



AL RAYAN BANK

## Savings and term deposit target profit rates

Payment Accounts (flexible accounts where you can access your funds immediately)	Actual Annual Profit Rates (gross p.a.) 21 July 2016 to 31 July 2016 <sup>1</sup>
On Demand Savings Account	0.05%
Young Person's Savings Account	0.10%
Direct Savings Account	0.15%
Instant Access Cash ISA	0.50%
Non Payment Accounts (restricted access accounts where you do not have immediate access to your funds)	Actual Annual Profit Rates (gross p.a.) 21 July 2016 to 31 July 2016 <sup>1</sup>
90 Day Young Person's Notice Savings Account	1.30%
60 Day Notice Savings Account	1.00%
120 Day Notice Savings Account	1.50% <sup>4</sup>
100 Day Charities' Notice Savings Account	1.40%
120 Day Notice Cash ISA	1.55% <sup>4</sup>
12 Month Fixed Term Cash ISA <sup>2 3</sup>	1.35%
3 Month Fixed Term Deposit Account <sup>2</sup>	0.10%
6 Month Fixed Term Deposit Account <sup>2</sup>	1.25%
12 Month Fixed Term Deposit Account <sup>2 3</sup>	1.50%
18 Month Fixed Term Deposit Account <sup>2 3</sup>	1.60%
24 Month Fixed Term Deposit Account <sup>2 3</sup>	1.85%
36 Month Fixed Term Deposit Account <sup>2 3</sup>	2.00%

<sup>1</sup> These expected profit rates may be changed at the month end when profit calculation takes place and customer share of profit is determined. The expected profit rate quoted is calculated in accordance with the Bank's terms and conditions, on the daily balance on your account and presented as an annual equivalent. The payment of profit calculated for term deposit is on the maturity date of the deposit.

<sup>2</sup> For existing customers your expected profit rate which you will have been advised of on opening remains unchanged.

<sup>3</sup> Where profit is reinvested and paid on maturity, the annual equivalent expected profit rates will be: 1.36% on the 12 month FTD ISA, 1.51% on the 12 month FTD, 1.61% on the 18 month FTD, 1.86% on the 24 month FTD and 2.02% on the 36 month FTD.

<sup>4</sup> Applies to new accounts opened on or after 6 June 2016. For accounts opened prior to 6 June 2016 the expected profit rate advised on opening remains unchanged until 5 November 2016.

**Please note:** New expected profit rates take immediate effect for new accounts opened and rollover accounts.

The expected profit rates above may be subject to change due to potential volatility in Commodity Murabaha markets. Al Rayan Bank will notify you of any changes as soon as practically possible. The profit distribution target rate quoted refers to the actual payment you may receive and is "before tax". As you will see from the paragraph below, your effective "after tax" return will vary depending on your individual circumstances.

### Tax treatment of the profit share

Disclaimer – Al Rayan Bank accept no liability in respect of your use of the information provided in this statement. The information provided is generic in nature. Your own individual facts and circumstances may mean that the information provided in this section is not applicable to you. If in doubt you should contact your tax adviser or your local tax office to clarify your tax position.

### Individual account holders

From 6 April 2016 all banks and building societies are no longer required to deduct tax from the savings returns you earn. If you are a basic or higher rate tax payer, you will have an annual Personal Savings Allowance (PSA), allowing you to earn profit tax-free. However, once you reach your PSA limit, you will be required to pay tax on your profit. The PSA excludes ISAs, which continue to be tax-free for eligible customers.

The profit earned on a savings account is classed as income. Savers currently pay tax on this income, based on their income tax bracket. Under the new allowance basic rate taxpayers (20%) will be able to earn £1,000 in savings tax-free, whilst higher rate tax payers (40%) will receive a £500 allowance. Additional rate (45%) taxpayers will not receive any allowance.

Any savings returns you earn above your Personal Savings Allowance will be subject to UK tax and it will be your responsibility to declare this to HM Revenue & Customs. Please note this applies to the total savings returns you earn from all the banks and building societies, not just Al Rayan Bank. You can find out more about PSA on [gov.uk](http://gov.uk). If you have any questions about how the PSA affects your accounts with Al Rayan Bank, please either visit our website at [alrayanbank.co.uk/psa](http://alrayanbank.co.uk/psa), call us on **0800 4086 407** or visit your local branch.

### Account holders who are companies within the charge to corporation tax

For the purposes of UK tax law, the profit share you receive is treated as a return on a loan equivalent to the amount deposited with Al Rayan Bank, and is taxed as if it were a return on a loan relationship under Chapter 2 of Part 4 Finance Act 1996.

### All account holders

If you are uncertain whether the information provided above applies to you, you should contact your tax adviser or your local tax office to clarify your tax position.