

# INDIVIDUAL TERMS & CONDITIONS OF KUWAIT FINANCE HOUSE PLC

## SUMMARY OF KEY CHANGES



### INTRODUCTION

1. **DEFINED TERMS** – Defined terms in this Summary of Key Changes have the same meaning as in the Terms & Conditions unless otherwise specified.
2. **APPLICABILITY** – The enclosed terms & conditions (the “**Terms & Conditions**”) apply to all clients of Kuwait Finance House PLC (the “**Bank**”) that are individuals (“**Individual Clients**”). Separate sets of terms & conditions apply to clients of the Bank that are corporate clients (“**Corporate Clients**”) or clients that have been classified by the Bank as Government Entity Clients (“**Government Entity Clients**”). If you are a Corporate Client or a Government Entity Client, please ask a member of staff to provide you with a copy of the Bank’s terms & conditions that are applicable to Corporate Clients or Government Entity Clients respectively.
3. **CONVERSION TO AN ISLAMIC BANK** – The Bank, which is currently a conventional bank licenced and regulated by the Financial Conduct Authority (“**FCA**”), has notified the FCA of its intention to become a fully Islamic Bank (the “**Bank Conversion**”). It is anticipated that with effect from 22 August 2024, the Bank will make a general announcement of the Bank Conversion to the market, including a notice on its public website. The announcement will confirm that the Bank will operate as a fully Islamic Bank from 22 August 2024. As part of the Bank Conversion, the Bank’s existing Terms & Conditions are being varied with effect from the Effective Date.
4. **WHERE TO FIND THE TERMS & CONDITIONS** – The updated Terms & Conditions will be available on the Bank’s website from 21 August 2024. You can also find a link to the updated Terms & Conditions: <https://www.ahliunited.com/uk/shariah-compliant-banking/>
5. **EFFECTIVE DATE**
  - A. For any new Clients of the Bank, the Terms & Conditions will become effective on 22 August 2024 (the “**Effective Date**”).
  - B. For existing Clients of the Bank, the Terms & Conditions will become effective on 8 November 2024.
6. **RIGHT TO TERMINATE** – Between now and 8 November 2024, please read the Terms & Conditions and this Summary of Key Changes. We value your custom and hope that the updated Terms & Conditions will be acceptable to you. **However, if you do not accept the new Terms & Conditions, you have the right to terminate your relationship with the Bank, without charge, at any time before 8 November 2024.** In these circumstances, the Bank will provide you with assistance either to close your Account(s) or to transfer them to another bank. If you do not contact us to close or transfer your Account(s) before 8 November 2024, you will be deemed to have accepted the new Terms & Conditions.
7. **KEY DIFFERENCES BETWEEN ISLAMIC AND CONVENTIONAL BANKING** – The main difference between Islamic banking and conventional banking is that Islamic banking is primarily guided by the principles of Sharia, which includes the following:
  - A. Avoidance of Interest – any amount of interest is prohibited by the Holy Quran and under Sharia law principles.
  - B. Avoidance of activities which are not Sharia-compliant as they are considered haram (forbidden).
  - C. Profits generated from Islamic banking transactions must be backed by real economic activities.
  - D. Islamic banking is governed by specific regulatory requirements to ensure Sharia-compliance. The Bank has established a Sharia Supervisory Board to advise it on how Sharia rules and principles apply to your products and services with the Bank. The Sharia Supervisory Board is made up of Islamic scholars. You can find out more information about members of the Sharia Supervisory Board on the Bank’s website.

### SUMMARY OF KEY CHANGES

The following list summarises the key differences between (a) the attached updated Terms & Conditions that apply to Individual Clients, and (b) the previous terms & conditions of the Bank that applied to Individual Clients:

1. **TERMINOLOGY** – The Terms & Conditions contain various updates to definitions, terminology, language and formatting throughout the document for clarity and consistency and to ensure compliance with Sharia terminology and principles throughout the Terms & Conditions.

2. **CLIENT INSTRUCTIONS** – We have updated the provisions relating to receipt of Client instructions and acting upon those instructions. In particular, please refer to Section 2.2 (Communications) and Section 2.3 (Acting on your Instructions) as the Bank shall no longer accept communications by way of fax.
3. **OVERDRAFT FACILITIES** – As the avoidance of interest is a fundamental principle of Sharia financing, the Bank will not provide any Arranged Overdrafts or Unarranged Overdrafts from the Effective Date. Please also note therefore, that the entirety of Section 2.6 relating to Interest has been removed, specifically Section 2.6(f)-(j) (Fees and Charges).
4. **STATEMENTS** – Updates have been made to Section 2.8 (Statements and Other Notices) relating to the provision of your Account statements to facilitate electronic statements if you choose to receive a statement in that format.
5. **AMENDMENTS TO YOUR AGREEMENT WITH THE BANK** – Section 2.11(a)(v) now includes a provision that the Bank may change the terms of the Agreement with you to implement changes recommended by its Sharia Supervisory Board. Please note that if any changes are made, you will be notified in accordance with Section 2.11(d) (Changing the terms of the Agreement).
6. **ACCOUNT CLOSURE** – The Account closure provisions in Section 2.13 (Closing Your Account(s)) have been updated.
7. **GOVERNING LAW** – The governing law provisions in Section 2.16 (Governing Law) have been updated.
8. **PAYMENT ACCOUNTS AND SERVICES** – The Payment Accounts and Services provisions in Section 3 have been updated to comply with current legislation and to detail the processes, limitations and cut-off times that apply to those Services.
9. **ACCOUNTS** – The provisions of Section 4 (previously Section 5) have been updated to reflect the Accounts that will be offered by the Bank going forwards, and the Islamic financing products that will be used to offer those Accounts. The following is a short summary of the Islamic principles that govern these products:
  - A. **Qard Current Account**

**What is a Qard contract?**

Qard refers to an interest-free loan where a customer will lend money to the Bank and the Bank is bound to repay an equivalent amount at the request of the customer. The Bank has the right to utilise the money for its Sharia-compliant banking activities and is entitled to the revenue derived from such monies.

**What is the difference between your conventional current account and Qard current account?**

A conventional current account operates on the basis of a depositor-bank relationship, whereas a Qard current account operates on a borrower-lender relationship basis using interest-free loans.
  - B. **Wakala Fixed Rate Deposit Accounts**

**What is the difference between your conventional deposit account and a Wakala Fixed Rate Deposit account?**

In a Wakala structure, the customer (acting as Muwakkil or principal) provides the capital and appoints the Bank (acting as Wakil or agent) to act on their behalf to invest the funds in Sharia-compliant activities, in return for certain anticipated profits.
  - C. **Wakala Call Accounts**

**What is the difference between your conventional call account and a Wakala call account?**

In a Wakala structure, the customer (acting as Muwakkil or principal) provides the capital and appoints the Bank (acting as Wakil or agent) to act on their behalf to invest the funds in Sharia-compliant activities, in return for certain anticipated profits.
10. **PRINCIPLES OF SHARIA** – a new Section 5 has been added to summarise that the Bank will at all times operate each Account in accordance with the rulings and guidance given by the Bank’s Sharia Supervisory Board and as required by the Bank’s constitutional documents.