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# AUB UK Conversion

## Customer FAQs

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Dear Valued Customer,

We are pleased to inform you that Ahli United Bank (UK) PLC (the “Bank”, “we”, “us”) is becoming a fully Islamic bank (the “Conversion”). To assist you in understanding what is happening and how this affects you, we have compiled a list of frequently asked questions (FAQs) along with detailed answers, which can be found below.

Our primary objective is to maintain and strengthen our valued banking relationship with you throughout this Conversion process. We trust that the information we have provided will be of assistance and will address any questions you may have.

Thank you for your continued support.

# Main Conversion FAQs

## 1. What is the Conversion exercise all about?

We are converting from being a conventional Bank to a fully Islamic Bank in the United Kingdom. Our conventional products or services are being converted to Sharia-compliant products and services. We will notify you of changes to the terms and conditions of those products and services, and when those changes will become effective.

## 2. How will the Conversion affect me?

The key commercial terms that you have agreed with us for any existing loans will not change. Accordingly, any loan balances currently outstanding, the number and frequency of your repayments, the security we hold (if any), any amount payable as interest, and any other associated costs and charges, will remain the same.

The same applies to existing deposits and savings accounts. The commercial terms will not change. Any amount payable as interest and any other associated charges, will remain the same until maturity.

With the Conversion to an Islamic Bank, changes will happen to the nature of the Banking products available to you or your business. The products and services currently available to you will be converted to Sharia compliant products and services in phases.

## 3. Will there be any changes to the operation of the services because of the Conversion?

As a customer benefiting from our Banking services, you will not experience changes to the functionality and operations of the existing services (loans, deposits, accounts, investments etc.) because of the Conversion. Following the Conversion, our services will be provided under terms and conditions compliant with Islamic Sharia; however, the basic features and functionalities will remain the same.

## 4. How can I access the Islamic terms and conditions (T&Cs)?

Please visit our website (<https://www.ahliunited.com/uk/shariah-compliant-banking/>) to view and access the Islamic terms and conditions, together with a summary of the changes being made to the current T&Cs.

## 5. Are there any changes to my obligations under any Islamic Facilities as a result of the Conversion?

Your obligations under a financing product, that is the current outstanding amount, the number and frequency of your repayments, the security we hold (if any), any amount payable as interest, and any other associated costs and charges, will remain the same.

## 6. Will my Account identification details (such as IBAN, SWIFT code, etc.) change?

No. The IBAN, SWIFT code and all other account identification details will remain the same.

## 7. What will happen to my existing cheques, debit cards, and other Banking instruments?

Your existing cheques, debit cards, and other Banking instruments will remain valid.

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You may not be able to use your debit card (i) when purchasing non-Sharia compliant goods (such as liquor), (ii) in non-Sharia compliant shops (such as betting shops) or (iii) to pay for non-Sharia compliant activities (such as gambling).

You will no longer be able to use any arranged or unarranged overdraft facilities.

**8. I am an existing Islamic Banking customer in AUB UK. How does Conversion affect me?**

There will be no changes for you. We will continue to provide products and services to you.

**9. Will there be any changes to the accessibility of my funds or Banking services?**

No. There will be no changes to the accessibility of your funds or Banking services. You will continue to have the same convenient access to your accounts through our Branch, ATMs, online Banking, and mobile Banking channels as before.

**10. Are there any changes as to how my personal data will be processed?**

No. Neither the scope nor the purposes of processing your personal data will be changed because of the Conversion. We will continue to process your personal data in the same manner as before in accordance with our privacy policy and applicable laws of England and Wales.

**11. Do I need to sign any new documents for the Conversion?**

No. You will not be required to sign any documents relating to the Conversion. The Conversion is being managed entirely by the Bank to ensure compliance with Sharia Banking principles.

**12. Will this transition affect my credit rating ?**

The Conversion will not affect your credit rating or the way in which we report to credit reference agencies. Your loan obligations remain identical, and your compliance with the repayment schedule will continue to be reported as usual.

**13. I have received an SMS / email notifying me that the Conversion will be taking place. Is there anything that I should be doing?**

No. However, for any further information you may reach us through the following channels:

- a) electronically on [info.aubuk@ahliunited.com](mailto:info.aubuk@ahliunited.com)
- b) by contacting our customer service number +44 (0) 20 7487 6500; or
- c) by visiting our Branch

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**14. Do I need to provide my consent to the Conversion?**

No. Your consent to the Conversion is not required. If you do not wish to accept the changes to the T&Cs for your products and services, you may close your account(s) at any time before the changes take effect, without incurring any penalties. Please refer to your T&Cs for details on how to close your account(s). Alternatively, you can contact us via the channels listed at 13 above, and our staff will guide you through the account closure process.

**15. What happens if I fail to close my account(s) before the changes to the T&Cs take effect?**

Customers who have not closed their account(s) before the changes to their T&Cs take effect will be deemed to have accepted those changes, and the new T&Cs will apply from the 'effective date'. We'll let you know the effective date for the changes to your T&Cs.

**16. I am a Corporate/Commercial Banking Customer. Will the Conversion impact my ability to access credit facilities, or trade finance facilities in the future?**

The Conversion will not impact your ability to access Sharia-compliant credit facilities or trade finance facilities in the future. The Bank will continue to offer Islamic Banking solutions tailored to your requirements. Conventional Banking products and services are no longer available from the Bank.

The Bank will provide support and guidance throughout the Conversion. Corporate Relationship Managers or dedicated teams to corporate Banking customers will follow up with you. They can address any questions, assist with account transitions, and provide information on the available Islamic Banking products and related terms and conditions to ensure a smooth Conversion with no disruption to your business.

**17. Do I need to take any action for the Conversion to take place?**

No action is required from you. The Conversion will be managed entirely by the Bank.

**18. Will there be any changes to my Bank statements?**

No, your Bank statements will continue to be provided as usual. The only difference is that they will reflect the Sharia-compliant nature of your transactions.

**19. Will the pricing of my Banking products change following Conversion?**

No, the pricing of your Banking products will not change. The Conversion to Islamic Banking will not affect the cost of your existing loans, deposits, or other Banking services.

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**20. What types of Sharia-compliant structures will be used for my accounts?**

Depending on the product, different Sharia-compliant structures will be used, such as Mudarabah (profit-sharing), Murabaha (cost-plus financing), Wakala (Agency based investments), etc. Please see the Islamic Banking Principles and Concepts section below for more information about these principles and concepts.

**21. Will my branch or relationship manager change after the Conversion?**

No, your branch and Relationship Manager will remain the same. You will continue to receive the same level of service and support from the Bank.

**22. Will there be any impact on my current loan terms and conditions?**

No, there will be no impact on your current loan terms and conditions. The loan details, including pricing, repayment schedule, and statements, will remain the same.

**23. Will there be any impact on my current savings account terms and conditions?**

All savings accounts will be converted to Wakala on 8 November 2024, under which the anticipated profit rate will be equivalent to the current interest rate.

**24. Will new financing facilities also be Sharia-compliant?**

Yes, all new financing facilities offered by the Bank will be based on Sharia principles. Conventional facilities and products are no longer offered by the Bank.

**25. Are there any fees associated with this Conversion?**

No, there are no fees associated with the Conversion. The Bank will handle the Conversion process at no additional cost to you.

**26. Can I opt out of this Conversion if I prefer to keep my conventional loan?**

If you have a conventional loan it will remain in place until the loan term matures. If you require new loan facilities, you can apply for one of the Bank's Sharia-compliant products. These are subject to status and eligibility criteria. Please contact your Branch/ Call Center and/ or Relationship Manager for assistance with any new financing requirements.

**27. What should I do if my card is declined at a business?**

If your card is declined at a business despite card validity and availability of funds, it is likely to be because the business or the product or service you are trying to pay for is not Sharia-compliant. You can use alternative payment methods at those establishments, or contact our Call Center/ Branch or your Relationship Manager for further assistance.

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**28. Will there be any changes required to be made to my Direct Debit mandate?**

No change is required to be made.

**29. Will there be any change to portfolio assets and collateral provided as security?**

If you hold an investment portfolio with us and any part of those investments are not in compliance with Shariah principles, we will gradually implement changes to those investments so that they will be fully compliant in future. We will provide you with further details about this. You will be given sufficient time and provided with any necessary guidance about the proposed changes before we make them.

If you have provided collateral as security, then that collateral will remain as security for the obligations owed to us. We will honour the terms and conditions that we have agreed with you in respect of the management and release of that collateral.

**30. Will there be any change to the Investment Services Agreement and Custody Agreement?**

If you have entered into an Investment Services Agreement and/or Custody Agreement with us, those agreements will be converted to an equivalent arrangement that is in compliance with the principles of the Islamic Sharia. There will be no changes to the key commercial terms which have been agreed with you.

**31. Where can I find details about Investment Products which are Shariah compliant?**

Please speak to your Relationship Manager for more information about the Shariah compliant investment products which the Bank will be offering to discuss which products are suitable for your needs.

[We will continually be improving the range of Islamic investment products which we offer.]

**32. What are the next steps I need to take as a customer?**

As a customer, here are the next steps you need to take:

1. Please review the information provided: Carefully read and understand the communications sent to you by the Bank regarding the Conversion. It will outline the process, timelines, and any actions required from you. Please also familiarise yourself with the new terms and conditions of the Islamic Banking products and services made available to you.
2. If you do not respond in the specific timeframe provided in our notices, you will be deemed to have accepted the changes to your T&Cs and continue Banking with the Bank based on Sharia-compliant principles.

# Main Conversion FAQs

3. Please seek clarification: If you have any questions about the Conversion process or the Islamic Banking products and services, you may reach us through the following channels:
  - a) by email to [info.aubuk@ahliunited.com](mailto:info.aubuk@ahliunited.com).
  - b) by visiting our Branch.
  - c) by contacting our customer service Number [+44 (0) 20 7487 6500]

4. Please monitor communications from the Bank:

Look out for further communications and updates from the Bank. We will continue to provide additional guidance and information that could be relevant to your accounts or services during the Conversion. Our communications are tailored to keep you informed of the developments and provide simple and user-friendly guides to always achieve a smooth and uninterrupted Banking services.

Ahli United Bank (UK) PLC will continue to provide you with the same level of customer service that we have been providing you and ensure a smooth Conversion of your Banking products and services to your satisfaction.

With our best regards,

**Ahli United Bank Team**



# Islamic Banking Principles and Concepts

## 1. What is Islamic Banking?

Islamic Banking refers to a system of financial services that operates in accordance with the principles of Islamic Sharia and prohibits the charging or paying of interest (riba). It focuses on profit-sharing, risk sharing, and ethical investment practices, adhering to Sharia law.

## 2. I would like to find out more about these Sharia-compliant products. Where should I start?

Details of our Sharia-compliant products and services can be accessed by visiting our website at [Terms and Conditions – AUB \(ahliunited.com\)](#). A separate set of FAQs are being prepared about our Islamic Banking products and services, and these will also be available on our website.

## 3. If Islamic Banks do not invest in interest-based activities, then how do they generate profit to pay to their customers?

An Islamic Bank utilises its funds in various Sharia-compliant activities, including trade, investment, and service. By adhering to ethical guidelines, the Bank earns profits from these activities. These profits are then distributed to depositors according to the agreed terms.

## 4. Is Islamic Banking only for Muslims?

No. Islamic Banking is for all individuals regardless of their religious beliefs. In fact, many non-Muslims actively choose Sharia-compliant products and services because they view them as ethical, fairer, more socially responsible, and transparent.

## 5. How does Ahli United Bank ensure its finance products are Sharia compliant?

Ahli United Bank (AUB) has an independent Sharia Supervisory Board (SSB) consisting of experts in Islamic law (Sharia) and finance. These experts are appointed by the Bank's Board in a formal manner and operate independently from the Bank's management. The SSB oversees the Bank operations to ensure compliance with Sharia principles by reviewing and approving financial products, services, and activities. This demonstrates the Bank's commitment to upholding Sharia compliance and provides assurance to customers and stakeholders.

## 6. How do Islamic Banks invest?

Islamic Banks invest in accordance with Sharia principles, avoiding prohibited industries such as alcohol, gambling, tobacco, pork, and interest-based transactions. They utilise profit sharing, real estate investments and sukuk, to ensure compliance with Sharia.

## 7. How do Islamic savings accounts work?

The Bank invests its customers' deposits in Sharia-compliant activities to generate a target profit. It does this either by becoming an agent of the customers and receiving an agreed agency fee and/or incentive, or by entering a partnership with the customer and sharing the risk and reward.

# Islamic Banking Principles and Concepts

## 8. What are the major products of Islamic Banking and finance?

**Murabaha:** Sale of goods where the Customer shall request the Bank to purchase certain commodities from the market and sell them to the Customer through a Murabaha arrangement on a deferred payment basis. The parties agree on the cost of goods sold and the profit margin.

**Ijarah:** A type of rental contract whereby the Bank acquires property or capital goods (such as machinery or equipment) and then leases them to the customer. The customer pays rent to the Bank, or alternatively, the Bank invests in the business and receives a share of the profit.

**Mudarabah:** Mudarabah is a special kind of partnership where customers give money to the Bank in order to invest it in a commercial enterprise. The customer is called "rabb-ul-mal", while the management and work are an exclusive responsibility of the Bank, who is called "mudarib".

**Musharakah:** An investment partnership where the Bank agrees to a venture with its customer, and the profit is split on agreed sharing terms and losses are attributable to what was paid in.

**Wakalah:** An agency contract in which the customer appoints the Bank as its agent to perform a transaction on its behalf for an agreed upon anticipated profit and terms and conditions.