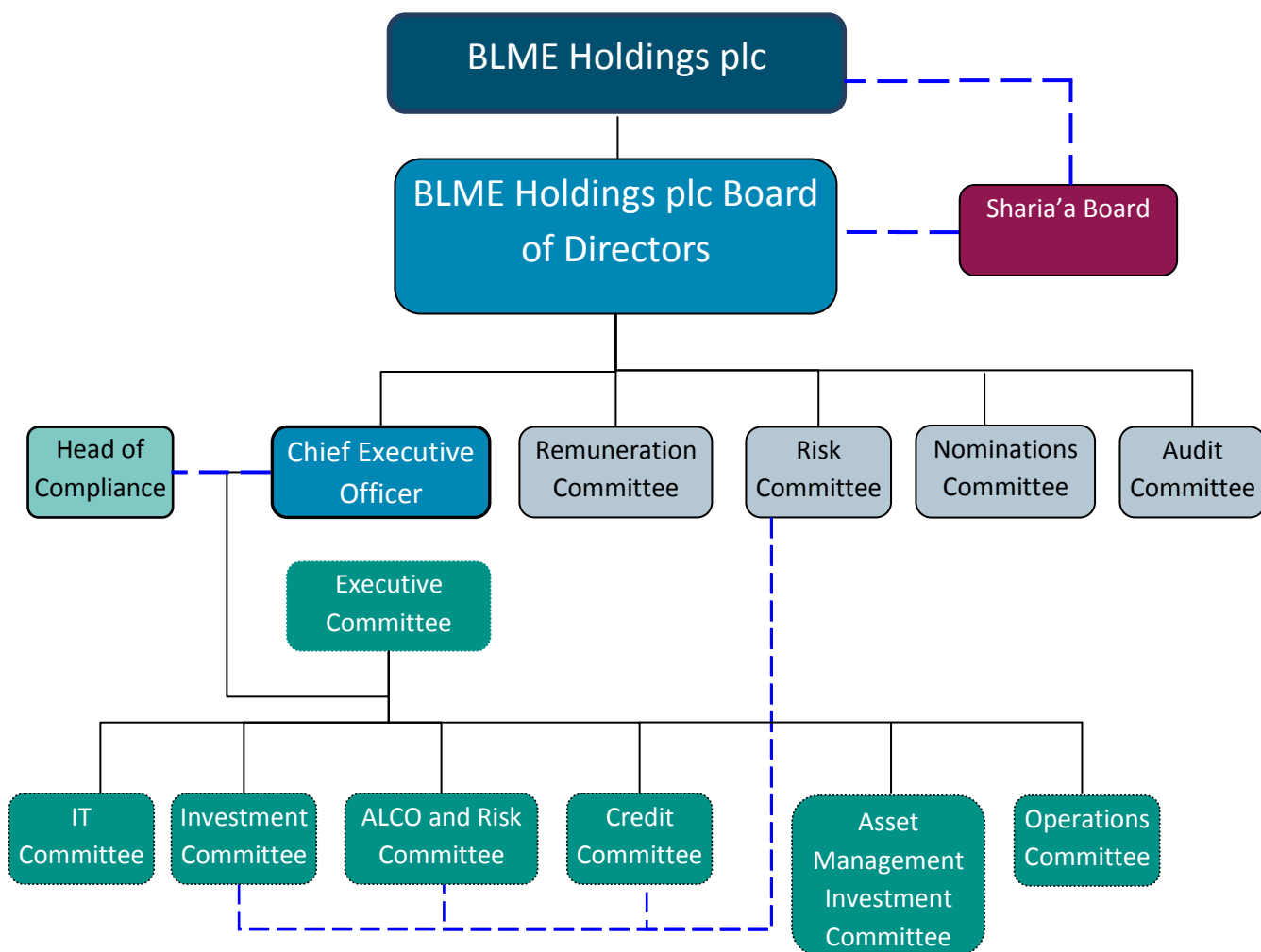
Risk governance is underpinned through the committees and the Board receiving transparent and risk sensitive reporting to facilitate their accountabilities and decision making.

The Board has an established Terms of Reference that govern the Board and executive committee structures; these ensure BLME operates under the best practices for corporate governance as laid down in the recommendations of the Walker Review. The review examined in particular the following areas:

- the effectiveness of risk management at Board level, including the incentives in remuneration policy to manage risk effectively;
- the balance of skills, experience and independence required on the boards of UK banking institutions;
- the effectiveness of Board practices and the performance of audit, risk, remuneration and nomination committees;
- the role of institutional shareholders in engaging effectively with companies and monitoring of boards; and
- whether the UK approach is consistent with international practice and how national and international best practice can be promulgated.

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Part 7.8.1 and 7.8.2 of this Prospectus provides further information concerning the Group’s Non-executive and executive committee structures, together with an overview of the various committees’ purpose. The structures in place demonstrate the segregation of the day to day management of the Company and the oversight and challenge provided by the Board and their sub-committees. Each committee has established terms of reference which clearly defines their responsibilities



7.8.1 Board meetings

The Board, which comprises of all the Non-executive Directors and the executive Directors meets at least quarterly and has a defined agenda of matters reserved for its decision. The Board is responsible for the overall company strategy, setting the risk appetite of BLME, 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 roles of Chairman and executive management, led by the Chief Executive Officer, are separated and clearly defined.

- i. The Chairman, Yacob Al-Muzaini, 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 and the conduct of shareholder meetings;
- ii. Executive management is led by the Chief Executive Officer who has been delegated responsibility by the Board for the day to day management of BLME and the Company within the control and authority framework set by the Board.

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

The Board is responsible for ensuring that an effective framework is in place to identify, monitor and report on the risks faced by the Group. At Board level the Group defines its risk philosophy using four main risk steering mechanisms:

- A risk categorisation that defines the governance of risk within the Group's committee structure. This provides a definition of the risk, the responsible committee and the regularity that the committees review each risk type. In addition, it includes an assessment of the materiality of each risk category, including the impact of any mitigating factors.
- Materiality thresholds and robust mechanisms are in place to define the Group's risk tolerance and which steer the setting of risk limits. These thresholds are set by the appropriate management.
- Sector based target market criteria within the Group's credit risk management policy that define credit risk appetite in terms of deal size, customer rating, tenor, country risk and collateral considerations.
- A stress testing and scenario analysis policy which defines the programme for the stress testing for the major categories of risk. This includes stress test guidance parameters that define the risk appetite for each class of risk.

7.8.2 Board Committees

The following sections set out the Group principal governance structures. Detailed terms of reference are provided in the appendix and on the Company's website.

Board Risk Committee

This is a Non-executive committee that meets at least quarterly and reports to the Board. It is responsible for taking decisions within delegated authority and for providing guidance, advice and recommendations to the Board on credit, market, liquidity, direct investment, residual value 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 BLME's overall risk appetite, market conditions and business strategy. It also overviews BLME's ICAAP and ILAA submissions to the PRA for financial impacts and to the FCA for conduct risks, and assesses the adequacy of stress testing, and risk policy and regulatory developments.

Ultimate responsibility for risk rests with the Board and its Risk Committee which, through the annual ICAAP, approve the risk appetite for each major class of risk at a macro level in line with BLME's business model and strategic priorities. The management of risk is delegated to the EXCO and, in particular, to the six committees responsible for risk oversight (ALCO, CCRC, ITC, IC, OPCO and AMIC). The day to day independent oversight of risk is performed by the Risk Department. This process is supported by Finance Department's internal control role in monitoring adherence to risk limits, management action triggers, regulatory limits etc.

Audit Committee

This is a Non-executive committee that meets at least quarterly and reports to the Board. It is responsible for reviewing any reports from management, the internal auditor and the external auditor regarding the accounts and the internal control systems and processes implemented throughout BLME. It also provides guidance and recommendations to the Board on all matters affecting the accuracy and appropriateness of BLME's financial statements, including the qualifications and role of its auditors, and the performance of the internal audit function. It works with the management and employees of BLME, the auditors and other professional advisors to ensure that all statutory and regulatory reporting is submitted in an accurate and timely fashion. It also receives regular reports from Compliance, and the Audit Committee Chairman is responsible for appraising Board members of any relevant issues raised by Compliance.

Remuneration Committee

As a Non-executive committee, which meets at least twice a year, and reports to the Board, this body ensures that staff, management and executive compensation is appropriately aligned to business and individual performance, and is consistent with shareholder interests in compliance with the UK Remuneration Code. It performs these duties within a framework that takes account of prevailing market conditions, best market practice and regulatory compensation guidelines. The Remuneration Committee has appointed Kepler Associates as a professional advisor. Kepler Associates is independent and has no connection with BLME.

Nominations Committee

As a Non-executive committee, which meets at least twice a year, it is responsible for matters relating to the composition of the Board, including the appointment of new Directors, and making

recommendations to the Board as appropriate. The Committee is also responsible for overseeing the annual performance evaluation of the Board, its principal Committees and the Chairman.

The Chairman and CEO identify qualified candidates to be Directors, through a robust and prudent process, with the use of external consultants as necessary. All candidates must be approved by the PRA.

7.8.3 Management Committees

Executive Committee (EXCO)

The executive Directors are responsible for the executive management of the Group. They are assisted by EXCO which ensures that all BLME internal committees are working effectively. EXCO is additionally responsible for the strategic, legal, reputational, regulatory and business affairs of the Group, including its operational and financial performance. It reports directly to the Board.

Asset and Liability Committee (ALCO)

ALCO is responsible for managing the balance sheet of the Group, and the optimisation of the asset/liability structure and capital allocation. Within this, it is responsible for the operational and structural liquidity of BLME, and its adherence to regulatory limits and prudential internal guidelines. It also oversees the measurement and monitoring of market risks across all asset classes and risk types in BLME's trading and banking book businesses. It has responsibility for ensuring the adequacy of BLME's policies and processes covering stress testing. This committee reports directly to EXCO and indirectly to the BRC.

Counterparty Credit Risk Committee (CCRC)

CCRC is responsible for the approval of individual obligor risks using the Board approved target market criteria that govern the credit risk appetite of the Group. It also oversees country and sector risks, and undertakes periodic reviews and assessments of portfolio, collateral, residual value and concentration risks. This committee reports directly to EXCO and indirectly to the BRC.

Investment Committee (IC)

IC is responsible for reviewing and approving all direct and equity investments. This covers the Group's modest risk appetite for property, private equity and venture capital investments. In addition, it specifically manages the Group's overall appetite for equity investments that provide seed capital for asset management fund initiatives. Within the annual budget process BLME defines and allocates balance sheet and capital to these risk classes. This committee reports directly to EXCO and indirectly to the BRC.

Information Technology Committee (ITC)

ITC is responsible for the approval, prioritisation, development and management of IT projects, together with software and hardware changes and controls. In addition, it oversees BLME's IT

strategy and it manages and maintains the business continuity and disaster recovery plans. It reports to EXCO.

Operations Committee (OPCO)

OPCO provides governance, coordination and operational guidance to the areas that support all of BLME's businesses. This committee reports to EXCO.

Asset Management Investment Committee (AMIC)

AMIC provides input and oversight of the investment activities within the Group's Asset Management business. These responsibilities, which take account of the regulatory independence of client based businesses, include investment strategy and risk; fund management; trade execution; broker and counterparty risk; controls and regulatory compliance; and product development and marketing. This committee reports to EXCO.

7.8.4 The Role of the Chairman and Chief Executive

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

- The Non-executive Chairman, Yacob Yousef Al-Muzaini, 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 and the conduct of Shareholders meetings; and
- Executive management is led by the Chief Executive Officer, Humphrey Percy, 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 Chief Financial Officer, Richard Williams, and Director, Head of Wealth Management and Treasury, Nigel Denison, assist the Chief Executive Officer in managing the business.

7.8.5 Role of the Company Secretary

The Company Secretary, Richard Williams, 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 fully complied with, and advises the Board, through the Chairman, in all governance matters. The Board has the responsibility of appointing and removing the Company Secretary.

7.8.6 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 committee chairmen and committee members is entitled to be present at a meeting of the Audit,

Nomination, Risk or Remuneration Committees, but others may attend at the invitation of each committee.

7.8.7 Relations with Other Parties

The Company has established a framework to ensure that information is communicated, where appropriate, to interested parties who may not be Shareholders. The Company regularly sends notifications of recent transactions to interested parties and produces market research and commentary on an annual basis in its key areas of expertise for publication. Aside from official announcements, the Company's website is updated with additional financial and corporate information to that disclosed in its financial statements. The Company holds an open forum with its employees on an annual basis to address any relevant concerns in addition to providing ad hoc information which may affect them.

7.8.8 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 Chief Financial Officer is responsible for ensuring the Directors receive accurate, timely and clear information, which is provided by operational management and enhanced or clarified where necessary.

7.8.9 Accountability

Financial reporting

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

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, and this is regularly reviewed by the Board.

BLME has in place systems and controls to ensure adherence with the disclosure requirements of the Market Rules including mechanisms to monitor compliance with the requirements relating to corporate governance, Connected Persons, Restricted Persons, Related Party or Related Party Transactions and control of Inside Information. The adequacy of the systems and controls are tested independently from management (as the first line of defense) periodically through the Compliance Monitoring Plan as a second line of defence and through reviews conducted by Internal Audit as the third line of defence. The findings of these reports and subsequent tracking of remedial actions required are monitored by the appropriate internal committees and by the Audit Committee to ensure all open action points are closed and the adequacy of all systems and controls are maintained.

The systems includes internal controls covering financial, operational and compliance areas, and risk management. There are limitations to any system of internal control, which can only provide reasonable but not absolute assurance with respect to the preparation of financial information, the safeguarding of assets and the possibility of misstatement or loss.

Relations with Shareholders

The Directors place great importance on maintaining good communications with all investors. The Group reports formally to shareholders twice a year with the publication of its interim and annual reports.

All Directors, including Non-executive Directors are available to shareholders, at their request, to answer questions. The executive carries out frequent visits to the GGC region and meets with the major shareholders. Shareholders are permitted to attend meetings with Non-executive Directors at their request.

The Chairman maintains a strong relationship with the major shareholders, and shareholder activity is reported to the Board via the Chairman.

No steps are taken to prevent shareholders consulting with other shareholders on issues concerning their basic shareholder rights and the Board works to protect minority shareholders from any oppressive or abusive action by controlling shareholders.

7.9 Sharia'a Compliance Governance

Sharia'a compliance is in addition to the conventional regulation that applies to all UK based financial institutions. It is the responsibility of the Group's management to ensure compliance with the principles of Sharia'a, as determined by the Sharia'a Supervisory Board, in the Group's operations and transactions. The operating framework for governance of Sharia'a compliance consists of a multi-layered approach. This significantly reduces the risk that non-compliant transactions can be undertaken by the Group.

At the first level each member of staff has responsibility to ensure that transactions and matters on which they engage are Sharia'a compliant. This is supported by formal Islamic Finance training through the Islamic Finance Qualification, developed by the Chartered Institute For Securities and Investment and the Lebanese Ecole Supérieure des Affaires, and informal training, codification of Sharia'a Supervisory Board decisions and knowledge distribution provided by the Group's Sharia'a Compliance Officer and Legal Department.

The Group's Sharia'a Compliance Officer reports to the Group's Head of Legal who in turn reports to the Chief Executive Officer ensuring matters of Sharia'a compliance can be promptly brought to the attention of senior management. The Sharia'a Compliance Officer is responsible for providing guidance on all aspects of the Sharia'a in the Group's operations and transactions in response to matters of Sharia'a referred to him or as identified by him through his understanding of the Group's business. The Sharia'a Compliance Officer is in regular contact with the Sharia'a Supervisory Board to discuss and seek approval for Sharia'a matters arising in the operations of the Group. The Sharia'a Compliance Officer is also the secretary to the Sharia'a Supervisory Board and arranges, tables and minutes the formal Sharia'a Supervisory Board meetings which currently take place twice

yearly. Decisions approved by the SSB or individual members between meetings are collated for ratification at the formal meetings. The Sharia'a Compliance Officer is the main route through which the Group maintains Sharia'a compliance day to day.

The final level is the operation of the Sharia'a Supervisory Board. It is the responsibility of the SSB to form an independent opinion, based on the review of the operations, agreements and transactions conducted by the Group. This is achieved through the constant dialogue between the Sharia'a Compliance Officer and the SSB and formal SSB meetings. Due to the frequency of transactions the SSB approve generic product types and related documentation including standard variations with specific fatwa rulings and guidelines issued by the SSB as necessary. It is the responsibility of the Group's management to implement the decisions of the SSB. Additionally the SSB conducts an annual review of the Company's operations and transactions both to determine the operations and transactions as being Sharia'a compliant but also to ensure that the SSB's previous decisions have been implemented. This annual review culminates in a report from the SSB which is included within BLME's Annual Report and Accounts.

7.10 Financial Risk Management

BLME adopts the risk management model known as the 'three lines of defense' governance model. This is the model of risk management that sits below the Board to implement and control the decisions on strategy, risk and capital that are taken by the Board. The framework for the oversight and management of risk is as follows:

- **First line: Management** - responsibility for implementing strategy and the establishment and maintenance of internal control and risk management in the business. This includes senior management and business line heads.
- **Second line: Risk management** – operating a risk management framework within which risk policies are set, overseen and challenged. This includes the Risk Management Committee, Credit and Risk Management Departments, Sharia'a Supervisory Board, and Compliance Department.
- **Third line: Assurance** – providing independent and objective assurance of the effectiveness of internal controls established by the first and second lines of defense. This is provided by the Internal Audit function, reporting to the Audit Committee, and by the Sharia'a Supervisory Board.

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

- credit risk
- liquidity risk
- market risk
- operational risk
- profit rate risk

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk

management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Board has oversight of these risk management policies.

The Group has a conservative approach to risk. This is based on a customer led culture, and a modest and measured market risk appetite. The dominant risk type is credit, which accounts for over 90 per cent. of Pillar 1 capital usage. Liquidity is also considered a critical risk which is managed under a strict set of ALCO ratios, metrics and targets.

The principal risks faced by the Group are described below, together with details of how these risks are managed.

7.10.1 Credit Risk

Credit risk is the principal risk to the Group. It is reported to BLME's regulators for capital adequacy purposes using the Basel II Standardised Approach laid down by the Basel Committee on Banking Supervision. Credit risk is the potential for loss caused by a customer or counterparty failing to meet its obligations on the date that they become due. This includes obligations under guarantees and letters of credit, as well as pre-settlement exposures under Islamic derivative contracts. Credit risks are managed by the credit risk management department which reports exposures to the BRC on a quarterly basis by sector, region, country, rating and asset type. Large and concentrated exposures are also reported.

BLME's principal credit risks relate to its Corporate Banking, Private Banking, Investment Book and Money Market financing activities. By comparison, the Group's limited foreign exchange activities give rise to relatively small amounts of settlement risk. In addition, the Group incurs some amount of pre-settlement risk as a result of undertaking profit rate swaps to hedge fixed rate exposures and foreign exchange contracts for customer and funding purposes. Credit limit structures exist for all of the afore-mentioned risks, and these are monitored on a daily basis by the credit risk management department.

The majority of BLME's credit risks relate to customer lending activities. Within this, BLME's core businesses are Property Finance and Lease Finance where credit is extended on a fully collateralised basis. The other large component of BLME's credit portfolio risk relates to unsecured money market loans to higher rated bank counterparties. BLME's credit portfolio, in common with other Islamic financial institutions, is enhanced by the asset backed nature of most of its deals. In comparison to conventional banks, the levels of speculation and leverage tend to be lower. These positives are partially offset by the continued lack of a viable Islamic securitisation and syndication market. Analysis of the risk profile of the Group's credit portfolio is articulated in the target market criteria within BLME's credit risk management policy.

Credit risk limits are guided by the target market criteria within the Group's credit risk management policy manual. These align strategic priorities with the risk appetite of the Group such that a suitable level of portfolio diversification is achieved. The Group also monitors its portfolio in terms of industry, collateral type and country concentration, as well as residual value risk on leases. These reports are given to the Board.

Credit ratings are determined by validation of major ECAI (External Credit Assessment Institution) ratings, such as Standard and Poors, Moody's and Fitch where such ratings exist. Where more than one ECAI rating exists the more conservative rating is adopted. This validation takes into account the

transactional and collateral attributes of the credit proposal. The same assessment is made of non-rated obligors, who are subject to an internal rating assessment.

All limits are reviewed on at least an annual basis. The Group underpins its credit risk appetite by applying high levels of due diligence and rigorous adherence to know your customers best market practice at the origination stage of new business. It also undertakes on-going active risk management to keep abreast of developments within an obligor's business as well as the impact of any wider market events.

As an additional risk discipline, BLME's stress testing and scenario analysis policy requires semi-annual credit risk stress tests to be undertaken, and sets limits to measure the ability of the Group's capital resources to withstand a series of extreme credit shocks covering both portfolio and concentration risks. These are presented to the CCRC and BRC for review as part of regular assessment of portfolio and collateral risks.

Impairment of Credit Risks

For credit risk management purposes:

- A credit asset is considered to be past due where repayment is 90 days overdue and where management is not aware of any specific event that might mitigate the impact of the non-payment.
- A credit asset is deemed to be impaired when repayment is more than 90 days in arrears, where collateral rights have been exercised or where management considers the full and eventual repayment to BLME to be at risk.

Every month the credit risk department meets with the Chief Financial Officer and the Head of Finance to assess the performance of the credit portfolio. This assessment determines whether there is a need to reverse any accrued earnings; add the credit asset to the credit watch list; or establish specific impairment provisions. Such recommendations are subsequently referred to CCRC for a full review. Any recommendations for credit provisions or write-offs are reported to the Risk Committee and go to the Audit Committee before being presented to the Board for final approval. The portfolio is still of a limited size which allows all credits to be considered and assessed on an individual basis without reliance on portfolio modelling to assess impairment risks.

Impairment Assessment and Provisions

BLME has an established credit impairment and non-accrual process to monitor impairment events that could lead to losses in its asset portfolio. This policy covers specific loss events for individual exposures, as well as events that relate to collective losses on groups of homogenous assets that have yet to be identified and assessed individually for impairment. The Group writes off a balance and any related allowances for impairment when the credit risk management department determines that the balance is uncollectable. This determination is reached after considering information such as the occurrence of significant changes in the counterparty's financial position such that the borrower's obligation can no longer be serviced, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

7.10.2 Market Risk

The Group has modest trading book risk aspirations. This is dictated by its own business model and by Sharia'a principles that limit the use and development of many of the speculative products seen in conventional banks.

This covers rate re-price risks caused by the mismatching of assets and liabilities in the banking book. It is a risk class where the Group and other Sharia'a based banks have to be particularly vigilant due to the small number of permissible Islamic risk management tools and money market products, including the prohibition on taking short positions.

The Group has continued to operate its ALM desk (within the Treasury Division) as a funding service centre for its lending and investment activities, and as BLME's liquidity management unit. It is not mandated to take major market rate risks and, for this reason, it is not seen as a major profit centre. As a consequence, the mismatch limits are more constrained than those one would expect to see in a conventional bank of similar size.

7.10.3 Profit Rate Risk

Profit rate risk in the banking book takes the form of asset and liability mismatch risks. These are managed centrally by the Treasury department. Risks are measured in terms of a one basis point change in market rates. These are applied to a set of limits that control both the overall (net) long or short exposure to rates and the concentration of risks within individual currencies and tenors. These limits are independently controlled on a daily basis by the Risk and Finance departments. The risks are also subject to regular stress testing under the guidance of ALCO.

As at 31 December 2012, the group's net profit rate sensitivity to profit and loss on its fixed and variable rate assets, and its capital and reserves, as measured by the discounted value of a one basis point change in market rates, was £13,284 (2011: £55,236). The impact of an increase or decrease of 100 basis points in profit rates at 31 December 2012 would be to increase or decrease profit and loss by £3,406,026 (2011: £8,646,621) and to increase or decrease equity by £1,328,448 (2011: £5,523,600).

7.10.4 Liquidity Risk

Liquidity risk is the risk that BLME, even if it has sufficient capital, does not have sufficient cash to meet its obligations as they fall due. On a daily basis liquidity risk is managed by the Treasury desk. In conjunction with Finance department and Risk Management, this area ensures that the Group is compliant on an intra-day basis with its regulatory liquidity ratios. Daily reports are circulated to senior management showing the Group's actual and projected liquidity profile, and as confirmation that the Group is compliant with both its regulatory and internal liquidity limits. This assessment additionally takes account of the Group's secondary market assets, which could be sold in extreme circumstances to provide emergency liquidity.

Liquidity planning and strategy are evaluated in the annual budget process, within which detailed balance sheet and liquidity planning is undertaken for each business area. It is further guided by the annual ILAA process. The latter lays out the Group's liability gathering strategy, and its internal prudential liquidity ratios and targets, as well the stress testing results that underpin its individual liquidity guidance and the resultant contingency funding plan. ALCO reviews these liquidity measures and ratios on a monthly basis. These ratios also link into the stress testing and scenario analysis policy, particularly the ability of the Group to withstand and adapt to an extreme liquidity squeeze. Detailed liquidity reports and assessments are provided to the BRC on a quarterly basis.

7.10.5 Operational Risk

Operational risk is the potential for financial loss or damage to reputation resulting from failed or inadequate internal processes and systems, the actions of individuals or the impact of external events. To mitigate operational risk the Group has undertaken the following major initiatives:-

- Maintained comprehensive insurance policies.
- Implemented a detailed business continuity plan.
- Undertaken a number of full and partial tests of the disaster recovery site.
- Operates a new product approval process that ensures that all new products are reviewed and authorised by relevant business and support areas. This process has been enhanced by the formation of the business control function.
- Ensured that all departments have their own operating procedures and policies, and has an overall BLME operating manual.
- Implemented operations and IT committees to facilitate the support of businesses and development of the new business initiatives within a robust and integrated operational framework.
- Implemented the secure SWIFT system for payment messages.

The Group's operational risk policy is founded on the Basel "Sound Practices for the Management and Supervision of Operational Risk" guidelines that were updated in December 2010 and laid down by the Basel Committee on Banking Supervision. BLME operates and reports under the basic indicator approach to the PRA for financial impacts and to the FCA for conduct risks, under which a

prescribed percentage of the Group's historic and budgeted revenues form the basis of BLME's operational risk capital adequacy reporting.

In parallel with issuing its operational risk policy, risk management has implemented an internal operational risk database to record, follow-up and report risk events and losses. Risk management has also undertaken operational risk awareness training for all relevant staff.

As part of its Pillar II ICAAP process, the Group undertakes an annual operational risk assessment across all front and back office functions. This process takes account of the seriousness of the loss potential, the probability of occurrence and the effect of any risk mitigation factors. By asking respondents to identify any further risk mitigating initiatives, the Group has a means of tracking key risks to ensure that these are optimally addressed. The results from this assessment are reported to EXCO, and are included within risk management's reporting to BRC.

7.11 Directors Remuneration

The remuneration paid in 2012 and the first half of 2013 to each of the Directors of BLME was as follows:

Remuneration as at year ended 31 December 2012

| Name | Salary and Fees | Bonus | Benefit in Kind | Cash in lieu of Benefit | Total |
|---|-----------------|---------|-----------------|-------------------------|----------------|
| Humphrey Percy | 240,000 | 627,204 | 59,418 | 12,000 | 938,622 |
| Nigel Denison | 180,000 | 240,882 | 40,858 | 12,000 | 473,740 |
| Richard Williams | 200,000 | 209,068 | 44,642 | 12,000 | 465,710 |
| Yacob Al-Muzaini | 100,000 | - | - | - | 100,000 |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | 30,000 | - | - | - | 30,000 |
| Neil Holden | 40,000 | - | - | - | 40,000 |
| Frank Willem Vermeulen | 40,000 | - | - | - | 40,000 |
| Michael Williams | 36,667 | - | - | - | 36,667 |
| Key Management* | 460,000 | 375,000 | 98,846 | 24,000 | 957,846 |

* "Key Management" includes Jervis Rhodes, Mike Kennedy and Mark Lynch.

Remuneration as at half year ended 30 June 2013

| Name | Salary and Fees | Bonus | Benefit in Kind | Cash in lieu of Benefit | Total |
|------------------|-----------------|-------|-----------------|-------------------------|----------------|
| Humphrey Percy | 127,909 | - | 17,401 | 6,000 | 151,310 |
| Nigel Denison | 90,000 | - | 19,471 | 6,000 | 115,471 |
| Richard Williams | 100,000 | - | 20,193 | 6,000 | 126,193 |

| | | | | | |
|---|---------|---|--------|--------|----------------|
| Yacob Al-Muzaini | 50,000 | - | - | - | 50,000 |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | 15,000 | - | - | - | 15,000 |
| Neil Holden | 20,000 | - | - | - | 20,000 |
| Frank Willem Vermeulen | 20,000 | - | - | - | 20,000 |
| Michael Williams | 20,000 | - | - | - | 20,000 |
| Adel Abdul Wahab Al-Majed | 15,000 | - | - | - | 15,000 |
| Key Management** | 289,878 | | 55,413 | 15,401 | 360,692 |

** "Key Management" includes Jervis Rhodes, Mike Kennedy, Mark Lynch and Stephen Mapes.

As stated in the Articles, if by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may from time to time declare and in compliance with the company option scheme.

BLME is a proportionality level 3 firm under the Remuneration Code and is required to provide disclosures of both quantitative information as well as qualitative information about decision-making policies for remuneration and links between pay and performance. More information regarding BLME's compliance with the requirements of BIPRU 11.5.18R is included within BLME's Pillar 3 disclosures, attached in the appendix and is available on the Investor Relations section of the BLME website (www.blme.com).

7.12 Human Capital

The Group's performance and growing market reputation have been materially assisted by the quality of the employees who are a key asset. The Group maintains its commitment to promote the Islamic Finance Qualification, and continues to provide employee training using the Chartered Institute for Securities and Investment. The Group continues to invest in the recruitment of key professionals in the targeted business areas and to ensure that it remains fully compliant with the increasing regulatory requirements.

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|
| Total Number of permanent employees of the Group at the end of the year | 34 | 48 | 60 | 68 | 77 | 86 |

In 2012 the average number of contractors was 17.

Staff retention and development have been further enhanced by the Group's commitment to implement strategically aligned employee incentive schemes under the guidance of the Remuneration Committee. All such measures have been adopted with the twin objectives of aligning best market practice with shareholder interests.

8. FINANCIAL INFORMATION ABOUT THE GROUP

The following discussion of BLME's financial condition and operating results should be read in conjunction with BLME's audited historical consolidated financial information for the years ended 31 December 2012, 31 December 2011 and 31 December 2010, which are incorporated by reference at Part 12 of this Prospectus.

This discussion contains forward-looking statements based on current expectations and assumptions about BLME's future business. The actual results of BLME's may differ materially from those discussed in these forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Prospectus.

The financial information set out in this Prospectus relating to the Group does not constitute statutory accounts within the meaning of section 434 of the UK Companies Act. Paul Furneaux, a Chartered Accountant of KPMG Audit Plc has given unqualified audit reports on the statutory accounts of the Company for each of the three financial years ended 31 December 2012, within the meaning of section 495 of the UK Companies Act. None of these reports contained any statements under section 498 (2) or (3) of the UK Companies Act. Statutory accounts of the Company for each of the three financial years ended 31 December 2010, 2011 and 2012 have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the 441 of the UK Companies Act.

The Directors review the business activities and financial position of BLME, as a going concern, and conclude their assumption of BLME practices. A wide range of information about the current and future condition of the Group, including strategic direction, activities and risks that affect the financial position are assessed.

The UK Companies Act requires the Directors of BLME to prepare the Group and the parent company financial statements for each financial year. Under that law the Directors have elected to prepare both the Group and the parent company financial statements in accordance with IFRS as adopted by the EU and applicable law.

KPMG Audit Plc are the Group's auditors. KPMG Audit Plc's responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require KPMG to comply with the Auditing Practices Board's Ethical Standards for Auditors.

KPMG Audit Plc's opinion on the financial statements for each of the years ending 31 December 2010, 31 December 2011 and 31 December 2012 was unqualified. In its opinion (for each period):

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at the period end date and the Group's profit for the relevant year end;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the parent company's financial statements have been properly prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The key trends in the BLME financial results for the years ended 31 December 2010, 2011 and 2012 are discussed below in detail. The BLME annual reports and accounts for the years ended 31 December 2010, 2011 and 2012 have been incorporated by reference at Part 12 of this Prospectus.

These historic BLME annual report and accounts include the audited financial statements for each financial year and have been prepared in accordance with IFRS and contain unqualified audit opinions from BLME's auditors, KPMG Audit Plc.

Half yearly financial information for the six month period ended 30 June 2013 has been published by BLME since the last audited financial statements for the year ended 31 December 2012 were signed on 28 February 2013. This unaudited interim financial information for the six month period ended 30 June 2013 has been reviewed by KPMG and was signed on 28 August 2013. The BLME interim reports for the six month periods ended 30 June 2013 and 30 June 2012 have been incorporated by reference at Part 12 of this Prospectus.

These historic BLME interim reports include the unaudited condensed consolidated financial statements for each financial period and have been prepared in accordance with IAS 34 as adopted by the EU and contain unqualified independent review reports from BLME's auditors, KPMG Audit Plc.

The half yearly information provided below includes a consolidated balance sheet and a summary income statement for the half year periods ending 30 June 2013 and 30 June 2012 and is intended to form a basis of comparison between those periods.

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8.1 Historical Income Statements

Income statement summary

| | 2012 (12 months) £ | 2011 (12 months) £ | 2010 (12 months) £ |
|--|----------------------------|----------------------------|----------------------------|
| Income | | | |
| Income from financing and investing activities | 30,779,337 | 25,721,315 | 23,716,697 |
| Returns to financial institutions and customers | (13,637,879) | (9,430,933) | (7,393,355) |
| Net margin | <u>17,141,458</u> | <u>16,290,382</u> | <u>16,323,342</u> |
| Fee and commission income | 2,007,364 | 735,263 | 1,066,741 |
| Fee and commission expense | (229,940) | (92,915) | (92,048) |
| Net fee income | <u>1,777,424</u> | <u>642,348</u> | <u>974,693</u> |
| Net fair value gains/(losses) on investment securities | 3,601,119 | (975,203) | 1,665,384 |
| Net fair value (losses) on investment properties | (1,049,455) | (326,155) | - |
| Operating lease income | 27,250,053 | 25,259,609 | 20,289,306 |
| Other operating income | 3,746,636 | 2,128,353 | 1,185,872 |
| Total operating income | <u>52,467,235</u> | <u>43,019,334</u> | <u>40,438,597</u> |
| Expenses | | | |
| Personnel expenses | (12,145,670) | (9,519,860) | (11,373,644) |
| Operating lease depreciation | (21,646,350) | (20,606,721) | (16,181,345) |
| Other depreciation and amortisation | (383,660) | (667,208) | (986,824) |
| Other operating expenses | (10,174,384) | (7,820,969) | (7,870,338) |
| Change in third party interest in consolidated funds | (840,720) | (50,732) | (58,499) |
| Total operating expenses | <u>(45,190,784)</u> | <u>(38,665,490)</u> | <u>(36,470,650)</u> |
| Operating profit before impairment charges | 7,276,451 | 4,353,844 | 3,967,947 |
| Net impairment (charge) / credit on financial assets | (1,761,293) | (15,202,534) | 1,047,977 |
| Net operating profit / (loss) before tax | 5,515,158 | (10,848,690) | 5,015,924 |
| Tax (expense) / credit | (1,674,403) | 1,950,700 | (1,498,247) |
| Profit / (loss) for the year | <u>3,840,755</u> | <u>(8,897,990)</u> | <u>3,517,677</u> |

Net margin

BLME's net margin comprises the gross profit rate income on Islamic products distributed by the Corporate Banking, Private Banking and Islamic Capital Markets businesses less the profit rate paid on the Islamic deposits sourced by the Treasury division.

| | 2012 | 2011 | 2010 |
|---|--------------------|--------------------|--------------------|
| | (12 months) | (12 months) | (12 months) |
| | £'000s | £'000s | £'000s |
| Income from financing and investing activities | 30,779 | 25,721 | 23,717 |
| Returns to financial institutions and customers | (13,638) | (9,431) | (7,393) |
| Net margin | 17,141 | 16,290 | 16,324 |

Gross income from financing and investing activities has experienced strong growth over the last three years with income for 2012 being 30 per cent. higher than income in 2010. The main driver for this increase is the organic growth BLME has experienced in the Corporate Banking Division, especially in Leasing and Real Estate Finance.

The returns paid to financial institutions and customers have grown more quickly than the gross income. This reflects a combination of the continuing post credit crisis challenging global liquidity environment for financial institutions and the more stringent regulatory requirements to strengthen liquidity standards for financial institutions. These increased returns paid to depositors also reflect the strategic move towards raising retail deposits through the PDA. Consequently whilst BLME has experienced relatively slow growth in net margin over the three year period, the increase in longer term liquidity has positioned BLME well for both future asset growth and meeting the market and regulatory challenges including the full range of Basel III requirements as laid down by the Basel Committee on Banking Supervision.

Fee Income

Fee income comprises exit fees on banking products, asset management fees, and property advisory fees. Fee income in 2010 benefitted from a one-off fee following an early repayment of a client facility which masks the underlying upward trend over the three year period. The increasing focus on development finance by the Real Estate Finance team in the Corporate Banking Division was a key driver of fee growth in 2012 that is expected to continue in the future.

| | 2012 | 2011 | 2010 |
|----------------------------|--------------------|--------------------|--------------------|
| | (12 months) | (12 months) | (12 months) |
| | £'000s | £'000s | £'000s |
| Fee and commission income | 2,007 | 735 | 1,067 |
| Fee and commission expense | (230) | (93) | (92) |
| Net fee income | 1,777 | 642 | 975 |

Other income

Other income comprises four categories of income as outlined in the table below.

| | 2012 (12 months) £'000s | 2011 (12 months) £'000s | 2010 (12 months) £'000s |
|--|-------------------------------|-------------------------------|-------------------------------|
| Net fair value gains/(losses) on investment securities | 3,601 | (975) | 1,665 |
| Net fair value (losses) on investment properties | (1,049) | (326) | - |
| Operating lease income | 27,250 | 25,260 | 20,289 |
| Other operating income | 3,747 | 2,128 | 1,186 |
| Total operating income | 33,549 | 26,087 | 23,140 |

Net fair value gains and losses on investment securities includes the gains and losses made on the BLME seed capital investment in the two fixed income funds managed by the asset management business and the gains and losses made on BLME investments in Sukuk held at fair value through profit and loss.

Net fair value losses on investment properties mainly relates to BLME's investment in the BLME Light Industrial Building Fund. These accounting losses mostly reflect the treatment of the acquisition costs of the properties, such as UK stamp duty land tax, which have been expensed in the consolidated income statement as part of the movement in fair value under IFRS as opposed to being spread over the 5 to 7 year life of this close ended fund.

Operating lease income reflects the gross rentals received under operating leases originated by the Lease Finance business within Corporate Banking. This line item should be viewed in conjunction with the operating lease depreciation line disclosed separately within Operating expenses. The 34 per cent. increase in Operating lease income between 2010 and 2012 demonstrates the strong organic growth being generated by the Leasing team.

Other Operating Income comprises rental income received on investment properties which have been consolidated on a line by line basis, gains on disposal of leased assets and gains on foreign exchange transactions. The growth in other Operating Income over the three year period mainly reflects the launch of the BLME Light Industrial Building Fund during the second half of 2011.

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Total Operating Income

Total Operating Income comprises the aggregate of net margin, net fee income and other income, and has grown by a healthy 30 per cent. over the three year period at a time when many banks have suffered a contraction in total income.

| | 2012 | 2011 | 2010 |
|-------------------------------|--------------------|--------------------|--------------------|
| | (12 months) | (12 months) | (12 months) |
| | £'000s | £'000s | £'000s |
| Net margin | 17,141 | 16,290 | 16,324 |
| Net fee income | 1,777 | 642 | 975 |
| Total other income | 33,549 | 26,087 | 23,140 |
| Total operating income | 52,467 | 43,019 | 40,439 |

Operating Expenses

Operating expenses comprises the five categories of expenses as outlined in the table below.

| | 2012 | 2011 | 2010 |
|--|--------------------|--------------------|--------------------|
| | (12 months) | (12 months) | (12 months) |
| | £'000s | £'000s | £'000s |
| Personnel expenses | (12,146) | (9,520) | (11,374) |
| Operating lease depreciation | (21,646) | (20,607) | (16,181) |
| Other depreciation and amortisation | (384) | (667) | (987) |
| Other operating expenses | (10,174) | (7,821) | (7,870) |
| Change in third party interest in consolidated funds | (841) | (51) | (59) |
| Total operating expenses | (45,191) | (38,666) | (36,471) |

Personnel expenses comprise wages and salaries, social security costs, pension scheme costs, Sharia'a Supervisory Board fees, recruitment fees and other staff costs (for example staff training and conferences). An analysis of personnel expenses between these aforementioned categories is included in note 10 to the BLME audited financial statements incorporated by reference at Part 12 of this Prospectus. The fall in personnel costs in 2011 reflects a lower bonus pool due to the impairment losses suffered that year. The rise in personnel cost over the three year period was less than 7 per cent. despite this being a period of headcount growth (please see table in Part 7.12 (Human Capital)) as the revenue generating businesses were expanded.

Operating lease depreciation represents the straight line depreciation charged over the useful lives of assets financed under operating leases. The 34 per cent. increase in operating lease depreciation over the three year period should be viewed in conjunction with Operating lease income referred to in the other income section above, which has also risen by 34 per cent. over the period.

Other depreciation and amortisation represents depreciation on tangible fixed assets, classified in the BLME balance sheet as property and equipment, and amortisation charged on intangible fixed assets (mainly being computer licenses and software development).

Other Operating Expenses comprise the main non-people related costs of running the business such as legal and professional fees, rent and occupancy costs of the bank's premises and advertising and

marketing costs. An analysis is provided within note 12 to the audited financial statements incorporated by reference at Part 12 of this Prospectus.

The “change in third party interest in consolidated funds” line represents the minority interest financial accounting for the shares held by external investors in the three Luxembourg funds managed by BLME’s Asset Management business. The increase in 2012 reflects a combination of the effects of the capital raising for the BLME Light Industrial Building Fund and increasing sales momentum for the two fixed income funds.

Impairment Charges

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. A financial asset or a portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or portfolio of financial assets that can be reliably estimated.

BLME has avoided credit exposure to those countries most impacted by economic events in the Euro zone and the countries most affected by the political crises in the Middle East. No new provisions of any significance were required in 2012 when almost all of the £1.8 million impairment charge below related to increasing the reserve for an existing exposure in the transportation sector. Impaired loans as a percentage of total loans and operating lease assets at 31 December 2012 was 5.1 per cent.

Out of the impairment charge of £15.2 million in 2011, £14.6 million related to a full credit provision against a defaulted facility to a Turkish manufacturing business. The net £1.0 million impairment credit recorded in 2010 reflected recoveries of almost £3.0 million made on a previously fully provided Sukuk issued by a Saudi based company less a £1.9 million charge taken in respect of a defaulted loan to a telecommunications business. Further information about BLME’s impairment provisions are included in note 14 “Impairment of financial assets” to the three years of audited financial statements incorporated by reference at Part 12 of this Prospectus.

| | 2012 | 2011 | 2010 |
|--|--------------------|--------------------|--------------------|
| | (12 months) | (12 months) | (12 months) |
| | £'000s | £'000s | £'000s |
| Net impairment (charge) / credit on financial assets | (1,761,293) | (15,202,534) | 1,047,977 |

Half yearly financial information for the six month period ended 30 June 2013

Despite mark-to-market losses in the Group's Sukuk investment portfolio, BLME has reported £2.47 million of operating profit before impairment charges in the six months to 30 June 2013 compared with £3.79 million in the first half of 2012. The impairment charge of £1.0 million in the first six months of 2013 relates to a combination of residual value provisions against assets financed under operating leases and a write-down of returned leased assets held in inventory.

Income statement summary

| | 6 months to 30 June 2013 (unaudited) £ | 6 months to 30 June 2012 (unaudited) £ |
|--|---|---|
| Income | | |
| Income from financing and investing activities | 19,512,807 | 14,661,630 |
| Returns to financial institutions and customers | (10,136,170) | (5,869,304) |
| Net margin | 9,376,637 | 8,792,326 |
| | | |
| Fee and commission income | 1,543,319 | 694,805 |
| Fee and commission expense | (347,266) | (7,628) |
| Net fee income | 1,196,053 | 687,177 |
| | | |
| Net fair value (losses) /gains on investment securities | (1,092,545) | 2,079,020 |
| Net fair value gains / (losses) on investment properties | 178,426 | (321,041) |
| Operating lease income | 13,525,098 | 13,877,030 |
| Other operating income | 2,112,300 | 1,546,516 |
| Total operating income | 25,295,969 | 26,661,028 |
| | | |
| Expenses | | |
| Personnel expenses | (6,127,061) | (6,238,948) |
| Operating lease depreciation | (10,758,982) | (11,119,687) |
| Other depreciation and amortisation | (117,886) | (189,269) |
| Other operating expenses | (5,673,784) | (5,092,277) |
| Change in third party interest in consolidated funds | (148,553) | (234,907) |
| Total operating expenses | (22,826,266) | (22,875,088) |
| | | |
| Operating profit before impairment charges | 2,469,703 | 3,785,940 |
| | | |
| Net impairment charge on financial assets | (1,019,375) | (927,014) |
| | | |
| Net operating profit before tax | 1,450,328 | 2,858,926 |
| | | |
| Tax expense | (458,479) | (697,613) |
| | | |
| Profit for the period | 991,849 | 2,161,313 |

8.2 Historical Balance Sheets

BLME - Balance sheet summary

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|--|----------------------|---------------------|---------------------|
| | £ | £ | £ |
| Assets | | | |
| Cash and balances with banks | 159,600,938 | 97,298,498 | 37,228,323 |
| Due from financial institutions | 132,413,746 | 76,671,550 | 94,169,310 |
| Investment securities | 104,840,753 | 81,401,505 | 26,774,748 |
| Financing arrangements | 359,379,248 | 299,102,091 | 323,998,989 |
| Finance lease receivables | 151,925,014 | 131,012,099 | 118,299,503 |
| Operating lease assets | 84,930,433 | 93,282,765 | 89,187,818 |
| Investment properties | 27,816,788 | 12,858,712 | 7,232,573 |
| Property and equipment | 406,353 | 452,346 | 776,094 |
| Intangible assets | 734,532 | 474,018 | 419,263 |
| Other assets | 13,217,372 | 8,437,532 | 9,659,996 |
| Current tax asset | - | 500,000 | 500,000 |
| Deferred tax assets | 3,693,000 | 5,640,300 | 3,687,131 |
| Total assets | 1,038,958,177 | 807,131,416 | 711,933,748 |
| Liabilities | | | |
| Due to financial institutions | 512,113,261 | 500,474,105 | 424,132,046 |
| Due to customers | 257,747,298 | 51,031,160 | 24,253,449 |
| Profit rate swaps | 5,308,045 | 7,268,757 | 6,553,819 |
| Third party interest in consolidated funds | 11,235,024 | 1,763,834 | 1,081,346 |
| Other liabilities | 12,905,427 | 7,953,098 | 8,921,109 |
| Total liabilities | 799,309,055 | 568,490,954 | 464,941,769 |
| Equity | | | |
| Share capital | 48,933,422 | 48,933,422 | 48,933,422 |
| Share premium | 206,226,328 | 206,226,328 | 206,226,328 |
| Fair value reserve | (49,624) | 213,567 | (238,645) |
| Cash flow hedging reserve | (3,231,046) | (4,186,084) | (3,717,416) |
| Share-based payment reserve | 1,069,056 | 4,403,930 | 3,044,114 |
| Foreign currency translation reserve | (61,825) | (72,757) | (75,870) |
| Retained losses | (13,237,189) | (16,877,944) | (7,179,954) |
| Total equity attributable to equity holders of the Bank | 239,649,122 | 238,640,462 | 246,991,979 |
| Total liabilities and equity | 1,038,958,177 | 807,131,416 | 711,933,748 |

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8.2.1 Historical Balance Sheets – Assets

BLME - Balance sheet assets

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|---------------------------------|---------------------|---------------------|---------------------|
| | £'000s | £'000s | £'000s |
| Assets | | | |
| Cash and balances with banks | 159,601 | 97,298 | 37,228 |
| Due from financial institutions | 132,414 | 76,672 | 94,169 |
| Investment securities | 104,841 | 81,402 | 26,775 |
| Financing arrangements | 359,379 | 299,102 | 323,999 |
| Finance lease receivables | 151,925 | 131,012 | 118,300 |
| Operating lease assets | 84,930 | 93,283 | 89,188 |
| Investment properties | 27,817 | 12,859 | 7,233 |
| Property and equipment | 406 | 452 | 776 |
| Intangible assets | 735 | 474 | 419 |
| Other assets | 13,217 | 8,438 | 9,660 |
| Current tax asset | - | 500 | 500 |
| Deferred tax assets | 3,693 | 5,640 | 3,687 |
| Total assets | 1,038,958 | 807,132 | 711,934 |

Cash and balances with banks mainly comprise un-invested cash sitting on nostro accounts at Standard Chartered Bank Plc and Lloyds TSB Bank Plc. The increasing trend in cash balances over the three year time period reflects the fact that BLME has not been able to invest its increased liquidity into income generating assets as quickly as it has managed to raise additional deposits.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|------------------------------|---------------------|---------------------|---------------------|
| | £'000s | £'000s | £'000s |
| Cash and balances with banks | 159,601 | 97,298 | 37,228 |

Due from financial institutions represents Commodity Murabaha and Wakala placement transactions with other Islamic banks and the Islamic windows of conventional banks where the BLME Sharia'a Supervisory Board have approved the counter-party. The increase in this category over the three year period also reflects the position of increased liquidity of BLME.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|---------------------------------|---------------------|---------------------|---------------------|
| | £'000s | £'000s | £'000s |
| Due from financial institutions | 132,414 | 76,672 | 94,169 |

Investment securities as at 31 December 2012 represents approximately £62 million of AFS Sukuk, £40 million of Sukuk held as fair value through profit and loss (which mostly arises through the consolidation of the two BLME fixed income funds) and £2 million of unlisted equity investments. The actual split is provided in note 18 to the 2012 audited financial statements incorporated by

reference at Part 12 of this Prospectus. The increase in this category over the three year period partly reflects the growth of assets under management in the BLME fixed income funds and also reflects the investment of increased liquidity into AFS Sukuk.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-----------------------|--|--|--|
| Investment securities | <u>104,841</u> | <u>81,402</u> | <u>26,775</u> |

Financing arrangements includes Murabaha, Mudaraba, Musharaka, Istisna and Ijara, Sukuk and Wakala and represents the major part of the Corporate Banking and Private Banking books with the notable exception of the Leasing team's customers which are included within Finance lease receivables and Operating leases. The actual split is provided in note 20 to the 2012 audited financial statements incorporated by reference at Part 12 of this Prospectus. The increase in this category over the three year period reflects the growth experienced in the Corporate Banking and Private Banking businesses.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|------------------------|--|--|--|
| Financing arrangements | <u>359,379</u> | <u>299,102</u> | <u>323,999</u> |

Assets leased to customers under agreements which transfer substantially all of the risks and rewards associated with ownership, other than legal title, are classified as finance leases. Finance charges receivable are recognised on the balance sheet and income is recognised over the period of the lease so as to give a constant rate of return on the net cash investment in the lease, taking into account all receipts associated with the lease. BLME's finance lease transactions typically have a maturity profile of between three and five years thus the Finance lease receivables balances in the above table represent the unamortised balance of current finance lease transactions originated by BLME's Corporate Banking business. The upward trend over the three year period demonstrating 28 per cent. net growth over the period highlights the continued success of BLME's Leasing team, particularly in the UK.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|---------------------------|--|--|--|
| Finance lease receivables | <u>151,925</u> | <u>131,012</u> | <u>118,300</u> |

Assets leased to customers under agreements, which do not transfer substantially all the risks and rewards of ownership, are classified as operating lease assets on the balance sheet. Depreciation is taken on the depreciable amount of these assets on a straight line basis over their estimated useful lives. The operating lease assets category in the summary balance sheet represents the net book value of assets currently leased to customers under operating leases. The 5 per cent. reduction in the balance over the three year period is a reflection of the increasing maturity of the book including the impact of asset disposals upon lease maturity. It also demonstrates that the mix of new business has recently been more skewed towards finance leases than operating leases.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|------------------------|--|--|--|
| Operating lease assets | <u>84,930</u> | <u>93,283</u> | <u>89,188</u> |

Properties held for long term rental yields not occupied by the Group are classified as investment property. This category includes investment properties reported by the Group as a result of the consolidation of the BLME Light Industrial Building Fund compartment of the BLME Sharia'a Umbrella Fund SICAV-SIF. More detail is provided in note 19 and note 32 to the 2012 audited financial statements incorporated by reference at Part 12 of this Prospectus.

The Group has elected to adopt the fair value model under IAS 40; as such investment property is measured initially at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are conducted annually by independent external professionally qualified valuation agents. The growth in investment properties over the three year period mainly reflects the launch of the BLME Light Industrial Building Fund during the second half of 2011.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-----------------------|--|--|--|
| Investment properties | <u>27,817</u> | <u>12,859</u> | <u>7,233</u> |

Property and equipment comprises computer equipment, office equipment and fixtures and fittings. Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 which ranges between 3 and 4 years.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|------------------------|--|--|--|
| Property and equipment | <u>406</u> | <u>452</u> | <u>776</u> |

Intangible assets consist of computer licenses and software development costs. Intangible assets acquired by BLME are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure on software assets 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 of the software and computer licences, from the date that they are available for use. The estimated useful life of software and computer licences is three years.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-------------------|--|--|--|
| Intangible assets | <u>735</u> | <u>474</u> | <u>419</u> |

Other assets include loans made by the BLME EBT to facilitate employees investing in BLME shares, prepayments associated with legal fees incurred in the set-up of trades and amounts owed by HMRC in respect of value added taxation. Additionally, within other assets are returned leased assets which are stated at the lower of cost and net realisable value. When returned leased assets are not readily convertible into cash, the policy is to dispose of such assets at auction. Net realisable value is the estimated selling price observed at recent auctions less any applicable costs.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|--------------|--|--|--|
| Other assets | <u>13,217</u> | <u>8,438</u> | <u>9,660</u> |

The historic current tax asset represented payments made on account to HMRC in respect of corporation tax. This asset was recovered from HMRC during 2012.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-------------------|--|--|--|
| Current tax asset | <u>-</u> | <u>500</u> | <u>500</u> |

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|---------------------|--|--|--|
| Deferred tax assets | <u>3,693</u> | <u>5,640</u> | <u>3,687</u> |

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

An analysis of BLME's deferred tax assets by category of timing differences is included in the following table:

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|----------------------------------|--|--|--|
| Property, equipment and software | 451 | 242 | (1,620) |
| Tax losses carried forward | 2,881 | 4,453 | 3,813 |
| Cash flow hedges | 143 | 293 | 414 |
| Share-based payment transactions | 217 | 652 | 965 |
| Other expenses | 1 | - | 115 |
| Net deferred tax assets | <u>3,693</u> | <u>5,640</u> | <u>3,687</u> |

8.2.2 Historical Balance Sheets – Liabilities

BLME - Balance sheet liabilities

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|--|--|--|--|
| Liabilities | | | |
| Due to financial institutions | 512,113 | 500,474 | 424,132 |
| Due to customers | 257,747 | 51,031 | 24,254 |
| Profit rate swaps | 5,308 | 7,269 | 6,554 |
| Third party interest in consolidated funds | 11,235 | 1,764 | 1,081 |
| Other liabilities | 12,905 | 7,953 | 8,921 |
| Total liabilities | <u>799,308</u> | <u>568,491</u> | <u>464,942</u> |

Financial liabilities classified as amounts due to financial institutions represent funds received from financial institutions. These are initially measured at fair value less the transaction costs that are directly attributable to the acquisition of the financial liability. All financial liabilities are subsequently measured at amortised cost using the effective profit share rate payable to the deposit holders. Financial liabilities are derecognised only when the obligations specified in the contract are discharged, cancelled or expired.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-------------------------------|--|--|--|
| Due to financial institutions | <u>512,113</u> | <u>500,474</u> | <u>424,132</u> |

The rapid growth in the amounts due to customers balances over the three year period demonstrate the success of the PDA which, together with increases in institutional deposits, enabled the Group's total assets to break through the £1 billion mark for the first time in 2012.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|------------------|--|--|--|
| Due to customers | <u>257,747</u> | <u>51,031</u> | <u>24,254</u> |

BLME uses Sharia'a compliant derivatives, profit rate swaps ("PRS's"), for hedging purposes in the management of its own asset and liability portfolios. This enables BLME to mitigate the market risk associated with re-pricing its assets and liabilities. The accounting treatment of hedging transactions varies according to the nature of the instrument hedged and the type of hedging transactions. PRS's may qualify as hedges for accounting purposes if they are fair value hedges or cash flow hedges.

The value disclosed in the table below is a PRS liability representing the aggregate net fair value of all PRS's at each year-end date. More information about BLME's use of PRS's for hedging purposes is included in note 9 to the 2012 audited financial statements incorporated by reference at Part 12 of this Prospectus.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|-------------------|--|--|--|
| Profit rate swaps | <u>5,308</u> | <u>7,269</u> | <u>6,554</u> |

BLME consolidates the following three Luxembourg funds managed by its Asset Management business as BLME's seed investment represents a majority shareholding:

- BLME Sharia'a Umbrella Fund SICAV-SIF – US\$ Income Fund
- BLME Sharia'a Umbrella Fund SICAV-SIF – Global Sukuk Fund
- BLME Sharia'a Umbrella Fund SICAV-SIF – BLME Light Industrial Building Fund

The "third party interest in consolidated funds" line item in the BLME Consolidated Balance Sheet represents the minority interest in these funds owned by external shareholders. The increase in 2012 mainly represents external fund raising as part of the launch of the BLME Light Industrial Building Fund, a close ended real estate fund.

| | 31 December 2012 £'000s | 31 December 2011 £'000s | 31 December 2010 £'000s |
|--|--|--|--|
| Third party interest in consolidated funds | <u>11,235</u> | <u>1,764</u> | <u>1,081</u> |

Other liabilities mainly comprise accruals and deferred income. It also includes social security and income tax payable to HMRC, other creditors and trade payables. The overall increase over the three year period mainly relates to a combination of rising deferred income mostly arising from increased

origination of development finance for the Real Estate business in Corporate Banking and the consolidation of the BLME Light Industrial Building Fund.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|-------------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000s | £'000s | £'000s |
| Other liabilities | 12,905 | 7,953 | 8,921 |

8.2.3 Historical Balance Sheets – Equity

BLME - Balance sheet equity

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|--|-----------------------------|-----------------------------|-----------------------------|
| | £'000s | £'000s | £'000s |
| Equity | | | |
| Share capital | 48,933 | 48,933 | 48,933 |
| Share premium | 206,226 | 206,226 | 206,226 |
| Fair value reserve | (49) | 214 | (238) |
| Cash flow hedging reserve | (3,231) | (4,186) | (3,717) |
| Share-based payment reserve | 1,069 | 4,404 | 3,044 |
| Foreign currency translation reserve | (62) | (73) | (76) |
| Retained losses | (13,237) | (16,878) | (7,180) |
| Total equity attributable to equity holders of the Bank | 239,649 | 238,640 | 246,992 |

Share capital as disclosed in the BLME audited financial statements for the three years ended 31 December 2012 represent allotted, called up and fully paid ordinary share capital of 4,893,342,281 ordinary shares of £0.01 nominal value each. The authorised share capital is 6,000,000,000 shares of £0.01 each.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|---------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000s | £'000s | £'000s |
| Share capital | 48,933 | 48,933 | 48,933 |

The share premium account balance of £206.2 million represents the cumulative difference between the £0.01 nominal value of BLME's issued share capital and the aggregate amount that BLME has actually received for newly issued shares since launch. This premium mainly has arisen from the issue of 3,460,000,000 ordinary shares at £0.05 on 20 February 2007 and 1,153,846,154 ordinary shares at £0.065 on 19 February 2008.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|--|-----------------------------|-----------------------------|-----------------------------|
|--|-----------------------------|-----------------------------|-----------------------------|

| | | | |
|---------------|---------------|---------------|---------------|
| | £'000s | £'000s | £'000s |
| Share premium | 206,226 | 206,226 | 206,226 |

The fair value reserve includes the cumulative net change in fair value of available-for-sale investments until the investment is either derecognised or becomes impaired. More detailed information is provided about the classification and accounting for available-for-sale investments within the significant accounting policies note of the audited financial statements.

| | | | |
|--------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December |
| | 2012 | 2011 | 2010 |
| | £'000s | £'000s | £'000s |
| Fair value reserve | (49) | 214 | (238) |

As explained earlier in 8.2.1, the Group uses Sharia'a compliant derivatives, PRS's, for hedging purposes in the management of its own asset and liability portfolios. This enables the Group to mitigate the market risk associated with re-pricing its assets and liabilities. The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and the type of hedge transactions. PRSs may qualify as hedges for accounting purposes if they are fair value hedges or cash flow hedges.

BLME's cash flow hedges consist of US dollar denominated PRS's that are used to protect against exposures to variability in future cash flows on selected US dollar liabilities placed by financial institutions. The objective of the hedge relationship is to minimise the volatility of cash flows in respect of floating rate liabilities due to fluctuations in market rates. A macro approach is taken in designating the hedge relationship as described in IAS 39 and the hedged item is a portfolio of existing and future highly probable liabilities. Gains and losses on effective cash flow hedges are initially recognised directly in equity, in the cash flow hedging reserve, and are transferred to the income statement when the forecast cash flows affect the income statement.

The values below represent the cumulative debit balance on the cash flow hedging reserve at each year-end date. More information is provided about the cash flow hedge accounting in both note 9 (profit rate swaps) and note 2 (Significant Accounting Policies) of the 2012 audited financial statements which have been incorporated by reference at Part 12 of this Prospectus

| | | | |
|---------------------------|--------------------|--------------------|--------------------|
| | 31 December | 31 December | 31 December |
| | 2012 | 2011 | 2010 |
| | £'000s | £'000s | £'000s |
| Cash flow hedging reserve | (3,231) | (4,186) | (3,717) |

The Group operates equity-settled share-based incentive schemes for employees. The cost of equity-settled share-based payment arrangements is measured by reference to the fair value of equity instruments on the date they are granted, and recognised as an expense on a straight line basis over the vesting period, with a corresponding credit to the 'Share-based payment reserve'. The reason for the fall in the balance on the share-based payment reserve in 2012 is explained in the following paragraph. More information is provided about BLME's share-based payment schemes in note 13 of the 2012 audited financial statements incorporated by reference at Part 12 of this Prospectus.

During 2012 employees were given the opportunity to have their vested DABS options from earlier years settled in cash. The resultant cash payment of £2,288,333 in May 2012 was accounted for as a deduction against the share-based payment reserve. The DABS scheme has been reclassified as a cash-settled share-based payment scheme with £1,182,168 being reclassified from the share-based payment reserve to other liabilities. There was no excess payment over the fair value of the award at the settlement date requiring to be recognised as an expense under IFRS 2.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000s | £'000s | £'000s |
| Share-based payment reserve | <u>1,069</u> | <u>4,404</u> | <u>3,044</u> |

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 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 both monetary and non-monetary assets and liabilities go to the same place that the gains and losses are booked to, i.e. equity or profit and loss.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and mainly relates to the consolidation of the special purpose vehicles which are used in the US leasing business.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000s | £'000s | £'000s |
| Foreign currency translation reserve | <u>(62)</u> | <u>(73)</u> | <u>(76)</u> |

The retained losses reserve within the equity section of the balance sheet represents the sum of the accumulated net profits generated and net losses sustained since BLME commenced trading in 2007. It also includes a cumulative deduction as at 31 December 2012 of £1 million in respect of BLME shares held by the BLME EBT as principal. This holding represents own shares which are recorded at cost and deducted from retained earnings.

It is important to note that under the UK Companies Act dividends must be paid out of distributable profits. The existence of cumulative retained losses means that BLME has negative distributable reserves; this means that it will not be able to pay a dividend until it has made good the deficit.

| | 31 December 2012 | 31 December 2011 | 31 December 2010 |
|-----------------|-----------------------------|-----------------------------|-----------------------------|
| | £'000s | £'000s | £'000s |
| Retained losses | <u>(13,237)</u> | <u>(16,878)</u> | <u>(7,180)</u> |

Half yearly financial information for the six month period ended 30 June 2013

BLME has continued to deliver growth in total assets during the first half of 2013. The balance sheet stands at £1.14 billion at 30 June 2013 compared with £0.8 billion at 30 June 2012.

BLME - Balance sheet summary

| | 30 June 2013 (unaudited) £ | 30 June 2012 (unaudited) £ |
|--|----------------------------------|----------------------------------|
| Assets | | |
| Cash and balances with banks | 49,000,076 | 73,618,431 |
| Due from financial institutions | 113,136,579 | 62,621,474 |
| Investment securities | 152,937,070 | 49,824,934 |
| Financing arrangements | 514,053,102 | 327,371,462 |
| Finance lease receivables | 187,261,311 | 156,549,455 |
| Operating lease assets | 76,498,915 | 88,691,148 |
| Investment properties | 20,500,000 | 22,574,311 |
| Property and equipment | 433,702 | 450,971 |
| Intangible assets | 1,106,018 | 568,912 |
| Other assets | 18,688,929 | 11,312,537 |
| Current tax asset | - | 500,000 |
| Deferred tax assets | 3,500,773 | 4,846,482 |
| Total assets | 1,137,116,475 | 798,930,117 |
| Liabilities | | |
| Due to financial institutions | 581,109,175 | 442,591,007 |
| Due to customers | 287,637,215 | 91,985,708 |
| Profit rate swaps | 2,373,140 | 6,545,293 |
| Third party interest in consolidated funds | 13,365,198 | 8,218,527 |
| Other liabilities | 15,797,912 | 11,960,154 |
| Total liabilities | 900,282,640 | 561,300,689 |
| Equity | | |
| Share capital | 48,933,422 | 48,933,422 |
| Share premium | 206,226,328 | 206,226,328 |
| Fair value reserve | (1,258,664) | 110,771 |
| Cash flow hedging reserve | (2,510,402) | (3,816,556) |
| Share-based payment reserve | 1,147,458 | 1,042,107 |
| Foreign currency translation reserve | (108,967) | (50,013) |
| Retained losses | (15,595,340) | (14,816,631) |
| Total equity attributable to equity holders of the Bank | 236,833,835 | 237,629,428 |
| Total liabilities and equity | 1,137,116,475 | 798,930,117 |

8.3 Property, Plant and Equipment

The following table provides a breakdown of property, plant and equipment over the past three years ended 31 December 2012:

| | 31/12/2010 (£ million) | 31/12/2011 (£ million) | 31/12/2012 (£ million) |
|--|---|---|---|
| Computer equipment | 0.1 | 0.1 | 0.1 |
| Office equipment | - | - | - |
| Fixtures and fittings | 0.7 | 0.4 | 0.3 |
| Total property, plant and equipment | 0.8 | 0.5 | 0.4 |

As it can be seen in the table above, the Group does not have material fixed assets. None of these fixed assets have material encumbrances or significant environmental issues affecting their use by the Group.

The Group also has leased three office premises, two in central London and one in Dubai. More information is disclosed about these office premises in note 29 "Commitments under operating leases" of the 2012 annual reports and accounts which are incorporated by reference at Part 12 of this Prospectus.

8.4 Financial information relating to Company for the period 24 April 2013 to 30 June 2013

The Directors have prepared non-statutory accounts for the Company in relation to the period from 24 April 2013 to 30 June 2013, which are incorporated by reference at part 12 of this Prospectus. These accounts have not been prepared for the purposes of the UK Companies Act, but have been prepared in accordance with IFRS as adopted by the EU and include an independent auditor's report signed by KPMG Audit plc.

8.5 Working Capital Statement

The Directors of the Company are of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this Prospectus.

8.6 Material contracts

By a marketing and advisory services agreement dated 22 September 2010 BLME agreed with Boubyan Bank K.S.C that Boubyan Bank would open new channels of cooperation with BLME to develop, amongst others, the following areas of BLME's business: the marketing of BLME funds, investing in BLME funds, promoting BLME to Boubyan Bank K.S.C's private banking clients for their UK business and to generate deposits for BLME's treasury function. For the activities under the agreement BLME agreed to pay KD 450,000 per year for 5 years. BLME deposited KWD 2,250,000 in advance for the services against which Boubyan may deduct the annual fee.

Other than the above agreement, neither BLME nor the Company has entered into within the two years immediately preceding the publication of this Prospectus any contract which is or may be material to the Group at the date of this Prospectus.

8.7 Significant Change

There has been no significant change in the financial or trading position of BLME since 31 December 2012, being the end of the last financial period for which BLME's audited financial information as incorporated by reference at Part 12 of this Prospectus have been prepared.

Since its incorporation on 24 April 2013, the Company has not traded, nor has there been any significant change in its financial or trading position.

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9. OTHER INFORMATION RELATING TO THE COMPANY

9.1 Information about Auditors

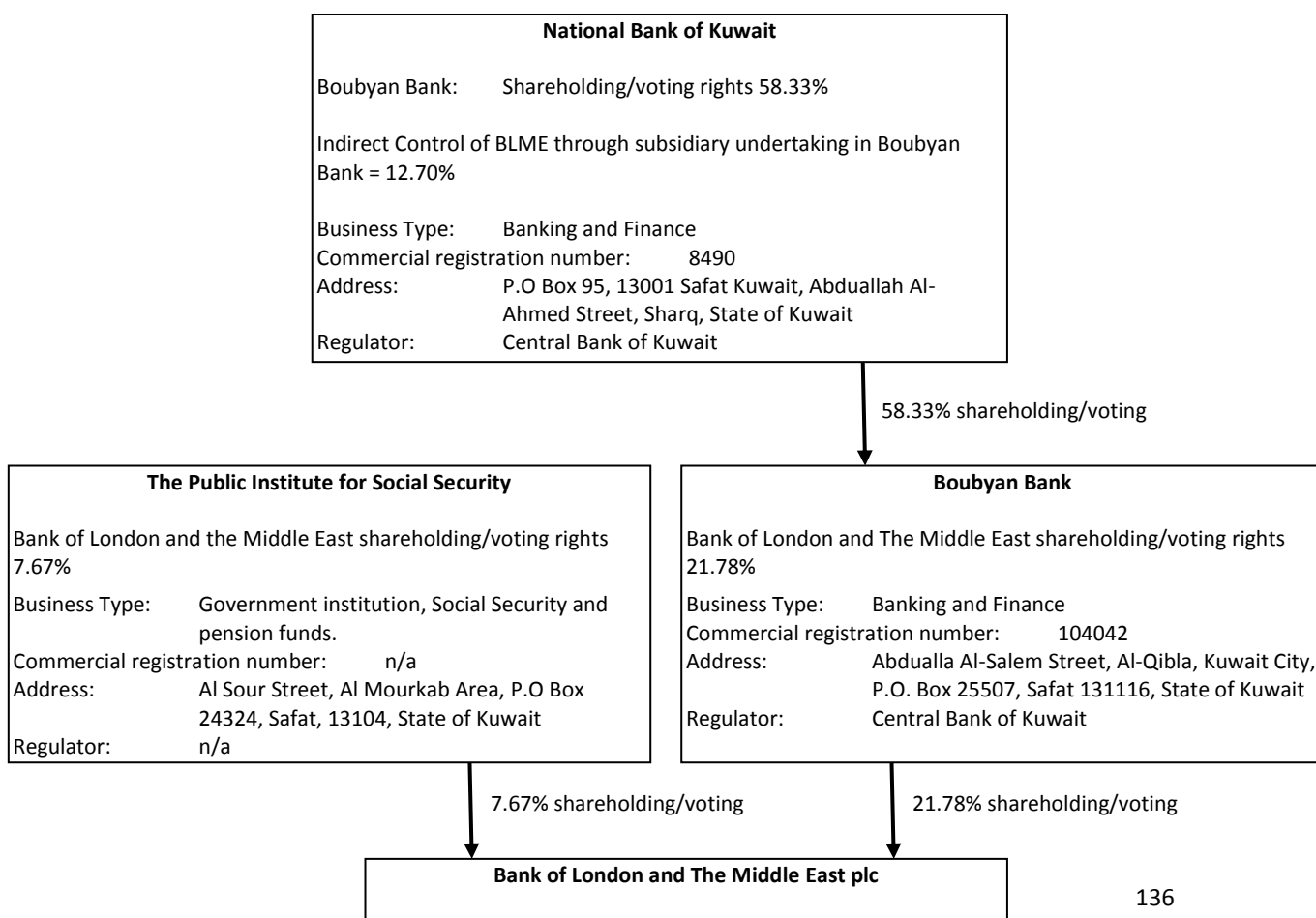
KPMG Audit Plc

Chartered Accountants
15 Canada Square
London
E14 5GL

Paul Furneaux is BLME's audit partner and is an Associate of the Institute of Chartered Accountants in England and Wales and is a registered Senior Statutory Auditor.

9.2 Connected persons

The chart below provides information in relation to the connected persons and controllers associated with the Group. As the Company is a UK regulated bank, the PRA requires that it is kept informed of events that could affect its control or governance. In accordance with the regulations, BLME is required to provide on an annual basis a close links and controllers report to the PRA. In addition, BLME is obligated to provide information should the close links or controllers information change. In certain circumstances, such as an increase in controllers interest beyond defined limits (i.e. 20 per cent.) pre clearance of the event is required to be given by the regulator. BLME has defined systems and controls in place to ensure disclosure is made at the required times. Close links return at the 31 December 2012:



None of the Shareholders referred to above has different voting rights from any other holders of Shares in respect of any Shares held by them.

The National Bank of Kuwait SAK Board of Directors comprises:

- Mr. Mohammed Abdulrahman Al-Bahar - Chairman
- Mr. Nasser Musaed Abdulla Al-Sayer - Vice Chairman
- Mr. Hamad Abdul Aziz Al Sager - Director
- Mr. Ghassan Ahmed Saoud Al-Khalid - Director
- Mr. Yacoub Yousef Al-Fulaij - Director
- Mr. Hamad Mohammed Abdulrahman Al-Bahar - Director
- Mr. Muthana Mohammed Ahmed Al-Hamad - Director
- Mr. Haitham Sulaiman Al Khaled - Director
- Mr. Louay Jassem Al Kharafi - Director

The Boubyan Bank K.S.C Board of Directors comprises:

- Mr. Mahmoud Y. Al-Fulaij - Chairman
- Mr. Adel Abdul Wahab Al-Majed - Chief Executive and Vice Chairman
- Mr. Ahmad K. Al-Humaidhi - Director
- Mr. Ahmed Yousef Al-Saqer - Director
- Mr. Hazim Ali Al-Mutairi - Director
- Mr. Farid Soud Al Fowzan - Director
- Mr. Abdulaziz Abdullah Dakheel Al-Shaya - Director
- Mr. Waleed Mishari Al-Hamad - Director
- Mr. Yousef Abdulla Al-Qatami - Director

9.3 Related party transactions

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

| | 6 months ended 30 June 2013 £ | Year ended 31 December 2012 £ | Year ended 31 December 2011 £ | Year ended 31 December 2010 £ |
|-------------------------------|---|---|---|---|
| Boubyan Bank K.S.C (*) | | | | |
| Wakala placement | 62,480,664 | 21,548,375 | 4,186,046 | 5,000,000 |
| Foreign exchange transactions | 23,329 | 25,249 | Nil | 37,513 |
| Commodity Murabaha | Nil | Nil | Nil | 6,000,000 |
| Reverse Murabaha | Nil | Nil | Nil | 6,802,952 |
| | | | | |

| | | | | |
|--|-------------|-------------|-------------|------------|
| The Public Institution for Social Security (**) Reverse Murabaha | 388,166,804 | 421,962,540 | 484,522,220 | N/A* |
| SGM-Foreign Exchange Limited (***) Foreign exchange transactions | Nil | 7,810,137 | 7,881,064 | 35,852,679 |
| PDQFX Limited (***) Foreign exchange transactions | 3,209 | Nil | Nil | Nil |

(*) Boubyan Bank K.S.C address is: Abdulla Al-Salem Street, Al-Qibla, Kuwait City, P.O.Box 25507, Safat 13116, Kuwait

(**) The Public Institution for Social Security address is: Al Sour Street, Al Mourkab Area, P.O. Box 24324, Safat, 13104, Kuwait. It was not treated as a related party in 2010.

(***) SGM-Foreign Exchange Limited and PDQFX Limited address is: 41 Eastcheap, London, EC3M 1DT, United Kingdom

The following narrative disclosure mainly reproduce disclosures from the last audited annual report and accounts. Disclosure related to the six month period to 30 June 2013 is included in note 15 of the BLME Interim Report 2013 which is included by reference in part 12 of this Prospectus.

The amounts outstanding with Boubyan Bank K.S.C as at each balance sheet date were as follows:

| Included within | 30 June 2013 £ | 31 December 2012 £ | 31 December 2011 £ | 31 December 2010 £ |
|---|-------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cash and balances with banks Nostros | 286,665 | 149,476 | 128,281 | 116,549 |
| Due from financial institutions Wakala placement | 9,547,527 | 9,137,766 | 4,186,046 | 5,000,000 |

The maximum amounts outstanding, on and off balance sheet, with Boubyan Bank K.S.C during the year ended 31 December 2012 were £25,734,421 and £nil respectively (2011: £5,000,000 and £nil) and (2010: £12,809,304 and £nil).

On 22 September 2010 BLME entered into a 5 year marketing and advisory services agreement with Boubyan Bank K.S.C. BLME will be paying KWD 450,000, which was equivalent to £989,230 at the 2012 balance sheet date (2011: £1,044,690), annually in arrears for the services with the first payment made on 29 September 2011. In return Boubyan Bank K.S.C has committed to a comprehensive range of marketing and advisory initiatives. The cost of these services is being recognised in the income statement over the period of the agreement and is included in the line "Other Operating Expenses" of the audited financial statements.

On 4th April 2011 BLME was appointed by Boubyan Bank K.S.C as agent under a facility agency agreement with Boubyan Bank K.S.C in relation to a master Murabaha facility agreement between Boubyan Bank K.S.C and a client of Boubyan Bank K.S.C for the purpose of the acquisition and development of a property in London. For this service, BLME received a facility agency fee of £124,000 during the first year of the agreement and £62,000 in the second year of the agreement.

As at 31 December 2012, Boubyan Bank K.S.C held 21.78 per cent. (2011: 19.8 per cent.) of the issued share capital of BLME. A former Non-executive Director, Ibrahim Al Qadhi, who left the Board of BLME on 6 June 2013 was the Chairman of Boubyan Bank K.S.C from 2009 until March 2012. A

Non-executive Director, Adel Abdul Wahab Al-Majed, who joined the Board of BLME on 6 December 2012 is the current Chief Executive Officer and Vice-Chairman of Boubyan Bank K.S.C.

The amounts outstanding with The Public Institution for Social Security (of Kuwait) at each balance sheet date were as follows:

| Included within | 30 June 2013 £ | 31 December 2012 £ | 31 December 2011 £ | 31 December 2010 £ |
|------------------|-------------------|--------------------------|--------------------------|--------------------------|
| Reverse Murabaha | 471,676,472 | 408,750,232 | 389,332,713 | N/A* |

(*)The Public Institution for Social Security was not treated as a related party in 2010.

The maximum amounts outstanding, on and off balance sheet, with The Public Institution for Social Security (PIFSS) during the year ended 31 December 2012 were £408,750,232 and £nil respectively (2011: £389,332,713 and £nil). As at 31 December 2012, The Public Institution for Social Security held 7.67per cent. (2011: 7.67per cent.) of the issued share capital of BLME Shares. BLME's Vice Chairman holds the position of Deputy Director General for Investment of The Public Institution for Social Security.

PIFFS is a Kuwaiti Sovereign Wealth Fund and is the Company's second largest shareholder. PIFFS has been a core depositor with BLME since its launch in July 2007. These deposits are arms-length transactions priced at market rates which arose during the ordinary course of the Group's business and are placed at terms of up to one year and have consistently been re-deposited.

The maximum outstanding amount with SGM-Foreign Exchange Limited during the year ended 31 December 2012 was £4,463,891 (2011: £9,015,920). As at 31 December 2012 the Group had no outstanding foreign currency forward contracts with SGM-Foreign Exchange Limited (2011: £2,815,131 of sell GBP / buy USD) and (2010: £6,105,004). The fair value of these contracts as at 31 December 2011 was £35,892 (2010: £12,289). SGM-FX has pledged cash collateral deposits with BLME of £50,000 (2011: £150,000 and 2010: £150,000) as security against foreign currency forward contracts. The Company's Chief Executive Officer holds a majority interest in SGM-Foreign Exchange Limited and a 50% interest in PDQFX Limited.

During 2012 one of the executive Directors entered spot foreign exchange transactions with BLME totaling £19,355 (2011: £12,556 and 2010: £19,544). As at 31 December 2012 one Non-executive Director, Neil Holden, had an interest in a BLME PDA with a balance of £25,000 (2011 and 2010: £nil). As at 31 December 2010, one executive Director Nigel Denison, had a balance of £50,000 in a PDA which matured during 2011. These transactions arose from the ordinary course of business and were conducted on the same terms as for comparable transactions with third party counterparties.

None of the transactions with Related Parties referred to in this part 9.3 have been the subject of approval by the Company's or the Group's shareholders, on the basis that this was not required by the UK Companies Act.

9.4 Legal and Other Proceedings against the Company

There are no current or pending or threatened governmental, legal or arbitration proceedings or disputes of which the issuer is aware and there has been no governmental, legal or arbitration proceedings or disputes for the 12 month period ending 7 October 2013 which have had or may have a significant impact on the Issuer and/or the Group or their financial position or profitability.

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10. BLME SCHEME OF ARRANGEMENT

10.1 Introduction

As part of the preparation for Admission, a corporate reorganisation was implemented by means of the BLME Scheme of Arrangement and, pursuant to the BLME Scheme of Arrangement, the Bank Shareholders exchanged their ordinary shares in BLME for a beneficial interest in the Shares.

10.2 Background to and reasons for the BLME Scheme of Arrangement

i. Stamp duty saving

In order for shares in a UK company to be admitted to trading on NASDAQ Dubai, such shares are required to be held in the Central Securities Depository. To hold shares in the Central Securities Depository, shares must be transferred or issued to, and registered in the name of, NDGL as bare nominee for each shareholder, with the beneficial entitlements to the shares credited to the appropriate account. The transfer of existing shares in a UK company to NDGL is liable to a stamp duty or stamp duty reserve tax charge by HMRC in the UK at a rate of 1.5 per cent. and this charge would likely be payable if BLME Shares were transferred directly to NDGL. HMRC has, however, confirmed in a public statement that it will no longer seek to impose a UK stamp duty or stamp duty reserve tax charge on issues (as opposed to transfers) of new UK shares to depository receipt issuers or clearance services, which means that the structure of introducing the Company as the new holding company of the Group and issuing the Shares directly to NDGL will not attract a charge to stamp duty or stamp duty reserve tax in the UK.

ii. Creation of distributable reserves

Prior to the BLME Scheme of Arrangement becoming effective, the negative distributable reserves in the books of BLME prevented the payment of dividends to Bank Shareholders. The BLME Scheme of Arrangement provided greater flexibility within the Group by enabling a new holding company, the Company, to create distributable reserves by completing a subsequent reduction of its share capital, being the Company Reduction of Capital. The creation of the distributable reserves pursuant to the Company Reduction of Capital enables the Company to pay dividends to Shareholders in the future if the financial position of the Group justifies the payment of a dividend and the Board considers that it is in the best interests of the Company to pay such a dividend.

Further details of the Company Reduction of Capital and how the distributable reserves in the Company were created are set out in Part 11 of this Prospectus below.

10.3 Effects and Summary of the BLME Scheme of Arrangement

10.3.1 Effects of the BLME Scheme of Arrangement

The effects of the implementation of the BLME Scheme of Arrangement were as follows:

- i. instead of having its issued share capital owned by the Bank Shareholders, BLME is now a wholly-owned subsidiary of the Company with BLME's entire issued share capital owned by the Company;
- ii. instead of owning a given number of BLME Shares, each Bank Shareholder now beneficially owns approximately one Share for every 25 BLME Shares that it held prior to the BLME Scheme of Arrangement becoming effective; and
- iii. the Company became the new holding company of the Group.

The Company currently owns no assets other than the new BLME Shares allotted and issued to it pursuant to the BLME Scheme of Arrangement and cash from the subscription by BLME of 50,000 Redeemable Preference Shares and one ordinary share (subsequently redesignated as an A Ordinary Share) in the Company on 24 April 2013.

10.3.2 Summary of the BLME Scheme of Arrangement

The insertion of the Company as the holding company of BLME was effected pursuant to the BLME Scheme of Arrangement.

Pursuant to the BLME Scheme of Arrangement, the issued share capital of BLME was reduced by cancelling and extinguishing the Scheme Shares, following which the credit arising in the books of BLME as a result of the cancellation was applied in paying up in full new BLME Shares, such that the aggregate nominal value of such BLME Shares equalled the aggregate nominal value of the Scheme Shares cancelled. The BLME Shares were issued to the Company which, as a result, became the holding company of BLME and the Group.

In consideration for the cancellation of the Scheme Shares, the Bank Shareholders were entitled to a beneficial interest in one Share for every 25 Scheme Shares held. The principal purpose of the consolidation was to enable a price to be established for the Shares at Admission which the Company's Directors considered to be at an appropriate level for effective and orderly market dealings in the Shares to commence on NASDAQ Dubai.

In order to enable the Shares to be admitted to listing on the Official List of Securities and trading on NASDAQ Dubai, and to prevent a liability to a 1.5 per cent. stamp duty charge or stamp duty reserve tax arising in the UK (as set out in Part 10.2 above), the Shares will be held in the Central Securities Depository by being issued directly by the Company to NDGL, as bare nominee for the Ordinary Shareholders in accordance with rule 11.1.1 of the NASDAQ Dubai Business Rules.

Notwithstanding that the legal owner of the Shares is NDGL, Shareholders still beneficially own substantially the same proportion of shares in the Company as they held in BLME before the BLME Scheme of Arrangement became effective on 2 October 2013 and the Shareholders have substantially the same interest in the profits, net assets and dividends of the Company as he or she had as a holder of BLME Shares in the profits, net assets and dividends of BLME before the BLME Scheme of Arrangement became effective on 2 October 2013.

10.3.3 Timetable and Principal Events in relation to the BLME Scheme of Arrangement

A meeting of the holders of BLME Shares convened by an order of the Court pursuant to section 896 of the UK Companies Act was held on 10 June 2013 at which the BLME Scheme of Arrangement was approved by a majority in number, representing not less than 75 per cent. in value of Bank Shareholders present and voting, either in person or by proxy.

A general meeting of the Bank Shareholders, to approve amongst other things:

- i. the BLME Scheme of Arrangement;
- ii. the cancellation of the Scheme Shares; and
- iii. the application of the reserve arising as a result of the cancellation of the Scheme Shares to paying up the new BLME Shares and the allotment of the new BLME Shares to the Company,

was also held on 10 June 2013 and the above were approved as special resolutions by not less than 75 per cent. in value of the votes cast.

The Court hearing at which the BLME Scheme of Arrangement was sanctioned was held on 2 October 2013 and the BLME Scheme of Arrangement became effective on this date.

A copy of the Scheme Document is available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months at the offices of the Company.

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11. COMPANY REDUCTION OF CAPITAL

In order to provide greater flexibility within the Group to facilitate the future payment of dividends if the financial position of the Company justifies the payment of a dividend, the Company has recently completed the Company Reduction of Capital.

As a merger reserve in the books of the Company was created upon the BLME Scheme of Arrangement becoming effective, this merger reserve was capitalised through an allotment and issue of Deferred Shares to BLME which were cancelled on 7 October 2013, thus creating a distributable reserve in the books of the Company equal to the nominal value of the Deferred Shares so cancelled.

The Court hearing confirming the Company Reduction of Capital was held on 7 October 2013 and the Company Reduction of Capital became effective on this date.

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12. INFORMATION INCORPORATED BY REFERENCE

This Prospectus is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference. The list of documents incorporated by reference are as follows and original or copy of these documents are available for inspection (free of charge) from 8 October 2013 onwards at the office of BLME at Sherborne House, 119 Cannon Street, London, EC4N 5AT, United Kingdom during normal business hours in London (9.00 am to 5.00 pm, Monday to Friday):

- a) Financial Statements 2010
- b) Financial Statements 2011
- c) Financial Statements 2012
- d) Interim Report 2013
- e) Interim Report 2012
- f) BLME Holdings plc Non-Statutory Accounts for the period from 24 April 2013 to 30 June 2013
- g) Articles of Association
- h) Scheme Document including English court order

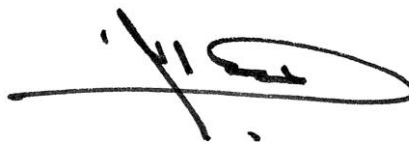
All documents listed above are also available within the Investor Relations page of the website, <http://www.blme.com/#/page/investor-relations>

13. SIGNATURES

The Directors, whose names and signatures appear below, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus was signed by the Directors of the Company on 7 October 2013.

Yacob Yousef Al-Muzaini
Non-executive Director/ Chairman



Sheikh Abdullah Jaber Al-Ahmed Al-Sabah
Non-executive Director/ Vice Chairman



Humphrey Percy
Director/ Chief Executive Officer



Richard Williams
Director/ Chief Financial Officer



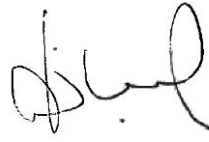
Nigel Denison
Director/ Head of Wealth Management
and Treasury



Neil Holden
Non-executive Director



Frank Vermeulen
Non-executive Director



Michael Williams
Non-executive Director



Adel Abdul Wahab Al-Majed
Non-executive Director



Appendix 2 BLME Articles of Association

TRAVERS SMITH

Company Number: 8503102



THE COMPANIES ACT 2006

ARTICLES OF ASSOCIATION

- of -

BLME HOLDINGS PLC

(Adopted by Special Resolution passed on 24th June 2013)

Travers Smith LLP

10 Snow Hill London EC1A 2AL

www.traverssmith.com

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THE COMPANIES ACT 2006

ARTICLES OF ASSOCIATION

- of -

BLME HOLDINGS PLC

(Adopted by Special Resolution passed on 24th June 2013)

EXCLUSION OF OTHER REGULATIONS

1. This document comprises the Articles of Association of the Company and no regulations set out in any statute or statutory instrument concerning companies shall apply as Articles of Association of the Company.

DEFINITIONS AND INTERPRETATION

- 2.1 In these Articles the following expressions have the following meanings unless the context otherwise requires:

| | |
|-----------------------|---|
| Act | the Companies Act 2006. |
| address | in relation to electronic communications, includes any number or address (including, in the case of any Uncertificated Proxy Instruction permitted in accordance with these Articles, an identification number of a participant in the relevant system concerned) used for the purposes of such communications. |
| Articles | these Articles of Association as altered from time to time. |
| auditors | the auditors for the time being of the Company. |
| Board | the board of directors of the Company or the Directors present at a duly convened meeting of the Directors at which a quorum is present. |
| Business Rules | the Business Rules of NASDAQ Dubai as amended and supplemented from time to time. |

| | |
|----------------------------|---|
| clear days | in relation to the period of a notice, that period calculated in accordance with section 360 of the Act. |
| communication | has the same meaning as in section 15 of the Electronic Communications Act. |
| Company | BLME Holdings plc. |
| Company's website | the website, operated or controlled by the Company, which contains information about the Company in accordance with the Statutes. |
| competent authority | the designated competent authority for the purposes of Part VI of the FSMA. |
| Depository | means a custodian or other person (or a nominee for such custodian or other person) appointed under contractual arrangements with the Company or other arrangements whereby such custodian or other person or nominee holds or is interested in shares of the Company or rights or interests in shares of the Company and issues securities or other documents of title or otherwise evidencing the entitlement of the holder thereof to or to receive such shares, rights or interests, provided and to the extent that such arrangements have been approved by the Board for the purpose of these Articles, and shall include, where approved by the Board, the trustees (acting in their capacity as such) of any employees' share scheme established by the Company or any other scheme or arrangement principally for the benefit of employees or those in the service of the Company and/or its subsidiaries or their respective businesses and the managers (acting in their capacity as such) of any investment or savings plan, which in each case the Board has approved. |
| DFSA | Dubai Financial Services Authority. |
| DFSA Market Rules | the Market Rules (MKT) Rulebook issued by the DFSA under the DIFC Market Law 2012 (as amended, replaced or supplemented from time to time). |

| | |
|--------------------------------------|--|
| DIFC | Dubai International Financial Centre. |
| DIR | the DIFC Dematerialised Investment Regulations 2005 (as amended, replaced or supplemented from time to time). |
| Directors | the directors of the Company for the time being. |
| elected | elected or re-elected. |
| electronic communication | has the same meaning as in section 15 of the Electronic Communications Act. |
| Electronic Communications Act | the Electronic Communications Act 2000 (as amended from time to time). |
| FSMA | the Financial Services and Markets Act 2000 (as amended from time to time). |
| group | the Company and its subsidiary undertakings for the time being. |
| holder | in relation to shares, the member whose name is entered in the register as the holder of the shares. |
| in electronic form | in a form specified by section 1168(3) of the Act and otherwise complying with the provisions of that section. |
| Information Agreement | Licence has the meaning given to such an agreement as in the Business Rules. |
| Information Rights | has the meaning given to such expression in section 146(3) of the Act. |
| London Stock Exchange | London Stock Exchange plc. |
| Market Data Vendor(s) | a company or companies which have entered into an Information Licence Agreement with NASDAQ Dubai. |
| member | a member of the Company. |
| month | calendar month. |
| NASDAQ Dubai | NASDAQ Dubai, the stock exchange operated by NASDAQ Dubai Limited. |

| | |
|-------------------------------------|--|
| Nomination Notice | a notice given by a member to the Company that another person is entitled to enjoy Information Rights and to receive Shareholder Information which that member is entitled to enjoy or to receive. |
| office | the registered office for the time being of the Company. |
| Operator | a person approved under the Regulations as Operator of a relevant system. |
| paid up | paid up or credited as paid up. |
| participating security | a security title to units of which is permitted by an Operator to be transferred by means of a relevant system. |
| Profit-Stabilisation Account | means the account to which any amount appropriated by the Company out of the mudaraba income or income of a similar nature is credited, before allocating the mudarib share or its equivalent, in order to maintain a certain level of return to the deposit holders on their savings or investment accounts facilities offered by the Company recognising Sharia'a principles of law. |
| recognised person | a recognised clearing house acting in relation to a recognised investment exchange, or a nominee of a recognised clearing house acting in that way, or a nominee of a recognised investment exchange. |
| register | the register of members of the Company and shall, so long as the Regulations so permit or require, include so far as relevant a related Operator register of members. |
| Regulations | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time). |
| secretary | the secretary of the Company or any other person appointed to perform any of the duties of the secretary of the Company including a joint, temporary, assistant or deputy secretary. |

| | |
|-----------------------------------|---|
| Shareholder Information | notices, documents or information which the Company wishes or is required to communicate to shareholders including, without limitation, annual reports and accounts, interim financial statements, summary financial statements, notices of meetings and proxy forms. |
| Sharia'a | means the rules, principles and parameters of Islamic law as interpreted by the Sharia'a Supervisory Board. |
| Sharia'a Supervisory Board | means the board comprised of eminent scholars who possess the requisite qualifications, as determined by the Board of Directors and approved by the Company. |
| Statutes | the Act and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting the Company (including, without limitation, the Electronic Communications Act). |
| Uncertificated Instruction | Proxy a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of the relevant system concerned and received by such participant in that system acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned). |
| United Kingdom | Great Britain and Northern Ireland. |
| website communication | the publication of a notice or other Shareholder Information on the Company's website in accordance with Part 4 of Schedule 5 to the Act. |
| year | calendar year. |

2.2 References to "**writing**" include references to printing, typewriting, lithography, photography and any other mode or modes of presenting or reproducing words in a visible and non-transitory form.

- 2.3** Words importing one gender shall (where appropriate) include any other gender and words importing the singular shall (where appropriate) include the plural and vice versa.
- 2.4** Any words or expressions defined in the Act, the Electronic Communications Act or the Regulations shall, if not inconsistent with the subject or context and unless otherwise expressly defined in these Articles, bear the same meaning in these Articles save that the word "**company**" shall include any body corporate.
- 2.5** References to:
- 2.5.1** "**mental disorder**" mean mental disorder as defined in section 1 of the Mental Health Act 1983 or the Mental Health (Scotland) Act 1984 (as the case may be);
 - 2.5.2** any statute, regulation or any section or provision of any statute or regulation, if consistent with the subject or context, shall include any corresponding or substituted statute, regulation or section or provision of any amending, consolidating or replacement statute or regulation;
 - 2.5.3** "**executed**" include any mode of execution;
 - 2.5.4** an Article by number are to a particular Article of these Articles;
 - 2.5.5** a "**meeting**" shall be taken as not requiring more than one person to be present if any quorum requirement can be satisfied by one person;
 - 2.5.6** a "person" include references to a body corporate and to an unincorporated body of persons;
 - 2.5.7** a share (or to a holding of shares) being in uncertificated form or in certificated form are references respectively to that share being an uncertificated unit of a security or a certificated unit of a security; and
 - 2.5.8** a "**cash memorandum account**" are to an account so designated by the Operator of the relevant system concerned.

SHARIA'A COMPLIANCE

- 3.** The Company shall not at any time or in any circumstances act in conflict with Sharia'a as determined by the Sharia'a Supervisory Board.

REGISTERED OFFICE

- 4.** The Company's registered office is to be situated in England and Wales.

LIMITED LIABILITY

- 5.** The liability of the members is limited.

CHANGE OF NAME

6. The Company may change its registered name in accordance with the Act or by majority decision of the Board.

SHARE CAPITAL

7. Subject to the provisions of the Act and without prejudice to the rights attaching to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights or such restrictions as the Company may from time to time by ordinary resolution determine or, if the Company has not so determined, as the Directors may determine.
- 7A. Redeemable preference shares of £1.00 each in the capital of the Company ("**Redeemable Preference Shares**") have the rights and are subject to the conditions set out below:
 - 7A.1 on a return of capital on a liquidation or otherwise, the assets of the Company available for distribution among the members will be applied first in repaying to the holders of Redeemable Preference Shares the amounts paid up on such Redeemable Preference Shares together with all accrued but unpaid dividends. Save as aforesaid, the Redeemable Preference Shares do not carry any other right to participate in profits or assets of the Company;
 - 7A.2 the holders of Redeemable Preference Shares are not entitled to receive notice of or to attend or vote at any general meeting of the Company unless a resolution to wind up the Company or to vary, modify or abrogate the rights attaching to the Redeemable Preference Shares is proposed;
 - 7A.3 the Redeemable Preference Shares carry a right to receive, out of the profits of the Company available for distribution and resolved to be distributed, a fixed non-cumulative preferential (that is, in priority to the other shares of the Company in issue from time to time) dividend of four per cent. per annum on the amounts paid up, to accrue with effect from 1 January 2014;
 - 7A.4 the Company may redeem the Redeemable Preference Shares at any time at the discretion of the Directors or, at the request of the holders of the Redeemable Preference Shares, following any reduction of capital of the Company becoming effective. Upon any such redemption, the Company shall pay to the holder the nominal amount paid up on such shares together with accrued but unpaid dividends; and
 - 7A.5 the Redeemable Preference Shares may only be transferred with the consent of the Board.
8. Subject to the provisions of these Articles and to the Act and without prejudice to the rights attaching to any existing shares or class of shares, the Board may offer, allot (with or without

a right of renunciation), issue, grant options over or otherwise deal with or dispose of shares to such persons, at such time and for such consideration and upon such terms and conditions as the Board may determine.

9. The Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
10. Subject to the provisions of the Act and to any rights conferred on the holders of any other shares, shares may be issued on terms that they are, at the option of the Company or a member, liable to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).
11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and (except as otherwise provided by these Articles or by law) the Company shall not be bound by or compelled in any way to recognise any interest in any share, except an absolute right to the entirety thereof in the holder.
12. The Company may give financial assistance for the acquisition of shares in the Company to the extent that it is not restricted by the Act.

VARIATION OF RIGHTS

13. Subject to the provisions of the Act and to the rights of any class of shares, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of not less than three-quarters in nominal amount of the issued shares of the affected class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class (but not otherwise).
14. All the provisions of these Articles relating to general meetings shall, mutatis mutandis, apply to every such separate general meeting, except that:
 - 14.1 the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question and at an adjourned meeting one person holding shares of the class in question or his proxy;
 - 14.2 any holder of shares of the class in question present in person or by proxy may demand a poll; and
 - 14.3 the holder of shares of the class in question shall, on a poll, have one vote in respect of every share of such class held by him.

15. Subject to the terms on which any shares may be issued, the rights or privileges attached to any class of shares in the capital of the Company shall be deemed not to be varied or abrogated by the creation or issue of any new shares ranking pari passu in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued or by any purchase by the Company of its own shares.
16. The provisions of Articles 0 to 0 shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if such group of shares of the class differently treated formed a separate class.

SHARES IN INCERTIFICATED FORM

- 17.1 The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of securities in the Company to be admitted to and traded in uncertificated form upon NASDAQ Dubai (in accordance with the DIR and the facilities and practices instituted by NASDAQ Dubai).
- 17.2 The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be a participating security (subject always to the Regulations and the facilities and requirements of the relevant system concerned). Where they do so, Articles 0 and 0 shall come into effect immediately prior to the time at which the Operator of the relevant system concerned permits the class of shares concerned to be a participating security.
- 17.3 In relation to any class of shares which is, for the time being, a participating security, and for so long as such class remains a participating security, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

17.3.1 the holding of shares of that class in uncertificated form;

17.3.2 the transfer of title to shares of that class by means of a relevant system; or

17.3.3 the Regulations

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the Operator, so long as that is permitted or required by the Regulations, of an Operator register of securities in respect of shares of that class in uncertificated form.

- 17.4 Without prejudice to the generality of Article 0 and notwithstanding anything contained in these Articles, where any class of shares is, for the time being, a participating security (such class being referred to in these Articles as the "Relevant Class"):

17.4.1 the register relating to the Relevant Class shall be maintained at all times in the United Kingdom;

- 17.4.2** shares of the Relevant Class may be issued in uncertificated form in accordance with and subject as provided in the Regulations;
- 17.4.3** unless the Directors otherwise determine, shares of the Relevant Class held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings;
- 17.4.4** shares of the Relevant Class may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Regulations;
- 17.4.5** title to shares of the Relevant Class which are recorded on the register as being held in uncertificated form may be transferred by means of the relevant system concerned and accordingly (and in particular) Articles 0 and 0 shall not apply in respect of such shares to the extent that those Articles require or contemplate the effecting of a transfer by an instrument in writing and the production of a certificate for the share to be transferred;
- 17.4.6** the Company shall comply with the provisions of Regulations 25 and 26 in relation to the Relevant Class;
- 17.4.7** the provisions of these Articles with respect to meetings of or including holders of the Relevant Class, including notices of such meetings, shall have effect subject to the provisions of Regulation 41; and
- 17.4.8** Articles 0 to 0 shall not apply so as to require the Company to issue a certificate to any person holding shares of the Relevant Class in uncertificated form.
- 17.5** The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Regulations and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

SHARE CERTIFICATES

- 18.** Subject to these Articles and the provisions of the Regulations every person (except a person in respect of whom the Company is not by law required to complete and have ready for delivery a certificate) whose name is entered as a holder of any share in the register shall be entitled without payment to receive one certificate in respect of each class of shares held by him or, with the consent of the Board and upon payment of such reasonable out-of-pocket expenses for every certificate after the first as the Board shall determine, several certificates,

each for one or more of his shares. Shares of different classes may not be included in the same certificate.

19. Where a holder of any share (except a recognised person) has transferred a part of the shares comprised in his holding, he shall be entitled to a certificate for the balance without charge.
20. Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.
21. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to the joint holder who is named first in the register shall be a sufficient delivery to all of them.
22. In the case of shares held jointly by several persons, any such request mentioned in Articles 0, 0 or 0 may only be made by the joint holder who is named first in the register.
23. Every certificate shall be executed by the Company in such manner as the Board, having regard to the Act and the listing requirements of the competent authority, may authorise. Every certificate shall specify the number, class and distinguishing number (if any) of the shares to which it relates and the nominal value of and the amount paid up on each share.
24. The Board may by resolution decide, either generally or in any particular case or cases, that any signatures on any certificates for shares or any other form of security at any time issued by the Company need not be autographic but may be applied to the certificates by some mechanical means or may be printed on them or that the certificates need not be signed by any person.
25. If a share certificate is worn out, defaced, lost or destroyed, it may be replaced without charge (other than exceptional out-of-pocket expenses) and otherwise on such terms (if any) as to evidence and/or indemnity (with or without security) as the Board may require. In the case where the certificate is worn out or defaced, it may be renewed only upon delivery of the certificate to the Company.

LIEN

26. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all money (whether presently due or not) payable in respect of that share. The Company's lien over a share extends to any dividend and (if the lien is enforced and the share is sold by the Company) the proceeds of sale of that share. The Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.
27. The Company may sell, in such manner as the Board decides, any shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice in writing has been served on the holder of the shares in question or the person entitled to such shares by reason of death or bankruptcy of the holder

or otherwise by operation of law, demanding payment of the sum presently payable and stating that if the notice is not complied with the shares may be sold.

28. To give effect to any such sale, the Board may authorise such person as it directs to execute any instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale, and he shall not be bound to see to the application of the purchase money.
29. The net proceeds of the sale, after payment of the costs of such sale, shall be applied in or towards satisfaction of the liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold (where applicable) and subject to a like lien for any monies not presently payable or any liability or engagement not likely to be presently fulfilled or discharged as existed upon the shares before the sale) be paid to the holder of (or person entitled by transmission to) the shares immediately before the sale.

CALLS ON SHARES

30. Subject to the terms of allotment of any shares, the Board may send a notice and make calls upon the members in respect of any monies unpaid on their shares (whether in respect of the nominal value of the shares or by way of premium) provided that (subject as aforesaid) no call on any share shall be payable within one month from the date fixed for the payment of the last preceding call and that at least 14 clear days' notice from the date the notice is sent shall be given of every call specifying the time or times, place of payment and the amount called on the members' shares. A call may be revoked in whole or in part or the time fixed for its payment postponed in whole or in part by the Board at any time before receipt by the Company of the sum due thereunder.
31. A call may be made payable by instalments.
32. The joint holders of a share shall be jointly and severally liable to pay all calls in respect of the share.
33. Each member shall pay to the Company, at the time and place of payment specified in the notice of the call, the amount called on his shares. A person on whom a call is made will remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.
34. If a sum called in respect of a share shall not be paid before or on the day appointed for payment, the person from whom the sum is due shall pay all expenses that may have been incurred by the Company by reason of such non-payment, but the Board may waive such expenses wholly or in part. No dividend or other payment or distribution in respect of any such share shall be paid or distributed and no other rights which would otherwise normally be exercisable in accordance with these Articles may be exercised by a holder of any such share

so long as any such sum or expenses payable in accordance with this Article in relation thereto remains due.

35. Any sum which becomes payable by the terms of allotment of a share, whether on allotment or on any other fixed date or as an instalment of a call and whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which, by the terms of allotment or in the notice of the call, it becomes payable. In the case of non-payment, all the provisions of these Articles relating to payment of expenses, forfeiture and otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
36. The Board may, if it thinks fit, receive from any member willing to advance it all or any part of the money (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon any shares held by him. No sum paid in advance of calls shall entitle the holder of a share to any portion of a dividend or other payment or distribution subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.
37. The Board may on the allotment of shares differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.

FORFEITURE

38. If a member fails to pay the whole or any part of any call or instalment of a call on the day fixed for payment, the Board may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any costs, charges and expenses incurred by the Company by reason of the non-payment.
39. The notice shall fix a further day (not being less than seven clear days from the date of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time and at the place specified, the shares on which the call was made will be liable to be forfeited. The Board may accept the surrender of any share liable to be forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered share shall be treated as if it had been forfeited.
40. If the requirements of the notice are not complied with, any share in respect of which the notice has been given may, at any time before the payments required by the notice have been made, be forfeited by a resolution of the Board to that effect. Every forfeiture shall include all dividends and other payments or distributions declared in respect of the forfeited shares and not paid or distributed before forfeiture. Forfeiture shall be deemed to occur at the time of the passing of the said resolution of the Board.
41. Subject to the provisions of the Act, a forfeited share shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed of upon such terms and in such

manner as the Board decides, either to the person who was before the forfeiture the holder or to any other person, and at any time before sale, reallocation or other disposition the forfeiture may be cancelled on such terms as the Board decides. The Company shall not exercise any voting rights in respect of such a share. Where for the purposes of its disposal a forfeited share is to be transferred to any person, the Board may authorise a person to execute an instrument of transfer of the share.

42. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder, or the person entitled to the share by transmission, and an entry of the forfeiture, with the date of the forfeiture, shall be entered in the register, but no forfeiture shall be invalidated by any failure to give such notice or make such entry.
43. A person, any of whose shares have been forfeited, shall cease to be a member in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all money which at the date of forfeiture was then payable by him to the Company in respect of the shares. The Board may, if it thinks fit, waive the payment of all or part of such money.
44. A statutory declaration by a Director or the secretary that a share has been duly forfeited or surrendered on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The statutory declaration shall (subject to the execution of an instrument of transfer, if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration (if any) nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture, surrender, sale, reallocation or disposal of the share.
45. If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which was, or would have become, payable and had not, when that share was forfeited, been paid by that person in respect of that share and the Company is not required to account for any money earned on them.

TRANSFER OF SHARES

46. The instrument of transfer of a share may be in any usual form or in any other form which the Board may approve.
47. The instrument of transfer of a share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder until the name of the transferee is entered in the register.

- 48.** The Board may refuse to register any transfer of shares:
- 48.1** unless the instrument of transfer is lodged (duly stamped if the Statutes so require) at the office or at such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates and such other evidence (if any) as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so) provided that, in the case of a transfer by a recognised person where a certificate has not been issued in respect of the share, the lodgment of share certificates shall not be necessary and
- 48.1.1** the instrument of transfer is in respect of only one class of share; and
- 48.1.2** in the case of a transfer to joint holders, they do not exceed four in number; and
- 49.** The Company shall be entitled to retain any instrument of transfer which is registered, but any instrument of transfer which the Board refuses to register (except in the case of fraud) shall be returned to the person lodging it when notice of the refusal is given.
- 50.** If the Board refuses to register a transfer, it shall within two months after the date on which the instrument of transfer was lodged with the Company (or in the case of uncertificated shares the date on which the Operator-instruction was received) send to the transferee notice of, together with the reasons for, the refusal.
- 51.** No fee shall be payable to the Company for the registration of any transfer or any other document relating to or affecting the title to any share or for making any entry in the register affecting the title to any share.
- 52.** Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

TRANSMISSION OF SHARES

- 53.** If a member dies, the survivor or survivors where he was a joint holder and his personal representatives where he was a sole holder or the only survivor of joint holders shall be the only person(s) recognised by the Company as having any title to his shares, but nothing contained in these Articles shall release the estate of a deceased member from any liability in respect of any share held by him solely or jointly with other persons.
- 54.** Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or by operation of law may, upon such evidence as to his title being produced as may be reasonably required by the Board and subject to these Articles, elect either to be registered as the holder of the share or to have a person nominated by him registered as the holder. If the person elects to become the holder, he shall give notice in writing to that effect. If the person elects to have another person registered, he shall execute an instrument of transfer of the share to that person. All the provisions of these Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if the death or bankruptcy of the member

or other event giving rise to the transmission had not occurred and the notice or instrument of transfer were an instrument of transfer executed by the member.

55. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member or by operation of law shall, subject to the requirements of these Articles and to the provisions of this Article, be entitled to receive, and may give a good discharge for, all dividends and other money payable in respect of the share, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company or at any separate meetings of the holders of any class of shares or to any of the rights or privileges of a member until he shall have become a holder in respect of the share in question. The Board may at any time give notice requiring any such person to elect either to be registered or to transfer the share, and if the notice is not complied with within 60 days, the Board may withhold payment of all dividends and other distributions and payments declared in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF SHARE CAPITAL

56. The Company may by ordinary resolution alter its share capital in accordance with the Act.
57. A resolution to sub-divide shares may determine that, as between the holders of such shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.
58. Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the Board may deal with the fractions as it thinks fit and in particular may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale (subject to retention by the Company of amounts not exceeding £5, the cost of distribution of which would be disproportionate to the amounts involved) in due proportion among those members, and the Board may authorise a person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings relating to the sale.

PURCHASE OF OWN SHARES

59. On any purchase by the Company of its own shares, neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

GENERAL MEETINGS

- 60.** The Company shall hold an annual general meeting which shall be convened by the Board in accordance with the Act.
- 61.** The Board may call a general meeting whenever it thinks fit and, on the requisition of members or persons nominated under Nomination Notices in accordance with the Act, it shall proceed to convene a general meeting for a date not more than 28 days after the date of the notice convening the meeting. If there are not within the United Kingdom sufficient Directors to call a general meeting, any Director or, if there is no Director within the United Kingdom, any member of the Company or person nominated under a Nomination Notice (if permitted to do so under the terms of the agreement nominating such a person) may call a general meeting.
- 62.** Subject to the Act, where for any purpose an ordinary resolution of the Company is required, a special resolution shall also be effective.

NOTICE OF GENERAL MEETINGS

- 63.** An annual general meeting shall be called by at least 21 clear days' notice in writing. All other general meetings shall be called by at least 14 clear days' notice in writing. The notice shall specify:
 - 63.1** if the meeting is an annual general meeting, that the meeting is an annual general meeting;
 - 63.2** the day, time and place of the meeting;
 - 63.3** the general nature of the business to be transacted;
 - 63.4** if the meeting is convened to consider a special resolution, the intention to propose the resolution as such; and
 - 63.5** with reasonable prominence, that a member entitled to attend and vote or person nominated under a Nomination Notice (if permitted to do so under the terms of the agreement nominating such a person) is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member.
- 64.** Subject to the provisions of these Articles, to the rights attaching to any class of shares and to any restriction imposed on any holder, notice of any general meeting shall be given to all members, the Directors and (in the case of an annual general meeting) the auditors.
- 65.** The accidental omission to send a notice of any meeting, or notice of a resolution to be moved at a meeting or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of any meeting or a form of proxy by such a person, shall not invalidate the proceedings at the meeting.

66. The Board may postpone a general meeting if they deem it necessary to do so. Notice of such postponement shall be given in accordance with these Articles.

PROCEEDINGS AT GENERAL MEETINGS

67. No business shall be transacted at any general meeting unless a quorum is present but the absence of a quorum shall not preclude the choice or appointment of a chairman in accordance with these Articles (which shall not be treated as part of the business of the meeting). Subject to Article 0 and to the rights attaching to any class of shares, two members present in person being either members or representatives (in the case of a corporate member) or proxies appointed by members in relation to the meeting and entitled to vote shall be a quorum for all purposes.
68. If within 15 minutes from the time fixed for a meeting a quorum is not present or if during a meeting a quorum ceases to be present, the meeting, if convened on the requisition of members, shall be dissolved and in any other case it shall stand adjourned to such day and to such time and place (being not less than 14 nor more than 28 days thereafter) as may be fixed by the chairman of the meeting. At such adjourned meeting a quorum shall be two persons present in person being either members or representatives (in the case of a corporate member) or proxies appointed by members in relation to the meeting and entitled to vote. If within 15 minutes from the time fixed for holding an adjourned meeting a quorum is not present or if during an adjourned meeting a quorum ceases to be present, the adjourned meeting shall be dissolved. The Company shall give at least 10 clear days' notice (in any manner in which notice of a meeting may lawfully be given from time to time) of any meeting adjourned through lack of a quorum and such notice shall state the quorum requirement.
69. The chairman of the Board or in his absence the deputy chairman shall preside as chairman at every general meeting of the Company. If there is no such chairman or deputy chairman or if at any meeting neither the chairman nor the deputy chairman is present within 15 minutes from the time fixed for holding the meeting or if neither is willing to act as chairman of the meeting, the Directors present shall choose one of their number, or if no Director is present or if all the Directors present decline to take the chair, the members present in person or by proxy or by corporate representative and entitled to vote shall choose one of their number to be chairman of the meeting.
70. The Board may implement at general meetings of the Company, such security arrangements as it shall think appropriate to which members, representatives (in the case of corporate members) and their proxies shall be subject. The Board shall be entitled to refuse entry to the meeting to any such member, representative or proxy who fails to comply with such security arrangements.
71. The chairman of each general meeting of the Company may take such action as he considers appropriate to permit the orderly conduct of the business of the meeting as set out in the notice of the meeting.

- 72.** The chairman of a meeting at which a quorum is present may, without prejudice to any other power of adjournment which he may have under these Articles or at common law, with the consent of the meeting (and shall if so directed by the meeting), adjourn the meeting from time to time (or indefinitely) and from place to place. No business shall be transacted at any adjourned meeting except business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for an indefinite period, the time and place for the adjourned meeting shall be fixed by the Board. Whenever a meeting is adjourned for 14 days or more or for an indefinite period, at least seven clear days' notice, specifying the place, the day and the time of the adjourned meeting and the general nature of the business to be transacted, shall be given (in any manner in which notice of a meeting may lawfully be given from time to time). Save as provided in these Articles, it shall not otherwise be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 73.** If it appears to the chairman that the meeting place specified in the notice convening the meeting is inadequate to accommodate all members entitled and wishing to attend, the meeting shall nevertheless be duly constituted and its proceedings valid provided that the chairman is satisfied that adequate facilities are available to ensure that any member who is unable to be accommodated is nonetheless able to participate in the business for which the meeting has been convened and to hear and see all persons present who speak (whether by the use of microphones, loudspeakers, audiovisual communication equipment or otherwise), whether in the meeting place or elsewhere, and to be heard and seen by all other persons so present in the same manner.
- 74.** At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands or on the withdrawal of any other due demand for a poll, a poll is duly demanded. Subject to the provisions of the Act and to the rights attaching to any class of shares, a poll may be demanded:
- 74.1** by the chairman of the meeting; or
- 74.2** by at least five members present all of whom are either members or proxies or representatives (in the case of a corporate member) and entitled to vote on the resolution; or
- 74.3** by any member or members present in person or by proxy or by representative (in the case of a corporate member) and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting (excluding any voting rights attached to any shares in the Company held as treasury shares); or
- 74.4** by a member or members present in person or by proxy or by representative (in the case of a corporate member) holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right (excluding shares in the Company conferring a right to vote on the resolution which are held as treasury shares).

75. Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.
76. If a poll is duly demanded, it shall be taken in such manner as the chairman of the meeting may direct. The chairman may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of a poll shall be the decision of the meeting in respect of which it was demanded.
77. A poll demanded on the election of the chairman of a meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman of the meeting directs, but in any case not more than 28 days after the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with pending the completion of the poll. The demand for a poll may be withdrawn at any time before the poll is taken. If a poll is demanded before the declaration of the result of a show of hands and the demand is subsequently duly withdrawn, the meeting shall continue as if the demand had not been made. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice shall be given (in any manner in which notice of a meeting may lawfully be given from time to time) specifying the time and place at which the poll is to be taken.
78. A Director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.

VOTES OF MEMBERS

79. Subject to any terms as to voting upon which any shares may be issued or may for the time being be held the total number of votes a member present in person or (being a corporation) who is present by a duly authorised representative or a proxy for a member has on a show of hands shall be determined in accordance with the Act. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each share of which he is the holder, proxy or representative. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes in the same way.
80. In the case of joint holders of a share the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

- 81.** A member in respect of whom an order has been made by any court or official having jurisdiction (whether in the United Kingdom or elsewhere) that he is or may be suffering from mental disorder or is otherwise incapable of running his affairs may vote by his guardian, receiver, curator bonus or other person authorised for that purpose and appointed by the court (and that person may vote by proxy) provided that evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right to vote shall not be exercisable.
- 82.** No member shall, unless the Board otherwise determines, be entitled to vote at any general meeting or at any separate general meeting of the holders of any class of shares in the Company unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- 83.** Where, in respect of any shares of the Company, any holder or any other person appearing to be interested in such shares held by a member has been issued with a notice pursuant to section 793 of the Act (a "statutory notice") and has failed in relation to any shares (the "default shares") to comply with the statutory notice and to give the Company the information required by such notice within the prescribed period as defined in Article 0 from the date of the statutory notice, then the Board may serve on the holder of such default shares a notice (a "disenfranchisement notice") whereupon the following sanctions shall apply:
- 83.1** such holder shall not with effect from the service of the disenfranchisement notice be entitled in respect of the default shares to be present or to vote (either in person or by representative or by proxy) either at any general meeting or at any separate general meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- 83.2** where such shares represent not less than 0.25 per cent. in nominal value of the issued shares of their class:
- 83.2.1** any dividend or other monies payable in respect of the default shares shall be withheld by the Company which shall not be under any obligation to pay interest on it and the holder shall not be entitled under Article 0 to elect to receive shares instead of that dividend; and
- 83.2.2** no transfer, other than an excepted transfer (as defined in Article 0), of any shares in certificated form held by the holder shall be registered unless:
- (a) the holder is not himself in default as regards supplying the information required; and

- (b) the holder proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer

(and, for the purpose of ensuring this Article 0 can apply to all shares held by the holder, the Company may, in accordance with the Regulations, issue a written notification to the Operator requiring the conversion into certificated form of any shares held by the holder in uncertificated form).

- 84.** Any new shares in the Company issued in right of default shares shall be subject to the same sanctions as apply to the default shares provided that any sanctions applying to, or to a right to, new shares by virtue of this Article shall cease to have effect when the sanctions applying to the related default shares cease to have effect (and shall be suspended or cancelled if and to the extent that the sanctions applying to the related default shares are suspended or cancelled) and provided further that Article 0 shall apply to the exclusion of this Article if the Company gives a separate notice under section 793 of the Act in relation to the new shares.
- 85.** The Company may at any time withdraw a disenfranchisement notice by serving on the holder of the default shares a notice in writing to that effect (a "withdrawal notice"), and a disenfranchisement notice shall be deemed to have been withdrawn at the end of the period of seven days (or such shorter period as the Directors may determine) following receipt by the Company of the information required by the statutory notice in respect of all the shares to which the disenfranchisement notice related.
- 86.** Unless and until a withdrawal notice is duly served in relation thereto or a disenfranchisement notice in relation thereto is deemed to have been withdrawn or the shares to which a disenfranchisement notice relates are transferred by means of an excepted transfer, the sanctions referred to in Articles 0 and 0 shall continue to apply.
- 87.** Where, on the basis of information obtained from a holder in respect of any share held by him, the Company issues a notice pursuant to section 793 of the Act to any other person and such person fails to give the Company the information thereby required within the prescribed period and the Board serves a disenfranchisement notice upon such person, it shall at the same time send a copy of the disenfranchisement notice to the holder of such share, but the accidental omission to do so, or the non-receipt by the holder of the copy, shall not invalidate or otherwise affect the application of Articles 0 and 0.
- 88.** Where default shares in which a person appears to be interested are held by a Depositary, the provisions of these Articles 0-0 shall be treated as applying only to those shares held by the Depositary in which such person appears to be interested and not (insofar as such person's apparent interest is concerned) to any other shares held by the Depositary.
- 89.** Where the member on which a notice under section 793 of the Act is served is a Depositary acting in its capacity as such, the obligations of the Depositary as a member of the Company shall be limited to disclosing to the Company such information relating to any person appearing to be interested in the shares held by it as has been recorded by it pursuant to the

arrangements entered into by the Company or approved by the Board pursuant to which it was appointed as a Depositary.

90. For the purposes of these Articles:

90.1 a person other than the holder of a share shall be treated as appearing to be interested in that share if the holder has informed the Company that the person is or may be so interested or if (after taking into account the said notification and any other relevant notification pursuant to section 793 of the Act) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the share;

90.2 "**interested**" shall be construed as it is for the purpose of section 793 of the Act;

90.3 reference to a person having failed to give the Company the information required by a notice, or being in default as regards supplying such information, includes:

90.3.1 reference to his having failed or refused to give all or any part of it; and

90.3.2 reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;

90.4 the "**prescribed period**" means:

90.4.1 in a case where the default shares represent at least 0.25 per cent. of their class, 14 days; and

90.4.2 in any other case, 28 days; and

90.5 an "**excepted transfer**" means, in relation to any share held by a holder:

90.5.1 a transfer pursuant to acceptance of an offer made to all the holders (or all the holders other than the person making the offer and his nominees) of the shares in the Company to acquire those shares or a specified proportion of them, or to all the holders (or all the holders other than the person making the offer and his nominees) of a particular class of those shares to acquire the shares of that class or a specified proportion of them; or

90.5.2 a transfer in consequence of a sale made through a recognised investment exchange (as defined in the FSMA) or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded; or

90.5.3 a transfer which is shown to the satisfaction of the Board to be made in consequence of a bona fide sale of the whole of the beneficial interest in the share to a person who is unconnected with the holder and with any other person appearing to be interested in the share.

- 91.** Nothing contained in these Articles shall prejudice or affect the right of the Company to apply to the court for an order under section 794 of the Act and in connection with such an application or intended application or otherwise to require information on shorter notice than the prescribed period.
- 92.** No objections may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the Chairman of the meeting whose decision is final.
- 93.** If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution proposed as a special resolution, no amendment to it (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.
- 93.1** Invitations to appoint a proxy (whether made by instrument in writing, in electronic form or by website communication) shall be in any usual form or in such other form as the Board may approve. Invitations to appoint a proxy shall be sent or made available by the Company to all persons entitled to notice of and to attend and vote at any meeting, and shall provide for voting both for and against all resolutions to be proposed at that meeting other than resolutions relating to the procedure of the meeting. The accidental omission to send or make available an invitation to appoint a proxy or the non-receipt thereof by any member entitled to attend and vote at a meeting or person nominated under a Nomination Notice (which is permitted to appoint a proxy under the terms of the agreement nominating such a person) shall not invalidate the proceedings at that meeting. The appointment of a proxy shall be deemed to confer authority to demand, or concur in demanding, a poll and to vote on any amendment of a resolution put to the meeting for which it is given or any procedural resolution, as the proxy thinks fit, but shall not confer any further right to speak at the meeting, except with the permission of the Chairman (or as otherwise determined by the Board where the relevant shares are held by a Depositary). A proxy need not be a member of the Company.
- 93.2** The appointment of a proxy shall, if made by instrument in writing, be signed in the case of an individual, by the appointer or his attorney who is authorised in writing to do so. In the case of a body corporate, the proxy appointment must be executed under seal or otherwise executed by it in accordance with the Act or signed on its behalf by an officer, attorney or duly authorised signatory.
- 93.3** If the Directors from time to time so permit, a proxy may be appointed by electronic communication to such address as may be notified by or on behalf of the Company for that purpose, or by any other lawful means from time to time authorised by the Directors. Any means of appointing a proxy which is authorised by or under this Article shall be subject to any terms, limitations, conditions or restrictions that the Directors may from time to time prescribe. Without limiting the foregoing, in relation to any shares which are held in

uncertificated form, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an Uncertificated Proxy Instruction, and received by such participant in the relevant system concerned acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the relevant system concerned), and may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. The Directors may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

- 94.** Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person (or if, but only if, such corporation is a Depository voting in its capacity as such, persons) as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and (except as otherwise provided in these Articles) the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. A certified copy of such a resolution shall be delivered at the meeting to the chairman of the meeting or secretary or any person appointed by the Company to receive such authorisation, and unless such certified copy of such resolution is so delivered the authority granted by such resolution shall not be treated as valid. Where certified copies of two or more valid but differing resolutions authorising any person or persons to act as the representative of any corporation pursuant to this Article at the same meeting in respect of the same share are delivered, the resolution, a certified copy of which is delivered to the Company (in accordance with the provisions of this Article) last in time (regardless of the date of such certified copy or of the date upon which the resolution set out therein was passed), shall be treated as revoking and replacing all other such authorities as regards that share, but if the Company is unable to determine which of any such two or more valid but differing resolutions was so deposited last in time, none of them shall be treated as valid in respect of that share. The authority granted by any such resolution shall, unless the contrary is stated in the certified copy thereof delivered to the Company pursuant to this Article, be treated as valid for any adjournment of any meeting at which such authority may be used as well as at such meeting.
- 95.** A corporation which is a member of the Company may authorise more than one person to act as its representative pursuant to this Article in respect of any meeting or meetings, and such a member who holds different classes of shares may so authorise one or more different persons for each class of shares held.

95.1 The appointment of a proxy and the power of attorney or other written authority (if any) under which it is signed, or a copy of any such power or written authority certified notarially or in any other manner approved by the Directors, shall:

- (a) in the case of an appointment otherwise than by electronic communication, be deposited at the office (or at such other place as shall be specified in the notice of meeting or in any instrument of proxy or other document accompanying the same); and
- (b) in the case of an appointment by electronic communication where an address has been specified for the purpose of receiving appointments by electronic communication (i) in the notice convening the meeting, (ii) in any instrument of proxy sent out by the Company in relation to the meeting or (iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting, be received at such address,

not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote or in the case of a poll taken more than 48 hours after it was demanded, not less than 24 hours before the time appointed for taking the poll, and (save as otherwise provided in this Article) unless so deposited or received the appointment of proxy shall not be treated as valid. Where a poll is not taken forthwith but is taken less than 48 hours after it was demanded, the appointment of proxy together with any other documents required to be deposited or received pursuant to this Article 0 shall nevertheless be deemed to have been duly deposited if:

- (i) in the case of an appointment otherwise than by electronic communication, they are delivered at the meeting at which the poll was demanded to the chairman or the secretary or to any Director; or
- (ii) in the case of an appointment by electronic communication, they are received at the address notified by the Company for such purposes,

in each case, at any time prior to the commencement of such meeting and, if so delivered or received, the instrument of proxy shall be treated as valid. In calculating the periods mentioned in this Article no account shall be taken of any part of a day that is not a working day.

95.2 The deposit, delivery or receipt of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjourned meeting. When two or more valid but differing appointments of proxy are deposited, delivered or received in respect of the same share for use at the same meeting, the one which is deposited with, delivered to or received by the Company (in accordance with the provisions of this Article) last in time (regardless of the date of its making or transmission) shall be treated as revoking and replacing any others as regards that share, but if the Company is unable to determine which of any such two or more valid but differing instruments of proxy was so deposited, delivered or received last in time, none of them shall be treated as valid in respect of that share.

95.3 No appointment of proxy shall be valid after the expiration of 12 months from the date stated in it as the date of its making or transmission. The appointment of proxy shall, unless the contrary is stated, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

95.4 Any vote cast by a proxy who does not vote in accordance with any instructions given by the member by whom he is appointed shall be treated as being valid and the Company shall not be bound to enquire whether a proxy has complied with the instructions he has been given.

96. A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid, notwithstanding the previous determination of the authority of the person voting or demanding a poll, unless notice of the determination shall have been received by the Company at the office (or other place at which the appointment of proxy was duly deposited, delivered or received in accordance with Article 0) before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used, or, in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting, at the time appointed for taking the poll.

97. CONTROLLERS AND AGGREGATE HOLDINGS

97.1 In this Article:

"Affected Share" means any share which shall be treated as such pursuant to Article 0 and includes, without limitation, any Relevant Share.

"Affected Share Disposal" means a disposal or disposals of, or of interests in an Affected Share, such that the share ceases to be an Affected Share.

"Affected Share Notice" means a notice in writing served in accordance with the provisions of Article 0.

"Controller" means a person who is a controller of the Company within the meaning given to that expression in section 422 of FSMA.

"Increased Control" means an increase in the percentage of shares or voting rights in respect of any shares in the Company in which a person is interested from:

- (a) below 10% to 10% or more but less than 20%;
- (b) below 20% to 20% or more but less than 30%;
- (c) below 30% to 30% or more but less than 50%; or
- (d) below 50% to 50% or more,

as expressed in section 182 of FSMA.

"Reduced Control" means a reduction in the percentage of shares or voting rights in respect of any shares in the Company in which a person is interested from:

- (a) 50% or more to 30% or more but less than 50%;
- (b) 30% or more to 20% or more but less than 30%;
- (c) 20% or more to 10% or more but less than 20%; or
- (d) 10% or more to less than 10%,

as expressed in section 183 of FSMA.

"Relevant Person" means any person who would, if he acquired any additional share or shares or any interest in any such share or shares, without the provision of this Article 0, become a Controller of the Company or have Increased Control in respect of the Company's shares after the date of adoption of these Articles.

"Relevant Share" means any share which would, if acquired by any person without the provision of this Article 0, result in that person becoming a Controller or having Increased Control.

97.2 The Directors in their absolute discretion may give an Affected Share Notice to the registered holder of any share which they determine to be a Relevant Share and to any other person who appears to the Directors to be interested in that share and to the Operator (in the case of a share held in uncertificated form) and shall state which of the provisions of Article 0 (all of which shall be set out in the Affected Share Notice) are to be applied forthwith in respect of such Relevant Share being an Affected Share. The Directors shall be entitled from time to time to serve further Affected Share Notices in respect of any Affected Share applying further provisions of Article 0. The registered holder of a share in respect of which an Affected Share Notice has been served or any other person on whom an Affected Share Notice in respect of that share has been served (including the Operator) may make representations to the Directors as to why such share should not be treated as a Relevant Share and if, after considering such representations and such other information as seems to them relevant, the Directors consider that either the share should not be treated as a Relevant Share or they are satisfied, acting reasonably, that the Relevant Person has all approvals necessary for it to add the Relevant Shares without detriment to the Company, or its subsidiaries or their respective businesses they shall forthwith withdraw the Affected Share Notice served in respect of such share and the provisions of Article 0 shall no longer apply to it. For the avoidance of doubt, any share which the Directors determine to deal with as an Affected Share shall continue to be an Affected Share unless and until the Directors withdraw the Affected Share Notice relating thereto.

97.3 Rights of holder of Affected Shares and required disposal:

97.3.1 A registered holder of an Affected Share upon whom an Affected Share Notice has been served shall not (if such Affected Share Notice specified that the provisions of this Article 97.3 are to apply thereto) be entitled, in respect of such share, to attend or to speak at any general meeting of the Company or any meeting of the holders of any class of shares or to vote at any such meeting and the rights to attend (whether in person or by proxy), to speak and to demand and vote on a poll which, but for the provisions of this Article 97.3, would have attached to the Affected Shares, shall vest in the chairman of such meeting. The manner in which the chairman exercises or refrains from exercising any such rights shall be entirely at his discretion. The chairman of any such meeting as aforesaid shall be informed by the Directors of any share becoming or being deemed to be an Affected Share.

97.3.2 On service of a notice:

97.3.2.1 The persons on whom an Affected Share Notice has been served shall (if such Affected Share Notice specified that the provisions of this Article 97.3 are to apply thereto), within 21 days of receiving such Affected Share Notice (or such longer period as may in such Affected Share Notice be prescribed by the Directors), make an Affected Share Disposal so that no Relevant Person has an interest in that share and, upon such Affected Share Disposal being made to the satisfaction of the Directors, such Affected Share shall cease to be a Relevant Share. The provisions of Article 97.3 shall apply to any transfer in connection with an Affected Share Disposal if as a consequence of the transfer such share would continue, or be capable of continuing, to be an Affected Share.

97.3.2.2 If after 21 days from the date of service on the registered holder of an Affected Share of an Affected Share Notice specifying that the provisions of this Article 97.3.2 are to apply (or such longer period as the Directors may have prescribed), the Directors are not satisfied that an Affected Share Disposal has been made of or in relation to the Affected Share the subject thereof, the Directors may arrange for the sale of the Affected Share on behalf of the registered holder so that it ceases to be or to be capable of being treated as an Affected Share at the best price reasonably obtainable at the relevant time. The manner, timing and terms of any such Affected Shares Disposal made or sought to be made by the Directors (including but not limited to the price or prices at which the same is made) shall be such as the Directors determine, based upon advice from bankers, brokers or other appropriate persons consulted by them for the purpose, to be reasonably practicable having regard to all the circumstances (including but not limited to the number of shares to be disposed of), and the Directors shall not be liable to any person for any of the consequences of reliance on such advice.

- 97.3.3** For so long as an Affected Share is held in uncertificated form, in circumstances where the Directors are obliged, pursuant to Article 0, to arrange for the sale of the Affected Share, the Directors may make such arrangements on behalf of the registered holder of the Affected Share as they may think necessary to transfer title to that Affected Share through a relevant system.
- 97.4** For the purposes of a sale under Article 0 of a share held in certificated form, the Directors may appoint any person to execute as transferor an instrument of transfer in favour of the transferee and may enter in the name of the transferee in respect of the transferred share in the register notwithstanding the absence of any share certificate and such instrument of transfer shall be as effective as if it had been executed by the registered holder and title of the transferee shall not be affected by an irregularity or invalidity of proceedings relating thereto. The net proceeds of sale of an Affected Share shall be received by the Company (whose receipt shall be a good discharge for the purchase money) shall be converted into sterling (if necessary) and shall be held on trust for and paid (together with interest at such rate as the Directors deem appropriate) to the former registered holder (or in the case of joint holders the first named joint holder thereof in the register) upon surrender by him or on his behalf of any certificate in respect of the Affected Shares sold and formerly held by him. When an Affected Share has been sold as aforesaid the Directors shall notify the former registered holder of the share and inform him that the net proceeds of sale of the share will be paid to him upon surrender by him or on his behalf of any certificate in respect of the share.
- 97.5** The Directors shall not be obliged to serve any notice required under this Article upon any person if they do not know either his identity or address. The absence of service in such circumstances as aforesaid and any accidental error in or failure to give any notice to any person upon whom notice is required to be served under this Article shall not prevent the implementation of or invalidate any procedure under this Article.
- 97.6** The provisions of Article 0 shall apply mutatis mutandis to the service of notices upon any member pursuant to this Article. Any notice required by this Article to be served upon a person who is not a member or to a person who is a member but to whom Article 0 does not apply shall be deemed validly served if it is sent through the post in a pre-paid cover addressed to that person at the address (or if more than one, at one of the addresses), if any, at which the Directors believe him to be resident or carrying on business. Service shall in such case be deemed to be effected on the day after the day when it was put in the post and in proving such service it shall be sufficient to prove an envelope containing the notice or document was properly addressed and put into the post as a pre-paid letter.
- 97.7** Any resolution or determination of or any decision or the exercise of any discretion or power by the Directors or any one of them or by the chairman of the Company (including any other Director duly acting in place of the chairman) under this Article shall be final and conclusive and neither he nor they shall be obliged to give any reasons thereof. Any disposal or transfer made, or other thing done, by or on behalf or on the authority of the Directors or any of them pursuant to the foregoing provisions of this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge on any ground whatsoever. For the

avoidance of doubt any powers, rights or duties conferred by this Article on the Directors can be exercised by a duly authorised committee of the Directors.

- 97.8** The chairman and the Directors shall, so long as they act reasonably and in good faith, be under no liability to the Company or to any other person for failing to treat any share as an Affected Share or any person as a Relevant Person in accordance with the provisions of this Article and neither shall the chairman nor any Director be liable to the Company or any other person is, having acted reasonably and in good faith they determine erroneously that any share is an Affected Share, or any person is a Relevant Person or on the basis of such determination or any other determination or resolution, they perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under this Article in relation to such share.
- 97.9** Any new shares in the Company issued in right of any shares which are the subject of an Affected Share Notice shall also be the subject of the Affected Share Notice and the provisions of Article 0 shall apply accordingly.
- 97.10** Where an Affected Share Notice has been issued in accordance with Article 0, the Directors shall cause an entry to be noted against the Relevant Person(s) name in the register giving details of the number of Relevant Shares and the date on which the Affected Share Notice was served. Where any such Affected Share Notice has been complied with in accordance with Article 0, the Directors shall cause the relevant entry in the register to be removed.
- 97.11** A member shall notify the Company where he proposes to enter into any transaction in respect of the Company's shares (or becomes aware that he will become entitled through any direct or indirect holding of financial instruments or through a combination of such holdings) to any interest in the Company's shares, where he will, as a result of that transaction or entitlement become a Controller or result in his having Increased Control or Reduced Control.
- 97.12** Where any notice is given to the Company by a member pursuant to Article 01 or otherwise in relation to his shareholding, the giving of such notice shall not obviate any requirement, statutory or otherwise, for the member to notify any body or organisation of his shareholding in the Company.

POWERS OF THE BOARD

- 98.** Subject always to the Sharia'a, the provisions of the Act, these Articles and any directions given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. No alteration of these Articles and no directions given by special resolution shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.

- 99.** The Board may from time to time make such arrangements as it thinks fit for the management and transaction of the Company's affairs in the United Kingdom or elsewhere and may for that purpose appoint local boards, managers, inspectors and agents and delegate to them any of the powers, authorities and discretions vested in the Board (other than the power to borrow and make calls) with power to sub-delegate and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding such vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board thinks fit. The Board may at any time remove any person so appointed and may vary or annul such delegation, but no person dealing in good faith and without notice of such removal, variation or annulment shall be affected by it.
- 100.** The Board may from time to time by power of attorney appoint any company, firm or person, or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. The Board may revoke or vary any such appointment, but no person dealing in good faith and without notice of such revocation or variation shall be affected by it.
- 101.** The Board may delegate any of its powers to any committee consisting of one or more Directors. It may also delegate to any Director holding any executive office or any other Director such of its powers as it considers desirable to be exercised by him. The power to delegate under this Article includes power to delegate the determination of any fees, remuneration or other benefits which may be paid or provided to any Director and the revision of any financial statements, internal functions or any other matters of the Company. Any such delegation may be made subject to any conditions the Board may impose and either collaterally with or to the exclusion of its own powers and may be revoked or altered, but no person dealing in good faith and without notice of such revocation or variation shall be affected by it. Subject to any such conditions, the proceedings of a committee with two or more members shall be governed by these Articles regulating the proceedings of the Board so far as they are capable of applying. If any such committee determines to co-opt persons other than Directors onto such committee, the number of such co-opted persons shall be less than one-half of the total number of members of the committee and no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting concerned are Directors.

BORROW POWERS

- 102.** The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital and subject to the Act, to create and issue sukuk and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

NUMBER AND QUALIFICATIONS OF DIRECTORS

- 103.** Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall be not less than three nor more than ten in number.
- 104.** A Director shall not be required to hold any shares of the Company by way of qualification.
- 105.** If the number of Directors is reduced below the minimum number fixed in accordance with these Articles, the Directors for the time being may act for the purpose of filling up vacancies in their number or of calling a general meeting of the Company, but not for any other purpose. If there are no Directors able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors.
- 106.** No person other than a Director retiring (or, if appointed by the Board, vacating office) at the meeting shall, unless recommended by the Board, be eligible for election to the office of a Director at any general meeting, unless not less than seven nor more than 42 days before the day fixed for the meeting there shall have been left at the office addressed to the secretary notice in writing by a member entitled to be present and vote at the meeting for which such notice is given of his intention to propose such person for election, and also notice in writing signed by the person to be proposed of his willingness to be elected. The notice from the member shall give the particulars in respect of that person which would (if he were elected) be required to be included in the Company's register of Directors.

ELECTION, APPOINTMENT AND RETIREMENT BY ROTATION

- 107.** Subject to the provisions of Articles 0 to 0 and without prejudice to the power of the Board under Article 0, the Company may by ordinary resolution elect a person who is willing to act to be a Director either to fill a vacancy or as an additional Director; but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles.
- 108.** A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void. For the purposes of this Article, a motion for approving a person's appointment or for nominating him for appointment shall be treated as a motion for his appointment.

- 109.** The Board shall have power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for election, and unless so elected shall vacate office at the conclusion of such meeting.
- 110.1** Each Director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously elected.
- 110.2** Any non-executive Director (being a Director not holding an office referred to in Article 0) who, at the date of the annual general meeting, has held office for nine years or more (whether or not he held an office referred to in Articles 0 for part of that period) shall be subject to re-election at each annual general meeting.
- 111.** A retiring Director shall be eligible for re-election. If he is not re-elected or deemed to be re-elected, he shall hold office until the meeting elects someone in his place or, if it does not do so, until the end of the meeting.
- 112.** If the Company at the meeting at which a Director retires by rotation does not fill the vacancy, the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost.

RESIGNATION AND REMOVAL OF DIRECTORS

- 113.** A Director may resign his office either by notice in writing submitted to the Board or, if he shall in writing offer to resign, if the other Directors resolve to accept such offer.
- 114.** The Company may, by ordinary resolution at a meeting of which special notice has been given, in accordance with section 312 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company.
- 115.** A Director may be removed from office if he:
- 115.1** receives written notice signed by not less than three-quarters of the other Directors removing him from office without prejudice to any claim which such Director may have for damages for breach of any contract of service or letter of appointment between him and the Company;
or

- 115.2** in the case of a Director who holds any executive office, ceases to hold such office (whether because his appointment is terminated or expires) and the majority of the other Directors resolve that his office be vacated.

VACATION OF OFFICE

- 116.** Without prejudice to the other provisions of these Articles, the office of a Director shall be vacated if the Director:
- 116.1** becomes bankrupt or the subject of an interim receiving order or makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 (as amended) in connection with a voluntary arrangement under that Act; or
- 116.2** a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- 116.3** is absent from meetings of the Board for six consecutive months or, if during a shorter period, for three consecutive board meetings without permission of the Board and the Board resolves that his office be vacated; or
- 116.4** ceases to be a Director by virtue of any provision of the Statutes or becomes prohibited by law from being a Director.
- 117.** A resolution of the Board declaring a Director to have vacated or have been removed from office under the terms of Articles 0 to 0 shall be conclusive as to the fact and grounds of vacation or removal stated in the resolution.

REMUNERATION OF DIRECTORS

- 118.** The Directors (other than alternate Directors) shall be paid such remuneration (by way of fee) for their services as may be determined by the Board. Such remuneration shall be deemed to accrue from day to day, shall be divided between the Directors as they shall agree or, failing agreement, equally and shall be distinct from and additional to any remuneration or other benefits which may be paid or provided to any Director pursuant to any other provision of these Articles. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses of attending Board meetings, committee meetings, general meetings, separate meetings of the holders of any class of shares or of sukuk of the Company or otherwise incurred while engaged on the business of the Company.
- 119.** Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may decide.

CHIEF EXECUTIVE, MANAGING AND EXECUTIVE DIRECTORS

- 120.** The Board may from time to time:
- 120.1** appoint one or more of its body to the office of chief executive, joint chief executive, managing Director or joint managing Director, or to any other office (except that of auditor) or employment in the Company, for such period (subject to the Act and these Articles) and on such terms as it thinks fit, and may revoke such appointment (but so that such revocation shall be without prejudice to any rights or claims which the person whose appointment is revoked may have against the Company by reason of such revocation); and
- 120.2** permit any person elected or appointed to be a Director to continue in any other office or employment held by that person before he was so elected or appointed.
- 121.** A Director holding any such office or employment with a member of the group is referred to in these Articles as an "**executive Director**".
- 122.** An executive Director shall (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors, and if he ceases from any cause to be a Director he shall cease to hold any office or employment with a member of the group (but without prejudice to any rights or claims which he may have against the Company by reason of such cessation).
- 123.** An executive Director shall not be exempt from retirement by rotation, and shall cease to be a Director if he ceases for any reason to hold the office or employment by virtue of which he is termed an executive Director.
- 124.** The remuneration of any executive Director (whether by way of salary, commission, participation in profits or otherwise) shall be decided by the Board and may be either in addition to or in lieu of any remuneration as a Director.
- 125.** The Board may entrust to and confer upon any executive Director any of the powers, authorities and discretions vested in or exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, either collaterally with or to the exclusion of its own powers, authorities and discretions and may from time to time revoke or vary all or any of them, but no person dealing in good faith and without notice of the revocation or variation shall be affected by it.

ASSOCIATE AND OTHER DIRECTORS

- 126.** The Directors may from time to time, and at any time, pursuant to this Article appoint any other persons to any post with such descriptive title including that of Director (whether as associate, executive, group, divisional, departmental, deputy, assistant, local or advisory director or otherwise) as the Directors may determine and may define, limit, vary and restrict the powers, authorities and discretions of persons so appointed and may fix and determine their remuneration and duties and, subject to any contract between him and the Company,

may remove from such post any person so appointed. A person so appointed shall not be a Director for any of the purposes of these Articles or of the Act, and accordingly shall not be a member of the Board or (subject to Article 0) of any committee hereof, nor shall he be entitled to be present at any meeting of the Board or of any such committee except at the request of the Board or of such committee, and if present at such request he shall not be entitled to vote thereat.

PENSIONS AND OTHER BENEFITS

- 127.** With the approval of the Sharia'a Supervisory Board and/or such other scholar who may be nominated by the Sharia'a Supervisory Board as having the requisite skills and knowledge to adequately advise, the Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any Sharia'a approved institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit, any person who is or has at any time been a Director or employee of the Company or any subsidiary undertaking of or other undertaking allied to or associated with the Company or any such subsidiary undertaking or any predecessor in business of the Company or of any such subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose the Board may establish, maintain, subscribe and contribute to any Sharia'a approved scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the Statutes, advance money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the aforesaid matters. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under this Article and shall not be obliged to account for it to the Company.

ALTERNATE DIRECTORS

- 128.** Any Director (other than an alternate Director) may appoint another Director, or any other person approved by the Board, to be an alternate Director and may at any time terminate that appointment.
- 129.** An alternate Director shall (subject to his giving to the Company a postal address within the United Kingdom and, if applicable, an address in relation to which electronic communications may be received by him) be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence, but it shall not be necessary to give notice of such a meeting to an alternate Director who is absent from the United Kingdom.

- 130.** An alternate Director shall automatically cease to be an alternate Director if his appointor ceases to be a Director or dies; but, if a Director retires by rotation or otherwise vacates office and is elected or deemed to have been elected at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his election. The appointment of an alternate Director shall also automatically cease on the happening of any event which, if he were a Director, would cause him to vacate office.
- 131.** Any appointment or removal of an alternate Director shall be by notice in writing to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Board. A notice of appointment must contain a statement signed by the proposed alternate that he is willing to act as the alternate of the Director giving the notice.
- 132.** Save as otherwise provided in these Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him. An alternate Director may be repaid by the Company such expenses as might properly have been repaid to him if he had been a Director but shall not be entitled to receive from the Company any fees for his services as alternate, except only such part (if any) of the fee payable to his appointor as such appointor may by notice in writing to the Company direct. An alternate Director shall be entitled to be indemnified by the Company to the same extent as if he were a Director.
- 133.** An alternate Director shall not be required to hold any shares in the Company and shall not be counted in determining any maximum number of Directors permitted by these Articles.

PROCEEDINGS OF THE BOARD

- 134.** The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any such meetings shall be determined by a majority of votes. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. A Director who is also an alternate Director shall be entitled, in the absence of his appointor, to a separate vote on behalf of his appointor in addition to his own vote and an alternate Director who is appointed by two or more Directors shall be entitled to a separate vote on behalf of each of his appointors in the appointor's absence. A Director may, and the secretary on the requisition of a Director shall, call a meeting of the Board and notice of such meeting shall be deemed to be duly given to each Director if it is given to him personally or by word of mouth or sent in writing to him at his last-known address or any other address given by him to the Company for this purpose or sent by way of electronic communication to an address for the time being notified by him to the Company for this purpose. It shall not be necessary to give notice of a meeting of the Board to any Director absent from the United Kingdom.
- 135.** The quorum necessary for the transaction of the business of the Board may be fixed by the Board, and unless so fixed at any other number shall be a majority of the Board, each being a Director or an alternative Directive. A Director or other person who is present at a meeting of

the Board in more than one capacity (that is to say, as both Director and an alternate Director or as an alternate for more than one Director) shall not be counted as two or more for quorum purposes.

- 136.** Any Director or alternate Director may validly participate in a meeting of the Board or a committee of the Board through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such a manner by the Board or a committee of the Board shall, for the purposes of these Articles, be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board, notwithstanding that fewer than two Directors or alternate Directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 137.** The Board may appoint from its number, and remove, a chairman and, if it thinks fit, a deputy chairman of its meetings and determine the period for which they are respectively to hold office. If no such chairman or deputy chairman is appointed, or neither is present within five minutes after the time fixed for holding any meeting, or neither of them is willing to act as chairman, the Directors present may choose one of their number to act as chairman of such meeting.
- 138.** A resolution in writing signed by all the Directors for the time being entitled to vote on the resolution at a meeting of the Board (not being less than the number of Directors required to form a quorum of the Board at such meeting) or by all the members of a committee of the Board for the time being shall be as valid and effective as a resolution passed at a meeting of the Board or committee duly convened and held. A resolution signed by an alternate Director need not be signed by his appointor and, if it is executed by a Director who has appointed an alternate Director, it need not also be executed by the alternate Director in that capacity. The resolution may consist of one document or several documents in like form each signed by one or more Directors or alternate Directors and such documents may be exact copies of the signed resolution.
- 139.** All acts done by any meeting of the Board, or of a committee of the Board, or by any person acting as a Director or by an alternate Director, shall as regards all persons dealing in good faith with the Company, notwithstanding it be afterwards discovered that there was some defect in the appointment or continuance in office of any Director, alternate Director or person so acting, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed or had duly continued in office and was qualified and had continued to be a Director or an alternate Director and had been entitled to vote.

DIRECTORS' INTERESTS

Declarations of interest relating to transactions or arrangements

140. Subject to the provisions of the Act, and provided that he has made the disclosures required by this Article, a Director notwithstanding his office may be a party to or otherwise directly or indirectly interested in:

140.1 any transaction or arrangement with the Company or in which the Company is otherwise interested; or

140.2 a proposed transaction or arrangement with the Company.

141. A Director shall, subject to sub-section 177(6) of the Act, be required to disclose all interests whether or not material in any transaction or arrangement referred to in Article 0 and the declaration of interest must (in the case of a transaction or arrangement referred to in Article 0) and may (in the case of a transaction or arrangement referred to in Article 0), but need not, be made:

141.1 at a meeting of the Directors; or

141.2 by notice to the Directors in accordance with:

(a) Section 184 of the Act (notice in writing); or

(b) Section 185 of the Act (general notice).

142. The Directors may resolve that any situation referred to in Article 0 and disclosed to them thereunder shall also be subject to such terms as they may determine including, without limitation, the terms referred to in paragraphs (a) to (d) of Article 0.

Directors' interests other than in relation to transactions or arrangements with the Company

143. For the purposes of section 175 of the Act, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under that Section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. For these purposes references to a conflict of interest includes a conflict of interest and duty and a conflict of duties. This Article does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company which are governed by Articles 0 to 0 inclusive.

143.1 Authorisation of a matter under this Article shall be effective only if:

(a) the matter in question shall have been proposed in writing (giving full particulars of the relevant situation) for consideration at a meeting of the Directors, in accordance

with the Board's normal procedures or in such other manner as the Directors may approve;

- (b) any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director (together the "**Interested Directors**"); and
- (c) the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

143.2 Any authorisation of a matter pursuant to this Article shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised.

143.3 Any authorisation of a matter under this Article shall be subject to such terms as the Directors may determine, whether at the time such authorisation is given or subsequently, and may be terminated by the Directors at any time. Such terms may include, without limitation, terms that the relevant Directors:

- (a) will not be obliged to disclose to the Company or use for the benefit of the Company any confidential information received by him otherwise than by virtue of his position as a Director, if to do so would breach any duty of confidentiality to a third party;
- (b) may be required by the Company to maintain in the strictest confidence any confidential information relating to the Company which also relates to the situation as a result of which the conflict arises ("the conflict situation");
- (c) may be required by the Company not to attend any part of a meeting of the Directors at which any matter which may be relevant to the conflict situation is to be discussed, and not to view any board papers relating to such matters; and
- (d) shall not be obliged to account to the Company for any remuneration or other benefits received by him in consequence of the conflict situation.

A Director shall comply with any obligation imposed on him by the Directors pursuant to any such authorisation.

143.4 A Director shall not, save as otherwise agreed by him, be accountable to the Company for any benefit which he (or a person connected with him) derives from any matter authorised by the Directors under this Article and any contract, transaction or arrangement relating thereto shall not be liable to be avoided on the grounds of any such benefit.

144. Save as otherwise provided by these Articles, a Director shall not vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, an interest (other than by virtue of his interest in shares, sukuk or other securities of or in or otherwise through the Company) which is material, or a duty which conflicts or may conflict with the interests of the Company, unless his interest or duty arises

only because one of the following Articles applies (in which case he may vote and be counted in the quorum):

- 144.1** the resolution relates to the giving to him or any other person of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- 144.2** the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiary undertakings for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- 144.3** his interest arises by virtue of him being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of any shares, sukuk or other securities by the Company or any of its subsidiary undertakings for subscription, purchase or exchange;
- 144.4** any proposal concerning an offer of shares or sukuk or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- 144.5** the resolution relates to any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever provided that he does not hold an interest in shares (as that term is used in Part 22 of the Act) representing 1 per cent. or more of either any class of the equity share capital of such company or of the voting rights available to members of such company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- 144.6** the resolution relates to any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- 144.7** the resolution relates to any proposal concerning Sharia'a compliant insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any of the Directors or for persons who include Directors provided that, for the purposes of this Article, "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him as is referred to in Article 0 or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.
- 145.** For the purposes of Articles 0 to 0 inclusive:
 - 145.1** an interest of a person who is, for any purpose of the Act (excluding any such modification thereof not in force when these Articles became binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director otherwise has; and

- 145.2** an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.
- 146.** The Board may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as it thinks fit (including the exercise thereof in favour of any resolution appointing the Directors or any of the directors of such company, or voting or providing for the payment of remuneration to the directors of such company).
- 147.** A Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
- 148.** Where proposals are under consideration concerning the appointment (including the fixing or varying of terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (provided he is not caught by the proviso to Article 0 or for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.
- 149.** If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Director to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting (or if the Director concerned is the chairman, to the other Directors at the meeting) and his ruling in relation to any Director (or, as the case may be, the ruling of the majority of the other Directors in relation to the chairman) shall be final and conclusive.

PROCEEDINGS OF THE SHARIA'A SUPERVISORY BOARD

- 150.** The Board shall establish a Sharia'a Supervisory Board whose responsibility will be to provide advice to the Board and review any contracts and agreements relating to the Company's transactions to ensure that the Company's activities are in compliance with Sharia'a, to oversee Sharia'a-related activities of the Company and to report on Sharia'a-related matters to the Board.
- 151.** The Company shall engage and hire eminent scholars who possess the requisite qualifications, as determined at the discretion of the Board and approved by the Company, to be appointed to the Sharia'a Supervisory Board. The Sharia'a Supervisory Board shall be composed of three to five members which shall include up to five Sharia'a scholars.

- 152.** Subject to the provisions of these Articles, the Sharia'a Supervisory Board may meet to discuss the activities of the Company, the general status of the compliance of the Company's activities with Sharia'a and for the dispatch of any other business, adjourn and otherwise regulate its proceedings as it thinks fit.

SECRETARY

- 153.** Subject to the Act, the secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any secretary appointed by the Board may at any time be removed by it.
- 154.** Any provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and the secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the secretary.

MINUTES

- 155.** The Board shall cause minutes to be kept:
- 155.1** of all appointments of officers and committees made by the Board and of any such officer's salary or remuneration;
- 155.2** of proceedings at meetings of the Board and of any committee of the Board and the names of the Directors present at each such meeting; and
- 155.3** of all resolutions of the Company, proceedings at meetings of the Company or the holders of any class of shares in, or sukuk of, the Company.
- 156.** Any such minutes, if purporting to be signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts therein stated.
- 157.** Any such minutes must be kept for the period specified by the Act.

THE SEAL

- 158.** In addition to its powers under section 44 of the Act, the Company may have a seal and the Board shall provide for the safe custody of such seal. The seal shall only be used by the authority of the Board or of a committee of the Board authorised by the Board. The Board shall determine who may sign any instrument to which the seal is affixed and, unless otherwise so determined, it shall also be signed by at least one authorised person in the presence of a witness who attests the signature. For the purpose of this Article an authorised person is any director of the Company, company secretary or any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.
- 159.** All forms of certificates for shares or sukuk or representing any other form of security (other than letters of allotment or scrip certificates) shall be issued executed by the Company but the

Board may by resolution determine, either generally or in any particular case, that any signatures may be affixed to such certificates by some mechanical or other means or may be printed on them or that such certificates need not bear any signature.

- 160.** If the Company has:
- (a) an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, had been authorised by a decision of the Directors; and
 - (b) a security seal, it may only be affixed to securities by the Company Secretary or a person authorised to apply it to securities by the Company Secretary.

ACCOUNTING RECORDS, BOOKS AND REGISTERS

- 161.** The Directors shall cause accounting records to be kept and such other books and registers as are necessary to comply with the provisions of the Statutes and, subject to the provisions of the Statutes, the Directors may cause the Company to keep an overseas or local or other register in any place, and the Directors may make and vary such directions as they may think fit respecting the keeping of the registers.
- 162.** The accounting records shall be kept at the office or (subject to the provisions of the Statutes) at such other place in Great Britain as the Board thinks fit, and shall always be open to inspection by the Directors. No member of the Company (other than a Director) shall have any right of inspecting any accounting record or book or document except as conferred by law or authorised by the Board or by the Company in general meeting.
- 163.** The Board shall, in accordance with the Statutes, cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Statutes. The Board shall in its report state the amount which it recommends to be paid by way of dividend.
- 164.** A printed copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting and of the Directors' and auditors' reports shall, at least 21 clear days before the meeting, be delivered or sent by post to every member or person nominated under a Nomination Notice and every holder of sukuk of the Company of whose address the Company is aware or, in the case of joint holders of any share or sukuk, to the joint holder who is named first in the register and to the auditors provided that, if and to the extent that the Statutes so permit and without prejudice to Article 0, the Company need not send copies of the documents referred to above to members or persons nominated under Nomination Notices but may send such members summary financial statements or other documents authorised by the Statutes. If all or any of the shares in or sukuk of the Company are listed or dealt in on any stock exchange, there shall at the same time be forwarded to that stock exchange such number of copies of each of those documents as the regulations of that stock exchange may require.

AUDIT

- 165.** Auditors of the Company shall be appointed and their duties regulated in accordance with the Statutes.
- 166.** The auditors' report to the members made pursuant to the statutory provisions as to audit shall be laid before the Company in general meeting and shall be open to inspection by any member; and in accordance with the Statutes every member shall be entitled to be furnished with a copy of the balance sheet (including every document required by law to be annexed thereto) and auditors' report.

AUTHENTICATION OF DOCUMENTS

- 167.** Any Director or the secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the office, the officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board, as aforesaid.
- 168.** A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting of the Company or of the Board or of any committee of the Board which is certified as such in accordance with Article 0 shall be conclusive evidence in favour of all persons dealing with the Company on the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of proceedings at a duly constituted meeting.

RECORD DATES

- 169.** Notwithstanding any other provision of these Articles but without prejudice to the rights attached to any shares, the Board may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within six months before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made.

DIVIDENDS

- 170.** Subject to the Act, the Company may by ordinary resolution declare that out of profits available for distribution there be paid dividends to members in accordance with their respective rights and priorities but no dividend shall exceed the amount recommended by the Board, and the Board shall not declare a dividend if there is, or if the Board has reasonable notice that there may be, a shortfall in satisfying the claims of the holders of the Profit Stabilisation Accounts, unless the Board is satisfied that any such shortfall will be made good in full before payment of any dividend declared by the Board.

- 171.** Except as otherwise provided by these Articles or the rights attached to any shares, all dividends shall be declared and paid according to the amounts paid on the shares in respect of which the dividend is paid; but no amount paid on a share in advance of the date upon which a call is payable shall be treated for the purposes of this Article or Article 0 as paid on the share.
- 172.** All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date, such share shall rank for or be entitled to dividends accordingly.
- 173.** Any general meeting declaring a dividend may, upon the recommendation of the Board, by ordinary resolution direct that it shall be paid or satisfied wholly or partly by the distribution of assets, and in particular by paid-up shares or sukuk of any other company, and the Board shall give effect to such direction. If the shares in respect of which such a non-cash distribution is paid are uncertificated, any shares in the Company which are issued as a non-cash distribution in respect of them must be uncertificated. Where any difficulty arises in regard to such distribution, the Board may settle it as it thinks expedient, and in particular may issue fractional certificates or authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution purposes of such assets (or any part thereof) and may determine that cash shall be paid to any members upon the footing of the value so fixed in order to secure equality of distribution, and may vest any such assets in trustees, upon trust for the members entitled to the dividend, as may seem expedient to the Board.
- 174.** Subject to the Act, the Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company available for distribution and the position of the Company, and the Board may also pay the fixed dividend payable on any shares of the Company with preferential rights half-yearly or otherwise on fixed dates whenever such profits, in the opinion of the Board, justify that course. In particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay interim dividends on shares in the capital of the Company which confer deferred or non-preferential rights as well as in respect of shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferential rights if, at the time of payment, any preferential dividend is in arrear. Provided the Board acts in good faith, the Board shall not incur any liability to the holders of shares conferring any preferential rights for any loss that they may suffer by reason of the lawful payment of an interim dividend on any shares having deferred or non-preferential rights.
- 175.** The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares in the Company.

- 176.** All dividends shall belong and be paid (subject to any lien of the Company) to those members whose names shall be on the register at the date at which such dividend shall be declared or at such other date as the Company by ordinary resolution or the Board may determine, notwithstanding any subsequent transfer or transmission of shares.
- 177.** The Board may pay the dividends in respect of which any person is by transmission entitled to be registered as holder to such person upon production of such certificate and evidence as would be required if such person desired to be registered as a member in respect of such shares.
- 178.** No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise expressly provided by the rights attached to the share. All dividends and other sums payable which are unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until such time as they are claimed. The payment of any unclaimed dividend or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee of the same. All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.
- 179.** The Company may pay any dividend or other monies payable in cash in respect of shares by direct debit, bank transfer, cheque, dividend warrant or money order. In respect of shares in uncertificated form, where the Company is authorised to do so by or on behalf of the holder or joint holders in such manner as the Company shall from time to time consider sufficient, the Company may also pay any such dividend or other monies by means of the relevant system concerned (subject always to the facilities and requirements of that relevant system). Without prejudice to the generality of the foregoing, in respect of shares in uncertificated form, such payment may include the sending by the Company or by any person on its behalf of an instruction to the Operator of the relevant system to credit the cash memorandum account of the holder or joint holders or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.
- 180.** Every such cheque, warrant or order may be remitted by post directed to the registered postal address of the holder, in the case of a Depositary, subject to the approval of the Board, such persons and addresses as the Depositary may require, or in the case of joint holders, to the registered postal address of the joint holder whose name stands first in the register, or to such person and to such postal address as the holder or joint holders may in writing direct. Every such cheque, warrant or order shall be made payable to or to the order of the person to whom it is sent, or to such other person as the holder or joint holders may in writing direct.
- 181.** If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled thereto are returned to the Company or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company shall not be obliged to send any dividends or other moneys payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

- 182.** Every such payment made by direct debit or bank transfer shall be made to the holder or joint holders or to or through such other person as the holder or joint holders may in writing direct.
- 183.** The Company shall not be responsible for any loss of any such cheque, warrant or order and any payment made by direct debit, bank transfer, by means of a relevant system or such other method shall be at the sole risk of the holder or joint holders. Without prejudice to the generality of the foregoing, if any such cheque, warrant or order has or shall be alleged to have been lost, stolen or destroyed, the Directors may, on request of the person entitled thereto, issue a replacement cheque, warrant or order subject to compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
- 184.** Payment of such cheque, warrant or order, the collection of funds from or transfer of funds by a bank in accordance with such direct debit or bank transfer or, in respect of shares in uncertificated form, the making of payment in accordance with the facilities and requirements of the relevant system concerned shall in each case be a good discharge to the Company.
- 185.** Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable in respect of the share held by him as joint holder.
- 186.** The Board may, at its discretion, make provisions to enable a Depository and/or any member as the Board shall from time to time determine to receive duly declared dividends in a currency or currencies other than sterling. For the purposes of the calculation of the amount receivable in respect of any dividend, the rate of exchange to be used to determine the foreign currency equivalent of any sum payable as a dividend shall be such rate or rates and the payment thereof shall be on such terms and conditions as the Board may in its absolute discretion determine.
- 187.** The Board may, if authorised by an ordinary resolution of the Company, offer the holders of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, instead of cash in respect of any dividend or any part (to be determined by the Board) of any dividend specified by the ordinary resolution. The following provisions shall apply:
- 187.1** an ordinary resolution may specify a particular dividend or dividends, or may specify all or any dividends declared within a specified period, but such period may not end later than the conclusion of the fifth annual general meeting following the date of the meeting at which the ordinary resolution is passed;
- 187.2** the entitlement of each holder of ordinary shares to new ordinary shares shall be such that the relevant value of such new ordinary shares shall in aggregate be as nearly as possible equal to (but not greater than) the cash amount (disregarding any tax credit) that such holder would have received by way of dividend. For this purpose "relevant value" shall be calculated by reference to the average of the middle market quotations for the Company's ordinary shares on the London Stock Exchange as derived from the Daily Official List or on NASDAQ Dubai as derived from any of the Market Data Vendors on the day on which the ordinary shares are first quoted "ex" the relevant dividend and the four subsequent dealing days, or in such other

manner as may be determined by or in accordance with the ordinary resolution, but shall never be less than the par value of the new ordinary share. A certificate or report by the auditors as to the amount of the relevant value in respect of any dividend shall be conclusive evidence of that amount;

- 187.3** the Board may, after determining the basis of allotment, notify the holders of ordinary shares in writing of the right of election offered to them, and specify the procedure to be followed and place at which, and the latest time by which, elections must be lodged in order to be effective. The basis of allotment shall be such that no shareholder may receive a fraction of a share;
- 187.4** the Board may exclude from any offer any holders of ordinary shares or any ordinary shares held by a Depository or any ordinary shares on which dividends are payable in a foreign currency where the Board believes that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them;
- 187.5** the dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary shares in respect of which an election has been made (the "elected ordinary shares") and instead additional ordinary shares shall be allotted to the holders of the elected ordinary shares on the basis of allotment calculated as stated. For such purpose the Board shall capitalise, out of any amount for the time being standing to the credit of any reserve or fund (including any share premium account, any capital reserve and the profit and loss account) or otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued ordinary shares for allotment and distribution to the holders of the elected ordinary shares on that basis;
- 187.6** the additional ordinary shares when allotted shall rank *pari passu* in all respects with fully paid ordinary shares then in issue except that they will not be entitled to participate in the relevant dividend (including the share election in lieu of such dividend); and
- 187.7** the Board may do such acts and things which it considers necessary or expedient to give effect to any such capitalisation and may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for such capitalisation, and any incidental matters and any agreement so made shall be binding on all concerned.

RESERVES

- 188.** The Board may, before recommending any dividend (whether preferential or otherwise), set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also, without placing the same to reserve, carry forward any profits which it may think prudent not to distribute.

CAPITALISATION OF PROFITS

- 189.** The Company may, upon the recommendation of the Board, resolve by ordinary resolution that it be desirable to capitalise all or any part of the profits of the Company specified in Article 0 and accordingly that the Board be authorised and directed to appropriate the profits so resolved to be capitalised to the members as at the date specified in the relevant resolution or determined as therein provided who would have been entitled thereto if distributed by way of dividend and in the same proportions.
- 190.** Subject to any direction given by the Company, the Board shall appropriate the profits resolved to be capitalised by any such resolution, and apply such profits on behalf of the members entitled thereto either:
- 190.1** in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such members respectively; or
- 190.2** in paying up in full unissued shares, sukuk or obligations of the Company, of a nominal amount equal to such profits, for allotment and distribution, credited as fully paid, to and amongst such members in the proportions referred to above or as they may direct,
- or partly in one way and partly in the other provided that no unrealised profit shall be applied in paying up amounts unpaid on any issued shares and the only purpose to which sums standing to capital redemption reserve or share premium account shall be applied pursuant to this Article shall be the payment up in full of unissued shares to be allotted and distributed to members credited as fully paid.
- 191.** The Board shall have power after the passing of any such resolution:
- 191.1** to make such provision (by the issue of fractional certificates or by payment in cash or otherwise) as it thinks fit for the case of shares, sukuk or obligations becoming distributable in fractions, such power to include the right for the Company to retain small amounts the cost of distribution of which would be disproportionate to the amounts involved;

- 191.2** to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing (as the case may require) either:
- 191.2.1** for the payment up by the Company on behalf of such members (by the application thereto of their respective proportions of the profits resolved to be capitalised) of the amounts, or any part of the amounts, remaining unpaid on their existing shares; or
- 191.2.2** for the allotment to such members respectively, credited as fully paid, of any further shares, sukuk or obligations to which they may be entitled upon such capitalisation, and any agreement made under such authority shall be effective and binding on all such members.
- 192.** The Company in general meeting may resolve that any shares allotted pursuant to Articles 0 to 0 (inclusive) to holders of any partly paid ordinary shares shall, so long as such ordinary shares remain partly paid, rank for dividends only to the extent that such partly paid ordinary shares rank for dividends.
- 193.** The profits of the Company to which Articles 0 to 0 (inclusive) apply shall be any undivided profits of the Company not required for paying the fixed dividends on any preference shares or other shares issued on special conditions and shall also be deemed to include:
- 193.1** any profits arising from appreciation in capital assets (whether realised by sale or ascertained by valuation); and
- 193.2** any amounts for the time being standing to any reserve or reserves or to the capital redemption reserve or to the share premium or other special account.

NOTICES

- 194.** Subject to the specific terms of any Article, any notice to be given to or by any person pursuant to these Articles shall be in writing (which, for the avoidance of doubt, shall be deemed to include a notice given in electronic form or by website communication), save that a notice convening a meeting of the Board or of a committee of the Board need not be in writing.
- 195.** Save as provided in Articles 0 and 0, any notice or other Shareholder Information may be served by the Company on, or supplied by the Company to, any person personally or by sending it by first-class post in a prepaid envelope addressed to such person at his postal address as appearing in the register or by sending or supplying it in electronic form or by website communication in accordance with Article 0. In the case of joint holders of a share all notices or other Shareholder Information shall be given or supplied to the joint holder who is named first in the register and notice so given or other Shareholder Information so supplied shall be sufficient notice or supply to all the joint holders. Any notice to be given to a person may be given by reference to the register as it stands at any time within the period of 15 days

before the notice is given and no change in the register after that time shall invalidate the giving of the notice.

- 196.** In the case of notices or other Shareholder Information sent by post, proof that an envelope containing the communication was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given or other Shareholder Information sent. If the communication is made by post, it shall be deemed to be given or received at the expiration of 48 hours after the envelope containing it was posted. In calculating the period of hours for the purposes of this Article no account shall be taken of Sundays or bank holidays in the United Kingdom.
- 197.** Any member or person nominated to receive Shareholder Information whose address in the register is not within the United Kingdom or the United Arab Emirates and who gives to the Company a postal address within the United Kingdom or the United Arab Emirates at which notices may be served upon him shall be entitled to have notices served upon him at such postal address, but otherwise no such person, other than a person whose address in the register is within the United Kingdom or the United Arab Emirates, shall be entitled to receive any notice from the Company. Any member or person nominated by a member to receive Shareholder Information whose address in the register is not within the United Kingdom or the United Arab Emirates and who gives to the Company an address for the purposes of receipt of communications in electronic form may, at the absolute discretion of the Board, have notices served upon him at such address.
- 198.1** Subject to the provisions of the Statutes, any notice or other Shareholder Information (excluding a share certificate) will be validly sent or supplied if sent or supplied by the Company to any member or person nominated by a member to receive Shareholder Information in electronic form if that person has agreed (generally or specifically) (or, if the member is a company and it is deemed by the Act to have agreed) that the communication may be sent or supplied in that form and:
- 198.1.1** the notice or other Shareholder Information is sent using electronic means (as that term is used in section 1168 of the Act) to such address (or to one of such addresses if more than one) as may for the time being be notified by the member to the Company (generally or specifically) for that purpose or, if the intended recipient is a company, to such address as may be deemed by a provision of the Statutes to have been so specified;
- 198.1.2** the notice or other Shareholder Information is sent or supplied in electronic form by hand, handed to the recipient or sent or supplied to an address to which it could validly be sent if it were in hard copy form; and
- 198.1.3** in each case that person has not revoked the agreement.

198.2 Subject to the provisions of the Statutes any notice or other Shareholder Information (excluding a share certificate) will be validly sent or supplied by the Company if it is made available by means of a website communication where that person has agreed, or is deemed by the Statutes to have agreed (generally or specifically) that the communication may be sent or supplied to him in that manner and:

198.2.1 that person has not revoked the agreement;

198.2.2 that person is notified in a manner for the time being agreed for the purpose between that person and the Company of:

- (a) the publication of the notice or other Shareholder Information on a website;
- (b) the address of that website; and
- (c) the place on that website where the notice or other Shareholder Information may be accessed and how it may be accessed;

198.2.3 the notice or other Shareholder Information continues to be published on the website throughout the period specified in the Act; and

198.2.4 the notice or other Shareholder Information is published on the website throughout the period referred to in Article 0 provided that if the notice or other Shareholder Information is published on that website for a part but not all of such period, the notice or other Shareholder Information will be treated as published throughout that period if the failure to publish the notice or other Shareholder Information throughout that period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to prevent or avoid.

198.3 When any notice or other Shareholder Information is given or sent by the Company by electronic means (as that term is used in section 1168 of the Act), it shall be deemed to have been given on the same day as it was sent to an address supplied by the member or person nominated by the member to receive Shareholder Information, and in the case of the publication of a notice or other Shareholder Information by website communication, it shall be deemed to have been received by the intended recipient when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website pursuant to Article 0. Proof that a notice contained in an electronic communication was sent in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators shall be conclusive evidence that the notice was given.

198.4 Any provision of this Article 198 which refers to anything agreed, notified or specified by a member shall be deemed to have been validly agreed, notified or specified, notwithstanding any provisions of the Statutes, if agreed, notified or specified by only one and not all of the joint holders of any shares held in joint names.

- 199.** Where in accordance with these Articles a member is entitled or required to give or send to the Company a notice in writing, the Company may, if it in its absolute discretion so decides, (and shall, if it is registered to do so or is deemed to have so agreed by any provision of the Statutes) permit such notices (or specified classes thereof) to be sent to the Company by such means of electronic communication as may from time to time be specified (or be deemed by the Statutes to be agreed) by the Company, so as to be received at such address as may for the time being be specified (or deemed by the Statutes to be specified) by the Company (generally or specifically) for the purpose. Any means of so giving or sending such notices by electronic communication shall be subject to any terms, limitations, conditions or restrictions that the Directors may from time to time prescribe.
- 200.** A member or person nominated by the member to receive Shareholder Information who (having no registered address within the United Kingdom or the United Arab Emirates) has not supplied to the Company either a postal address within the United Kingdom or the United Arab Emirates for the service of notices or an address for the service of notices in electronic form, subject always to the terms of Article 0 shall not be entitled to receive notices from the Company. If, on three consecutive occasions, a notice to a member or person nominated by the member to receive Shareholder Information has been returned undelivered or the Company receives notice that it is undelivered, such member shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the office a new postal address within the United Kingdom or the United Arab Emirates for the service of notices or shall have informed the Company, in such manner as may be specified by the Company, of an address for the service of notices in electronic form, subject always to the terms of Article 0. For these purposes, a notice sent by post shall be treated as returned undelivered if the notice is sent back to the Company (or its agents) and a notice sent by electronic communication shall be treated as returned undelivered if the Company (or its agents) receive(s) notification that the notice was not delivered to the address to which it was sent.
- 201.** Every person who becomes entitled to a share:
- 201.1** except as mentioned in Article 0, shall be bound by any notice in respect of that share which, before his name is entered in the register, has been duly given to a person from whom he derives his title; but
- 201.2** shall not be bound by any such notice given by the Company under section 793 of the Act or under Article 0.
- 202.** If the postal service in the United Kingdom or some part of the United Kingdom is suspended or restricted, the Directors only need to give notice of a meeting to shareholders with whom the company can communicate by electronic means and who have provided the Company with an address for this purpose. The Company must also publish the notice in at least one United Kingdom national newspaper and make it available on its website from the date of such publication until the conclusion of the meeting or any adjournment of the meeting. If it becomes generally possible to send or supply notices by post in hard copy form at least six

clear days before the meeting, the Directors will send or supply a copy of the notice by post to those who would otherwise receive it in hard copy form by way of confirmation.

202.1 If the postal service in the United Arab Emirates or some part of the United Arab Emirates is suspended or restricted, the Directors only need to give notice of a meeting to shareholders with whom the Company can communicate by electronic means and who have provided the Company with an address for this purpose. The Company must also make a disclosure to NASDAQ Dubai as soon as possible, in accordance with the DFSA Market Rules, and make it available on its website from the date of such publication until the conclusion of the meeting or any adjournment of the meeting. If it becomes generally possible to send or supply notices by post in hard copy form at least ten clear days before the meeting, the Directors will send or supply a copy of the notice by post to those who would otherwise receive it in hard copy form by way of confirmation.

203. A person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member on supply to the Company of such evidence as the Board may reasonably require to show his title to that share, and upon supplying also a postal address within the United Kingdom or the United Arab Emirates for the service of notices and documents and (if he wishes)/or an address for the service and delivery of electronic communications, shall be entitled (subject always to the terms of Article 0) to have served on or delivered to him at such address any notice or document to which the member but for his death, mental disorder or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Until such address or addresses have been so supplied, any notice or other Shareholder Information may be sent or supplied in any manner in which it might have been sent or supplied if the death, mental disorder or bankruptcy had not occurred and if so sent or supplied shall be deemed to have been duly sent or supplied in respect of any share registered in the name of such member as sole or first-named joint holder.

204. Any member present, either personally or by proxy or (in the case of a corporate member) by representative, at any general meeting of the Company or of the holders of any class of shares in the Company shall for all purposes be deemed to have received due notice of such meeting and, where required, of the purposes for which such meeting was called.

DESTRUCTION OF DOCUMENTS

205. The Company shall be entitled to destroy:

205.1 at any time after the expiration of six years from the date of registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares of the Company which shall have been registered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfers and applications for allotment in respect of which an entry in the register shall have been made;

- 205.2** at any time after the expiration of one year from the date of cancellation thereof, all registered certificates for shares of the Company (being certificates for shares in the name of a transferor and in respect whereof the Company has registered a transfer) and all mandates and other written directions as to the payment of dividends (being mandates or directions which have been cancelled); and
- 205.3** at any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address (including addresses for the purpose of receipt of communications in electronic form and any Nomination Notices).
- 206.** It shall conclusively be presumed in favour of the Company that every entry in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made, and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered, and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled, and every other document hereinbefore mentioned was in accordance with the recorded particulars thereof in the books or records of the Company provided always that:
- 206.1** the foregoing provisions shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- 206.2** nothing contained in this Article or Article 0 shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article or Article 0;
- 206.3** references herein to the destruction of any document include references to its disposal in any manner; and
- 206.4** any document referred to in Articles 0, 0 and 0 may be destroyed at a date earlier than that authorised by Article 0 provided that a permanent copy of such document shall have been made which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the Board shall take adequate precautions for guarding against falsification and shall provide adequate means for its reproduction.

WINDING-UP

- 207.** If the Company is wound up, members shall not be entitled to receive assets from the Company until all valid claims of holders of Profit-Stabilisation Accounts against the Company arising out of their holding of Profit-Stabilisation Accounts have been satisfied in full or have lapsed, or the liquidator has established that all such claims are capable of being satisfied.

- 208.** The power of sale of a liquidator shall include a power to sell wholly or partially shares or sukuk, or other obligations of another company, either then already constituted, or about to be constituted, for the purpose of carrying out the sale.
- 209.** Subject to Article 0, on any voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act or the Insolvency Act 1986 (as amended) or the rights of any other class of shares, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division shall be in accordance with the existing rights of the members. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the members as he, with the like sanction, shall determine, but no member shall be compelled to accept any assets on which there is a liability.

PROVISION FOR EMPLOYEES

- 210.** The Company may, pursuant to a resolution of the Board and in accordance with the Act, make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

INDEMNITY

- 211.1** Subject to the Act the Company may indemnify, out of the assets of the Company, any director of the Company or of any associated company against all losses and liabilities which he may sustain or incur in the execution of the duties of his office or otherwise in relation thereto, provided that this Article 0 shall only have effect insofar as its provisions are not void under sections 232 or 234 of the Act.
- 211.2** The Company may also indemnify, out of the assets of the Company, any director of either the Company or any associated company where the Company or such associated company acts as trustee of a pension scheme, against liability incurred by him in connection with the relevant company's activities as trustee of such scheme, provided that this Article 0 shall only have effect in so far as its provisions are not void under sections 232 or 234 of the Act.
- 211.3** Subject to sections 205(2) to (4) of the Act, the Company may provide a Director with funds to meet expenditure incurred or to be incurred by him in defending (or seeking relief in respect of) any civil or criminal proceedings brought or threatened against him in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or an associated company, and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under sections 197 to 203 of the Act to enable a director to avoid incurring such expenditure.

- 211.4** Subject to section 206 of the Act, the Company may also provide a Director with funds to meet expenditure incurred or to be incurred by him in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under section 197 of the Act to enable a director to avoid incurring such expenditure.
- 211.5** For the purpose of Articles 0, 0, 0 and 0 the expression "**associated company**" shall mean a company which is a subsidiary of the Company as defined in the Act.

INSURANCE

- 212.** Subject to the provisions of the Act, the Board shall have the power to purchase and maintain Sharia'a compliant insurance at the expense of the Company for or for the benefit of any persons who are or were at any time Directors, officers or employees of the Company, or any Company in which the Company has an interest whether direct or indirect or which is in any way allied to or associated with the Company or who were at any time trustees of any pension fund in which any employees of the Company or of any other such company or body are interested including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Company and/or any such other company, body or pension fund.

INFORMATION RIGHTS

- 213.** In accordance with section 145 of the Act, a member may nominate another person or persons as entitled to enjoy Information Rights.

NOMINATION NOTICES

- 214.** The Company may prescribe the form and content of Nomination Notices. Unless the Company prescribes otherwise, a Nomination Notice shall:
- 214.1** state the name and address of the person nominated (such address to be within the United Kingdom or the United Arab Emirates);
- 214.2** confirm that the member holds shares in the Company on behalf of the person nominated pursuant to the Nomination Notice;

- 214.3** specify whether the person nominated wishes to receive Shareholder Information in hard copy form, in electronic form or by website communication and include any further information which the Company will need in order to use the means of communication specified;
- 214.4** indicate whether the Information Rights are to be enjoyed only by the person nominated, or whether the member giving the notice may also continue to enjoy them;
- 214.5** specify the date from which it is to take effect;
- 214.6** specify the date on which it is to cease to have effect, or that it is to have effect until further notice or until the member concerned transfers or ceases to hold any shares in the Company; and
- 214.7** be executed by or on behalf of the member and the person nominated.
- 215.** Subject to these Articles, the Company shall give effect to any Nomination Notice received by it in accordance with these Articles but shall not be obliged to act on a nomination purporting to relate to certain Information Rights only.
- 216.** A nomination made by nomination notice shall cease to have effect:
- 216.1** in accordance with its terms; or
- 216.2** in accordance with sections 148(3), 148(5) or 148(7) of the Act.
- 217.** If the Company receives a document which purports to be a Nomination Notice but which does not contain the required information or which is not given in the form prescribed by the Company, the Company shall give effect to it in accordance with section 147(5) to the extent that it is able to do so and shall notify the member that it is incomplete (and in what respect it is incomplete) and that the Company cannot give full effect to it in its present form.
- 218.** The Company shall be entitled to treat a nomination notice as surviving a subdivision, consolidation or reclassification of the Company's share capital.
- 219.** The Company shall keep a record of all nomination notices which are in force.
- 220.** The Company shall provide any member, on request and without charge, with a copy of the records of nomination notices given by that member in so far as it is able to do so.
- 221.** The Company may fix a record date for the enjoyment of Information Rights or for the circulation of shareholder information to persons nominated by nomination notices.
- 222.** Anything to be carried out by the Company in Articles 0 and 0 may instead be carried out by the Company through its agents.

Appendix 2 Scheme of Arrangement

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part I contains an explanatory statement in compliance with section 897 of the Companies Act 2006. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser: (i) authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom; (ii) authorised under the United Arab Emirates laws and regulations and more specifically federal law no. 10 for the year 1980, the United Arab Emirates Central Bank Board of Directors resolution no. 164/8/1994, Emirates Securities and Commodities (ESCA) law no. 4 for the year 2000 and ESCA regulations if you are taking advice in the United Arab Emirates; (iii) licensed by the Capital Markets Authority if you are taking advice in the State of Kuwait, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom, United Arab Emirates or the State of Kuwait.

If you have sold or otherwise transferred all your BLME Shares, please forward this document, together with the accompanying Forms of Proxy, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred only part of your holding of BLME Shares, you should retain these documents and should contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the United Kingdom, United Arab Emirates or the State of Kuwait may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

**Recommended Proposals to establish
BLME Holdings plc
as the holding company of
Bank of London and The Middle East plc**
(Incorporated and registered in England and Wales with registered number 5897786)
**to be effected by means of a Scheme of Arrangement
under section 895 to 899 of the Companies Act 2006**

Your attention is drawn to the explanatory statement from the Chairman in Part I of this document which explains the Proposals and constitutes an explanatory statement in compliance with section 897 of the Companies Act and contains the unanimous recommendation of the BLME Directors that you vote in favour of the Scheme at the Court Meeting and the resolution at the BLME General Meeting.

Notices convening the Court Meeting and the BLME General Meeting, both of which will be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 10 June 2013, are set out at the end of this document. The Court Meeting will start at 10.00 a.m. and the BLME General Meeting will start at 10.30 a.m. (or, if later, as soon as the Court Meeting has been concluded or adjourned). The action to be taken in respect of the Meetings is set out on page 4 of this document. Shareholders will find enclosed with this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the BLME General Meeting.

Whether or not you intend to attend both or either of the Meetings in person, please complete and sign both the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand by the Company Secretary, Bank of London and The Middle East plc, Sherborne House, 119 Cannon Street, London EC4N 5AT or received by fax by the Company Secretary on +44 (0) 20 7618 0038 at least 48 hours before the time appointed for the relevant Meeting. If the blue Form of Proxy for use at the Court Meeting is not lodged or faxed by the above time, it may be

handed to the Chairman of the Court Meeting before the taking of the poll at that Meeting. However, in the case of the BLME General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.30 a.m. on 6 June 2013, it will be invalid. The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at either of the Meetings, or any adjournment thereof, should you wish to do so. If you have any questions relating to the completion and return of your Forms of Proxy, please send an email to shareholders@blme.com stating your full name, contact details, full details of your question and whether you require a response in Arabic. Please note that no advice on the Proposals can be given.

IMPORTANT NOTICE

This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. Nothing in this document or the accompanying documents should be relied on for any other purpose.

The distribution of this document in jurisdictions other than the United Kingdom, United Arab Emirates or the State of Kuwait may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

Further details in relation to Overseas Shareholders are contained in paragraph 9 of Part I (Explanatory Statement) of this document. All BLME Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to or may have a contractual or legal obligation to forward this document or the accompanying Forms of Proxy to a jurisdiction outside the United Kingdom, United Arab Emirates or the State of Kuwait should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of BLME concerning the Proposals which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part II (Scheme of Arrangement) of this document. Each BLME Shareholder is advised to read and consider carefully the text of the Scheme itself. This document, and in particular the Explanatory Statement, has been prepared solely to assist BLME Shareholders in respect of voting on the Scheme and the resolution to be proposed at the BLME General Meeting.

BLME Shareholders should not construe the contents of this document as legal, tax or financial advice and should consult with their own advisers as to the matters described in this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of the BLME Group and certain plans and objectives of the boards of directors of BLME and BLME Holdings. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words of similar meaning. These statements are based on assumptions and assessments made by the BLME Board and the BLME Holdings Board in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this document. BLME and BLME Holdings assume no obligation to update or correct the information contained in this document, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of BLME except where expressly stated.

TO VOTE IN FAVOUR OF THE PROPOSALS

Whether or not you plan to attend the Meetings:

1. Complete and return the BLUE Form of Proxy, to be received by no later than 10.00 a.m. on 6 June 2013.
2. Complete and return the WHITE Form of Proxy, to be received by no later than 10.30 a.m. on 6 June 2013.

If you require assistance relating to the completion and return of the Forms of Proxy, please send an email to shareholders@blme.com stating your full name, contact details, full details of your question and whether you require a response in Arabic.

Please note that for legal reasons, we cannot give you any advice on the merits of the Proposals or provide any personal financial, legal or taxation advice in connection with the Proposals.

The completion and return of the Forms of Proxy will not prevent you from attending and voting at the Court Meeting or the BLME General Meeting, or any adjournment thereof, in person should you wish to do so.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF BLME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

This page should be read in conjunction with ACTION TO BE TAKEN on page 4 of this document and the rest of this document.

ACTION TO BE TAKEN

The Scheme requires approval at a meeting of the Scheme Shareholders convened by order of the Court to be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10.00 a.m. on 10 June 2013. Implementation of the Scheme also requires the passing of the Special Resolution by the BLME Shareholders at the BLME General Meeting to be held immediately thereafter.

Please check you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a white Form of Proxy for use in respect of the BLME General Meeting.

Helpline

If you have not received both of these documents, please send an email to shareholders@blme.com stating your full name, contact details, which forms you have not received and whether you require a response in Arabic. Please note that for legal reasons, we cannot give you any advice on the merits of the Proposals or provide any personal financial, legal or taxation advice in connection with the Proposals.

To vote in favour of the Proposals

Whether or not you plan to attend the Meetings, PLEASE COMPLETE AND SIGN BOTH the blue and white Forms of Proxy and return them either by post or, during normal business hours only, by hand to the Company Secretary, Bank of London and The Middle East plc, Sherborne House, 119 Cannon Street, London EC4N 5AT or by fax to the Company Secretary on +44 (0) 20 7618 0038, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 6 June 2013 in the case of the Court Meeting (blue form) and by no later than 10.30 a.m. on 6 June 2013 in the case of the BLME General Meeting (white form). This will enable your votes to be counted at the Meetings in the event of your absence. If the blue Form of Proxy for use at the Court Meeting is not lodged by 10.00 a.m. on 6 June 2013, it may be handed to the Chairman at the Court Meeting before the taking of the poll and will still be valid.

The completion and return of the Forms of Proxy will not prevent you from attending and voting at the Court Meeting or the BLME General Meeting, or any adjournment thereof, in person should you wish to do so.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF BLME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

Unless we receive sufficient completed Forms of Proxy, the Scheme will not become effective and Admission will not happen.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times unless otherwise stated.

| <u>Event</u> | <u>Time and/or date</u> |
|--|--|
| Latest time for receipt of Forms of Proxy for: | |
| Court Meeting (blue Form of Proxy) | 10.00 a.m. on 6 June 2013 ¹ |
| BLME General Meeting (white Form of Proxy) | 10.30 a.m. on 6 June 2013 ¹ |
| Voting Record Time | 6.00 p.m. on 6 June 2013 ¹ |
| Court Meeting | 10.00 a.m. on 10 June 2013 |
| BLME General Meeting | 10.30 a.m. on 10 June 2013 ³ |
| Last day for registration of transfers of BLME Shares | 27 June 2013 ⁴ |
| Scheme Record Time | 6.00 p.m. on 27 June 2013 ⁴ |
| Court Hearing | 28 June 2013 ⁴ |
| Effective Date of the Scheme | 28 June 2013 ⁴ |
| BLME Holdings Reduction of Capital Court Hearing | 2 July 2013 ⁴ |
| BLME Holdings Reduction of Capital becomes effective | 2 July 2013 ⁴ |
| Admission to listing of BLME Holdings Shares on the Official List of Securities and to trading on NASDAQ Dubai | 10.00 a.m. (Dubai time) on 3 July 2013 ⁴ |

The Court Meeting and the BLME General Meeting will both be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL.

Please see "Action to be Taken" on page 4.

Notes

1. If the blue Form of Proxy for the Court Meeting is not received by the Company Secretary, Bank of London and The Middle East plc by 10.00 a.m. on 6 June 2013, it may be handed to the Chairman at the Court Meeting at any time before the taking of the poll and still be valid. However, the white Form of Proxy for the BLME General Meeting must be received by the Company Secretary, Bank of London and The Middle East plc by 10.30 a.m. on 6 June 2013 in order for it to be valid or, if the BLME General Meeting is adjourned, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding all days which are not a Business Day).
2. If either the Court Meeting or the BLME General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6.00 p.m. on the Business Day prior to the day immediately before the date fixed for the adjourned

meeting.

3. The BLME General Meeting will commence at 10.30 a.m. on 10 June 2013 or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned.
4. These dates are indicative only and will depend, amongst other things, on the date upon which the Conditions are either satisfied or (if capable of waiver) waived and the dates upon which the Court sanctions the Scheme and confirms the Reduction of Capital and the dates on which the Court Order and the Statement of Capital sanctioning the Scheme and confirming the Reduction of Capital are delivered to the Registrar of Companies.

The dates given are based on BLME's current expectations and may be subject to change. If the expected date of the Court Hearing is changed, BLME will give notice of the change by posting notice of the change to BLME Shareholders. All BLME Shareholders have the right to attend the Court Hearing.

PART I

EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)



Bank of London and The Middle East plc

Registered in England and Wales under no. 5897786

Directors:

Yacob Yousef Al-Muzaini (*Non-Executive Chairman*)
Sheikh Abdullah Jaber Al-Ahmed Al-Sabah (*Non-Executive Vice Chairman*)
Humphrey Percy (*Chief Executive Officer*)
Nigel Brodie Denison (*Director/Head of Treasury and Wealth Management*)
Richard Williams (*Chief Financial Officer*)
Ibrahim Al Qadhi (*Non-Executive Director*)
Frank Willem Vermeulen (*Non-Executive Director*)
Michael Williams (*Non-Executive Director*)
Neil Jonathan Holden (*Non-Executive Director*)
Adel Abdul Wahab Al-Majed (*Non-Executive Director*)

Registered Office:

Sherborne House
119 Cannon Street
London EC4N 5AT

Dear Shareholder,

13 May 2013

Recommended Proposals for the introduction of a new holding company, admission to trading on NASDAQ Dubai and creation of distributable reserves

1. Introduction

As you may be aware, the BLME Group intends to seek an admission to listing of its ordinary shares on the Official List of Securities and to trading on NASDAQ Dubai. As part of the preparation for Admission, your Board intends to implement a corporate reorganisation pursuant to which it is proposed that a new holding company will be introduced for the BLME Group.

The new holding company, BLME Holdings plc, is a newly incorporated company registered in England and Wales and it is intended that the establishment of BLME Holdings as the new holding company of the BLME Group will be implemented by means of a Court-approved scheme of arrangement under Part 26 of the Companies Act. Pursuant to the Proposals, existing BLME Shareholders will exchange their ordinary shares in BLME for a beneficial interest in ordinary shares in BLME Holdings, following which the ordinary shares in BLME Holdings shall then be listed on the Official List of Securities and admitted to trading on NASDAQ Dubai. There will also be a reduction of capital of BLME Holdings which will be used to create distributable reserves in BLME Holdings. Your Board refers you to the unanimous recommendation by the BLME Board at paragraph 14 (Recommendation) of this Explanatory Statement.

2. Background to and reasons for the Proposals

The structure which is being implemented as part of the proposed listing will, amongst other things, provide Shareholders with a mechanism to allow greater liquidity in relation to their shareholdings. In addition, other advantages to the Proposals include the following:

(a) Stamp duty saving

In order for shares in a UK company to be admitted to trading on NASDAQ Dubai, such shares are required to be held in the Depositary. To hold shares in the Depositary, shares must be transferred or issued to, and registered in the name of, NDGL as bare nominee for each shareholder, with the beneficial entitlements to the shares credited to the appropriate account. The transfer of existing shares in a UK company to NDGL is liable to a stamp duty or SDRT charge by HMRC at a rate of 1.5 per cent. and this charge would likely be payable if BLME Shares were transferred directly to NDGL. HMRC has, however, confirmed in a public statement that it will no longer seek to impose a stamp duty or SDRT charge on issues (as opposed to transfers) of new UK shares to depositary receipt issuers or clearance services, which means that the structure of introducing BLME Holdings as the new holding company of the BLME Group and issuing BLME Holdings Shares directly to NDGL will not attract a charge to stamp duty or SDRT in the UK.

Transfers by Shareholders of BLME Holdings Shares registered in the name of NDGL and held in the Depositary will also not attract a charge to stamp duty or SDRT in the UK. However, if Shareholders withdraw their BLME Holdings Shares from the Depositary, any transfers of such BLME Holdings Shares out of the Depositary and/or any subsequent transfers that occur entirely outside the Depositary, will ordinarily attract UK stamp duty at a rate of 0.5 per cent. This duty must be paid (and the transfer document stamped by HMRC) before the transfer can be registered in the share register of BLME Holdings. Furthermore, if the BLME Holdings Shares that have been withdrawn from the Depositary are subsequently redeposited into the Depositary and re-registered in the name of NDGL, the redeposit will attract stamp duty or SDRT at the rate of 1.5 per cent.

(b) Creation of distributable reserves

The Proposals are also intended to provide greater flexibility within the BLME Group by creating distributable reserves in BLME Holdings so as to allow BLME Holdings to pay dividends to Shareholders in the future if the financial position of the BLME Group justifies the payment of a dividend and the Board considers that it is in the best interests of BLME Holdings to pay such a dividend.

Distributable reserves in BLME Holdings will be created by conducting a reduction of capital of BLME Holdings. The BLME Holdings Reduction of Capital will involve the capitalisation of the merger reserve that will arise in the books of BLME Holdings upon the Scheme becoming effective through the issue of BLME Holdings Deferred Shares to BLME or such other Shareholder of BLME Holdings as the BLME Holdings Directors may determine. The BLME Holdings Deferred Shares will be cancelled immediately, thus creating a distributable reserve in the books of BLME Holdings equal to the nominal value of the BLME Holdings Deferred Shares so cancelled.

The Scheme is subject to various conditions, including approval by Shareholders and the sanction of the Court. If these conditions are satisfied and the Scheme is implemented in full, BLME Holdings will own the entire issued share capital of BLME and BLME Shareholders will beneficially own BLME Holdings Shares in place of their BLME Shares. Subject to any fractional entitlements that are created upon implementation of the Scheme, a holder of BLME Holdings Shares will have substantially the same interest in the profits, net assets and dividends of BLME Holdings as he or she had as a holder of BLME Shares in the profits, net assets and dividends of BLME before the Scheme became effective. Any fractions of BLME Holdings Shares that arise as a result of the Scheme shall be aggregated and sold in the market as soon as possible following Admission and the net proceeds shall be paid to BLME Shareholders with what would otherwise have been their fractional entitlements, except that individual entitlements of less than £5.00 shall be retained for the benefit of BLME Holdings.

Further information relating to the listing, dealing and settlement process is set out in paragraph 5 of this Part I (Explanatory Statement). It is expected that, if approved, the Scheme will become effective on 28 June 2013 and that trading in BLME Holdings Shares on NASDAQ Dubai will commence at 10.00 a.m. (Dubai time) on 3 July 2013.

The Scheme is set out in full in Part II (Scheme of Arrangement) of this document. The Notice of the Court Meeting and the Notice of the BLME General Meeting which contain the full text of each of the resolutions to be proposed at each of the Meetings are set out in Appendix IV (Notice of Court Meeting) and Appendix V (Notice of BLME General Meeting) respectively of this document and form part of this Explanatory Statement.

3. Summary of the Proposals

3.1 *Effects of the Scheme*

- (a) The effects of the implementation of the Scheme will be as follows:
 - (i) instead of having its issued share capital owned by BLME Shareholders, BLME will become a wholly-owned subsidiary of BLME Holdings with BLME's entire issued share capital owned by BLME Holdings;
 - (ii) instead of owning a given number of BLME Shares, each BLME Shareholder will (subject to fractional entitlements) beneficially own one BLME Holdings Share for every 25 BLME Shares that it holds at the Scheme Record Time and these BLME Holdings Shares shall be listed on the Official List of Securities and admitted to trading on NASDAQ Dubai; and
 - (iii) BLME Holdings will become the new holding company of the BLME Group.
- (b) The effect of the implementation of the Scheme on awards held under the BLME Employee Share Plans is that they will not be exercisable, pursuant to a notice to

be issued to each BLME Employee Share Plan Participant. BLME Holdings will offer replacement awards within 30 days of the Effective Date. It is expected that such replacement awards will be over one BLME Holdings Share for every 25 BLME Shares subject to the original awards and otherwise on substantially the same terms and economic basis as their existing options.

- (c) Immediately following the Scheme becoming effective, BLME Holdings will own no assets other than the new BLME Shares allotted and issued pursuant to Clause 1.2 of the Scheme and cash from the subscription by BLME of 50,000 redeemable preference shares and one A ordinary share in BLME Holdings on 24 April 2013.

3.2 The Scheme

- (a) *Summary of the Scheme*

The insertion of BLME Holdings as the holding company of BLME will be effected through a Court-approved scheme of arrangement under section 899 of the Companies Act.

Pursuant to the Scheme, the issued share capital of BLME will be reduced by cancelling and extinguishing the Scheme Shares, following which the credit arising in the books of BLME as a result of the cancellation will be applied in paying up in full new BLME Shares, such that the aggregate nominal value of such BLME Shares equals the aggregate nominal value of the Scheme Shares cancelled. The BLME Shares will be issued to BLME Holdings which will, as a result, become the holding company of BLME and the BLME Group.

Under the Scheme, all BLME Shares will be cancelled on the Effective Date. In consideration for the cancellation, BLME Shareholders on the register of members of BLME at the Scheme Record Time, expected to be 6.00 p.m. on 27 June 2013, will be entitled to a beneficial interest in **one BLME Holdings Share for every 25 BLME Shares** that they hold at the Scheme Record Time. The principal purpose of the consolidation is to enable a price to be established for BLME Holdings Shares at Admission which the BLME Holdings Directors consider to be at an appropriate level for effective and orderly market dealings in BLME Holdings Shares to commence on NASDAQ Dubai.

In order to enable BLME Holdings Shares to be admitted to listing on the Official List of Securities and trading on NASDAQ Dubai, and to prevent a liability to a 1.5 per cent. stamp duty charge or SDRT arising (as set out in paragraph 2(a) above), BLME Holdings Shares will be held in the Depository by being issued directly by BLME Holdings to NDGL, as bare nominee for the Shareholders in accordance with Rule 11.1.1 of the NASDAQ Dubai Business Rules. Rule 11.1.1 of the NASDAQ Dubai Business Rules states that all securities admitted to trading on NASDAQ Dubai and that are primarily or exclusively listed on the Official List of Securities shall be registered in the name of NDGL. This facilitates the trading of shares electronically on NASDAQ Dubai's trading platform.

The NASDAQ Dubai Business Rules and the DIFC Personal Property Law provide that shares registered in the name of NDGL, for the purposes of the admission of such shares to the Official List of Securities and to trading on NASDAQ Dubai, are held by NDGL as bare nominee for the owner of the beneficial interest in such shares. The DFSA Market Rules and the DIFC Personal Property Law also protect the rights of such beneficial owners so as to enable them to exercise all rights, including but not limited to the right to receive dividends and to vote at general meetings, attaching to such shares. Arrangements will be put in place by Admission to facilitate the exercise by Shareholders of these rights. Therefore, on Admission, all legal rights enjoyed by NDGL, as holder of the legal title to the BLME Holdings Shares, will be conferred upon all persons holding entitlements to BLME Holdings Shares in the Depository being, on Admission, all those persons entitled to receive BLME Holdings Shares pursuant to the Scheme.

A Shareholder can withdraw his or her BLME Holdings Shares from the Depository at any time following the Effective Date of the Scheme, thereby becoming the registered holder of BLME Holding Shares, in place of NDGL. Only BLME Holdings Shares registered in the name of NDGL may be traded on NASDAQ Dubai and therefore should Shareholders, who have withdrawn their BLME Holdings Shares from the Depository, wish to sell their shares, they may only then do so pursuant to an off-market sale, which would ordinarily attract stamp duty at a rate of 0.5 per cent. This duty must be paid (and the transfer document stamped by HMRC) before the sale can be registered in the share register of BLME Holdings.

Notwithstanding that the legal owner of the BLME Holdings Shares will be NDGL, Shareholders will (subject to fractional entitlements) still beneficially own substantially the same proportion of shares in BLME Holdings as they held in BLME before the Scheme became effective and Shareholders will have substantially the same interest in the profits, net assets and dividends of BLME Holdings as he or she had as a holder of BLME Shares in the profits, net assets and dividends of BLME before the Scheme became effective.

Shareholders' entitlements to BLME Holdings Shares will, depending on the action that a Shareholder takes, be one of the following at the Effective Date:

- (i) credited to a CSD Trading Account in an individual Shareholder's name, where a NASDAQ Dubai Broker has been appointed and an Investor Data Entry Application Form has been completed;
- (ii) credited to an individual Shareholder's nominated NASDAQ Dubai Custodian Account; or
- (iii) credited to the BLME Holdings Nominee Account with a NASDAQ Dubai Custodian.

In order for a Shareholder to trade his or her BLME Holdings Shares on NASDAQ Dubai, he or she will have to either:

- (i) appoint a NASDAQ Dubai Broker and establish a CSD Trading Account via the NASDAQ Dubai Broker in his or her own name; or
- (ii) open, or confirm to NASDAQ Dubai that he or she has opened, an account with one of the NASDAQ Dubai Custodians and appoint a NASDAQ Dubai Broker.

If a Shareholder has neither an existing CSD Trading Account, nor an existing NASDAQ Dubai Custodian Account and would like to trade his or her BLME Holdings Shares, he or she is advised to either:

- (i) establish a CSD Trading Account with Shuaa Capital International Ltd, a NASDAQ Dubai Broker, with whom the Company already has arrangements in place, by contacting Marowa Mansour on +971 4 3199603 or +971 4 3199777 or by emailing clientservices@shuaa.com; or
- (ii) establish a CSD Trading Account with one of the other NASDAQ Dubai Broker's. A complete list of the regional and international brokers are available on the NASDAQ Dubai website (www.nasdaqdubai.com).

If a Shareholder already has an account with a NASDAQ Dubai Custodian and wants his or her BLME Holdings Shares to be credited to his or her NASDAQ Dubai Custodian Account, he or she will need to:

- (i) authorise his or her NASDAQ Dubai Custodian to instruct the Depositary;
and
- (ii) authorise BLME Holdings to instruct the Depositary,

to credit his or her entitlements to BLME Holdings Shares to his or her relevant NASDAQ Dubai Custodian Account. A Shareholder will then be able to trade his or her BLME Holdings Shares once it has appointed a NASDAQ Dubai Broker.

If the registrar and paying agent to be appointed by BLME Holdings, is not notified by NASDAQ Dubai that a Shareholder has taken any of the actions outlined above by 25 June 2013, that Shareholder will, pursuant to the Scheme, be credited with the appropriate number of BLME Holdings Shares in the BLME Holdings Nominee Account. The BLME Holdings Nominee Account will be set up by BLME Holdings with a NASDAQ Dubai Custodian, to hold BLME Holdings Shares in the Depositary on behalf of such BLME Holdings Shareholders.

Shareholders whose BLME Holdings Shares are credited to the BLME Holdings Nominee Account will not be able to trade their BLME Holdings Shares until such time as they either:

- (i) appoint a NASDAQ Dubai Broker and establish a CSD Trading Account via the NASDAQ Dubai Broker in their own name; or

- (ii) open, or confirm that they have opened, an account with one of the NASDAQ Dubai Custodians and appoint a NASDAQ Dubai Broker.

If a Shareholder has not taken any of the actions outlined above by 28 June 2014 or, if later, within one year of the Effective Date, that Shareholder will, pursuant to the Scheme, have his or her BLME Holdings Shares in the BLME Holdings Nominee Account withdrawn from the Depositary and registered in his or her own name thereby becoming the registered holder of the appropriate number of BLME Holdings Shares in place of NDGL. A Shareholder can also become the registered holder of BLME Holding Shares, in place of NDGL, before this time by withdrawing his or her BLME Holdings Shares from the Depositary at any time following the Effective Date. As only BLME Holdings Shares registered in the name of NDGL may be traded on NASDAQ Dubai, should Shareholders who are the registered holders of their BLME Holdings Shares then wish to sell their shares, they may only do so pursuant to an off-market sale, which would ordinarily attract stamp duty at a rate of 0.5 per cent. Furthermore, if BLME Holdings Shares which have been withdrawn from the Depositary are subsequently redeposited into the Depositary and re-registered in the name of NDGL, the redeposit will attract stamp duty or SDRT at the rate of 1.5 per cent. For further information relating to certain UK tax considerations relating to stamp duty and SDRT and certain tax considerations which arise from the implementation of the Proposals in the United Arab Emirates and the State of Kuwait please refer to Appendix I (Taxation) of this document.

Subject to any fractional entitlements that are created upon implementation of the Scheme, a holder of BLME Holdings Shares will have substantially the same interest in the profits, net assets and dividends of BLME Holdings as he or she had as a holder of BLME Shares in the profits, net assets and dividends of BLME before the Scheme became effective. Any fractions of BLME Holdings Shares that arise as a result of the Scheme shall be aggregated and sold in the market as soon as possible following Admission and the net proceeds shall be paid to BLME Shareholders with what would otherwise have been their fractional entitlements, except that individual entitlements of less than £5.00 shall be retained for the benefit of BLME Holdings.

A summary of the rights attaching to BLME Holdings Shares and the BLME Holdings Employee Share Plans is set out at paragraphs 3, 5 and 6 of Appendix II (Additional Information) of this document.

(b) *Amendments to the Articles of Association of BLME*

In connection with the Scheme, BLME Shareholders will be asked to approve an amendment to the BLME Articles (by way of special resolution) so as to create a BLME Deferred Share which will be issued to BLME Holdings prior to the Effective Date and which will not be subject to the Scheme. The BLME Deferred Share will be issued to BLME Holdings for cash before the Effective Date. By acquiring the BLME Deferred

Share, BLME Holdings will be a member of BLME on the Effective Date and, accordingly, there will be no requirement for an independent valuation of the BLME Shares to be allotted and issued to BLME Holdings pursuant to the Scheme.

Certain other changes to the BLME Articles are required to enable the Scheme to take effect. It is proposed that the BLME Articles be amended so that any BLME Shares issued to any person other than BLME Holdings (or its nominee(s)) on or after the Effective Date will be automatically acquired by BLME Holdings in consideration for the issue by BLME Holdings to such person of such BLME Holdings Scheme Shares as would have been issued under the Scheme. In addition, it is proposed that the BLME Articles are amended to ensure that any BLME Shares which are issued after the BLME General Meeting but before the Scheme Record Time will be subject to and bound by the Scheme.

The full text of this special resolution and the proposed amendments to the BLME Articles can be found in Appendix V (Notice of BLME General Meeting) of this document.

(c) BLME Directors' authority to allot shares

At the BLME General Meeting, BLME Shareholders will also be asked to authorise the BLME Directors, generally and unconditionally, for the purposes of section 551 of the Companies Act to allot new BLME Shares as part of the Scheme. BLME Shareholders will also be asked to authorise the BLME Directors, generally and unconditionally, to issue and allot the BLME Deferred Share to BLME Holdings as if the provisions of sections 551 and 561 of the Companies Act did not apply. For the avoidance of doubt, the disapplication contained in Appendix V (Notice of BLME General Meeting) of this document will apply to the BLME Deferred Share only and not to any other class of BLME Shares. These authorities will be used by the BLME Directors to effect the Scheme.

4. Conditions to the implementation of the Proposals

4.1 The Scheme

The implementation of the Scheme is conditional upon:

- (a) approval of the Scheme at the Court Meeting by a majority in number, representing not less than 75 per cent. in value, of those Shareholders present and voting, either in person or by proxy;
- (b) the passing of the Special Resolution set out in the notice of BLME General Meeting to approve, amongst other things, the cancellation of the Scheme Shares and the allotment of the BLME Shares by the BLME Directors (pursuant to the Scheme);

- (c) sanction by the Court of the Scheme and confirmation by the Court of the reduction of capital of BLME which occurs as a result of the cancellation of Scheme Shares as part of the Scheme; and
- (d) the delivery of a copy of the order of the Court sanctioning the Scheme and confirming the reduction of capital of BLME in relation to the Scheme and a Statement of Capital to the Registrar of Companies.

The Court Hearing (at which it is proposed that the Court sanction the Scheme) is expected to be held on or around 28 June 2013. Any creditors or Shareholders who wish to oppose the Scheme will be informed by advertisement in a newspaper, with a UK national distribution, of their right to appear in person, or be represented by Counsel, at the Court Hearing.

All awards under the BLME Employee Share Plans will lapse on the earlier of:

- (i) the holder of the relevant award accepting a replacement award offered by BLME Holdings under the terms of the BLME Holdings Employee Share Plans; and
- (ii) the expiry of the period for accepting such a replacement award as specified in the offer from BLME Holdings.

In addition, the BLME Directors will not take the necessary steps to enable the Scheme to become effective unless, at the relevant time, the BLME Directors determine that the conditions below have been satisfied and, at the relevant time, they consider that it continues to be in the best interests of BLME and BLME Shareholders that the Scheme should be implemented:

- (e) the agreement in principle of the DFSA to admit the BLME Holdings Shares to be issued in connection with the Scheme to listing on the Official List of Securities having been received and such agreement not being withdrawn prior to the Effective Date;
- (f) the agreement in principle of the NASDAQ Dubai to admit the BLME Holdings Shares to trading on its market for listed securities having been received and such agreement not being withdrawn prior to the Effective Date; and
- (g) the PRA having formally (and unconditionally or on such terms satisfactory to BLME (acting reasonably)) approved BLME Holdings and any relevant affiliate of BLME Holdings which would be deemed to be acquiring control (as such term is defined in FSMA) as a controller of all and any relevant entities within the BLME Group which are authorised in the UK by the FCA and PRA under FSMA (pursuant to the provisions of Part XII of FSMA).

If the Scheme is sanctioned by the Court and the BLME Directors determine that conditions (e), (f) and (g) above are satisfied, the Scheme is expected to become effective on 28 June

2013 and dealings in BLME Holdings Shares are expected to commence on NASDAQ Dubai at 10.00 a.m. (Dubai time) on 3 July 2013.

If the Scheme has not become effective by 31 December 2013 (or such later date as the Court may allow), it will lapse, in which event the Scheme will not proceed and (i) BLME Shareholders will remain holders of BLME Shares and (ii) BLME Employee Share Plan Participants will retain their awards under the BLME Employee Share Plans and the prohibition on exercise of such awards will be lifted.

The Scheme contains a provision for BLME and BLME Holdings jointly to consent, on behalf of all persons concerned, to any modification of, or addition to, the Scheme or to any condition that the Court may think fit to approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of BLME Shareholders unless such BLME Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not the consent of BLME Shareholders should be sought at a further meeting. If the Court approves or imposes a modification of, addition or condition to, the Scheme which, in the opinion of the BLME Directors, is of such a nature or importance as to require the approval of BLME Shareholders at a further meeting (or meetings), the BLME Directors will not take the necessary steps to enable the Scheme to become effective unless and until such approval(s) is obtained.

4.2 *The BLME Holdings Reduction of Capital*

The main purpose of the BLME Holdings Reduction of Capital is to create a distributable reserve in the accounts of BLME Holdings to facilitate the future payment of dividends if the financial position of BLME Holdings justifies the payment of a dividend and the BLME Holdings Board considers that it is in the best interests of BLME Holdings to pay the relevant dividend.

A merger reserve in the books of BLME Holdings will be created upon the Scheme becoming effective. Pursuant to the BLME Holdings Reduction of Capital, it is proposed that the merger reserve be capitalised through an allotment and issue of BLME Holdings Deferred Shares to BLME or such other shareholder of BLME Holdings as the BLME Holdings Directors may determine and then reducing and immediately cancelling the BLME Holdings Deferred Shares so issued.

The BLME Holdings Reduction of Capital involves:

- (a) the Scheme becoming effective and being fully implemented;
- (b) the confirmation of the BLME Holdings Reduction of Capital by the Court; and
- (c) the delivery of a copy of the order of the Court confirming the BLME Holdings Reduction of Capital to the Registrar of Companies for registration.

The Court Hearing to confirm the BLME Holdings Reduction of Capital is expected to be held on or around 2 July 2013. Shareholders of BLME Holdings will have the right to attend the Court Hearing to support or oppose the BLME Holdings Reduction of Capital and to appear in person or be represented by Counsel.

The BLME Holdings Reduction of Capital is expected to become effective on or around 2 July 2013.

5. Listings, dealings and settlement

Application will be made to the DFSA for listing of BLME Holdings Shares on the Official List of Securities and to NASDAQ Dubai for such shares to be admitted to trading on NASDAQ Dubai. The Board expects that BLME Holdings Shares will be admitted, and that dealings in BLME Holdings Shares will commence, at 10.00 a.m. (Dubai time) on 3 July 2013. No application has been or is currently intended to be made by BLME Holdings to be admitted to listing or dealing on any other exchange.

The last time for registration of transfers of BLME Shares is expected to be 6.00 p.m. on 27 June 2013, the Scheme Record Time.

These dates may be deferred if it is necessary to adjourn any meetings required to approve the arrangements described in this document or if there is any delay in obtaining the Court's sanction of the Scheme.

With effect from and including the Effective Date, all share certificates representing BLME Shares will cease to be of value and should be destroyed.

Shareholders' entitlements to BLME Holdings Shares will, depending on the action that a Shareholder takes, be one of the following at the Effective Date:

- (i) credited to a CSD Trading Account in an individual Shareholder's name, where a NASDAQ Dubai Broker has been appointed and an Investor Data Entry Form completed;
- (ii) credited to an individual Shareholder's nominated NASDAQ Dubai Custodian Account;
or
- (iii) credited to the BLME Holdings Nominee Account with a NASDAQ Dubai Custodian.

In order for a Shareholder to trade his or her BLME Holdings Shares on NASDAQ Dubai, he or she will have to either:

- (i) appoint a NASDAQ Dubai Broker and establish a CSD Trading Account via the NASDAQ Dubai Broker in he or she own name; or
- (ii) open, or confirm to NASDAQ Dubai that he or she has opened, an account with one of the NASDAQ Dubai Custodians and appoint a NASDAQ Dubai Broker.

If a Shareholder has neither an existing CSD Trading Account nor an existing NASDAQ Dubai Custodian Account and would like to trade his or her BLME Holdings Shares, he or she is advised to either:

- (i) establish a CSD Trading Account with Shuaa Capital International Ltd, a NASDAQ Dubai Broker, with whom the Company already has arrangements in place, by contacting Marowa Mansour on +971 4 3199603 or +971 4 3199777 or by emailing clientservices@shuaa.com; or
- (ii) establish a CSD Trading Account with one of the other NASDAQ Dubai Brokers. A complete list of the regional and international brokers are available on the NASDAQ Dubai website (www.nasdaqdubai.com).

If a Shareholder already has an account with a NASDAQ Dubai Custodian and wants his or her BLME Holdings Shares to be credited to its NASDAQ Dubai Custodian Account, he or she will need to:

- (i) authorise his or her NASDAQ Dubai Custodian to instruct the Depository; and
- (ii) authorise BLME Holdings to instruct the Depository,

to credit his or her entitlements to BLME Holdings Shares to its relevant NASDAQ Dubai Custodian Account. A Shareholder will then be able to trade his or her BLME Holdings Shares once he or she has appointed a NASDAQ Dubai Broker.

If the registrar and paying agent to be appointed by BLME Holdings, is not notified by NASDAQ Dubai that a Shareholder has taken any of the actions outlined above by 25 June 2013, that Shareholder will, pursuant to the Scheme, be credited with the appropriate number of BLME Holdings Shares in the BLME Holdings Nominee Account. The BLME Holdings Nominee Account will be set up by BLME Holdings with a NASDAQ Dubai Custodian, to hold BLME Holdings Shares in the Depository on behalf of such BLME Holdings Shareholders.

Shareholders whose BLME Holdings Shares are credited to the BLME Holdings Nominee Account will not be able to trade their BLME Holdings Shares until such time as they either:

- (i) appoint a NASDAQ Dubai Broker and establish a CSD Trading Account via the NASDAQ Dubai Broker in their own name; or
- (ii) open, or confirm that they have opened, an account with one of the NASDAQ Dubai Custodians and appoint a NASDAQ Dubai Broker.

If a Shareholder has not taken any of the actions outlined above by 28 June 2014 or, if later, within one year of the Effective Date, that Shareholder will, pursuant to the Scheme, have his or her BLME Holdings Shares in the BLME Holdings Nominee Account withdrawn from the Depository and registered in his or her own name thereby becoming the registered holder of the appropriate number of BLME Holdings Shares in place of NDGL. A Shareholder can also

become the registered holder of BLME Holding Shares, in place of NDGL, before this time by withdrawing his or her BLME Holdings Shares from the Depository at any time following the Effective Date. For further information relating to the consequences of transferring your BLME Holdings Shares outside the Depository please refer to paragraphs 2(a) and 3.2(a) of this Part I (Explanatory Statement).

Subject to any fractional entitlements that are created upon implementation of the Scheme, a holder of BLME Holdings Shares will have substantially the same interest in the profits, net assets and dividends of BLME Holdings as he or she had as a holder of BLME Shares in the profits, net assets and dividends of BLME before the Scheme became effective. Any fractions of BLME Holdings Shares that arise as a result of the Scheme shall be aggregated and sold in the market as soon as possible following Admission and the net proceeds shall be paid to BLME Shareholders with what would otherwise have been their fractional entitlements, except that individual entitlements of less than £5.00 shall be retained for the benefit of BLME Holdings.

All instructions in force relating to notices and other communications will, unless and until varied or revoked, be deemed from the Effective Date to be valid and effective instructions to BLME Holdings in relation to the corresponding holding of BLME Holdings Shares.

All documents, certificates, cheques or other communications sent by or to Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.

6. Directors' and other interests

All of the BLME Directors have also been appointed as Directors of BLME Holdings.

All Executive Directors have service agreements with BLME which set out the specific terms of their employment. Such service agreements shall continue in full force and effect and the Executive Directors shall continue to be employees and directors of BLME. The Executive Directors have been appointed to the board of BLME Holdings (without becoming entitled to any further remuneration). The Executive Directors shall be asked to sign a side letter confirming their agreement to the above and to their compliance with the listing rules of any investment exchange on which BLME Holdings may be listed.

All Non-Executive Directors have letters of appointment with BLME which set out the specific terms of engagement. Such letters of appointment shall continue in full force and effect and the Non-Executive Directors shall continue to be directors of BLME. The Non-Executive Directors have been appointed to the board of BLME Holdings (without becoming entitled to any further remuneration). The Non-Executive Directors shall be asked to sign a side letter confirming their agreement to the above and to their compliance with the listing rules of any investment exchange on which BLME Holdings may be listed.

Any material interests of the BLME Directors (whether as directors, members or creditors of BLME) are set out in paragraph 2 of Appendix II (Additional Information) of this document. The effect of the Scheme on the interests of the BLME Directors does not differ from its effect on the like interests of other persons.

7. Taxation

Certain UK tax considerations relating to stamp duty and SDRT and certain United Arab Emirates and State of Kuwait tax considerations, which arise from the implementation of the Proposals, are summarised in Appendix I (Taxation) of this document.

Shareholders who are in any doubt about their tax position should consult their own professional adviser.

8. BLME Holdings Articles

The BLME Holdings Articles include certain key provisions that are required to be included in the articles of association of a listed company and replicate important features of the BLME Articles of Association, in particular in relation to Sharia'a compliance. Further information relating to the BLME Holdings Articles of Association and the differences between the BLME Holdings Articles of Association and the current BLME Articles of Association are set out in paragraphs 3 and 4 of Appendix II (Additional Information) to this document.

9. Overseas Shareholders

No BLME Holdings Shares nor any other securities in BLME Holdings have been marketed to, nor are any available for purchase, in whole or in part, by, the public in the United Kingdom, the United Arab Emirates or the State of Kuwait or elsewhere in connection with Admission or the Proposals. This document does not constitute or form part of any offer or invitation to purchase, subscribe for, sell or issue, or any solicitation of any offer to purchase, subscribe for, sell or issue, BLME Holdings Shares or any other securities of BLME Holdings.

The distribution of this document and the allotment and issue of BLME Holdings Shares in jurisdictions other than the United Kingdom, the United Arab Emirates or the State of Kuwait may be restricted by law. No action has been taken by BLME or BLME Holdings to obtain any approval, authorisation or exemption to permit the allotment or issue of BLME Holdings Shares or the possession or distribution of this document (or any other publicity material relating to BLME Holdings Shares) in any jurisdiction other than in the United Kingdom, the United Arab Emirates or the State of Kuwait.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the distribution of this document or the Proposals. Persons into whose possession this document comes should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this document and the Proposals. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

This document is not for publication or distribution in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. BLME Holdings Shares may not be offered, sold or otherwise transferred, directly or indirectly, in or into any jurisdiction or for the account or benefit of citizens or residents of any such jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such jurisdiction.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the distribution of this document or the allotment and issue of BLME Holdings Shares pursuant to the Scheme, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

If, in respect of any Overseas Shareholders, BLME or BLME Holdings is advised that the allotment and issue of BLME Holdings Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, the United Arab Emirates or the State of Kuwait or would or might require BLME Holdings to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of BLME Holdings, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that:

- (a) in the case of such BLME Holdings Shares, BLME Holdings may in its sole discretion determine that such shares shall be allotted and issued to such persons as BLME Holdings may procure, as nominee for such Overseas Shareholder, on terms that they shall, as soon as practicable following the Effective Date, be sold on behalf of such Overseas Shareholder at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions) shall be paid to such Overseas Shareholder; or
- (b) where such BLME Holdings Shares have already been allotted and issued (in circumstances where paragraph (a) does not apply), BLME Holdings may in its sole discretion determine that such BLME Holdings Shares shall be sold, and BLME Holdings shall appoint a person who shall be authorised on behalf of such Overseas Shareholder to procure that any shares in respect of which BLME Holdings has made such determination shall, as soon as practicable following the Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions) shall be paid to such Overseas Shareholder.

Any remittance of the net proceeds of sale or redemption referred to in this section shall be at the risk of the relevant Overseas Shareholder.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Proposals in their particular circumstances.

10. Meetings and consents for implementation of the Proposals

The Scheme will require BLME Shareholders to vote on the Scheme at the Court Meeting, convened pursuant to an order of the Court, and the passing of the Special Resolution relating to the Scheme at the BLME General Meeting, both of which have been convened for 10 June 2013 and will be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 10.00 a.m. and 10.30 a.m. (or, if later, immediately following the conclusion or adjournment of the Court Meeting) respectively.

BLME Employee Share Plan Participants are prohibited from exercising their awards under the BLME Employee Share Plans, pursuant to a notice to be issued to each BLME Employee Share Plan Participant. BLME Holdings will offer replacement awards within 30 days of the Effective Date. It is expected that such replacement awards will be granted pursuant to the BLME Holdings Employee Share Plans, over one BLME Holdings Share for every 25 BLME Shares subject to the original awards and otherwise on substantially the same terms and economic basis as their existing options. The terms of the BLME Holdings Employee Share Plans are set out in paragraphs 5 and 6 of Appendix II (Additional Information) of this document.

BLME Holdings has agreed to appear by Counsel at the final hearing to sanction the Scheme and to undertake to be bound by the Scheme.

Each of the Scheme and the BLME Holdings Reduction of Capital requires a separate sanction from the Court. Further details regarding the Court Hearing to sanction the Scheme and the BLME Holdings Reduction of Capital are set out in paragraphs 4.1 and 4.2, respectively, of this Part I (Explanatory Statement).

Notices of the Court Meeting and the BLME General Meeting are set out in Appendix IV (Notice of Court Meeting) and V (Notice of BLME General Meeting) respectively of this document.

Court Meeting

The Court Meeting has been convened for 10.00 a.m. on 10 June 2013, pursuant to an order of the Court, at which meeting, or at any adjournment thereof, Shareholders appearing on the register at the Voting Record Time will consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Shareholder present in person or by proxy will be entitled to one vote for each BLME Share held. The statutory majority required to approve the Scheme at the Court Meeting is a majority in number of the Shareholders present and voting (either in person or by proxy) at the Court Meeting representing 75 per cent. in value of the BLME Shares held and voted by them.

In order that the Court can be satisfied that the votes cast constitute a fair representation of the views of the Shareholders, it is important that as many votes as possible are cast at the Court Meeting.

Shareholders are therefore encouraged to take the action referred to in paragraph 12 (Action to be taken) of this Part I (Explanatory Statement).

Shareholders should be aware that if the Scheme is approved and becomes effective, it will be binding on all Shareholders irrespective of whether they attended and voted at the Court Meeting or the way they voted.

BLME General Meeting

The BLME General Meeting has been convened for 10.30 a.m. on 10 June 2013 (or, if later, immediately following the conclusion or adjournment of the Court Meeting). The resolution to be proposed at the BLME General Meeting is set out in full in the notice of BLME General Meeting set out in Appendix V (Notice of BLME General Meeting) of this document.

The Special Resolution set out in the notice of the BLME General Meeting is proposed in order to approve:

- (i) the Scheme;
- (ii) the cancellation of the Scheme Shares (including the related reduction of share capital); and
- (iii) the application of the reserve arising as a result of the cancellation of the Scheme Shares to paying up the new BLME Shares and the allotment of the new BLME Shares to BLME Holdings; and
- (iv) the creation and issue of the BLME Deferred Shares to BLME Holdings.

The Special Resolution referred to above will be decided on a poll. The majority required for the passing of such resolution is not less than 75 per cent. in value of the votes cast.

11. BLME Holdings Shareholder Resolutions

BLME Shareholders will not be entitled to vote on the BLME Holdings resolutions set out below as, prior to the Effective Date, BLME will be the sole shareholder of BLME Holdings. Resolutions 2 and 4 will be proposed as ordinary resolutions and resolutions 1, 3, 5, 6 and 7 will be proposed as special resolutions:

Resolution 1 – BLME Holdings Reduction of Capital

Resolution 1 (which is conditional on the Scheme becoming effective) proposes to approve the BLME Holdings Reduction of Capital, which includes the capitalisation of the merger reserve, the creation and issue of the BLME Holdings Deferred Shares and the cancellation of the BLME Holdings Deferred Shares. Further details relating to the BLME Holdings Reduction of Capital are set out in paragraph 4.2 above.

Resolution 2 – BLME Holdings Directors authority to allot shares pursuant to the Scheme

Resolution 2 (which is conditional on the Scheme becoming effective) proposes that BLME Holdings Directors be authorised to allot new securities up to a nominal value of £49,010,653.53 to NASDAQ Dubai Guardian Limited, as bare nominee for the BLME Shareholders in connection with the Scheme or to a New Member (as defined in the notice of BLME General Meeting). This authority, unless renewed, will expire at the end of five years from the passing of this resolution.

Resolution 3 – Listing on the Official List of Securities and admission to trading on NASDAQ Dubai

Resolution 3 (which is conditional on resolution 1 being passed) proposes to approve the listing of BLME Holdings Shares to the Official List of Securities and admission to trading on NASDAQ Dubai.

Resolution 4 – BLME Holdings Directors’ authority to allot shares

Resolution 4 (which is conditional on resolution 1 being passed) proposes that BLME Holdings Directors be granted authority, in addition to the authority proposed pursuant to Resolution 2, under section 551 of the Companies Act to allot shares or grant such subscription or conversion rights as are contemplated by sections 551(1)(a) and (b) respectively of the Companies Act up to approximately two-thirds of the nominal value of the issued ordinary share capital of BLME Holdings immediately following the Scheme becoming effective. Half of this authority is reserved for a fully pre-emptive rights issue only. Although the BLME Holdings Directors have no present intention of exercising such authority, they consider it important to have the maximum ability and flexibility commensurate with good corporate governance guidelines to raise finance to enable BLME Holdings to respond to market developments and conditions. This authority, unless renewed, will expire on the earlier of the date on which BLME Holdings' annual general meeting in 2014 concludes or on 1 July 2014.

Resolution 5 – BLME Holdings Directors’ authority to disapply pre-emption rights

Resolution 5 (which is conditional on resolution 4 being passed) proposes that BLME Holdings Directors be authorised to allot new securities for cash (otherwise than in connection with an employee share scheme or in connection with a pre-emptive offer or rights issue or otherwise) equivalent to approximately 5 per cent. of BLME Holdings’ issued share capital immediately following the Scheme becoming effective. This authority, unless renewed, shall expire on the earlier of the date on which BLME Holdings' annual general meeting in 2014 concludes or 1 July 2014.

Resolution 6 – BLME Holdings Directors’ authority to approve variable remuneration up to 200 per cent. of base salary

Resolution 6 proposes that BLME Holdings Directors be authorised to pay bonuses and other variable remuneration up to 200 per cent. of base salary to employees and officeholders of members of the BLME Group. The purpose of this resolution is to disapply restrictions on the payment of such bonuses which may be the subject of a proposed directive to be issued by the European Parliament and Council. The BLME Board considers that the flexibility to pay such bonuses is important for the business of BLME Holdings where there is a competitive market place for appropriately qualified and experienced individuals.

The following resolution will be considered by BLME in its capacity as holder of the Redeemable Preference Shares:

Resolution 7 – Approval of the purchase contract to repurchase the A Ordinary Share from BLME

Resolution 7 (which is conditional on resolution 1 being passed) proposes that the terms of the proposed purchase contract to be entered into between BLME Holdings and BLME, providing for the purchase by BLME Holdings of the A Ordinary Share currently held by BLME, be approved. This authority will expire at the end of five years from the passing of this resolution.

12. Action to be taken

In order to become effective, the Scheme must be approved by a majority in number of those Scheme Shareholders who are present and vote either in person or by proxy at the Court Meeting and who represent 75 per cent. or more in value of all Scheme Shares held by such Scheme Shareholders. Implementation of the Scheme will also require the passing of the Special Resolution by BLME Shareholders at the BLME General Meeting. The Court Meeting and the BLME General Meeting will both be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL. The Court Meeting will be held at 10.00 a.m. on 10 June 2013 and the BLME General Meeting will be held at 10.30 a.m. on the same date (or, if later, as soon thereafter as the Court Meeting has been concluded or adjourned). Under the Companies Act, the Scheme is also subject to the sanction of the Court. **If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including those who did not vote or who voted against it at either one or both of the Meetings.**

You will find enclosed with this document:

- **a blue Form of Proxy for use in respect of the Court Meeting; and**
- **a white Form of Proxy for use in respect of the BLME General Meeting.**

Whether or not you plan to attend both or either of the Meetings, please complete and sign the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by post or, during normal business hours, by hand to the Company Secretary, Bank of London and The Middle East plc, Sherborne House, 119 Cannon Street, London EC4N 5AT or received by fax to the Company Secretary on +44 (0) 20 7618 0038 at least 48 hours before the time of the relevant Meeting.

If the blue Form of Proxy for use at the Court Meeting is not lodged by the above time, it may be handed to the Chairman of the Court Meeting before the taking of the poll and will still be valid. However, in the case of the BLME General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.30 a.m. on 6 June 2013, it will be invalid. The completion and return of the Forms of Proxy will not prevent you from attending and voting at either the Court Meeting or the BLME General Meeting, or any adjournment thereof, in person should you wish to do so.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of BLME Shareholder opinion. You are therefore strongly urged to sign and return your Forms of Proxy as soon as possible.

Unless we receive sufficient completed Forms of Proxy, the Scheme will not become effective and Admission will not happen.

Shareholders that do not either appoint (i) a NASDAQ Dubai Broker and establish a CSD Trading Account via the NASDAQ Dubai Broker in their own name or open, or (ii) confirm that they have opened, an account with one of the NASDAQ Dubai Custodians and appoint a NASDAQ Dubai

Broker by 25 June 2013, will, pursuant to the Scheme, be credited with the appropriate number of BLME Holdings Shares in the BLME Holdings Nominee Account. The BLME Holdings Nominee Account will be set up by BLME Holdings with a NASDAQ Dubai Custodian, to hold BLME Holdings Shares in the Depository on behalf of BLME Holdings Shareholders.

Shareholders whose BLME Holdings Shares are credited to the BLME Holdings Nominee Account will not be able to trade their BLME Holdings Shares until such time as they either:

- (i) appoint a NASDAQ Dubai Broker and establish a CSD Trading Account via the NASDAQ Dubai Broker in their own name; or
- (ii) open, or confirm that they have opened, an account with one of the NASDAQ Dubai Custodians and appoint a NASDAQ Dubai Broker.

If a Shareholder has not taken any of the actions outlined above by 28 June 2014 or, if later, within one year of the Effective Date, that Shareholder will, pursuant to the Scheme, have his or her BLME Holdings Shares in the BLME Holdings Nominee Account withdrawn from the Depository and registered in his or her own name thereby becoming the registered holder of the appropriate number of BLME Holdings Shares in place of NDGL. For further information relating to the consequences of transferring your BLME Holdings Shares outside the Depository please refer to paragraphs 2(a) and 3.2(a) of this Part I (Explanatory Statement).

If you have any questions relating to completion and return of the Forms of Proxy or any other matters in connection with the Proposals, please send an email to shareholders@blme.com stating your full name, contact details, the full details of your question and whether you require a response in Arabic. Please note that for legal reasons, we cannot give you any advice on the merits of the Proposals or provide any personal financial, legal or taxation advice in connection with the Proposals.

Notices convening the Court Meeting and the BLME General Meeting are set out in Appendix IV (Notice of Court Meeting) and Appendix V (Notice of BLME General Meeting) respectively of this document.

13. Further information

Your attention is drawn to the terms of the Scheme which is set out in full in Part II (Scheme of Arrangement), the information on taxation in Appendix I (Taxation) and the additional information set out in Appendix II (Additional Information) of this document.

14. Recommendation

The BLME Board considers the terms of the Proposals to be fair and reasonable. The Board considers that the Proposals are in the best interests of BLME Shareholders as a whole and accordingly unanimously recommends that all BLME Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution at the BLME General Meeting, as those BLME Directors who hold BLME Shares intend to do in respect of their own beneficial shareholdings of 56,663,051 BLME Shares in aggregate, which represent, in aggregate,

approximately 1.16 per cent. of BLME's issued share capital.

Yours faithfully

A handwritten signature in blue ink, consisting of a stylized, cursive script that is difficult to decipher but appears to be the name of the signatory.

Yacob Yousef Al-Muzaini

**Non-Executive Chairman
Bank of London and The Middle East plc**

PART II

SCHEME OF ARRANGEMENT

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 3294 of 2013

**IN THE MATTER OF BANK OF LONDON AND THE MIDDLE EAST PLC
and
IN THE MATTER OF THE COMPANIES ACT 2006**

SCHEME OF ARRANGEMENT

(under sections 895 to 899 of the Companies Act 2006)

BETWEEN

BANK OF LONDON AND THE MIDDLE EAST PLC

and

THE HOLDERS OF SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

| | |
|-------------------------------|--|
| "BLME Board" | the board of directors of BLME at the date of this Scheme |
| "BLME Deferred Share" | a deferred share of 1 penny in the capital of BLME |
| "BLME General Meeting" | the general meeting of the shareholders of BLME, notice of which is set out in Appendix V of the Company's circular dated 13 May 2013, and any adjournment thereof |
| "BLME Holdings" | BLME Holdings plc, registered in England and Wales with registered number 8503102 |

| | |
|---|--|
| "BLME Holdings Nominee Account" | an account to be set up by BLME Holdings with a NASDAQ Dubai Custodian, to hold BLME Holdings shares in the Depository, on behalf of certain BLME Holdings Shareholders |
| "BLME Holdings Shares" | ordinary shares of 25 pence each in the capital of BLME Holdings or entitlements thereto, as the context may require |
| "BLME Shares" | ordinary shares of 1 penny each in the capital of the BLME |
| "Business Day" | a day other than a Saturday or Sunday on which banks in London are open for normal business |
| "certificated" or "in certificated form" | shares represented by a share certificate |
| "Company" or "BLME" | Bank of London and The Middle East plc, incorporated in England and Wales with registered number 5897786 |
| "Companies Act" | the Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time |
| "Court" | the High Court of Justice in England and Wales |
| "Court Hearing" | the hearing of the claim form to sanction the Scheme and confirm the reduction of capital of BLME |
| "Court Meeting" | the meeting of Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve this Scheme, including any adjournment thereof |
| "CSD Trading Account" | a Central Securities Depository account with the Depository in which an individual Scheme Shareholder will hold his or her BLME Holdings Shares |
| "Depository" | Central Securities Depository of NASDAQ Dubai Limited |

| | |
|---|---|
| "Effective Date" | the date on which this Scheme becomes effective in accordance with Clause 6 |
| "holder" | includes a person entitled by transmission |
| "NASDAQ Dubai" | NASDAQ Dubai Limited |
| "NASDAQ Dubai Broker" | a regional or international broker who is listed on the NASDAQ Dubai website (www.nasdaqdubai.com) |
| "NASDAQ Dubai Custodian" | a party, as defined in the NASDAQ Dubai Business Rules, that holds, manages, controls or takes custody of securities by way of business for one or more of its customers (or the underlying clients of its customers) under a segregated or omnibus account |
| "NASDAQ Dubai Custodian Account" | the account established by a NASDAQ Dubai Custodian with NASDAQ Dubai |
| "NDGL" | NASDAQ Dubai Guardian Limited, incorporated in Dubai under registered number 0079 with its registered office at The Exchange Building (Building 5), Level 7, DIFC Street, P.O. Box 53536, Dubai |
| "Registrar of Companies" | the Registrar of Companies in England and Wales |
| "Scheme" | this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and BLME Holdings |
| "Scheme Record Time" | 6.00 p.m. on the Business Day immediately prior to the Effective Date |
| "Scheme Shareholders" | registered holders of Scheme Shares |
| "Scheme Shares" | <ul style="list-style-type: none"> (i) the BLME Shares in issue at the date of this Scheme; (ii) any BLME Shares issued after the date of this Scheme and before the Voting Record Time; and |

- (iii) any BLME Shares issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by this Scheme,

save for any BLME Shares held by BLME Holdings

"Voting Record Time"

6.00 p.m. on the day which is two Business Days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date of such adjourned meeting

"£", "penny", "pence" and "p"

the lawful currency of the United Kingdom

and references to Clauses are to Clauses of this Scheme, and references to time are to London time.

- (B) The share capital of the Company as at the close of business on 9 May 2013 was £48,933,422.81 divided into 4,893,342,281 BLME Shares of 1 penny each, all of which were credited as fully paid.
- (C) BLME Holdings was incorporated and registered in England and Wales as a public limited company on 24 April 2013, with registered number 8503102.
- (D) The issued share capital of BLME Holdings at the date of this document is £50,001 divided into 50,000 redeemable preference shares of £1.00 each and one A ordinary share of £1.00. These shares were issued to BLME on 24 April 2013.
- (E) No Scheme Shares are or will be beneficially owned by BLME Holdings. It is intended that, in the period after the BLME General Meeting and before the Court Hearing, the BLME Board will issue to BLME Holdings a BLME Deferred Share for one penny credited as fully paid.
- (F) BLME Holdings has agreed to appear by Counsel at the Court Hearing and to submit to be bound by and to undertake to the Court to be bound by the Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.
- (G) It is proposed that, subject to certain conditions being fulfilled, including the Scheme becoming effective, the capital of BLME Holdings will be reduced pursuant to a special resolution of BLME Holdings shareholders being passed.

THE SCHEME

1. Cancellation of Scheme Shares

- 1.1** The capital of the Company shall be reduced by cancelling and extinguishing all of the Scheme Shares.
- 1.2** Subject to and forthwith upon the said reduction of capital referred to in Clause 1.1 taking effect the reserve arising in the books of account of the Company as a result of the said reduction of capital shall be capitalised and applied in paying up in full at par new BLME Shares with an aggregate nominal value equal to the number of Scheme Shares so cancelled to be allotted and issued credited as fully paid to BLME Holdings and/or its nominee(s).

2. Consideration for the cancellation of the Scheme Shares

- 2.1** In consideration for the cancellation of the Scheme Shares and the allotment and issue of the new BLME Shares as provided in Clause 1, BLME Holdings shall (subject to the remaining provisions of this Scheme) allot and issue to NDGL, as bare nominee for the holders of the Scheme Shares (as appearing in the register of members of the Company at the Scheme Record Time):

for every 25 Scheme Shares 1 BLME Holdings Share.

- 2.2** The aggregate number of BLME Holdings Shares to which a holder of Scheme Shares shall be entitled under Clause 2.1 shall be rounded down to the nearest whole number. No fractions of BLME Holdings Shares shall be allotted to any holder of Scheme Shares, and all fractions to which, but for this Clause 2.2, holders of Scheme Shares would have become entitled shall be aggregated and sold in the market as soon as practicable after the Effective Date and the net proceeds of sale shall be paid to such holders in cash (in Pounds Sterling) in accordance with what would otherwise have been their fractional entitlements, except that individual entitlements of less than £5.00 shall be retained for the benefit of BLME Holdings.
- 2.3** BLME Holdings Shares to be issued pursuant to Clause 2.1 shall be issued, credited as fully paid, and shall rank equally in all respects with all other fully paid BLME Holdings Shares save that they shall be entitled to all dividends and other distributions declared, paid or made by BLME Holdings by reference to a record date on or after the Effective Date.

3. Overseas Shareholders

- 3.1** The provisions of Clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside the United Kingdom, or whom BLME Holdings reasonably believes to be a citizen, resident or national of a jurisdiction outside the United Kingdom, the United Arab Emirates or the State of Kuwait or BLME Holdings is advised that the allotment and/or issue of BLME Holdings Shares pursuant to

Clause 2 would or may infringe the laws of such jurisdiction or would or may require BLME Holdings to comply with any governmental or other consent or any registration, filing or other formality with which BLME Holdings is unable to comply or compliance with which BLME Holdings regards as unduly onerous, BLME Holdings may, in its sole discretion, either:

- 3.1.1** determine that such BLME Holdings Shares shall be sold, in which event the BLME Holdings Shares shall be issued to the Depositary, as nominee for such holder and BLME Holdings shall appoint a person to act pursuant to this Clause 3.1.1 and such person shall be authorised on behalf of the Depositary, as nominee for such holder to procure that any securities in respect of which BLME Holdings has made such determination shall, as soon as practicable following the Effective Date, be sold; or
 - 3.1.2** determine that such BLME Holdings Shares shall not be issued to the Depositary, as nominee for such holder but shall instead be issued to a nominee for such holder appointed by BLME Holdings on terms that the nominee shall, as soon as practicable following the Effective Date, sell the BLME Holdings Shares so issued.
- 3.2** Any sale under Clause 3.1 shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions incurred in connection with such sale, including any value added tax payable on the proceeds of sale) shall be paid to such holder by sending a cheque or creating an assured payment obligation in accordance with the provisions of Clause 4.5.
- 3.3** To give effect to any sale under Clause 3.1, the person appointed by BLME Holdings in accordance with Clause 3.1.1 shall be authorised as attorney on behalf of the holder concerned, and the nominee appointed by BLME Holdings in accordance with Clause 3.1.2 shall be authorised to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all other things which he may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of the Company, BLME Holdings or the person or nominee so appointed shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

4. Settlement

- 4.1** Not later than the Business Day following the Effective Date, BLME Holdings shall issue the BLME Holdings Shares and deliver the accompanying certificate(s) to NDGL, with NDGL being registered as first holder of such shares, as bare nominee for the Scheme Shareholders. BLME Holdings shall procure that immediately following receipt by NDGL of the BLME Holdings Shares, the Depositary shall:
- 4.1.1** in the case of a Scheme Shareholder who has appointed a NASDAQ Dubai Broker and established a CSD Trading Account via the NASDAQ Dubai Broker in its own name, credit the BLME Holdings Shares to which that Scheme Shareholder is entitled to the Scheme Shareholder's individual CSD Trading Account;

- 4.1.2** in the case of a Scheme Shareholder who has confirmed to BLME Holdings that it has opened a NASDAQ Dubai Custodian Account and instructed the Depository to credit his or her shares to such NASDAQ Dubai Custodian Account, credit the BLME Holdings Shares to which that Scheme Shareholder is entitled to the Scheme Shareholder's NASDAQ Dubai Custodian Account; and
- 4.1.3** in the case of each other Scheme Shareholder, credit the BLME Holdings Shares to which such Scheme Shareholder is entitled to the BLME Holdings Nominee Account.
- 4.2** If a Scheme Shareholder has not taken either of the actions outlined in paragraphs 4.1.1 or 4.1.2 above within one year of the Effective Date, that Shareholder will have his or her BLME Holdings Shares in the BLME Holdings Nominee Account withdrawn from the Depository and registered in his or her own name, thereby becoming the registered holder of the appropriate number of BLME Holdings Shares in place of NDGL.
- 4.3** Subject to any fractional entitlements arising as a result of the Scheme, a holder of BLME Holdings Shares will have substantially the same interest in the profits, net assets and dividends of BLME Holdings as he or she had as a holder of BLME Shares in the profits, net assets and dividends of BLME before the Scheme became effective. Any fractions of BLME Holdings Shares that arise as a result of the Scheme shall be aggregated and sold in the market as soon as possible following the Effective Date and the net proceeds shall be paid to BLME Shareholders with what would otherwise have been their fractional entitlements, except that individual entitlements of less than £5.00 shall be retained for the benefit of BLME Holdings.
- 4.4** As soon as practicable after the Effective Date and not later than 5 Business Days after the Effective Date, BLME shall arrange for the delivery to BLME Holdings of a certificate in respect of its holding of BLME Shares.
- 4.5** All deliveries of share certificates or cheques pursuant to this Scheme shall be effected by sending the same by first class post in prepaid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding, at the Scheme Record Time, and none of BLME Holdings, the Company or any person or nominee appointed by BLME Holdings shall be responsible for any loss or delay in the transmission or delivery of any share certificates or cheques sent in accordance with this Clause 4.5, which shall be sent at the risk of the persons entitled thereto.
- 4.6** Not later than 15 Business Days after the Effective Date, BLME Holdings shall procure the despatch of cheques for the sums payable to the relevant Scheme Shareholders in accordance with Clause 3. All cheques shall be made payable to the persons respectively entitled to the moneys represented thereby (except that, in the case of joint holders, BLME Holdings reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of the Company at the Scheme Record Time in respect

of such joint holding) and the encashment of any such cheque shall be a complete discharge to BLME Holdings for the moneys represented thereby.

4.7 The provisions of this Clause 4 shall be subject to any prohibition or condition imposed by law.

5. Share certificates and cancellation of entitlements

With effect from and including the Effective Date, all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every holder of Scheme Shares shall be bound at the request of the Company to deliver up the same to the Company or to destroy the same.

6. Effective Time

6.1 This Scheme together with a statement of capital shall become effective in accordance with its terms as soon as a copy of the order of the Court sanctioning this Scheme under section 899 of the Companies Act and confirming under section 648 of the Companies Act the reduction of capital provided for by this Scheme shall have been delivered to the Registrar of Companies for registration.

6.2 Unless this Scheme shall have become effective on or before 31 December 2013 or such later date, if any, as BLME Holdings and the Company may agree and the Court may allow, this Scheme shall never become effective.

7. Modification

BLME Holdings and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition, which the Court may approve or impose.

Dated: 13 May 2013

APPENDIX I

TAXATION

If you are in any doubt as to your taxation position you should consult an appropriate professional adviser immediately.

UNITED KINGDOM TAXATION

Stamp Duty and stamp duty reserve tax ("SDRT")

Stamp duty and/or SDRT are imposed in the UK on certain transfers of chargeable securities (which include shares in companies incorporated in the UK) at a rate of 0.5 per cent. of the consideration paid for the transfer. Certain transfers of shares to depositaries or into clearance services are charged at a higher rate of 1.5 per cent.

Following the First-Tier Tax Tribunal decision in *HSBC Holdings PLC and the Bank of New York Mellon Corporation v HMRC*, HMRC has confirmed in a public statement that it will no longer seek to impose SDRT at the rate of 1.5 per cent. on issues of UK shares to depositary receipt issuers or clearance services. This means that no stamp duty or SDRT will be payable by any party as a result of the issue of the BLME Holdings Shares to NDGL Depositary or otherwise on the Scheme becoming effective.

The acquisition of BLME by BLME Holdings will not give rise to a stamp duty or SDRT liability as it is effected by way of a cancellation of BLME's existing share capital and issue of new shares to BLME Holdings, so no transfer of shares is involved.

Transfers of the BLME Holdings Shares registered in the name of NDGL and held in the Depositary will not attract a charge to stamp duty or SDRT in the UK. Any transfers of title to the BLME Holdings Shares from within the Depositary out of the Depositary and any transfers that occur entirely outside the Depositary will ordinarily attract stamp duty at a rate of 0.5 per cent. This duty must be paid (and the transfer document stamped by HMRC) before the transfer can be registered in the share register of BLME Holdings. Furthermore, if BLME Holdings Shares that have been withdrawn from the Depositary are subsequently redeposited into the Depositary and re-registered in the name of NDGL, the redeposit will attract stamp duty or SDRT at the rate of 1.5 per cent.

UNITED ARAB EMIRATES TAXATION

There are no United Arab Emirates tax considerations which arise from the implementation of the Proposals.

STATE OF KUWAIT TAXATION

There are no State of Kuwait tax considerations which arise from the implementation of the Proposals.

APPENDIX II

ADDITIONAL INFORMATION

1. Responsibility Statements

The BLME Directors, whose names are set out in paragraph 2 below, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the BLME Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors of BLME and Directors of BLME Holdings

The following table sets out information relating to the Directors of BLME, each of whom is also currently a Director of BLME Holdings:

| | |
|---|---|
| Yacob Yousef Al-Muzaini | Non-Executive Chairman |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | Non-Executive Vice Chairman |
| Humphrey Percy | Chief Executive Officer |
| Nigel Brodie Denison | Director and Head of Treasury and Wealth Management |
| Richard Williams | Chief Financial Officer |
| Ibrahim Al Qadhi* | Non-Executive Director |
| Frank Willem Vermeulen | Non-Executive Director |
| Michael Williams | Non-Executive Director |
| Neil Jonathan Holden | Non-Executive Director |
| Adel Abdul Wahab Al-Majed | Non-Executive Director |

*It is proposed that Ibrahim Al Qadhi will retire at the annual general meeting of BLME to be held on 6 June 2013.

2.1 Employment contracts and letters of appointment relating to the Directors of BLME and Directors of BLME Holdings

2.1.1 Executive Directors

All Executive Directors have service agreements with BLME which set out the specific terms of their employment. Such service agreements shall continue in full force and effect and the Executive Directors shall continue to be employees and directors of BLME. The Executive Directors have been appointed to the board of BLME Holdings (without becoming entitled to any further remuneration). The Executive Directors shall be asked to sign a side letter confirming their agreement to the above and to their compliance with the listing rules of any investment exchange on which BLME Holdings may be listed.

2.1.2 Non-Executive Directors

All Non-Executive Directors have letters of appointment with BLME which set out the specific terms of engagement. Such letters of appointment shall continue in full force and effect and the Non-Executive Directors shall continue to be directors of BLME. The Non-Executive Directors have been appointed to the board of BLME Holdings (without becoming entitled to any further remuneration). The Non-Executive Directors shall be asked to sign a side letter confirming their agreement to the above and to their compliance with the listing rules of any investment exchange on which BLME Holdings may be listed.

2.2 Interests relating to the Directors of BLME and Directors of BLME Holdings

Other than the service agreements or letters of appointment and the interests set out below, the BLME Directors are not interested in any contracts, loan or guarantee agreements which have been granted or provided to, or for the benefit of, any of the BLME Directors by any member of the BLME Group and do not have any other material interests in BLME.

The interests of the BLME Directors together represent approximately 1.16 per cent. of the issued share capital of BLME as at 9 May 2013 (being the last practicable date prior to publication of this document) and are expected to represent approximately 1.16 per cent. of the issued share capital of BLME Holdings upon the Scheme becoming effective.

Assuming no further BLME Shares have been purchased or issued after 9 May 2013 (being the last practicable date prior to the publication of this document), the BLME Directors and their immediate families have the following interests in the share capital of BLME (all of which are beneficial unless otherwise stated) and, in the event that the Scheme becomes effective, the BLME Directors will have the following interests in BLME Holdings by virtue of the effect of the Scheme on their existing holdings in BLME Shares:

| Name of Director | No. of BLME Shares before the Scheme becomes effective | % of BLME Shares before the Scheme becomes effective | No. of BLME Holdings Shares after the Scheme becomes effective | % of BLME Holdings Shares after the Scheme becomes effective |
|---|---|---|---|---|
| Yacob Yousef Al-Muzaini | 36,500,000* | 0.75% | 1,460,000 | 0.75% |
| Sheikh Abdullah Jaber Al-Ahmed Al-Sabah | 2,000,000 | 0.04% | 80,000 | 0.04% |
| Humphrey Percy | 8,650,000 | 0.18% | 346,000 | 0.18% |
| Name of Director | No. of BLME Shares before | % of BLME Shares before | No. of BLME | % of BLME Holdings |

| | the Scheme becomes effective | the Scheme becomes effective | Holdings Shares after the Scheme becomes effective | Shares after the Scheme becomes effective |
|---------------------------|-------------------------------------|-------------------------------------|---|--|
| Nigel Brodie Denison | 5,000,000 | 0.10% | 200,000 | 0.10% |
| Richard Williams | 3,500,000 | 0.07% | 140,000 | 0.07% |
| Ibrahim Al Qadhi | - | - | - | - |
| Frank Willem Vermeulen | 263,051 | 0.01% | 10,522 | 0.01% |
| Michael Williams | - | - | - | - |
| Neil Jonathan Holden | 750,000** | 0.02% | 30,000 | 0.02% |
| Adel Abdul Wahab Al-Majed | - | - | - | - |

* Held jointly with his wife, Khawla Ali Abdul Riham Al Bahar.

** Held in Calmindon Ltd, a company owned by Neil Holden and his wife.

Except as noted above, the above table does not reflect the extent to which any BLME Directors may have additional beneficial interests by virtue of their participation in the BLME Employee Share Plans. The interests of the BLME Directors in this regard are set out in below.

2.3 BLME Directors' interests in BLME Shares under the BLME Share Incentive Scheme

As at 9 May 2013 (being the last practicable date prior to the publication of this document), the following BLME Directors held the following interests in BLME Shares under the BLME Employee Share Plans:

2.3.1 ASOP

| Name of Director | No of BLME Shares subject to option | Exercise Price (£) | Date of Grant | Exercise Period | | Vested * |
|------------------|-------------------------------------|--------------------|---------------|-----------------|------------|----------|
| | | | | From | To | |
| Humphrey Percy | 57,692 | 0.065 | 12/02/2009 | 05/07/2010 | 12/02/2019 | No |
| Richard Williams | 57,692 | 0.065 | 12/02/2009 | 05/07/2010 | 12/02/2019 | No |
| Nigel Denison | 57,692 | 0.065 | 12/02/2009 | 05/07/2010 | 12/02/2019 | No |
| Humphrey Percy | 57,692 | 0.065 | 12/02/2009 | 05/07/2011 | 12/02/2019 | No |
| Richard Williams | 57,692 | 0.065 | 12/02/2009 | 05/07/2011 | 12/02/2019 | No |
| Nigel Denison | 57,692 | 0.065 | 12/02/2009 | 05/07/2011 | 12/02/2019 | No |
| Humphrey Percy | 57,692 | 0.065 | 12/02/2009 | 05/07/2012 | 12/02/2019 | No |
| Richard Williams | 57,692 | 0.065 | 12/02/2009 | 05/07/2012 | 12/02/2019 | No |
| Nigel Denison | 57,692 | 0.065 | 12/02/2009 | 05/07/2012 | 12/02/2019 | No |
| Humphrey Percy | 57,692 | 0.065 | 12/02/2009 | 05/07/2013 | 12/02/2019 | No |
| Richard Williams | 57,692 | 0.065 | 12/02/2009 | 05/07/2013 | 12/02/2019 | No |
| Nigel Denison | 57,692 | 0.065 | 12/02/2009 | 05/07/2013 | 12/02/2019 | No |

*The options listed above are subject to a performance condition that will only be satisfied on a listing of BLME and provided that replacement options will not be offered. As it is intended that replacement options will be offered, it is not expected that these options will become exercisable.

2.3.2 USOP

| Name of Director | No of BLME Shares subject to option | Exercise Price (£) | Date of Grant | Exercise Period | | Vested * |
|------------------|-------------------------------------|--------------------|---------------|-----------------|------------|----------|
| | | | | From | To | |
| Humphrey Percy | 4,833,689 | 0.065 | 12/02/2009 | 05/07/2010 | 12/02/2019 | No |
| Richard Williams | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2010 | 12/02/2019 | No |
| Nigel Denison | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2010 | 12/02/2019 | No |
| Humphrey Percy | 4,833,689 | 0.065 | 12/02/2009 | 05/07/2011 | 12/02/2019 | No |
| Richard Williams | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2011 | 12/02/2019 | No |
| Nigel Denison | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2011 | 12/02/2019 | No |
| Humphrey Percy | 4,833,689 | 0.065 | 12/02/2009 | 05/07/2012 | 12/02/2019 | No |
| Richard Williams | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2012 | 12/02/2019 | No |
| Nigel Denison | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2012 | 12/02/2019 | No |
| Humphrey Percy | 4,833,689 | 0.065 | 12/02/2009 | 05/07/2013 | 12/02/2019 | No |
| Richard Williams | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2013 | 12/02/2019 | No |
| Nigel Denison | 1,776,576 | 0.065 | 12/02/2009 | 05/07/2013 | 12/02/2019 | No |
| Humphrey Percy | 2,500,000 | 0.065 | 25/10/2010 | 05/07/2011 | 25/10/2020 | No |
| Humphrey Percy | 1,250,000 | 0.065 | 25/10/2010 | 05/07/2012 | 25/10/2020 | No |
| Humphrey Percy | 1,250,000 | 0.065 | 25/10/2010 | 05/07/2013 | 25/10/2020 | No |
| Humphrey Percy | 2,500,000 | 0.065 | 25/10/2010 | 05/07/2014 | 25/10/2020 | No |

| Name of Director | No of BLME Shares subject to option | Exercise Price (£) | Date of Grant | Exercise Period | | Vested * |
|------------------|-------------------------------------|--------------------|---------------|-----------------|------------|----------|
| | | | | From | To | |
| Richard Williams | 1,000,000 | 0.065 | 25/10/2010 | 05/07/2011 | 25/10/2020 | No |
| Richard Williams | 500,000 | 0.065 | 25/10/2010 | 05/07/2012 | 25/10/2020 | No |
| Richard Williams | 500,000 | 0.065 | 25/10/2010 | 05/07/2013 | 25/10/2020 | No |
| Richard Williams | 1,000,000 | 0.065 | 25/10/2010 | 05/07/2014 | 25/10/2020 | No |
| Nigel Denison | 1,000,000 | 0.065 | 25/10/2010 | 05/07/2011 | 25/10/2020 | No |
| Nigel Denison | 500,000 | 0.065 | 25/10/2010 | 05/07/2012 | 25/10/2020 | No |
| Nigel Denison | 500,000 | 0.065 | 25/10/2010 | 05/07/2013 | 25/10/2020 | No |
| Nigel Denison | 1,000,000 | 0.065 | 25/10/2010 | 05/07/2014 | 25/10/2020 | No |

*The options listed above are subject to a performance condition that will only be satisfied on a listing of BLME and provided that replacement options will not be offered. As it is intended that replacement options will be offered, it is not expected that these options will become exercisable.

2.3.3 DAB PLAN (Deferred Allocations)

| Name of Director | No of BLME Shares subject to award | Exercise Price (£) | Date of Grant | Exercise Period | | Vested* |
|------------------|------------------------------------|--------------------|---------------|-----------------|------------|---------|
| | | | | From | To | |
| Humphrey Percy | 5,769,231 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Humphrey Percy | 4,038,462 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Richard Williams | 1,923,077 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |

| | | | | | | |
|------------------|-----------|-----|------------|------------|------------|----|
| Richard Williams | 1,346,154 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Nigel Denison | 2,307,692 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Nigel Denison | 1,538,462 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |

*The awards listed above are not subject to performance conditions. Therefore the awards will vest on the date indicated at the start of the exercise period.

2.3.4 Matching Awards

| Name of Director | No of BLME Shares subject to award | Exercise Price (£) | Date of Grant | Exercise Period | | Vested * |
|------------------|------------------------------------|--------------------|---------------|-----------------|------------|----------|
| | | | | From | To | |
| Humphrey Percy | 1,572,371 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Humphrey Percy | 1,923,077 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Humphrey Percy | 1,346,154 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Humphrey Percy | 1,346,154 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Humphrey Percy | 1,346,154 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Richard Williams | 524,124 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Richard Williams | 641,026 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Richard Williams | 448,718 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Richard Williams | 448,718 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Richard Williams | 448,718 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Nigel Denison | 628,948 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |

| Name of Director | No of BLME Shares subject to award | Exercise Price (£) | Date of Grant | Exercise Period | | Vested * |
|------------------|------------------------------------|--------------------|---------------|-----------------|------------|----------|
| | | | | From | To | |
| Nigel Denison | 769,231 | nil | 07/03/2011 | 07/03/2014 | 07/03/2021 | No |
| Nigel Denison | 512,821 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Nigel Denison | 512,821 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |
| Nigel Denison | 512,821 | nil | 04/03/2013 | 04/03/2016 | 04/03/2023 | No |

*The awards listed above are subject to performance conditions. As it is intended that replacement awards are offered (which will result in the lapse of existing awards) no awards are expected to become exercisable.

2.3.5 Replacement options or awards

As noted above, it is intended that replacement options or awards (to acquire BLME Holdings Shares) are offered by BLME Holdings in respect of all existing options and awards under the BLME Employee Share Plans. Replacement options and awards shall be offered on the following further terms:

- (a) the exercise of the replacement options and awards shall be subject to performance conditions which are equivalent, so far as practicable, to any original performance conditions under the existing options and awards;
- (b) the exercise of the replacement options and awards shall be exercisable in the same manner as the existing options and awards;
- (c) the number of BLME Holdings Shares subject to the replacement options and awards shall be determined by the Committee (as defined below) acting reasonably, taking into account the market value of BLME Shares and BLME Holdings Shares; and
- (d) the replacement options and awards shall be treated as granted at the same time as the existing options and awards.

3. BLME Holdings Articles of Association – Summary of Key Terms

The rights attaching to the BLME Holdings Shares will be substantially the same as those attaching to the BLME Shares.

The BLME Holdings Articles contain provisions, *inter alia*, to the following effect:

3.1 Voting rights

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every Shareholder present in person or by proxy shall have one vote for every share of which he is the holder. The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A Shareholder is not entitled to vote unless all calls due from him have been paid.

A Shareholder is also not entitled to attend or vote at meetings of BLME Holdings in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice unless such shares represent not less than 0.25 per cent in nominal value of the issued shares of that class, in which event such period shall be not less than 14 days from the date of service of such notice), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from BLME Holdings has not been complied with or until BLME Holdings has withdrawn the disenfranchisement notice, whichever is the earlier.

3.2 General meetings

BLME Holdings must hold an annual general meeting each year in addition to any other general meetings held in the year. The BLME Holdings Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, at least 14 clear days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting; (iv) any intention to propose a resolution as a special resolution; and (v) with reasonable prominence, that a member entitled to attend and vote or person nominated under a Nomination Notice (if permitted to do so under the terms of the agreement nominating such a person) is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member.

All members who are entitled to receive notice under the BLME Holdings Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each BLME Holdings Director can attend and speak at any general meeting.

3.3 Dividends

Subject to the Statutes, BLME Holdings may, by ordinary resolution, declare dividends to be paid to members of BLME Holdings according to their rights and interests in the profits of BLME Holdings available for distribution, but no dividend shall be declared in excess of the amount recommended by the BLME Holdings Board.

Subject to the Statutes, the BLME Holdings Board may from time to time pay to the Shareholders such interim dividends as appear to the BLME Holdings Board to be justified by the profits available for distribution and the position of BLME Holdings.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to BLME Holdings.

The BLME Holdings Board may, if authorised by an ordinary resolution, offer the holders of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

The BLME Holdings Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 3.1 above.

Redeemable Preference Shares carry a right to receive, out of the profits of BLME Holdings available for distribution and resolved to be distributed, a fixed non-cumulative preferential (that is, in priority to the other shares of BLME Holdings in issue from time to time) dividend of four per cent. per annum on the amounts paid up, accruing with effect from 1 January 2014.

3.4 Return of capital

On a voluntary winding-up of BLME Holdings, members shall not be entitled to receive assets from BLME Holdings until all valid claims of holders of Profit-Stabilisation Accounts against BLME Holdings arising out of their holding of Profit-Stabilisation Accounts have been satisfied in full or have lapsed, or the liquidator has established that all such claims are capable of being satisfied.

3.5 Transfer of shares

The ordinary shares are in registered form.

The BLME Holdings Articles provide that the BLME Holdings Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to, and traded in uncertificated form on, NASDAQ Dubai or other securities in BLME Holdings (in accordance with the DIFC's Dematerialised Investment Regulations 2005 (as amended, replaced or supplemented from time to time) and the facilities and practices instituted by NASDAQ Dubai).

The BLME Holdings Articles provide for shares to be held in uncertificated form through a relevant system operated by a person approved under the Regulations ("**Participating Securities**"). Subject to such of the restrictions in the BLME Holdings Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in the usual form or in any other form which the BLME Holdings Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the BLME Holdings Board may make in relation to the transfer of such shares.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The BLME Holdings Board may refuse to register a transfer:

3.5.1 unless in the case of a Certificated Share, the duly stamped instrument of transfer (if required) is lodged at the registered office of BLME Holdings or at some other place as the BLME Holdings Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the BLME Holdings Board may reasonably require and

(a) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and

(b) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees; and

3.5.2 where the transfer might result in any one Shareholder (together with any persons acting in concert (as that term is defined in the Code) with that Shareholder) having an interest in 10 per cent. or more of the share capital, or voting powers, in BLME Holdings, or increasing their interest in BLME Holdings which results in them moving into a higher controller band (as such term is defined in section 182 of FSMA).

In the case of Participating Securities, the BLME Holdings Board may refuse to register a transfer if the Regulations allow it to do so, and must do so where such regulations so require.

The BLME Holdings Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 3.8 below) unless the Shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the BLME Holdings Board shall not decline to register:

3.5.3 a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the Shareholder and with any other person appearing to be interested in the share;

3.5.4 a transfer pursuant to the acceptance of an offer made to all Shareholders or all the Shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or

3.5.5 a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the UK on which BLME Holdings Shares are normally traded.

3.6 Variation of rights

Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied or abrogated (whether or not BLME Holdings is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the BLME Holdings Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

3.7 Share capital and changes in capital

Subject to the provisions of the Statutes and without prejudice to the rights attaching to any existing shares or class of shares, any share may be issued with such preferred, deferred or other special rights or such restrictions as BLME Holdings may from time to time by ordinary resolution determine or, if BLME Holdings has not so determined, as the BLME Holdings Directors may determine.

Subject to the provisions of the BLME Holdings Articles and the Statutes, the power of BLME Holdings to offer, allot and issue any new shares in BLME Holdings and any shares lawfully held by BLME Holdings or on its behalf shall be exercised by the BLME Holdings Board at such time and for such consideration and upon such terms and conditions as the BLME Holdings Board shall determine.

Subject to the provisions of the Statutes and to any rights conferred on the holders of any other shares, shares may be issued on terms that they are, at the option of BLME Holdings or a member, liable to be redeemed on such terms and in such manner as may be determined by the BLME Holdings Board (such terms to be determined before the shares are allotted).

BLME Holdings may by ordinary resolution alter its share capital in accordance with the Companies Act. A resolution to sub-divide shares may determine that, as between the holders

of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

3.8 Disclosure of interests in shares

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which BLME Holdings may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "**disenfranchisement notice**"). The disenfranchisement notice will state that the identified shares no longer give the Shareholder any right to attend or vote at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.

Once the disenfranchisement notice has been given, if the BLME Holdings Directors are satisfied that all the information required by any statutory notice has been supplied, BLME Holdings shall, within not more than seven days, withdraw the disenfranchisement notice.

The BLME Holdings Articles do not restrict in any way the provisions of section 793 of the Companies Act.

3.9 Non-UK Shareholders

Shareholders with addresses outside the UK or the United Arab Emirates are not entitled to receive notices from BLME Holdings unless they have given BLME Holdings an address within the UK or the United Arab Emirates at which such notices shall be served.

3.10 Borrowing powers

The BLME Holdings Board may exercise all the powers of BLME Holdings to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to create and issue sukuk and other securities, whether outright or as collateral security for any debt, liability or obligations of BLME Holdings or any third party.

3.11 BLME Holdings Directors

Subject to the Companies Act, and provided he has made the necessary disclosures, a BLME Holdings Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with BLME Holdings or in which BLME Holdings is otherwise interested or a proposed transaction or arrangement with BLME Holdings.

The BLME Holdings Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest

that conflicts, or possibly may conflict with, the interests of BLME Holdings. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the BLME Holdings Board's normal procedures, any requirement as to the quorum of the meeting is met without including the BLME Holdings Director in question and any other interested BLME Holdings Director and the matter was agreed to without such BLME Holdings Directors voting (or would have been agreed to if the votes of such BLME Holdings Directors had not been counted). The BLME Holdings Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a BLME Holdings Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or sukuk or other securities of, or otherwise in or through, BLME Holdings) or a duty which conflicts or may conflict with the interests of BLME Holdings. A BLME Holdings Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A BLME Holdings Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- 3.11.1** the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, BLME Holdings or any of its subsidiaries;
- 3.11.2** the giving of any guarantee, security or indemnity to a third party in respect of an obligation of BLME Holdings or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- 3.11.3** any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, sukuk or other securities by BLME Holdings or any of its subsidiaries for subscription, purchase or exchange;
- 3.11.4** any proposal concerning an offer of shares or sukuk or other securities of or by BLME Holdings or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- 3.11.5** any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or Shareholder or otherwise, provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);

- 3.11.6** any arrangement for the benefit of employees of BLME Holdings or any of its subsidiaries which does not award to any BLME Holdings Director any privilege or benefit not generally awarded to the employees to which such arrangement relates; and
- 3.11.7** any proposal concerning any Sharia'a compliant insurance which BLME Holdings is empowered to purchase and/or maintain for the benefit of any of the BLME Holdings Directors or for persons who include BLME Holdings Directors, provided that for that purpose "**insurance**" means only insurance against liability incurred by a BLME Holdings Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which BLME Holdings is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, the BLME Holdings Directors.

The BLME Holdings Directors shall be paid such remuneration by way of fees for their services as may be determined by the BLME Holdings Board. The BLME Holdings Directors shall also be entitled to be repaid by BLME Holdings all travelling, hotel and other expenses of attending BLME Holdings Board meetings, committee meetings, general meetings, separate meetings of the holders of any class of shares or of sukuk of BLME Holdings or otherwise incurred while engaged on the business of BLME Holdings. Any BLME Holdings Director who by request of the BLME Holdings Board performs special services or goes or resides abroad for any purposes of BLME Holdings may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the BLME Holdings Board may determine.

With the approval of the Sharia'a Supervisory Board, and/or such other scholar who may be nominated by the Sharia'a Supervisory Board as having the requisite skills and knowledge to adequately advise, and approved by the BLME Holdings Board, the BLME Holdings Board may exercise all the powers of BLME Holdings to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any Sharia'a approved institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of BLME Holdings or to benefit, any person who is or has at any time been a director or employee of BLME Holdings or any subsidiary undertaking of or other undertaking allied to or associated with BLME Holdings or any such subsidiary undertaking or any predecessor in business of BLME Holdings or of any such subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

The BLME Holdings Directors or the directors of any company which is associated with BLME Holdings are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the BLME Holdings may provide a BLME Holdings

Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to BLME Holdings or any associated company. BLME Holdings may also provide a BLME Holdings Director with funds to meet expenditure incurred in connection with defending himself in an investigation by a regulatory authority and indemnify a BLME Holdings Director in connection with BLME Holdings' activities as a trustee of a pension scheme.

The BLME Holdings Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive director who has held office for nine years or more is subject to re-election annually. Any director appointed by the BLME Holdings Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for in respect of BLME Holdings Directors.

Unless and until otherwise determined by ordinary resolution of BLME Holdings, the BLME Holdings Directors (other than alternate BLME Holdings Directors) shall not be less than three nor more than ten in number.

3.12 Redemption

Ordinary shares in BLME Holdings are not redeemable.

Redeemable Preference Shares may be redeemed at any time at the discretion of the BLME Holdings Board or, at the request of the holder(s) following any reduction of capital of BLME Holdings. Upon any such redemption, BLME Holdings shall pay the holder(s) the nominal amount paid up in such shares together with accrued but unpaid dividends.

3.13 Electronic communication

BLME Holdings may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act.

The above is a summary only of certain provisions of the BLME Holdings Articles, the full provisions of which are available for inspection as described in paragraph 7 below.

4. Key differences between the BLME Holdings Articles of Association and the BLME Articles of Association

The rights attaching to the BLME Holdings Shares will be substantially the same as those attaching to the BLME Shares.

4.1 Share capital

The BLME Holdings Articles provide for the issue of Redeemable Preference Shares subject to the rights and conditions set out below:

- 4.1.1** on a return of capital on a liquidation or otherwise, the assets of BLME Holdings available for distribution among the members will be applied first in repaying to the holders of Redeemable Preference Shares the amounts paid up on such Redeemable Preference Shares together with all accrued but unpaid dividends. Save as aforesaid, the Redeemable Preference Shares do not carry any other right to participate in profits or assets of BLME Holdings;
- 4.1.2** save in connection with Resolution 7 of the BLME Holdings Shareholder Resolutions, pursuant to which it is proposed that BLME Holdings will purchase the A Ordinary Share currently held by BLME, the holders of Redeemable Preference Shares are not entitled to receive notice of or to attend or vote at any general meeting of BLME Holdings unless a resolution to wind up BLME Holdings or to vary, modify or abrogate the rights attaching to the Redeemable Preference Shares is proposed;
- 4.1.3** the Redeemable Preference Shares carry a right to receive, out of the profits of BLME Holdings available for distribution and resolved to be distributed, a fixed non-cumulative preferential (that is, in priority to the other shares of BLME Holdings in issue from time to time) dividend of four per cent. per annum on the amounts paid up, to accrue with effect from 1 January 2014;
- 4.1.4** BLME Holdings may redeem the Redeemable Preference Shares at any time at the discretion of the BLME Holdings Directors or, at the request of the holders of the Redeemable Preference Shares, following any reduction of capital of BLME Holdings becoming effective. Upon any such redemption, BLME Holdings shall pay to the holder the nominal amount paid up on such shares together with accrued but unpaid dividends; and
- 4.1.5** the Redeemable Preference Shares may only be transferred with the consent of the BLME Holdings Board.

4.2 Nomination Notices

Provisions have been included in the BLME Holdings Articles, which are not contained in the BLME Articles, to permit members who hold shares as nominee to allow the underlying beneficial owners to enjoy or exercise all or any specified rights of a member. These rights include receiving information about BLME Holdings and receiving notice of general meetings and enable the underlying beneficial owner to give instructions to the member who nominated him regarding how to exercise voting rights.

4.3 Quorum at General Meetings

The BLME Holdings Articles reduce the level of quorum to two members present in person being either members or representatives (in the case of a corporate member) or proxies appointed by members in relation to the meeting and entitled to vote. Under the BLME Articles, quorum is two persons entitled to attend and to vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a

corporation which is a member, together representing at least fifty-one per cent. of the nominal amount paid up on the issued shares.

4.4 Addresses for sending notices

The BLME Articles provide that Shareholders with addresses outside the UK are not entitled to receive notices from BLME unless they have provided a UK address at which such notices can be sent. The BLME Holdings Articles contain similar provisions, but include the United Arab Emirates as a location in which an address may be given by a Shareholder entitling such Shareholder to receive notices from BLME Holdings.

4.5 Admission

The BLME Holdings Articles make specific provision to permit the admission to listing of BLME Holdings Shares on the Official List of Securities and to trading on NASDAQ Dubai.

4.6 Transfer of shares

The BLME Holdings Articles include an additional right for the BLME Holdings Board to refuse to register any transfer of shares where the transfer might result in any one Shareholder (together with any persons acting in concert (as that term is defined in the Code) with that Shareholder) having an interest in 10 per cent. or more of the share capital, or voting powers, in BLME Holdings, or increasing their interest in BLME Holdings which results in them moving into a higher controller band (as such term is defined in section 182 of FSMA).

4.7 BLME Holdings Board

The BLME Holdings Directors may remove a BLME Holdings Director by a written notice to such BLME Holdings Director signed by not less than three-quarters of the other BLME Holdings Directors. A BLME Holdings Director who holds any executive office may be removed from office if he ceases to hold such office (whether because his appointment is terminated or expires) and the majority of the other BLME Holdings Directors resolve that his office be vacated.

Under the BLME Articles each BLME Director must retire at the third annual general meeting following his previous election or re-election and, in addition, a third of BLME Directors are required to retire annually. The BLME Holdings Articles have simplified these requirements to provide for the re-election of all directors at intervals of no more than three years, and of non-executive directors who have held office for nine years or more on an annual basis.

4.8 General

The BLME Holdings Articles contain language that more closely conforms with recent developments in the law and the model articles for public companies (as set out in Schedule 3 to the Companies (Model Articles) Regulations 2008) than the BLME Articles.

5. BLME Holdings Share Incentive Schemes – Summary of Key Terms

BLME Holdings will operate the following share schemes for employees:

5.1 BLME Holdings Executive Share Option Plan (the "ESOS")

The ESOS provides for the grant of options to employees of the BLME Group. The ESOS is governed by two separate plan rules: the approved share option plan (the "ASOP") and the unapproved share option plan (the "USOP"). The ASOP and the USOP have substantially the same terms, save that the ASOP:

- (i) has additional limits on eligibility and the number of shares subject to options granted under the ASOP; and
- (ii) is approved by HM Revenue and Customs with the result that favourable tax treatment may attach to options granted under the ASOP.

It should be assumed for the summary below that the terms of the ASOP and USOP are the same except where expressed otherwise.

(a) Eligibility

All employees, including executive directors, of the BLME Group or Constituent Companies (as defined in the ESOS rules) are eligible to participate in the ESOS, save that in the case of a participant in the ASOP (a) if he is a director, he must devote at least 25 hours per week to his duties excluding meal breaks and (b) he is not precluded from participating in the plan by paragraph 9 of Schedule 4 of the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). The remuneration committee of BLME Holdings (the "**Committee**") has the discretion to select which eligible employees will be granted options under the ESOS.

(b) Grant of options

Eligible employees selected by the Committee may be granted rights to acquire BLME Holdings Shares (the "**Options**"). Options may only be granted under the ASOP if the BLME Holdings Shares satisfy the conditions specified in paragraphs 16 to 20 inclusive of Schedule 4 of ITEPA at the date the Option is granted.

Options can be granted at any time between (a) in the case of the ASOP, the date it is approved by HMRC and in the case of the USOP the date on which it is adopted, and (b) the date of termination of the plan on the ten year anniversary of approval or adoption (as applicable), subject to subject to any close periods.

Options can be granted by resolution or by deed by (i) BLME Holdings acting by the Committee or (ii) the trustee of the EBT (as defined below) (being together, the "**Grantor**"). If granted by resolution, the Grantor should execute the option certificate as a deed. The Grantor may determine, on or before the date of the grant, that the right to exercise an Option is conditional on the eligible employee entering into an agreement or election to pay employer National Insurance contributions.

The price at which a participant may acquire BLME Holdings Shares on the exercise of an Option under the Plan shall be at least (i) the market value of the BLME Holdings Shares on the date of the grant (or, in the case of the ASOP, an earlier date agreed in writing with HMRC under paragraph 22(2) of Schedule 4 of ITEPA) and (ii) if the BLME Holdings Shares under Option are to be subscribed for, their nominal value. However, provided HMRC has approved in advance any documentation to be used for this purpose, BLME Holdings can establish a cashless exercise facility to enable a participant to pay the exercise price and any tax liability by authorising the sale on his behalf of such number of BLME Holdings Shares as would be required to cover this.

Options may not be transferred, assigned or charged, and any such purported transfer, assignment or charge will cause them to lapse immediately. A participant may renounce his Option in whole or in part by giving notice to that effect and returning the option certificate to the Grantor. Any such renunciation will cause the Option to lapse immediately.

(c) *Exercise of Options*

The right to exercise an Option may, and if granted after listing, must be subject to the satisfaction of one or more performance conditions or other conditions. Any such conditions must be determined by the Committee on or before the date of the grant, and any performance condition must be objective and not subject to the discretion of any person.

An Option may be exercised by a participant (or if deceased, by his personal representatives) at the time of or following the occurrence of the earliest of the following events:

- (i) the third anniversary of the date of the grant or such other date or dates specified in the grant letter and/or Option certificate;
- (ii) the death of a participant;
- (iii) the participant becoming a good leaver (see "Termination of Employment" below);
- (iv) a change of control or winding-up.

An Option that becomes exercisable early under (ii) to (iv) above may only be exercised to the extent determined by the Committee acting fairly and reasonably, such determination to be based on the extent to which any applicable performance conditions and/or other conditions have been satisfied taking into account the curtailed period.

(d) *Individual Limits*

Under the ASOP, any Option shall be limited so that no participant holds options granted by BLME Holdings under the ASOP or under any other employees' share scheme approved for the purposes of Schedule 4 of ITEPA with a total market value (as at the date of the grant of the option or on an earlier date determined in accordance with paragraph 6(3) of Schedule 4) in excess of £30,000.

(e) *Scheme Limits*

Following listing, the Grantor may not grant an Option if it would cause the total number of BLME Holdings Shares issued/issuable by BLME Holdings in satisfaction of (a) Options under the ESOS or (b) options granted or awards made under any other employees' share scheme in the preceding 10 years (excluding any options granted and awards made on or prior to Admission) including shares issued/issuable to the trustees of an employee trust) to exceed 10 per cent. of the issued ordinary share capital of BLME Holdings.

(f) *Manner of exercise/allotment*

The exercise date is the date that the Grantor receives a validly completed and submitted exercise notice and (unless the participant elects for cashless exercise) satisfactory payment of the exercise price.

Provided the participant meets any tax liability relating to the exercise of his Option, the Grantor shall satisfy an Option as soon as is reasonably practicable following, and in any event within 30 days of, the exercise date.

If the Grantor is prevented from satisfying an Option in accordance with the above time period due to a restriction in dealings in BLME Holdings Shares imposed by any law, regulation or directive, the Grantor shall satisfy the Option as soon as is reasonably practicable following, and in any event within 14 days of, the lifting of the restriction.

The Grantor shall satisfy the Option by issuing or transferring or procuring the issue or transfer of BLME Holdings Shares to the participant (in an equal number to the number of BLME Holdings Shares in respect of which the Option has been exercised) and shall be responsible for any stamp duty or SDRT thereon and shall arrange for the delivery of

evidence of title to any such BLME Holdings Shares to the participant. BLME Holdings Shares allotted under the ESOS shall rank equally in all respects with BLME Holdings Shares of the same class then in issue except for any rights attaching to BLME Holdings Shares by reference to a record date prior to the date of allotment.

(g) *Termination of Employment*

Options granted under the ESOS will normally lapse and become incapable of exercise on cessation of employment (except in the case of the participant dying or becoming a 'good leaver'). An employee is a 'good leaver' if he ceases to be an employee by reason of injury, ill-health, disability, redundancy, retirement, his employing company ceasing to be a group company or his employment being transferred out of the group as part of a business transfer or for any other reason if the Committee acting fairly and reasonably within 30 days of cessation of employment determines that he may exercise his Option.

If an employee becomes a good leaver, then his Option shall lapse at the earliest of (a) the date falling six months after the date of cessation of employment or (b) the date falling 42 months after the date of grant (if, within 30 days of the participant becoming a good leaver, the Committee gives him written notice that the lapse date is being transferred in order to avoid an income tax charge on exercise).

If an employee ceases employment in circumstances other than death or the 'good leaver' circumstances referred to above, his Option shall lapse unless the Committee, acting fairly and reasonably, determines within 30 days of cessation of employment that he may exercise his Option.

(h) *Change of Control*

On a winding up or (other than in circumstance where replacement options will be offered) on a change of control, the Committee acting fairly and reasonably, shall determine the extent to which Options become exercisable, based on the extent to which any applicable performance conditions have been satisfied.

If there is a reorganisation of the Company, an Option may be released in consideration for a replacement Option, subject to the consent of the acquiring company, the Committee and the participant. If (a) there will be an internal reconstruction (where there is no change of the identity of a majority of the shareholders of the Company) and (b) a participant will be offered a replacement option, the Committee may notify that participant that his Option may not be exercised and will lapse on the expiry of the period for accepting such a replacement Option or if a replacement Option is granted.

The Scheme will be treated as an internal reconstruction for the purposes of the ESOS.

(i) *Variation of Share Capital*

In the event of a variation of the share capital of BLME Holdings, the number of BLME Holdings Shares subject to the Option and / or the Exercise Price may be adjusted as the Committee, acting fairly and reasonably, considers appropriate, save that the exercise price may only be reduced below the nominal value of BLME Holdings Shares if arrangements are made to pay up the nominal value and (in the case of the ASOP) prior approval of HMRC is obtained.

(j) *Amendments and General*

The ESOS may be amended by the board of BLME Holdings as it sees fit subject to the following.

No amendment with a material adverse effect on a participant may be made without the consent of either (a) that participant, or (b) participants holding a majority of Options affected by the amendment.

Without the approval of the shareholders of BLME Holdings in general meeting, no change may be made to (a) the definition of eligible employee, (b) the overall scheme limits, (c) the rights attaching to an Option, (d) the rights of a participant on a variation of share capital, or (e) provisions relating to the amendment of the ESOS. This rule does not prohibit minor amendments to the benefit of the administration of the ESOS or for various other reasons including obtaining favourable tax treatment for participants or any group company.

In the case of an amendment to the ASOP, no amendment may be made to a key feature without the prior approval of HMRC.

5.2 **Deferred Annual Bonus Plan (the "DAB Plan")**

The DAB Plan provides generally for the grant of nil-cost options to acquire a certain number of BLME Holdings Shares for no consideration, although an award may also be structured as a conditional right to acquire BLME Holdings Shares if the Committee considers it advantageous. An amount of an employee's discretionary bonus is converted into a DAB award based on the current market value of BLME Holdings Shares (a "**Deferred Allocation**") and a further award is made over a number of BLME Holdings Shares which is multiple of the number subject to the Deferred Allocation (a "**Matching Award**").

(a) *Eligibility and Participation*

Any executive director or employee of any group company may participate in the DAB Plan at the discretion of the Committee.

The Committee may decide that the receipt by an executive director or employee of any group company of a discretionary annual bonus is conditional on his participation in the DAB Plan. If so, the relevant employee will be subject to a requirement to surrender or defer the mandatory percentage of his gross bonus prior to a deferred allocation of BLME Holdings Shares under the DAB Plan. The Committee shall determine the mandatory percentage applying to him at least 14 days before the expected "**Bonus Date**" (being the date on which a participant becomes unconditionally entitled to their discretionary bonus). In addition to being required to participate in the DAB Plan, employees can also participate voluntarily if they are invited by the Committee.

The Committee shall determine at least 14 days before the relevant bonus date applicable to a participant in the DAB Plan, (a) the deferral limit applicable to that participant, (b) the basis on which any Matching Award shall be made, (c) whether or not dividend equivalents will be payable in respect of a Deferred Allocation and/or Matching Award (and if so on what basis) and (d) whether the vesting of a Deferred Allocation is conditional on the participant entering into an agreement or election with the Company to pay employer National Insurance contributions.

At least 14 days before the relevant bonus date, the grantor shall send an invitation letter and, if applicable, acceptance notice to a participant containing certain information specified in the DAB Plan rules.

(b) *Making of awards*

On or as soon as is reasonably practicable after the Bonus Date, any Deferred Allocation or Matching Award may be made either by resolution of the Committee and by the grantor issuing an award certificate. Participants are not required to pay for Matching Awards. The number of BLME Holdings Shares in a matching award is a multiple (determined by the Committee but subject to a maximum multiple of two) of the number of BLME Holdings Shares contained in the linked Deferred Allocation.

The vesting of a Matching Award may be subject to performance or other conditions determined by the Committee. Performance conditions must be objective and not subject to the discretion of any person and can be waived by the grantor.

No award may be transferred, assigned or charged otherwise it will lapse immediately. A participant can renounce his Deferred Allocation/Matching Award in whole or in part at any time by giving notice to and returning the award certificate to the grantor. Any renounced awards lapse immediately.

(c) *Dividend Equivalents*

In the event that BLME Holdings pays an interim or final dividend, a right to a cash sum equal to such dividend shall accrue. Such dividends shall be deemed to be reinvested in BLME Holdings Shares on which further dividend equivalents shall accrue. Dividend equivalents shall be settled by the payment of a cash sum to the participant within 14 days of the satisfaction of a Deferred Allocation or Matching Award, after taking account of any tax liability.

(d) *Plan limits*

Following listing, the grantor may not make an award if it would cause the total number of BLME Holdings Shares issued/issuable by BLME Holdings in satisfaction of (a) awards under the DAB Plan or (b) options granted or awards made under any other employees' share scheme in the preceding 10 years (excluding options granted and awards made on or prior to listing) (including shares issued/issuable to the trustees of an employee trust) to exceed 10 per cent. of the issued ordinary share capital of BLME Holdings. Treasury shares are treated as issued or issuable for the purposes of the DAB Plan.

(e) *Vesting and exercise of Deferred Allocations*

Deferred Allocations vest on the earlier of (a) the third anniversary of the date of the grant or such other date set out in the invitation/award letter/award certificate, (b) the death of the participant, (c) the participant ceasing to be a group employee, or (d) a change of control or winding-up giving rise to a release or vesting.

If a participant is prevented from acquiring/selling BLME Holdings Shares on the date that a deferred allocation would otherwise vest or be exercised due to a restriction in dealings in BLME Holdings Shares imposed by any law, regulation or directive, the vesting or exercise date is the date the relevant dealing restriction is lifted.

(f) *Vesting and exercise of Matching Awards*

A Matching Award shall vest immediately before the earlier of:

- (i) the third anniversary of the date of the grant or such other date set out in the invitation/award letter/ award certificate;
- (ii) the death of the participant; and
- (iii) the participant becoming a 'good leaver'; or
- (iv) a change of control or winding-up giving rise to a release or vesting.

Other than on the passing of the third anniversary of the grant, a Matching Award shall only vest to the extent determined by the Committee, taking into account the curtailed time period.

If a participant is prevented from acquiring/selling BLME Holdings Shares on the date that a Matching Award would otherwise vest or be exercised due to a restriction in dealings in shares imposed by any law, regulation or directive, the vesting or exercise date is the date the relevant dealing restriction is lifted.

A Matching Award only vests to the extent that any performance conditions and any other conditions have been satisfied. Any part of the Matching Award that does not vest shall lapse. The Committee determines the extent to which a Matching Award vests as soon as reasonably practicable following the end of a performance period.

An employee is a 'good leaver' if he ceases to be an employee by reason of injury, ill-health, disability, redundancy, retirement, his employing company ceasing to be a group company or his employment being transferred out of the group as part of a business transfer or for any other reason if the committee designates him a good leaver within 30 days of the cessation of employment.

Where an award takes the form of a nil-cost option, the Deferred Allocation and any Matching Award must be exercised on the same exercise date.

(g) *Change of control and winding-up*

On a winding up or (other than in circumstance where replacement options will be offered) on a change of control, a Deferred Allocation shall become exercisable and a Matching Award shall become exercisable to the extent determined by the Committee, based on the extent to which any applicable performance conditions have been satisfied.

If there is a reorganisation of BLME Holdings, an Option may be released in consideration for a replacement Option, subject to the consent of the acquiring company, the Committee and the participant. In the case of an internal reconstruction (where there is no change of the identity of a majority of the shareholders of the Company) and a participant will be offered a replacement option, the Committee may notify that participant that his Option may not be exercised and will lapse on the expiry of the period for accepting such a replacement Option or if a replacement Option is granted.

The Scheme will be treated as an internal reconstruction for the purposes of the ESOS.

(h) *Variation of share capital*

In the event of a variation of the share capital of BLME Holdings, the number of BLME Holdings Shares subject to Deferred Allocation and/or Matching Award may be adjusted as the Committee, acting fairly and reasonably, considers appropriate, save that the exercise price may only be reduced below the nominal value of BLME Holdings Shares if arrangements are made to pay up the nominal value.

(i) *Amendments and General*

The DAB Plan may be amended by the board of BLME Holdings as it sees fit subject to the following.

No amendment with a material adverse effect on a participant may be made without the consent of either (a) that participant, or (b) participants holding a majority of BLME Holdings Shares subject to Deferred Allocations and / or Matching Awards affected by the amendment.

Without the approval of the shareholders of BLME Holdings in general meeting, no change may be made to (a) the definition of eligible employee, (b) the overall scheme limits, (c) the rights attaching to Deferred Allocations and/or Matching Awards, (d) rights of a participant on a variation of share capital, or (d) provisions relating to the amendment of the DAB Plan. This rule does not prohibit minor amendments to the benefit of the administration of the DAB Plan or for various other reasons including obtaining favourable tax treatment for participants or any group company.

5.3 The BLME Holdings Employee Benefit Trust (the "EBT")

The EBT was originally established for the benefit of employees, former employees and various family members of BLME and its subsidiaries. The trust deed constituting the EBT also provided for certain rights and responsibilities of BLME on the basis that BLME would be the parent company of any group of which it was a part. The trust deed therefore will be amended to extend the class of beneficiaries to employees of BLME Holdings and its subsidiaries and for BLME Holdings to take on the rights and responsibilities previously held by BLME.

(a) *Constitution*

The EBT is a discretionary trust constituted by a trust deed between BLME and an independent off-shore professional trustee company (the "**Trustees**"). The EBT is constituted as an employees' share scheme within the meaning of section 1166 of the Companies Act 2006, with the purpose of encouraging and facilitating the holding of shares by bona fide employees (which, for these purposes includes executive directors) of the

BLME (and, subject to the amendment noted above, BLME Holdings) and its subsidiaries, former employees and certain of their relatives or for their benefit.

(b) Power and Funding

The Trustees will have full discretion with regard to the application of the trust fund.

The Trustees will have the power to acquire shares and any shares so acquired may be used for the purposes of the grant of options or awards under any employee share scheme of the BLME Group.

The EBT may be funded by way of loan or gift to acquire shares either by market purchase or by subscription.

(c) Limits to Holdings and Dividend Waiver

For the avoidance of doubt, any shares acquired by the EBT do not count towards dilution limits. Unless directed otherwise, the Trustees will waive any dividends paid on shares settled in the EBT.

5.4 The BLME Holdings LTIP

It is intended that BLME Holdings will adopt the BLME Holdings LTIP conditional on listing. The following terms are proposed but yet to be approved and adopted by the Committee, and such terms will be finalised in consultation with the advisors of BLME and BLME Holdings.

(a) Eligibility and Participation

Any executive director or employee of any group company may participate in the BLME Holdings LTIP at the discretion of the Committee.

(b) Making of Awards

Eligible employees selected by the Committee may be granted rights to acquire BLME Holdings Shares (the "**LTIP Awards**").

The terms of an LTIP Award may provide that a participant may acquire BLME Holdings Shares for no payment or such price as shall be determined by the Committee. The right to exercise an LTIP Award must be subject to the satisfaction of one or more performance conditions or other conditions. Any such conditions must be determined by the Committee on or before the date of the grant

of the relevant LTIP Award, and any performance condition must be objective and not subject to the discretion of any person.

No LTIP Award may be transferred, assigned or charged otherwise it will lapse immediately. A participant can renounce his LTIP Award in whole or in part at any time by giving notice to and returning the award certificate to the relevant grantor. Any renounced LTIP Awards lapse immediately.

(c) *Scheme Limits*

The grantor may not grant an LTIP Award if it would cause the total number of BLME Holdings Shares issued/issuable by BLME Holdings in satisfaction of (a) LTIP Awards or (b) options granted or awards made under any other employees' share scheme in the preceding 10 years (excluding any such options granted or awards made prior to the date BLME Holdings Shares were first listed) to exceed 10 per cent. of the issued ordinary share capital of BLME Holdings.

6. Key differences between the BLME Share Incentive Schemes and the BLME Holdings Share Incentive Schemes

BLME Holdings adopted on 24 April 2013 the ESOS and the DAB Plan on substantially the same terms as the BLME Employee Share Option Scheme and the BLME Deferred Annual Bonus Plan, with amendments as the context requires for the issuer being BLME Holdings rather than BLME.

The BLME Employee Share Plans were drafted on the basis that the issuer of shares to settle awards under the BLME Employee Share Plans would be an unlisted company or a company listed on specified UK stock exchanges. Therefore it was necessary that minor amendments were made to reflect the listing of BLME Holdings.

The scheme limits attaching to each of the BLME Holdings Employee Share Plans provide that such limits only apply to options and awards granted or made following listing and exclude options and awards granted on or prior to listing. This clarifies the scheme limits set out in the BLME Employee Share Plans.

The EBT was originally established for the benefit of employees, former employees and various family members of BLME and its subsidiaries. As noted above, the trust deed will be amended to extend the class of beneficiaries to employees of BLME Holdings and its subsidiaries and for BLME Holdings to take on the rights and responsibilities previously held by BLME.

The BLME Executive Share Purchase Plan, also known as the Fully Paid Loan Scheme (the "FPLS"), is a legacy share scheme established by BLME. The remuneration committee has reviewed whether the FPLS supported the business strategy of BLME and decided that the FPLS should be unwound. It is expected that, prior to the Effective Date, the FPLS will be fully unwound and there will not be any subsisting awards under the FPLS.

7. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL and at the registered office of the Company, during the period up to and including the Effective Date or the date on which the Scheme lapses or is withdrawn:

- (a) the BLME Articles;
- (b) the current articles of association of BLME Holdings;
- (c) the service contracts and letters of appointment of the BLME Holdings Directors;
- (d) the rules of the BLME Employee Share Plans;
- (e) the rules of the BLME Holdings Employee Share Plans; and
- (f) this document and the Forms of Proxy.

13 May 2013

APPENDIX III

DEFINITIONS

The following definitions apply throughout this document (with the exception of Part II (Scheme of Arrangement)) unless the context requires otherwise:

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| A Ordinary Share | the A ordinary share of £1.00 in the capital of BLME Holdings |
| Admission | the admission to listing of BLME Holdings Shares to the Official List of Securities and to trading on the NASDAQ Dubai |
| BLME Articles | the articles of association of BLME that came into force on 3 June 2011 |
| BLME Board | the board of directors of BLME at the date of this document |
| BLME Deferred Share | a deferred share of 1 penny in the capital of BLME |
| BLME Directors | the directors of BLME at the date of this document |
| BLME Employee Share Plan Participants | holders of awards granted under the terms of the BLME Employee Share Plans |
| BLME Employee Share Plans | the BLME Executive Share Option Plan (comprising the BLME Approved Share Option Plan and the BLME Unapproved Share Option Plan), the BLME Deferred Annual Bonus Plan and the FPLS |
| BLME Holdings | BLME Holdings plc, incorporated in England and Wales under registered number 8503102 with its registered office at Sherborne House, 119, Cannon Street, London EC4N 5AT |
| BLME Holdings Articles | the articles of association of BLME Holdings |
| BLME Holdings Board | the board of directors of BLME Holdings at the date of this document |
| BLME Holdings Deferred Shares | the deferred shares in BLME Holdings to be issued in connection with the BLME Holdings Reduction of Capital |

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| BLME Holdings Directors | the directors of BLME Holdings at the date of this document |
| BLME Holdings Employee Share Plans | the BLME Executive Share Option Plan (comprising the BLME Approved Share Option Plan and the BLME Unapproved Share Option Plan), the BLME Deferred Annual Bonus Plan and the BLME Holdings LTIP |
| BLME Holdings LTIP | the BLME Holdings long term incentive plan |
| BLME Holdings Reduction of Capital | the proposed reduction of capital of BLME Holdings referred to in Preliminary (G) to the Scheme of Arrangement as set out in Part II of this document |
| BLME Holdings Reduction of Capital Court Hearing | the Court hearing to confirm the BLME Holdings Reduction of Capital |
| BLME Holdings Nominee Account | an account set up by BLME Holdings with a NASDAQ Dubai Custodian, to hold BLME Holdings shares in the Depository, on behalf of BLME Holdings Shareholders |
| BLME Holdings Reduction of Capital Court Order | the order of the Court to confirm the BLME Holdings Reduction of Capital |
| BLME Holdings Shareholder Resolutions | the resolutions to be passed by BLME, as sole shareholder, in connection with, <i>inter alia</i> , the BLME Holdings Reduction of Capital, BLME Directors authority to allot shares pursuant to the Scheme and the approval of the purchase contract to approve the repurchase of the A Ordinary Share from BLME |
| BLME Holdings Shareholders | holders of BLME Holdings Shares |
| BLME Holdings Shares | the ordinary shares of 25 pence each in the capital of BLME Holdings or entitlements thereto as the context may require |
| BLME General Meeting | the general meeting of BLME Shareholders, notice of which is set out in Appendix V to this document, and any adjournment thereof |
| BLME Group | BLME and its subsidiaries and subsidiary undertakings from time to time and, following the Scheme becoming effective, BLME Holdings and its subsidiaries and subsidiary undertakings from time to time |

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| BLME Shareholders | holders of BLME Shares |
| BLME Shares | the ordinary shares of 1 penny each in the capital of BLME |
| Board | as the context requires, the board of directors of BLME or the board of directors of BLME Holdings and the terms "BLME Board" and "BLME Holdings Board" shall be construed accordingly |
| Business Day | a day other than a Saturday or Sunday on which banks in London are open for normal business |
| certificated or in certificated form | shares represented by a share certificate |
| Circular or this document | this document (of which the Scheme forms a part) |
| Code | UK City Code on Takeovers and Mergers as amended, modified, consolidated or replaced from time to time |
| Companies Act | the Companies Act 2006, as amended, modified, consolidated, re-enacted or replaced from time to time |
| Company or BLME | Bank of London and The Middle East plc registered in England and Wales with company number 5897786 with its registered office at Sherborne House, 119 Cannon Street, London EC4N 5AT |
| Conditions | the conditions to the implementation of the Proposals (including the Scheme) which are set out in the Explanatory Statement of Part I to this document |
| connected persons | has the meaning given to it in sections 252 to 255 of the Companies Act |
| Court | the High Court of Justice in England and Wales |
| Court Hearing | the hearing by the Court to sanction the Scheme and confirm the Reduction of Capital |
| Court Meeting | the meeting of the holders of BLME Shares convened by order of the Court pursuant to sections 896 of the Companies Act to consider and, if thought fit, approve (with or without modification) the Scheme, notice of which is set out in Appendix IV to this document, and any adjournment thereof |

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| Court Order | the order of the Court to sanction the Scheme and confirm the Reduction of Capital |
| CSD Trading Account | a Central Securities Depository account with the Depository in which an individual BLME Shareholder will hold his or her BLME Holdings Shares |
| Depository | Central Securities Depository of NASDAQ Dubai Limited |
| DFSA | the Dubai Financial Services Authority |
| DFSA Market Rules | the market rules of the DFSA that are made for the purposes of the DIFC Markets Law 2012, as amended, modified, consolidated or replaced from time to time |
| DIFC | Dubai International Financial Centre |
| DIFC Personal Property Law | DIFC Personal Property Law No. 9/2005 |
| Electronic Communications Act | the Electronic Communications Act 2000, as amended, modified, consolidated, re-enacted or replaced from time to time |
| Effective Date | the date on which this Scheme becomes effective in accordance with Clause 6 of the Scheme of Arrangement as set out in Part II of this document |
| Executive Directors | Humphrey Percy, Nigel Brodie Denison and Richard Williams |
| Explanatory Statement | the explanatory statement prepared in compliance with section 897 of the Companies Act and contained in Part I of this document |
| FCA | the Financial Conduct Authority, the UK financial services regulator responsible for the conduct of firms authorised under FSMA and the regulation of conduct in retail and wholesale financial markets, supervision of the trading infrastructure that supports those markets and the prudential regulation of firms not regulated by the PRA |
| Form(s) of Proxy | either or both of the blue forms of proxy for use at the Court Meeting and the white form of proxy for use at the BLME General Meeting which accompany this |

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| | document, as the context requires |
| FSMA | the Financial and Services and Markets Act 2000, as amended, modified, consolidated, re-enacted or replaced from time to time |
| HMRC | Her Majesty's Revenue and Customs, the UK government department responsible for the administration of UK taxes |
| holder | a registered holder |
| Information Rights | has the meaning given to such expression in section 146(3) of the Companies Act |
| Investor Data Entry Application Form | the form required to be completed by shareholders in order to open a CSD Trading Account with the Depositary |
| LTIP Award | an award granted under the terms of the BLME Holdings LTIP |
| Meetings | the Court Meeting and the BLME General Meeting |
| NASDAQ Dubai | NASDAQ Dubai Limited |
| NASDAQ Dubai Broker | a regional or international broker who is listed on the NASDAQ Dubai website (www.nasdaqdubai.com) |
| NASDAQ Dubai Custodian | a party, as defined in the NASDAQ Dubai Business Rules, that holds, manages, controls or takes custody of securities by way of business for one or more of its customers (or the underlying clients of its customers) under a segregated or omnibus account |
| NASDAQ Dubai Custodian Account | the account established by a NASDAQ Dubai Custodian with NASDAQ Dubai |
| NDGL | NASDAQ Dubai Guardian Limited, incorporated in Dubai under registered number 0079 with its registered office at The Exchange Building (Building 5), Level 7, DIFC Street, P.O. Box 53536, Dubai |
| Nomination Notice | a notice given by a member to BLME Holdings that another person is entitled to enjoy Information Rights and to receive Shareholder Information which that |

| | |
|--------------------------------------|--|
| | member is entitled to enjoy or to receive |
| Non-Executive Directors | Yacob Yousef Al-Muzaini, Sheikh Abdullah Jaber Al-Ahmed Al-Sabah, Ibrahim Al Qadhi, Frank Willem Vermeulen, Michael Williams, Neil Jonathan Holden and Adel Abdul Wahab Al-Majed |
| Official List of Securities | the Official List of Securities maintained by the DFSA |
| Overseas Shareholders | BLME Shareholders not resident in, located in, or citizens of, jurisdictions outside the United Kingdom, United Arab Emirates or the State of Kuwait |
| Pounds or £ | UK pounds sterling |
| PRA | the Prudential Regulation Authority which is the UK's prudential regulator for deposit-takers, insurers and designated investment firms and is part of the Bank of England |
| Profit-Stabilisation Accounts | the accounts to which any amount appropriated by BLME Holdings out of the mudaraba income or income of a similar nature is credited, before allocating the mudarib share or its equivalent, in order to maintain a certain level of return to the deposit holders on their savings or investment accounts facilities offered by BLME Holdings recognising Sharia'a principles of law |
| Proposals | the proposed reorganisation of the BLME Group involving the Scheme, Admission and the subsequent BLME Holdings Reduction of Capital, more specifically described in Part I (Explanatory Statement) of this document |
| Redeemable Preference Shares | redeemable preference shares of £1.00 each in the capital of BLME Holdings |
| Reduction of Capital | the proposed reduction of capital of the Company provided for by the Scheme |
| Registrar of Companies | the Registrar of Companies in England and Wales |
| Regulations | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time) |
| Resolutions | the resolutions to be proposed at the Court Meeting and BLME General Meeting in connection with, <i>inter alia</i> , |

| | |
|--|---|
| | the approval of the Scheme and the sanctioning of the Reduction of Capital |
| Scheme or Scheme of Arrangement | the scheme of arrangement proposed to be made under sections 895 to 899 of the Companies Act between BLME and the holders of Scheme Shares, set out in Part II of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by BLME and BLME Holdings |
| Scheme Record Time | 6.00 p.m. on the Business Day immediately prior to the Effective Date |
| Scheme Shareholders | registered holders of Scheme Shares |
| Scheme Shares | <p>a. the BLME Shares in issue at the date of this Scheme;</p> <p>(ii) any BLME Shares issued after the date of the Scheme and before the Voting Record Time; and</p> <p>(iii) any BLME Shares issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by this Scheme,</p> <p>save for any BLME Shares held by BLME Holdings</p> |
| SDRT | stamp duty reserve tax, a tax imposing a charge of 0.5 per cent. on agreements to transfer chargeable securities for consideration |
| Shareholder(s) | the registered holder(s) of BLME Shares or BLME Holdings Shares as the context may require |
| Shareholder Information | notices, documents or information which BLME Holdings wishes or is required to communicate to shareholders including, without limitation, annual reports and accounts, interim financial statements, summary financial statements, notices of meetings and proxy form |
| Special Resolution | the special resolution to be proposed at the BLME General Meeting in connection with, <i>inter alia</i> , the approval of the Scheme and the sanctioning of the |

Reduction of Capital

Statement of Capital

a statement of capital of the Company prepared in accordance with section 649(2) of the Companies Act and approved by the Court

Statues

the Companies Act and every other statute (including any orders, regulations or other subordinate legislation made under them) for the time being in force concerning companies and affecting BLME Holdings (including, without limitation, the Electronic Communications Act)

subsidiary and subsidiary undertaking

have the meaning given to them in the Companies Act

UK or United Kingdom

the United Kingdom of Great Britain and Northern Ireland

Voting Record Time

6.00 p.m. on the day which is two Business Days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date of such adjourned meeting

All references to time in this document are to London time.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

APPENDIX IV

NOTICE OF COURT MEETING

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
MR DEPUTY REGISTRAR GARWOOD**

No. 3294 of 2013

IN THE MATTER OF BANK OF LONDON AND THE MIDDLE EAST PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 10 May 2013 made in the above matters, the Court has given permission for a meeting to be convened of the Scheme Shareholders (as defined in the Scheme of Arrangement referred to below), for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement pursuant to sections 895 to 899 of the Companies Act 2006 proposed to be made between the Company and the holders of the Scheme Shares (each as defined in the said Scheme of Arrangement) and that such meeting will be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 10 June 2013, at 10.00 a.m. at which place and time all holders of the Scheme Shares are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Shareholders entitled to attend and vote at the meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their place. A blue form of proxy for use at the Court Meeting is enclosed with this notice. Completion and return of this form of proxy will not prevent a holder of ordinary shares from attending and voting at the Court Meeting or any adjournment thereof in person if he wishes to do so.

In the case of joint holders, any one such joint holder may tender a vote, whether in person or by proxy, at the Court Meeting, however, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company.

It is requested that forms appointing proxies be lodged by post or, during normal business hours only, by hand with the Company Secretary, Bank of London and The Middle East plc, Sherborne House,

119 Cannon Street, London EC4N 5AT or by fax to the Company Secretary on +44 (0) 20 7618 0038, not less than 48 hours before the time appointed for the Court Meeting, but if forms are not so lodged they may be handed to the Chairman at the meeting before the taking of the poll.

Entitlement to attend and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two Business Days (as defined in the Scheme of Arrangement) before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time will be disregarded.

By the said Order, the Court has appointed Humphrey Richard Percy or, failing him, Richard Radway Williams, or failing him Nigel Brodie Denison to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 13 May 2013

TRAVERS SMITH LLP
10 Snow Hill
London
EC1A 2AL

Solicitors for the Company

APPENDIX V

NOTICE OF BLME GENERAL MEETING

BANK OF LONDON AND THE MIDDLE EAST PLC

(Registered in England and Wales No. 5897786)

NOTICE IS HEREBY GIVEN that a general meeting of Bank of London and The Middle East plc (the "**Company**" or "**BLME**") shall be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL on 10 June 2013 at 10.30 a.m. (or as soon thereafter as the Court Meeting (as defined in the circular of which this Notice forms part (the "**Circular**")) has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution as a special resolution by way of a poll:

1 That:

- (1) for the purpose of giving effect to the scheme of arrangement dated 13 May 2013 between BLME and the holders of Scheme Shares (as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman thereof, in its original form or subject to any modification, addition or condition approved or imposed by the Court and agreed to by BLME and BLME Holdings (the "**Scheme**"):
 - (a) the directors of BLME be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
 - (b) the share capital of BLME be reduced by cancelling and extinguishing all the Scheme Shares (as defined in the Scheme);
 - (c) subject to and forthwith upon the said reduction of capital taking effect and notwithstanding anything to the contrary in the articles of association of BLME:
 - (i) the reserve arising in the books of account of BLME as a result of the said reduction of capital be capitalised and applied in paying up in full at par new ordinary shares of one penny each (the "**New Ordinary Shares**") with an aggregate nominal value equal to the number of Scheme Shares so cancelled to be allotted and issued credited as fully paid to BLME Holdings and/or its nominee(s);
 - (ii) the directors of BLME be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot the New Ordinary Shares referred to in paragraph (c)(i) above, provided that: (1) the maximum aggregate nominal amount of the shares which may be allotted under this authority shall be the aggregate nominal amount of the said New

Ordinary Shares created pursuant to paragraph (c)(i) above; (2) this authority shall expire on the fifth anniversary of the date of this resolution; and (3) this authority shall be in addition and without prejudice to any other authority under the said section 551 previously granted and in force on the date on which this resolution is passed;

- (2) with effect from the passing of this resolution, the articles of association of BLME be amended by the adoption and inclusion of the following new Article 150:

"150 SCHEME OF ARRANGEMENT

- (A) In this Article 150, the "Scheme" means the scheme of arrangement dated 13 May 2013 between the Company and the holders of Scheme Shares (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and BLME Holdings and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- (B) Notwithstanding any other provision of these Articles, if the Company issues any ordinary shares (other than to BLME Holdings or its nominee(s)) after the adoption of this Article and before the Scheme Record Time, such ordinary shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the holders of such shares shall be bound by the Scheme accordingly.
- (C) Subject to the Scheme becoming effective, if any ordinary shares are issued to any person (a "**New Member**") (other than under the Scheme or to BLME Holdings or its nominee(s)) on or after the Effective Date (the "**Post-Scheme Shares**"), they shall be immediately transferred to BLME Holdings (or as it may direct) in consideration of the allotment and issue: (i) to NASDAQ Dubai Guardian Limited ("**NDGL**"), as nominee for the New Member, of such number of BLME Holdings Shares provided that the allotment and issue takes place prior to 28 June 2014 or, if later, within one year of the Effective Date; or (ii) to the New Member of such number of BLME Holdings Shares in certificated form if the allotment and issue takes place after 28 June 2014 or, if later, in excess of one year from the Effective Date, (the "**Consideration Shares**") as that New Member would have been entitled to had each Post-Scheme Share been a Scheme Share (and pay cash in respect of fractional entitlements of over £5.00), provided that if the Company is advised that the allotment and/or issue or transfer of Consideration Shares pursuant to this Article would or may infringe the laws of a jurisdiction outside the United Kingdom, the United Arab Emirates or the State of Kuwait or would or may require BLME Holdings to comply with any governmental or other consent or any registration, filing or other formality with which BLME Holdings is unable to

comply or compliance with which BLME Holdings regards as unduly onerous, the Company may, in its sole discretion, determine that such Consideration Shares shall be sold, in which event the Company shall appoint a person to act pursuant to this Article and such person shall be authorised on behalf of such holder to procure that any shares in respect of which the Company has made such determination shall, as soon as practicable following the allotment, issue or transfer of such shares, be sold.

- (D) The Consideration Shares allotted and issued or transferred to NDGL pursuant to paragraph (C) of this Article shall be credited as fully paid and shall rank *pari passu* in all respects with all other BLME Holdings Shares in issue at that time (other than as regards any dividend or other distribution payable by reference to a record date preceding the date of allotment) and shall be subject to the articles of association of BLME Holdings.
- (E) The number of Consideration Shares to be allotted and issued to NDGL, as nominee for the New Member, pursuant to paragraph (C) of this Article may be adjusted by the Directors of the Company, in such manner as the auditors of the Company may determine, on any reorganisation of or material alteration to the share capital of either the Company or BLME Holdings effected after the close of business on the Effective Date. For the avoidance of doubt, the proposed reduction of capital of BLME Holdings referred to in Preliminary (G) to the Scheme shall not give rise to any adjustment under this paragraph (E) and the New Members shall not be entitled to receive any benefit pursuant to such reduction of capital.
- (F) To give effect to any issue or transfer of Post-Scheme Shares, the Company may appoint any person as attorney for the New Member to transfer the Post-Scheme Shares to BLME Holdings and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Post-Scheme Shares in BLME Holdings or its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as BLME Holdings may direct. If an attorney is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of BLME Holdings) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by BLME Holdings. The attorney shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder) in favour of BLME Holdings and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register BLME Holdings as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares.
- (G) Notwithstanding any other provision of these Articles, neither the Company nor

the Directors shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date.";

(3) with effect from the passing of this resolution:

(a) the articles of association of BLME be altered by the adoption and inclusion of the following new Article 151:

"151 DEFERRED SHARE

"The Deferred Share so designated by special resolution of the Company passed on the same date as the date of adoption of this Article shall have all the rights of an ordinary share as set out in these Articles, save that:

- (i) the holder of the Deferred Share shall not be entitled to receive a dividend or other distribution or to have any other right to participate in the profits of the Company;
- (ii) the holder of the Deferred Share shall have no right to attend or vote at any general meeting of the Company; and
- (iii) on a return of capital or winding-up of the Company, the holder of the Deferred Share shall be entitled, subject to the payment to the holders of all other classes of shares of the amount paid up or credited as paid up on such shares, to repayment of the amount paid up or credited as paid up on the Deferred Share, but shall have no further or other right to participate in the assets of the Company.";

(b) the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to allot the said BLME Deferred Share, provided that (1) this authority shall expire on the fifth anniversary of the date of this resolution and (2) this authority shall be in addition and without prejudice to any authority under the said section 551 previously granted and in force on the date on which this resolution is passed; and

(c) pursuant to and during the period of the said authority the Directors be empowered to allot the said BLME Deferred Share wholly for cash as if section 561(1) of the Companies Act did not apply to any such allotment.

BY ORDER OF THE BOARD

13 May 2013

Richard Williams

Chief Financial Officer and Company Secretary

Bank of London and The Middle East plc
Sherborne House
119 Cannon Street
London
EC4N 5AT

Notes:

- (1) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- (2) A white form of proxy is enclosed with this notice. Instructions for use are shown on the form. Lodging a white form of proxy will not prevent the member from attending and voting in person.
- (3) To be valid, the white form of proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received by post or, during normal business hours only, by hand by the Company Secretary, Bank of London and The Middle East plc, Sherborne House, 119 Cannon Street, London EC4N 5AT or by fax by the Company Secretary on +44 (0) 20 7618 0038, not later than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting. Completion and return of a proxy form will not prevent a member from attending and voting at the General Meeting, or any adjournment thereof, in person if he wishes to do so.
- (4) Any member or his proxy attending the meeting has the right to ask any question at the meeting relating to the business of the meeting.
- (5) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holder(s) and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (6) Copies of the Company's existing articles of association and copies of the new articles of association as amended pursuant to paragraphs 1(2) and 1(3) of the Special Resolution are available for inspection at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL and at the Company's registered office, Sherborne House, 119 Cannon Street, London EC4N 5AT, until opening of business on the day on which the meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the BLME General Meeting.