

BANKING TERMS AND CONDITIONS

P R I O R I T Y B A N K I N G

1 Definitions and Abbreviations

KFH-Bahrain or Bank	Kuwait Finance House-Bahrain B.S.C (c).
Working Days	Any day (excluding Friday and Saturday) on which banks in Bahrain are open for business.
Account Holder	The person named as such in the relevant account opening application form.
Investment Term	Investment periods of either (1) month, (3) months, (6) months, (9) months and (12) months, or any other period as may be introduced by the Bank from time to time.
Qard Hassan	Profit free financing.

2 Conditions Relating to Accounts

General Conditions

- KFH-Bahrain shall act as a collection agent for the account holder, and shall not be responsible for payment of any cheques or other financial instruments deposited with it for the purposes of collection/payment. Any amounts represented by cheques or other securities deposited with the Bank shall not be available for withdrawal unless first collected by the Bank. The Bank reserves the right to debit any amount which has been credited into an account in exceptional circumstances where such an amount is not paid on collection.
- Cheques drawn against an account at KFH-Bahrain which in the view of KFH-Bahrain appear to be in proper order shall be credited to the payee account, subject to availability of funds in the paying account, on the same working day the Bank receives that cheque.
- In respect of Deposits and Withdrawals (Savings, Current and Electronic Accounts):
 - A customer may use other deposit or withdrawal methods that may be introduced by the Bank subject to any terms and conditions issued by the Bank from time to time.
 - Account deposits are accepted at all branches, either in cash or in cheques drawn on KFH-Bahrain, or local banks.
 - When depositing any amount into an account, the depositor is responsible for verifying the accuracy of details contained on the official receipt.
 - Withdrawals are valid only if the prescribed forms designated for this purpose are submitted, or by virtue of letters or tested telexes signed by the account holders. (No fax instructions shall be accepted without prior arrangements).
 - The account holder may not withdraw funds deposited in his account for collection except until after they are actually received by the Bank.
 - The account holder or his/her authorised agent may withdraw cash from available funds in the account or by issuing foreign drafts, payment orders, standing orders or transfers to another account at KFH-Bahrain or other banks, or by opening investment deposits or any other method of withdrawal by debiting the account in accordance with the practices in use provided always that sufficient funds are available in the paying account.
 - When applicable and as the account holder has requested in writing, the visa electron card ("Debit Visa Card") with a personal identification number (Only for accounts in Bahraini Dinar) for cash withdrawal transactions through the Automatic Teller Machines (ATM's) of KFH-Bahrain or those which belong to local banks or BENEFIT Company or located internationally. The account holder may use the Debit Visa Card to make payments for purchases through Points of Sale (POS) by debiting his account for the purchase amount.
- In respect of foreign currency accounts:
 - Cash deposits & withdrawals are accepted in the same account currency & made by way of exchange according to the daily exchange rate. Deposits & withdrawals in Bahraini Dinars & other currencies are accepted by applying the daily exchange rate of the account currency in KFH-Bahrain.
 - Amounts of actually collected cheques are deposited if they are in the same account currency or at the exchange rate (selling and buying) if the collected amount is in a currency other than the account currency after deducting expenses, if any.
 - Transferring an amount from one account to another account in KFH-Bahrain, or outside, or issuing a draft (cheque or telex) in the account currency is made in the same transferred amount after deducting expenses, if any.
- Currencies in other than Bahrain Dinars shall be subject to foreign currency control or other regulations in force in the Kingdom of Bahrain.
- Withdrawals by payment orders, post transfers or telex shall be subject to the fees shown in the table of fees issued by KFH-Bahrain from time to time.
- Incoming telexes and other instructions for payments/transfers shall take effect only after the concerned amount has been debited from the concerned account.
- Inward remittance telexes will be credited only after satisfactory receipt of funds and advice will be forwarded to the account holder subsequently.
- KFH-Bahrain shall have the right to refuse to accept deposits in any account or set ceilings for the amounts which may be deposited in an account.
- The account holder agrees to pay the Bank's fees or service charges, commissions, transaction expenses from his account and authorises KFH-Bahrain to collect such unpaid amounts from his account.
- KFH-Bahrain shall have the right to refuse to open or accept investment deposits or any other deposit accounts in addition to the right to cancel and refund the value thereof to the owners without citing any reasons. It shall also have the right to freeze the deposit, in whole or in part, if, in its opinion, there is a valid reason justifying any and all of such actions.
- As and when applicable, KFH-Bahrain shall be entitled to a percentage of the income generated by the investments being its share as a Mudarib. The Bank may in its sole discretion change these percentages from time to time. The account holder may request information on the applicable profit sharing percentage from the Bank.
- KFH-Bahrain shall have the right of set-off and may apply any debit balances of account holders in any account with KFH-Bahrain against any other accounts of the account holder where a credit balance is showing.
- In the event of any erroneous deposits made in the account holder's account, the account holder shall not have any claim upon such amount and hereby authorises the Bank to take the corrective action as it considers appropriate and debit such erroneous amounts thereof from the account. Any change or correction made to the entries signed by the responsible officer shall be valid and effective.
- The account holder agrees that KFH-Bahrain shall have the right of recourse against the account holder for any amounts paid to him by mistake and erroneously spent by the account holder. The account holder agrees to refund and settle any amounts such in the manner and on the dates specified to him by KFH-Bahrain.
- The account holder agrees to the rules and provisions applicable to his account, including any procedural changes made to the conditions governing accounts held with KFH-Bahrain, as determined by the Bank, in its sole discretion from time to time without the need to serve a notice to the account holder.
- KFH-Bahrain shall not be liable for any losses or damages sustained by the account holder resulting from (i) any orders issued by any competent authority or (ii) any law imposing certain restrictions or suspending the customer's accounts.
- The account holder agrees to indemnify and compensate KFH-Bahrain and discharge it from any liability for, and arising from, all claims, petitions, demands, damages or obligations arising for any reason whatsoever, which the Bank may incur as a result of opening this account.
- KFH-Bahrain shall not be legally liable for any loss caused to the account holder, unless such loss is proved, by a Court of competent authority, to be a result of gross negligence, violation of the terms of agreement, or a deliberate act by one of the Bank's employees.
- KFH-Bahrain reserves the right to report any suspected transaction to the competent authorities without notifying the account holder of its intention to do so.
- KFH-Bahrain has the right to close any account that shows unsatisfactory transactions and/or performance according to the bank's judgment without specifying any reasons. In this case, the account holder agrees to return all unused cheques and, when applicable, ATM Cards.
- An account holder may issue an in-house proxy to KFH-Bahrain to operate the account after satisfactory completion of required documents and signing papers designated for this purpose by the Bank.
- An account holder or his/her official representative may close the account provided that there are no outstanding claims or obligations attached to the account.
- An account shall be considered dormant if it lies inactive for six months, and the account holder shall contact the Bank personnel to re-activate it.
- Each heir or other persons authorised to receive the entitlements of any account holder must prove their eligibility in accordance with Islamic Shari'a and local laws and legislations before the amounts due to them are paid.
- The account holder shall notify KFH-Bahrain of any change in his/her address.
- When applicable, statements of account shall be sent to the address specified by the account holder upon the standard practice periods, unless there are instructions to the contrary. Such statements of account shall be considered valid and accepted by the account holder unless an objection thereto is received within 15 days from the date on which the statement is dispatched by the Bank.
- The relationship between the account holder and KFH-Bahrain shall be governed by the laws in force in the Kingdom of Bahrain in as much as they are inconsistent with the provisions of Islamic Shari'a.

3 Investment Deposits

In Bahraini Dinars:

The Investment Term of the deposit shall be renewed automatically for a similar period unless the account holder expresses a desire not to renew it before the end of the Investment Term. Unless otherwise stated herein, the account holder may liquidate before the maturity date of the investment and in such circumstances shall be entitled to the profit for the remainder of a minimum Investment Term (cancellation conditions apply).

In Foreign Currencies:

- Investment in such deposits is made in US Dollars, Pound Sterling, Euro or any other currencies which KFH-Bahrain may determine at its sole discretion from time to time.
- The deposit shall be for renewable periods of the Investment Term.
- The account shall be governed by the same conditions applicable to investment deposits in Bahrain Dinars.

Investment

- Deposit funds are invested on the basis of unrestricted Mudarabah principles with KFH-Bahrain as a Mudarib.
- Being a Mudarib KFH-Bahrain will invest the investment deposit funds on the basis of unrestricted Mudarabah and all investment deposits shall begin to run from the second Working Day from the date of issue of an investment certificate. KFH-Bahrain shall have the freedom to do whatever it deems appropriate to

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further the common interest, including determining the methods and areas of investment.

- Investment deposit funds are invested on the basis of unrestricted Mudarabah in the percentages determined by KFH-Bahrain which may be subject to regulatory requirements in force from time to time.

Cancellation

The term of deposit is a prerequisite condition which the account holder must comply with. He may, however, apply for cancellation before the expiry of the term, and in case KFH-Bahrain, at its sole discretion, agrees to cancel the deposit, the following conditions shall apply:

- The account holder shall give KFH-Bahrain 3 Working Days' prior notice of cancellation.
- Investment deposit funds shall be treated as investment savings accounts in terms of the method of calculation of profits provided that the deposit has been invested for at least one full month from the date of issue of the deposit certificate.
- Investment deposits of all types may not be cancelled unless the original deposit certificate or a replacement certificate is produced.
- The account holder shall be charged BD 10 payable remuneration for the Bank's efforts and work carried out during the previous investment period.

Profits and Losses

In the event profits are made or losses are incurred, the account holder authorises KFH-Bahrain to apply such profits/losses to his current or investment savings account or any other account automatically from the date that such profits or losses are applied to the account holder. The same conditions applying to deposits in such accounts shall apply to the profits on the expiry of the year and in the financial results of KFH-Bahrain when announced.

Other Conditions

- KFH-Bahrain shall issue a certificate signed by its authorised signatories evidencing to the account holder the amount and tenor of the investment deposit, which shall be a nominal certificate that may not be transferred to third parties, that is, its ownership cannot be transferred by way of endorsement.
- In the event that the investment deposit certificate is damaged or lost, the account holder shall notify KFH-Bahrain immediately so that a new certificate can be issued. KFH-Bahrain shall not be responsible for any transactions made by any use whatsoever of the lost certificate, subject to terms and conditions.
- The account holder may pledge his/her investment deposit in consideration for obtaining credit facilities from KFH-Bahrain subject to any conditions that may be specified by KFH-Bahrain.
- KFH-Bahrain may change any, or some, of the conditions, and such changes shall apply to the new or renewed changes, provided that the account holder shall be notified using available means and during a reasonable period of time.

4 Investment Saving Accounts

4.1 Saving Accounts in Bahraini Dinars

Accounts may be opened for individuals, companies, corporations and corporate entities.

4.2 Al Baraem Account in Bahrain Dinars

- This account is designated for children from their date of birth until they reach the age of 14 years.
- The account is opened on behalf of and for the benefit of the child and with the knowledge of the child's legal guardian, custodian, or mother.
- The account will be operated by the account opener, & the minor when he/she attains the legal age of majority.
- Al Baraem Account may not be linked to the personal accounts of the natural guardian but shall only be linked to the child's personal accounts.
- A proxy may be given for the account by virtue of an in-house agency only for whoever is nominated by the person opening the account.

4.3 Shabab Al Deera Account in Bahrain Dinars

- This account is designated for youths from the age of 15 until the age of 21 years.
- The legal guardian of the youths may open the account (father and grandfather) or in the absence of such the mother, grandfather or the maternal grandmother. The youth himself may open the account if he is 18 years or over.
- The account will be operated by the account opener, & the minor when he/she attains the legal age of maturity.
- Shabab Al Deera Account may not be linked to the personal accounts of the natural guardian but shall only be linked to the male or female youth's personal accounts.
- A proxy may be given for the account by virtue of an in-house agency only to whoever is nominated by the person opening the account.

4.4 VIP Savings Account

- This account is for priority category account holders.
- The Account Holder shall be entitled to monthly profits, if applicable.

4.5 Savings Account in Foreign Currencies

- This account is opened in three main currencies, namely U.S. Dollars or Pound Sterling or Euro and the minimum amount required to maintain the account is US Dollars 1,000 or Pound Sterling 500. Accounts may be opened for individuals, companies, corporations and corporate entities.
- Savings account in foreign currencies is a draft account whereby deposits and withdrawals may be made by draft, while cash deposit or withdrawal is made by way of exchange according to the daily exchange rate.

Investment / Profits / Losses

- Being a Mudarib, KFH-Bahrain will invest investment deposit funds on the basis of unrestricted Mudarabah on the basis of the minimum daily and average monthly balance in the account. KFH-Bahrain shall have the freedom to do whatever it deems appropriate for the common interest, including determining the methods and areas of investment.
- Profit on investments is distributed on the basis of unrestricted Mudarabah in the percentages determined in accordance with item 12 above under General Conditions, as amended from time to time, relating to all accounts.
- Profits/losses of the investment savings account are added to or deducted from the same account after being announced at the end of the financial year.
- The account holder authorises KFH-Bahrain to re-invest the principle amount together with any realised profit if, and from the time, such profit is credited to his account with the Bank.

5 Current Accounts

First: Special Conditions for the Account

5.1 Current Account in Bahrain Dinars:

An account may be opened for individuals, companies, corporations and corporate entities.

5.2 Current Account in Foreign Currencies

- An account may be opened for individuals, companies, corporations and corporate entities
- A current account in foreign currencies is a draft account whereby deposits and withdrawals may be made by applying the daily exchange rate.
- This account may be opened in US Dollars, Pound Sterling and Euro, in addition to other currencies.

Investment

The credit balance in this account shall be considered as a Qard Hassan to KFH-Bahrain repayable, in whole or in part, upon demand by the account holder. The account shall not be subject to any gain or loss.

Other Conditions

- The account holder shall be provided a cheque book subject to paying a fee determined by the Bank.
- The account holder or beneficiary may cash the value of the issued cheque by debiting from an available credit balance in his/her account at any branch.
- The account holder shall exercise due diligence to keep in safe custody the cheques issued to him/her and use them only for the proper purpose of withdrawing amounts from his/her account or for making payments. In the event that any cheque is lost, forged or reported stolen, the account holder shall notify the Bank immediately and shall indemnify the Bank for any direct or indirect loss or any other liability of the Bank arising from such lost or stolen cheque even if these cheques have been forged or have fraudulent signatures.
- In the event that a total of three cheques drawn on the account holder's account are dishonored due to the insufficiency of funds in that account, the Bank shall, in accordance with the instructions of the Central Bank of Bahrain close the account holder's account and add the account holder's details to the "black list", whereby the account holder shall be prohibited from opening a current account with all local banks for a period of one year, pursuant to the order of the Central Bank of Bahrain.
- The account holder shall be charged a fee of BD 10 for any cheque dishonored by the Bank.
- The account holder may not issue a cheque unless it uses the forms designated for this purpose by KFH-Bahrain.
- KFH-Bahrain may make payments to and from this account, whether the balance is in credit or debit as a result of such payment (all cheques, withdrawals and other payment orders). The Bank may also credit the account with any draft received by it of whatever type, and the account holder shall pay any overdraft in his/her account on demand by the Bank.
- KFH-Bahrain may refuse to honor the amount of any cheques, withdrawals, and other payment orders at the drawer branch and if sufficient funds are not available, notwithstanding the fact that the drawer may have another account in credit, unless there is a prior arrangement in place between the account holder and the Bank.
- KFH-Bahrain may refuse to issue a new cheque book if the account shows that the account holder has not used the cheque book previously issued to the account holder.

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10. Issuing cheques when insufficient funds are available to honor the cheque is considered to be a criminal offence punishable by law.

6 Electronic Service Account

Special Conditions for the Account

1. The electronic service account is in Bahraini Dinars.
2. The account can be opened for individuals, companies, organizations, & establishments.

Investment / Profits / Losses

The credit balance in this account shall be considered as a Qard Hassan to KFHH-Bahrain repayable, in whole or in part, upon demand by the account holder. The account shall not be subject to any gain or loss.

7 Services

Conditions and provisions governing the issue of Visa Electron/ATM card on the request by the account holder to be issued with a Visa Electron ATM card. The account holder agrees to comply with the entirety of the conditions and provisions set out below:

Definitions: The following words and expressions shall have the meaning assigned to each of them wherever they occur:

Card The Visa Electron card issued by KFHH-Bahrain.

Card Account The account in which all the amounts related to the card transactions, fees, obligations and expenses are entered.

Point of Sale (POS) The machines designated at retail points of sale or at other commercial outlets.

POS Transaction The transaction of buying commodities, services or purchased goods or the demand to recover the value of goods at a POS.

Conditions

1. The Card and the PIN are issued at the account holder's entire risk and responsibility. The account holder must preserve them and neither the account holder or others may have recourse against KFHH-Bahrain as a result of any damages or losses sustained as a result of its abuse or its use in an improper or illegal way.
2. The account holder must protect the card and the PIN. To avoid being used by third parties, he must comply with the following procedures:
 - 2.1 Sign on the white ribbon on the back of the card once he receives it from KFHH-Bahrain.
 - 2.2 Not to disclose to any other party the Card's pin number.
 - 2.3 Take all other procedures and steps to protect and safe keep the card and not to destroy it or expose it to heat.
 - 2.4 Not to allow any third parties whatsoever to use the Card.
3. The account holder undertakes to compensate KFHH-Bahrain for any losses or damages whatsoever resulting from the improper or illegal use of the card.
4. The Card holder shall immediately inform KFHH-Bahrain if the card is lost or stolen or if the Card's personal identification number is divulged to any person who is not legally authorized to use it, and shall notify his/her branch or the Banking Cards Department in writing. KFHH-Bahrain shall not be responsible for any losses resulting from the use of a stolen or lost card except from the time of receiving the said written notification.
5. The Card shall be the sole property of KFHH-Bahrain, and its holder shall return it if requested by KFHH-Bahrain. KFHH-Bahrain may cancel or suspend the use of the card without reason and without any objection by the account holder, whose obligations towards KFHH-Bahrain under the card shall continue.
6. KFHH-Bahrain shall have the right to refuse to replace the Card without giving any reasons.
7. KFHH-Bahrain may, upon the request of the original Card holders, issue a supplementary Card whereby debts and all other expenses resulting from the use of the Card shall be debited to the account of the original Card holder.
8. The Card holder shall at all times pay all withdrawals, transfers, payments and other amounts due and arising from the use of the card.
9. KFHH-Bahrain shall not be liable for any losses, damages, delay or any other liability caused by the Card holder or arising outside the scope of this agreement.
10. KFHH-Bahrain shall not be responsible for non-acceptance of the Card by a third party.
11. KFHH-Bahrain shall not be responsible in the event there is insufficient or no cash in the ATM.
12. KFHH-Bahrain shall not be responsible for any losses or damages caused by any shut down of any systems upon which the services rely.
13. KFHH-Bahrain shall have the right to immediately debit the Card for any withdrawals, transfers or payments made by using the Card, in addition to any commissions, expenses or any other fees (including but not limited to fees for issuing the Card) due to KFHH-Bahrain. KFHH-Bahrain may also block the account for the amount of such amounts outstanding.
14. Any cash deposit at KFHH-Bahrain ATM subject to verification shall be credited to the stated beneficiary's account after verification on the following Working Day.
15. The Card holder agrees to any deductions made as a result of the use of the card, and acknowledges the accuracy of the particulars registered under the card's

transactions by KFHH-Bahrain and that such particulars are an absolute proof binding upon the Card holder. If the Card holder claims otherwise, he shall have the onus of proof.

16. The Card may be used at ATM's bearing the sign of "Visa International" as well as the ATM's of KFHH-Bahrain and those belonging to the BENEFIT network and the points of sale located internationally bearing the sign of Visa International. The card also allows the account holder to obtain all services announced by KFHH-Bahrain and Visa International from time to time.
17. The provisions of the rules of Visa International and the provisions of Bahrain law shall apply to all matters related to the use of the Card in as much as they are not inconsistent with the provisions of Islamic Shari'a. The Courts of Bahrain shall have the jurisdiction to resolve any disputes related thereto.
18. KFHH-Bahrain shall have the right to cancel the Card at any time without referring to the account holder and without giving any reasons.
19. The Bank holds the right to destroy the ATM card if the card holder did not claim the card within 45 days of its issuance and the card holder will be responsible for any expense incurred for the issuance of a replacement card.

8 Conditions and Provisions of Use of "Telephone Finance Service"

KFHH-Bahrain shall provide the "Telephone Finance Service" benefiting the account holder by using the PIN provided to the account holder for this purpose, and subject to the following conditions:

PIN

1. The account holder acknowledges receipt of his PIN to use the "Telephone Finance Service" and accepts responsibility for preserving it and for immediately notifying KFHH-Bahrain if it is lost or divulged to third parties.
2. The PIN used by the account holder to transact any business for him/herself under his/her account/accounts with KFHH-Bahrain shall be considered a personal signature that he/she has transacted him/herself, and at his own risk, the business made under his/her account/accounts.
3. KFHH-Bahrain shall not be responsible for any losses resulting or arising from the account holder's use of the "Telephone Finance Service" particularly where the use of such service results from a disclosure of the account holder's PIN to others.
4. KFHH-Bahrain shall preserve its right to cancel the "Telephone Finance Service" granted to the account holder at any time and without giving any reasons, particularly in the following cases:
 - 4.1. If the account holder violates any of the terms and conditions provided in the request for obtaining the Card.
 - 4.2. If the account holder is disqualified or if he/she dies or when his/her account is closed.
 - 4.3. If the account holder cancels the authorisations granted herein in writing.

Financial Statements

1. The account holder agrees to the accounting information contained in the statements of account sent to him/her through this service to the fax number specified by him/her when he/she applies for a statement of account through facsimile and agrees to consider them correct, final and binding.
2. Information which the account holder requests through facsimile shall be his/her responsibility and shall be sent at his/her risk in response to his/her wish to use his/her PIN to obtain such information. It shall be the account holder's responsibility to maintain the confidentiality of any information sent to him/her.

Indemnity the account holder agrees on demand to indemnify and hold harmless the Bank, its directors, officers, employees and agents from and against all claims, expenses, liabilities or costs which the Bank, its directors, officers, employees or agents may incur, or which may arise, directly or indirectly, out of or in connection with or as the result of the account holder's failure to comply with these Terms and Conditions.

Waiver no failure or delay on the part of the Bank to exercise any power or right under these Terms and Conditions shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any power or right preclude any other or further exercise thereof or the exercise of any other power or right.

By signing below, I confirm that I have read and understood the Account Opening Terms and Conditions of KFHH-Bahrain. I further agree to be bound by these Terms and Conditions and accept that they may be amended from time to time by the Bank.

Name: _____

Signature: _____

Date: _____

RIM: _____