

Al Rayan Bank introduces its lowest ever rental rates on home and property finance

Submitted by: Plan A PR

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12 September 2016: Al Rayan Bank (UK) (<http://www.alrayanbank.co.uk/>) today announced that it has made ethical, Sharia compliant home finance more affordable to homeowners and landlords with the announcement of the lowest ever rental rates on its Home Purchase Plan (HPP) and Buy to Let Purchase Plan (BTLPP) products. (<http://www.alrayanbank.co.uk/home-finance/>)

Effective from 1 September 2016, HPPs are available with fixed rental rates as low as 2.44%*, whilst BTLPPs are available with fixed rental rates from 2.99%*. In addition, the Bank has reduced the fixed rental rate of its 90% finance to value HPP, which is backed by the Government's Help to Buy scheme by 0.8% to 3.69%^. All rental rates on its other HPP and BTLPP products have been reduced by up to 0.5%.

For homeowners, the following HPP rental rates now apply to new customers:

- 60% finance to value: A fixed rental rate of 2.44%* and a discounted variable rental rate of 2.64%*
- 70% finance to value: A fixed rental rate of 2.54%* and a discounted variable rental rate of 2.74%*
- 80% finance to value: A fixed rental rate of 2.74%* and a discounted variable rental rate of 2.94%*
- 90% finance to value: A fixed rental rate of 3.69%^

For landlords, the following BTLPP rental rates now apply to new customers:

- 65% finance to value. A fixed rental rate of 2.99%* and a discounted variable rental rate of 3.19%*
- 75% finance to value. A fixed rental rate of 3.39%* and a discounted variable rental rate of 3.49%*

Following the fixed or discounted period, all rental rates will revert to the Al Rayan Bank Variable Rental Rate. For HPP products currently this is the Bank of England Base Rate (BBR) plus 3.99%, and for BTLPP products it is BBR plus 4.99%.

Unlike conventional mortgages where money is borrowed from a lender and repaid with interest, the Al Rayan Bank home and property finance range is based upon the Islamic finance principles of Co-Ownership (Diminishing Musharaka) with Leasing (Ijara). A customer buys the property together with the Bank and pays rent on the Bank's share in addition to an acquisition payment which increases their share in the property. Over time the customer's share in the property increases and at the end of the finance term, the customer owns the property outright.

This is the latest in a series of enhancements to the range, designed to make Sharia compliant home and property finance more accessible in the UK. Last year, Al Rayan Bank introduced new HPP products, lowered rental rates and extended discount periods, and in 2014 it became the first Islamic bank to launch a HPP, backed by the Government's Help to Buy: HPP guarantee scheme, designed for people who can afford the payments on a HPP but do not have large deposits saved.

As an Islamic bank, Al Rayan Bank does not charge arbitrary administration fees to its home finance customers; instead administration fees reflect the effort of its employees and the costs incurred by the

Bank. This means that they are lower than many of the administration fees charged by conventional banks. The administration fee for the 60%, 70% and 80% FTV HPPs is £399 and for the 90% FTV HPP it is £999. For all BTLPP products there is a product fee of 1% of the finance amount (minimum £995). Additionally, there are no penalties for early settlement, even within a fixed rental rate period.

Al Rayan Bank is an independent UK bank, authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is a member of Financial Services Compensation Scheme.

Intermediaries can find out more by accessing Al Rayan Bank's dedicated intermediary support service, which can be contacted on 0800 694 7238 or at www.alrayanintermediaries.co.uk. Upon registration, Intermediaries will be able to introduce business to Al Rayan Bank by referral, i.e. the provision of customer contact details.

* Rental rate fixed or discounted until 31 December 2018

^ Rental rate fixed until 31 December 2019

All HPPs and BTLPPs are subject to status. Terms and conditions apply.

YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP THE PAYMENTS ON A HOME PURCHASE PLAN

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For more information, please contact:

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About Al Rayan Bank

Al Rayan Bank PLC (the Bank, Al Rayan Bank) has pioneered Sharia compliant retail banking in the UK and now offers the largest range of Sharia compliant retail financial products in the UK. These include Sharia compliant mortgage alternatives, the Home Purchase Plan (HPP) and Buy to Let Purchase Plan (BTLPP), current accounts and savings accounts. The Bank was also the first to introduce Sharia compliant business banking to the UK, and now offers a wide range of institutional and business banking products and services, including Commercial Property Finance. Several of the Bank's products remain unique in the UK retail financial market.

The Bank is authorised by the Prudential Regulation Authority, regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of Financial Services Compensation Scheme.

Sharia compliant banking operates without the use of interest and is founded on Islamic finance principles derived from trade, entrepreneurship and risk-sharing. Al Rayan Bank has a dedicated Sharia Compliance Department and a panel of respected Sharia Scholars, called the Sharia Supervisory Committee (SSC), which acts as an independent body to ensure that Al Rayan Bank's products and activities are Sharia compliant.

As a Sharia compliant bank, the source of Al Rayan Bank's funding, profits and business investments

must be ethical. They cannot be from businesses that are considered unlawful under Sharia, i.e. companies that deal in interest, alcohol, gambling, pornography, speculation, tobacco, arms and other commodities contrary to Islamic values.

Whilst Al Rayan Bank offers products and services that are designed in accordance with Sharia principles, it is an inclusive, ethical organisation and welcomes customers of all faiths looking for a bank with a transparent, prudent and community-focused approach

Notes to editors:

1. Interviews with Al Rayan Bank PLC are available on request.
2. The Bank should only be referred to as "Al Rayan Bank PLC". If abbreviated please use "Al Rayan Bank".

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