DirectSavingsAccount

SPECIAL CONDITIONS

If we don't get it right

Islamic Bank of Britain PLC will endeavour to ensure that you receive the highest standard of service and that you are treated with courtesy at all times. If you are unhappy with any aspect of our service we would like to know why.
For a copy of our Customer Care leaflet dealing with our complaint handling procedures call our Customer Care Team on **0845 6060 786**.

Data Protection Act

Under the Data Protection Act you have a right of access to your personal records.
Should you wish to exercise this right, please write to:

The Data Protection Officer
Compliance Department
Islamic Bank of Britain PLC
PO Box 12461, Birmingham B16 6AQ

A fee will be charged for this service.

Want to know more about any of our accounts or services?

Call us today on:
0800 4080 786*
Monday - Friday 9am to 7pm
Saturday 9am to 1pm
*calls may be recorded or monitored for training and security purposes

Write to:
Islamic Bank of Britain PLC
PO Box 12461
Birmingham B16 6AQ

Visit one of our branches

Online at:
www.islamic-bank.com

Membership of the Financial Services Compensation Scheme

Islamic Bank of Britain PLC is a member of the Financial Services Compensation Scheme. The Scheme may provide compensation if we cannot meet our obligations. For example, in respect of deposits with a UK office, payments under the scheme are limited to 100% of the first £85,000 of a depositor's total deposits with the bank. Most depositors including individuals and small firms are covered. The Scheme covers deposits made with the offices of the bank within the European Economic Area.

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Islamic Bank of Britain PLC is authorised and regulated by the Financial Services Authority.

Incorporated and registered in England and Wales.
Registration No. 4483430.

Registered Offce:
Edgbaston House. 3 Duchess Place, Hagley Road,
Birmingham B16 8NH

My Bank, My Values

IBB
ISLAMIC BANK OF BRITAIN

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Words with special meaning

In this booklet words are used that have special meanings. **We** have put these special words in bold text to help **you** understand what those special words mean when used. The **conditions** also apply to **your direct savings account** and **you** should also refer to the words with special meanings set out in the **conditions** as well as those special words which are also used below and are incorporated into these special conditions. Please note that if there is any conflict between the **conditions** and these special conditions relating to your **direct savings account**, these special conditions shall apply.

Special word	Meaning
calculation date	means the last working day in each month.
calculation period	means a monthly period equivalent to a calendar month.
conditions	means the terms and **conditions** that govern **your direct savings account** (as set out in the Consumer Banking Terms and Conditions), which are in addition to these special conditions, and which are published on **our** website (www.islamic-bank.com).
direct savings account	means **your direct savings account**. The **conditions** and the special conditions apply to **your direct savings account** even if the name on the **direct savings account** or the number changes.
distributable profit	means the net income for a calculation period less the profit stabilisation reserve contribution.
gross income	means, in respect of each **calculation period**, all of the revenue generated by the pooled funds during such **calculation period** prior to any deductions being made.
joint	means two or more of **you**.
net income	means in respect of each **calculation period**, the **gross income** less any costs, fees and expenses which are to be deducted pursuant to special condition 5.1.
our share of profit	means the share of profit due to **us**. **Our** maximum share of profit is set out in clause 7.3(d) of these special conditions but **we** may in **our** discretion lower **our share of profit**.

pooled funds	means the **pooled funds** that belong to **our** customers (which have been paid into any of **our** customer accounts) and which may also include funds belonging to **us** which **we** may include in the pool to be invested together in Sharia compliant investments.
profit stabilisation reserve account	means an account into which **we** will pay profit stabilisation reserve contribution.
profit stabilisation reserve contribution	means, in respect of each **calculation period**, the percentage amount **we** will deduct from net income for payment into the **profit stabilisation reserve account**.
profit stabilisation reserve contribution cap	means the maximum percentage amount **we** may deduct from **net income** as set out in clause 7.3(c) of these special conditions. **We** may at **our** discretion deduct a lower percentage in certain circumstances.
your share of profit	means the share of profit due to **you**. This will be based on the distributable profit less **our share of profit** to be deducted pursuant to special condition 6.

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Direct Savings Account special conditions

1 Direct Savings Account

The special conditions set out below apply to **our direct savings account** and are in addition to the **conditions** which also apply.

1.1 Investment of **pooled funds**

1.1.1 **Our direct savings account** operates on a profit sharing basis and is designed to comply with Sharia principles. **Our** Sharia Supervisory Committee will determine what these Sharia principles are. **We** agree to be bound by **our** Sharia Supervisory Committee's decisions and guidance and in opening **our direct savings account you** also agree to be bound by their decisions and guidance.

1.1.2 **We** will invest the **pooled funds** in **our** absolute discretion in Sharia compliant investments at all times ensuring that there are sufficient funds available for providing immediate cash liquidity for **our** customers that wish to make withdrawals subject to special condition 4 below.

1.1.3 In opening a direct savings account **you** acknowledge that **your** money will be consolidated with **our** funds (and the funds belonging to **our** other customers) and will be invested in accordance with these special conditions.

1.2 To open a **direct savings account you** must be at least 16 years of age.

1.3 **You** can only have one **direct savings account**, which must be opened in **your** name or jointly with some one else. **You** cannot open an account on behalf of someone else.

1.4 A minimum deposit of £1,000 is required to open a **direct savings account**. The initial deposit must be made within 14 days of **your direct savings account** being opened. Failure to do so within this period may result in the closure of **your direct savings accoun**t.

1.5 A minimum balance of £1,000 must be maintained at all times. Failure to do so may result in the closure of **your direct savings account.**

1.6 **We** can refuse to open a **direct savings account** or to accept a deposit without giving **you** any reason.

2 Operating your Direct Savings Account

2.1 **You** can operate **your direct savings account** using **our** online banking service or by post.

2.2 If **you** want to use **our** online banking service to operate **your direct savings account you** must already be registered for **our** online banking service and have accepted **our** online banking service terms and conditions or do so as part of the application process for **your direct savings accoun**t.

2.3 **We** may send **you** any communication relating to **your direct savings account**, including but not limited to, variations to the terms and conditions or applicable profit rate of **your direct savings account**, by secure messages via **our** online banking service or by post. **You** must access the online banking service to check **your** secure messages and balance regularly.

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3 Paying money into your Direct Savings Account

3.1 An initial deposit of £1,000 or more is required to open **your direct savings account**. This can be made using any of the methods set out below:

3.1.1 by using the transfer functionality within **our** online banking service to transfer monies from a current or savings account **you** have with **us**; or

3.1.2 by sending a cheque using post or courier to one of **our** branches or to the following address: Islamic Bank of Britain PLC, PO Box 12461, Birmingham, B16 6AQ. The initial deposit must be made within 14 days of **your direct savings account** being opened.

3.2 Thereafter, **you** may make payments into **your direct savings account** by:

3.2.1 using the transfer functionality within **our** online banking service to make payments to **your direct savings account** from any current or savings account **you** hold with **us** - maximum limits may apply, please call **our** customer services on 0845 6060 786 to check the limits;

3.2.2 sending cheques by post or courier to the address mentioned above; or

3.2.3 setting up a regular payment from any current account **you** hold with **us** or with any third party or by such other form of electronic transfer as **we** may agree.

3.3 **You** MAY NOT make cash payments into **your direct savings account**.

4 The right to withdraw money

4.1 Money deposited into a **direct savings account** may be withdrawn on demand in accordance with clause 4.2 of these special conditions.

4.2 Subject to a minimum balance of £1,000 and there being sufficient cleared funds in **your direct savings accoun**t, **you** may make a withdrawal of money from **your direct savings account** by any of the methods set out below:

4.2.1 using the transfer functionality within **our** online banking service to make payments out of **your direct savings account** to any current or savings account **you** hold with **us**, or any third party account - maximum limits may apply; or

4.2.2 writing to **us** at: Islamic Bank of Britain PLC, PO Box 12461, Birmingham, B16 6AQ, to give **us** instructions to make a payment to a third party account or requesting a withdrawal, in this case **we** will send **you** a cheque in **your** name for the requested amount.

4.2.3 **You** WILL NOT be able to make withdrawals in cash from **your direct savings account**.

4.3 Sometimes payments to be made from **your direct savings account** may be subject to a delay for procedural checks to prevent fraud or for other reasons.

5 Operating fees and expenses and profit stabilisation reserve contributions

5.1 The **pooled funds** will be subject to deductions for direct costs, fees and expenses incurred in respect of the investment of the **pooled funds**. Such costs, fees and expenses will not exceed the limit set out in clause 7.3(b) of these special conditions. Any reasonable costs, fees and expenses that may be additionally due will be paid for by **us** out of **our share**

of profit.

5.2 In addition to the deduction of the costs, fees and expenses referred to in special condition 5.1 **you** authorise **us** to deduct from **net income** a **profit stabilisation reserve contribution** for payment into the **profit stabilisation reserve account**. This deduction will not exceed the limit set out in clause 7.3(c). Upon such deduction **you** agree that **you** relinquish any right **you** may have to the monies in the **profit stabilisation reserve account**. The **profit stabilisation reserve contributions** made by all **our** customers are made on a combined mutual basis in support of improving distributable profits.

5.3 **We** will exercise reasonable discretion as to when amounts in the **profit stabilisation reserve account** may be used to improve distributable profits but **we** will always follow the guidance of **our** Sharia Supervisory Committee.

5.4 In the event that Islamic Bank of Britain PLC is placed into liquidation following a court order, **you** agree that the balance in the profit stabilisation reserve account will be paid to charitable causes and **you** relinquish any right **you** may have to the monies in the **profit stabilisation reserve account**.

6 Our share of profit

Our share of profit will be calculated on each **calculation date** for each **calculation period** and will be determined by reference to the percentage set out in clause 7.3(d) of these special conditions.

7 Your share of property

7.1 **We** will calculate **your** share of profit on a monthly basis.

7.2 **We** will pay **your share of profit** after deduction of tax at the applicable rate. If **you** are eligible, **you** may receive **your share of profit** gross, i.e. without deduction of tax, provided an HM Revenue and Customs form R85 has been completed, signed by **you** and returned to **us**. To be eligible, **you** must:

- be resident or ordinarily resident in the UK;
- be a starting or basic rate tax payer;
- be 16 years of age or over;
- hold the direct savings account for **your** own benefit; and
- have a total income below the annual tax free personal allowances limit.

If **you** have a joint account and one of **you** is eligible to receive **your share of profit** gross, **we** will not be able to pay part gross and part net. **We** WILL deduct tax on **your** total profit share. However, if one of **you** is eligible to receive their share of profit gross **you** may be able to reclaim the tax paid direct from the HM Revenue and Customs.

If **you** are not ordinarily resident in the UK, **you** may receive **your** share of profit gross provided **you** are eligible and an HM Revenue and Customs form R105 has been completed, signed by **you** and returned to **us**. Any profit share paid before **we** are able to process form R105 will be made after deduction of tax at the applicable rate. Please contact the HM Revenue and Customs to find out if **you** are entitled to recover this tax.

Please contact **us** if **you** require any of these forms. If **you** do not provide **us** with either form R85 or form R105, profit will be paid to **you** net of tax at the applicable rate. However, **you** may be able to reclaim the tax paid direct from the HM Revenue and Customs. Higher rate taxpayers will need to include any profits in their tax calculations.

7.3 On each calculation date for the relevant calculation period **we** will calculate **your share of profit** in the following manner:

(a) first, **we** will calculate the **gross income**;

(b) secondly, **we** will calculate the net income by deducting direct costs, fees and expenses incurred in respect of the investment of the **pooled funds**. The maximum percentage that **we** will deduct for such costs, fees and expenses shall be limited to 1.5% of the average **pooled funds** during the **calculation period**;

(c) thirdly, **we** will calculate the distributable profit out of the net income by deducting a profit stabilisation reserve contribution. The maximum percentage that **we** shall deduct will be limited to 20% of the net income;

(d) fourthly, **we** will calculate **our share of profit**. **Our** maximum share of profit will be limited to 40% of the **distributable profit**; and

(e) finally, **we** will calculate **your share of profit** and credit **your direct savings account** with the amount due to **you** in accordance with the provisions of this special condition 7.

7.4 **We** may from time to time reduce **our** share **of profit** and the **profit stabilisation reserve contribution** at **our** discretion.

7.5 **Your share of profit** as calculated in this special condition 7 will be presented as an annual equivalent percentage and will be published as the profit rate on **our** website (www.islamic-bank.com). This annual percentage may change at the **calculation date** and such changes will be published on **our** website.

8 Profit and loss

8.1 It is a Sharia principle that profit sharing accounts such as the **direct savings account** involve (1) the potential for **your** capital to make a profit for **you** and (2) the risk that **your** capital could suffer loss in the event of the **pooled funds** administered by **us** returning a loss.

8.2 When **your** capital makes a profit **we** shall account to **you** for that profit in accordance with these special conditions.

8.3 As a matter of English law (which applies to these special conditions) and in accordance with **our** Memorandum and Articles of Association, in the event that **your** capital suffers a loss, **we** shall seek to mitigate the loss in the following manner:

(a) **we** may forego some or all of the fees chargeable by **us** in respect of the investment of the **pooled funds** for the **calculation period** relevant to **your** account(s);

(b) **we** shall draw upon any available balance in the **profit stabilisation reserve account** administered by **us** to make good as much of **your** capital loss as the available balance permits **us** to do;

(c) in accordance with **our** Memorandum and Articles of Association, **our** directors are prevented from declaring any distribution too **our** shareholders unless they are satisfied that there is no shortfall in meeting **your** claim(s); and

8.4 If the **pooled funds** referable to **your** capital return a loss, **we** shall make an offer to **you** to make good the amount of any shortfall that **your** capital may have suffered. **We** are required by current UK bank regulations and policy to make this offer to **you**. If **you** choose to accept this offer, **you** shall be entitled to receive payment from **us** of the full amount that

you had previo**us**ly deposited with **us**. **You** are entitled to refuse this offer from **us**.

8.5 **We** would like to draw **your** attention to the guidance offered by **our** Sharia Supervisory Committee. Their guidance is that if **you** accept **our** offer to make good the amount of any shortfall (set out in special condition 8.4), **you** will not be complying with Sharia principles.

8.6 In certain circumstances **we** may not be able to pay back to **you** the amount that **we** are obliged under these terms and conditions to pay back. If the terms of the Financial Services Compensation Scheme (FSCS) apply in these circumstances it may be possible to apply to the FSCS for payment of compensation.

8.7 In the event that Islamic Bank of Britain PLC is placed into liquidation and **you** have suffered capital loss in respect of which **we** have made an offer to **you** which you have accepted, **you** may be able to apply successfully to the FSCS for payment of compensation if **we** fail to make payment to **you** in respect of that loss. If **you** have refused such an offer from **us** in order to comply with clause 8.5 above, **you** may not be able to apply successfully to the FSCS for payment of compensation in respect of the amount that was previously refused by **you**.

8.8 Should **you** suffer a capital loss due to fraud, gross misconduct or gross negligence committed by **us**, then **we** may be obliged, in accordance with Sharia principles, to make good to **you** any such capital loss on **your direct savings account** out of money held by **us** on behalf of **our** shareholders.

9 Statements

Statements will be sent to **you** quarterly.

10 Closing your account

10.1 **We** can ask **you** to close **your direct savings account** at any time. **We** can do this without giving any reason, but **we** will normally give **you** at least 60 working days notice.

10.2 **You** may close **your direct savings** account at any time.

11 Governing law

11.1.1 The laws of England and Wales govern these special conditions.

11.1.2 **We** both recognise and agree that the payment and/or receipt of interest is against Sharia principles and consequently this agreement does not involve the payment or receipt of interest. **We** both agree with each other that neither of **us** will in any proceedings against the other, claim interest from the other and **we** both expressly waive and reject any entitlement to recover interest from the other.

Call us today on **0800 4080 786** or visit **www.islamic-bank.com**