



**TERMS AND CONDITIONS OF THE ACCOUNTS, RFCs AND SERVICES  
PROVIDED BY ISLAMIC BANKING BRANCHES OF THE BANK OF KHYBER**

**1. DEFINITIONS.**

1.1 UNLESS THE CONTEXT SHALL OTHERWISE REQUIRE:

**“ACCOUNT”**

Means the Rupee or Foreign Currency Bank Account(s) (Current & Interest Free PLS saving) maintained by a Customer with the Bank and includes RFC relationship between the Bank and the RFC Holders.

**“ACCOUNT NUMBER”**

Means the number designated by the Bank to the Customer to identify such Customer.

**“ACCOUNT OPENING FORM”**

Means the Account Opening Form provided by the Bank to the Customer in which the Customer has to provide the requested information and return to the Bank prior to the Bank opening an Account for and / or issuing an RFC and / or providing the Services to the Customer.

**“BANK”**

Means The Bank of Khyber, a Banking Company established under The Bank of Khyber Act 1991, having its Registered Office at 24, The Mall, Peshawar and its Islamic Banking Division & Islamic Banking Branches located in various cities of Pakistan and includes its successors and assigns.

**“BUSINESS DAY”**

Means a day when the relevant branch of the Bank is open to conduct Commercial Banking Business.

**“CUSTOMER”**

Means the person, firm, institution or company who maintains a relationship with the Bank and includes where relevant RFC Holder.

**“INSTRUCTIONS”**

Means the written instructions issued, given or purported to be given or issued by the Customer to the Bank and the same are irrevocable and binding on the Customer upon receipt by the Bank.

**“RFC”**

Means the Riba Free Certificate (a Certificate of Islamic Investment) issued by the Bank from time to time pursuant to these Terms and Conditions notified by the Bank from time to time and each holder of RFC shall be referred to as RFC Holder.

**“SBP”**

Means the State Bank of Pakistan.

**“SERVICES”**

Means the services that the Bank may, at its sole discretion, provide from time to time to its Customers.

**“SHARIAH SUPERVISORY COMMITTEE”**

Means the Shariah Supervisory Committee of the Bank.

**“SUB-COMMITTEE OF THE SHARIAH SUPERVISORY COMMITTEE”**

Means the Sub-Committee of the Shariah Supervisory Committee of the Bank.

**“SHARIAH ADVISOR”**

Means the Shariah Advisor appointed by the Bank.

**“SHARIAH SUPERVISORY AUTHORITY”**

Means any of the Shariah Supervisory Committee or Sub-Committee of the Shariah Supervisory Committee or Shariah Advisor of the Bank or any combination of them or all of them according to the powers delegated to them.

- 1.2 All terms defined in the Account Opening Form shall have the same meaning as defined herein, unless otherwise defined.

**2. THE ACCOUNT**

2.1 Upon receipt of a duly filled out Account Opening Form and the requisite documents and information required thereunder or otherwise by the Bank, the Bank may, at its sole discretion, open an Account and /or agree to provide the Services to the Customer. The Bank reserves the right to vary and / or change from time to time the information and data that may be required from a Customer with regard to the Services.

2.2 Each Account shall be allotted an Account Number that is to be quoted in all correspondences with the Bank relating to the Account.

2.3 The services may only be availed by a Customer if he/she has an Account.

2.4 The obligation of the Bank in relation to the Account and/or Customer is enforceable solely and exclusively against the specific branches of the Bank in which the Account is held in Pakistan.

**3. DEPOSITS**

3.1 The Bank may accept cheques, drafts and other instruments, payable/or endorsed to the Customer for collection entirely at the Customer's own risk. Uncleared items, though credited, shall not be drawn against, and if the same is allowed to be drawn against, the Bank shall have the right to debit the Account if the proceeds of the instruments are not realized.

3.2 Deposits established with the proceeds of cheques would be value-dated after clearance. All cheques that are deposited with the Bank are received by the Bank solely in its capacity as the Customer's collecting agent and the Bank assumes no responsibility for realization of items deposited in the Account for collection.

3.3 The minimum initial deposit/minimum/average Account balance required for opening/maintaining an Account may be determined and specified by the Bank from time to time. The Customer agrees to abide by such instructions.

3.4 The Bank reserves the right to close any Account, including but not limited to an Account that fails to maintain the required minimum balance, without assigning any reason whatsoever for the closure.

3.5 Except where agreed to the contrary between the Customer and the Bank, every payment received for an Account (s) in a currency other than that of such Account (s), may be converted by the Bank at its sole discretion into the currency or currencies of such Account (s) at the Bank's then prevailing rate of exchange before the same is credited to such Account (s).

3.6 All investment in RFCs shall be treated as deposits of the Bank.

**4. STATEMENT OF ACCOUNT.**

4.1 The Bank will issue and send to the Customer, biannually or at such other intervals as the Bank may deem fit a Statement of Account. The Customer will inform the Bank within fifteen days of the date of the relevant Statement of Account of any mistake, discrepancy and / or error in the same.

4.2 If the Customer fails to notify the Bank as aforesaid, then such Statement of Account shall be deemed to be correct and the balance stated therein shall be deemed to have been verified by the Customer and shall be taken as conclusive evidence for all purposes.

4.3 The Bank shall ensure that debit and credit entries are correctly recorded in all Accounts, but in case of any error, the Bank shall be within its rights to rectify the error without notice and recover any amount wrongly paid or credited. The Bank shall not be liable for any loss or damage due to such errors.

4.4 Duplicate copies of Statements of Account shall be provided by the Bank upon the payment of relevant charges.

**5. HOLD MAIL INSTRUCTIONS**

5.1 The Bank may in its sole discretion, upon a written request of the Customer, provide a "Hold Mail" facility whereby the Bank shall retain for periodic collection by the Customer or its duly authorized agent, all communications or Statement of Account relating to the Customer's Account.

**6. CHANGE OF PARTICULARS**

6.1 The Customer shall forthwith notify the Bank of any change amendment/modification of the information and instructions and representations provided by the Customer to the Bank in the Account Opening Form.

6.2 The Bank shall be entitled to rely on the existing information and instructions of the Customer until such aforesaid change of particulars have been notified in writing to the Bank acknowledged by the Bank.

**7. NOTICES**

7.1 All correspondences, notices or demands by the Bank, shall without prejudice to any other mode for affecting service be deemed to have been validly effected or sent if served to the Customer personally or delivered or sent by telex, fax or registered mail (acknowledgement due) couriered to the Customer's last known address as per Bank's record and shall be deemed to be duly delivered and received, on the actual date of delivery where personally sent or where sent by registered mail/ courier, within 3 days of dispatch. In the case of any communication sent by telex or facsimile transmission, such communication shall be deemed to be effected on the date the telexes or facsimile transmission was actually sent.

**8. CLOSING OF ACCOUNT**

8.1 The Bank reserves the right, at its sole discretion and with or without notice to the Customer, to close the Account, which is not being operated in a manner acceptable to the Bank or for any other reason whatsoever, without disclosing the reason for closure of the said Account to the Customer. The Bank also reserves the right to terminate any other type of relationship (s) e.g. lockers, safe custody, etc.

- 8.2 The Bank shall have discharged its liability with respect to an Account so closed by mailing to the Customer at his / her last known address a Bank Draft in the currency of such Account, payable to the order of the Customer in the amount of the then credit balance of such Account less deduction (s) in respect of the amount of any claim that the Bank may have on such funds constituting the credit balance.
- 8.3 On closure of an Account, any unused cheques relating to the Account must be returned forthwith by the Customer to the Bank. Alternatively, it must be confirmed to the satisfaction of the Bank in writing that the unused cheques have been destroyed.

## **9. WITHDRAWALS**

- 9.1 Cheques and other payment instructions are to be signed as per specimen signature supplied to the Bank and alterations therein are to be authenticated by the Customer's signature.
- 9.2 The Bank will record instructions from the Customer to stop payment on a Cheque, but can accept no responsibility in case such instructions have not been properly communicated.
- 9.3 The Customer may not make withdrawals/transfer of funds via cheques or otherwise which would cause the Account to go into overdraft. The Bank reserves the rights to return unpaid any cheques or not comply with any instruction that may cause the Account to go into overdraft if no prior arrangements are made by the Customer with the Bank.
- 9.4 Any and all cash withdrawal (s) in currency / currencies other than Rupees shall be subject to the availability at the time, of sufficient currency notes with the Bank in such particular currency/currencies.
- 9.5 Withdrawals from Interest Free PLS Saving Account through Cheques may be allowed not oftener than 8 times in a calendar month and for a total amount not exceeding Rs. 100,000/= For withdrawals of larger amounts Customer shall be required to give 7 days notice in writing.

## **10. RESTRICTION ON CREATION OF SECURITY**

- 10.1 The Customer agrees that, without written consent of the Bank, the amounts deposited or standing to the credit of an Account cannot in any way be assigned, transferred or charged to any third party (other than the Bank) by way of security.

## **11. BANK'S LIEN**

- 11.1 In the event that the Bank accepting or incurring any liability on the Customer's request or behalf, the Bank shall have a lien on all funds, monies, securities and other properties of whatsoever nature belonging to the Customer in the possession of the Bank for the due repayment of such liability. In the event of any default by the Customer to repay such liability, the Bank may without further notice to the Customer, take such steps to dispose off or realize the properties as it may deem fit and use the proceeds of such disposal or realization in settlement of all outstanding of the Customer.

## **12. BANK'S RIGHT TO CONSOLIDATE**

- 12.1 Notwithstanding any provision to the contrary contained in these Terms and Conditions, the Bank shall have the right at any time and at its sole discretion to consolidate, combine and / or merge all or any Account in the name of the Customer without prior notice to the Customer and such right to consolidate, combine and / or merge shall include the right to adjust or set-off any indebtedness that the Customer may incur in favor of the Bank, irrespective of the currency or currencies involved. If subsequent to such consolidation, combination or merger, a shortfall or deficiency arises in favor of the Bank, the

Customer/concerned Account holder shall be bound to pay the same forthwith upon first demand by the Bank.

### **13. JOINT ACCOUNT**

- 13.1 If the Account is opened in the names of two or more persons, the balance to the credit thereof at any time shall belong to the Customers jointly. Such persons shall be jointly and severally liable for all liabilities incurred on the Account and the Services.
- 13.2 Where an Account is operated with single signing authority, instructions from any one of the Customers will be accepted at the Bank's discretion and will be binding on the other Customer. If such Account is operated with joint signing authority, instructions will not be accepted from any one or more joint Account holders unless previously authorized by all the Account holders in writing.
- 13.3 That in the case of joint Accounts, the following further provisions shall apply:
- (a) Each of the signatories shall be deemed to have authorized and empowered the other (i) to endorse and deposit for credit to such Account, any and all cheques, drafts, notes or other instruments or the payment of money, payable or purporting to belong to either or both of the Customers and should any such instruments be received by the Bank without being so endorsed, the Bank shall be authorized in the absence of any instruction to the contrary, to endorse the same on the Customers behalf and deposit it to the credit of such Account, and (ii) to issue to any of the Customer's order (s) that may be drawn hereunder against such Account.
- (b) Whether or not the death of any or all of the Customers shall have intervened, the Bank may continue to act from time to time in reliance upon any signing authority conveyed to the Bank until the Bank shall have received notice in writing from or on behalf of any of them that it has been terminated or revoked by operation of law or otherwise. Also, in the event of the death of any of the Customers, the amount of deposit to the credit of such Account at the time of the death in question shall belong to the survivors and may be disposed off by the Bank as such with the approval of Shariah Supervisory Authority.
- 13.4 If prior to acting on instructions received from one signatory where the Account is operated with single signing authority, the Bank receives contradictory instructions from another signatory, the Bank may at its absolute discretion, only act on the instructions of all signatories notwithstanding that any relevant existing mandate or instructions specify otherwise.

### **14. DEATH OF CUSTOMER**

- 14.1 In case of death of a Customer, the Bank shall have discharged from its obligations by paying credit balances of the Account after setoff of Bank's dues if any to the next of kin nominated by the Customer as a "Wakeel" for distribution of balances among heirs according to the Shariah.
- 14.2 In case of the Bank receiving notice of the demise of an individual Customer, the Bank shall not be obliged to allow any operation or withdrawal except on the production of evidence of title or right to operate the Account, which the Bank considers sufficient after consultation with **Shariah Supervisory Authority**.

### **15. CHEQUE BOOKS**

- 15.1 Withdrawals shall only be made on Cheque forms supplied by the Bank at the written request of the Customer.
- 15.2 The Bank reserves the right to refuse payment of any Cheque drawn otherwise than in accordance with these Terms and Conditions.
- 15.3 Cheques or other negotiable instruments deposited by the Customer that have been dishonored may be returned by post or special messenger to the Customer at his last

known mailing address with the Bank at the risk and expense of the Customer concerned, unless prior arrangement has otherwise been made for its collection.

- 15.4 The Bank will only issue a chequebook to the concerned Customer or such other person as is properly authorized by him/her in writing.
- 15.5 The Cheque book may be collected by the Customer or his/her authorized representative from the Bank, within fifteen (15) days of the request having been made, after which the Cheque book may be couriered to the Customer's last known mailing address, at the cost, risk and responsibility of the Customer.
- 15.6 The Account holder undertakes to keep any chequebooks provided by the Bank safely and securely at all times. The Bank shall not be liable for any Cheque stolen from or lost by an Account holder or forged unless the Bank has been notified immediately and stop payment instructions in writing have been given to the Bank before the presentation of such cheques. Loss of any Cheque/Cheque books should be immediately notified to the Bank in writing.

**16. PROFIT MECHANISM FOR INTEREST FREE PLS SAVING ACCOUNTS & RFCs**

- 16.1 The money shall be accepted in Interest Free PLS Saving Accounts and RFCs strictly in accordance with the Islamic Principles of Musharaka on profit and loss sharing basis and shall be invested in the businesses as approved by the Shariah Supervisory Committee. These deposits shall be managed through different Pools of Assets and Liabilities. The Customer shall have the choice to opt for investment in any particular Pool. Each Pool shall have its own rules of investments, participation, categories of deposits, weightages and procedure of termination.
- 16.2 The profit applicable on Interest Free PLS Saving Accounts and RFCs is based on weightages. In calculating the profit applicable to Interest Free PLS Saving Accounts and RFCs, the Bank shall deduct the proportionate administration costs at actual and an Additional Profit for Management ("Bank's Additional Profit") based on a pre-determined ratio of the Distributable Income of the Pool in a manner approved by Shariah Supervisory Committee. The Bank may change ratio of Bank's Additional Profit and the weightages applicable to the calculation of profit from time to time in a manner approved by the Shariah Supervisory Committee with prospective effects. The Prevailing weightages and ratio of Bank's Additional Profit shall be displayed on the Notice Board of the Branches and shall also be available at the website of the Bank [www.bok.com.pk](http://www.bok.com.pk) or may be obtained from the Bank upon request.
- 16.3 All expenses incurred in connection with generating Income through operation of Islamic Banking shall be charged to Income as decided by Shariah Supervisory Committee of the Bank.
- 16.4 In calculating the profit applicable to Interest Free PLS Savings Accounts and RFCs, the Bank may deduct a declared amount as a ratio of Income Net of Administrative Expense, as a contribution to a Stabilization Reserve which can be used to cover unexpected losses / or reduction in profit for any month in a manner approved by the Shariah Supervisory Committee. The Bank may change ratio of Stabilization Reserve applicable to the calculation of profit from time to time in a manner approved by the Shariah Supervisory Committee with prospective effects. The ratio of Stabilization Reserve shall be displayed on the Notice Board of the Branches and shall also be available at the website of the Bank [www.bok.com.pk](http://www.bok.com.pk) or may be obtained from the Bank upon request.
- 16.5 In case of Interest Free PLS Saving Accounts, unless otherwise indicated by the Bank, profit shall be payable half yearly in July and January (as the case may be).

- 16.6 If the monthly balance falls below the minimum balance requirement for Interest Free PLS Saving Accounts (if applicable), profit for that month shall not be payable or credited to the Account. Otherwise, profit will be calculated on the basis of daily product of balances maintained in the Account or on any other basis as may be decided by the Bank from time to time.
- 16.7 No profit is paid on Current Accounts as they are accepted on Qard-e-Hasana basis.
- 16.8 The method of calculating any return under the profit and loss sharing scheme is governed by the prevailing regulations/directives of the SBP issued from time to time.
- 16.9 In the event of loss on either the capital or revenue Account in respect of the business, all investors of that particular Pool shall share in such loss on a pro rata basis.
- 16.10 RFCs issued by the Bank shall be governed by these Terms and Conditions. To the extent that these terms are not inconsistent with the RFC Terms, they shall apply to the same extent and effect as if the RFC holder is an Account Holder of the Bank and the funds invested in the RFCs are considered as amounts available in the Accounts of the RFC Holders.
- 16.11 Any unutilized funds applicable to any particular Pool shall be considered to be invested in Non- Earning Assets.
- 16.12 Profit shall be declared upto two digits after decimal. Net effect of differences arising due to this fact at the time of actual distribution of profit among different categories shall be transferred to Stabilization Reserve. Excess amount shall be paid out of Stabilization Reserve.
- 16.13 Subject to Sub-Clause 16.14, any amount allocated as profit/loss by the Bank shall be final and binding on all Customers. It may be noted that signing of these Terms and Conditions is tantamount to accepting the same.
- 16.14 In the event that the Bank determines that no Profit is payable to a Customer in respect of his deposit it shall intimate the same to such Customer. In the event that the Business suffers a loss, the Bank shall recover the loss from the accounts of the customer and shall make public the information of such loss as per profit and loss distribution policy of the Bank. The Bank may provide an explanation of the loss, within eight weeks of the customer having notice of such loss, (“ Aggrieved Customer”). If the Aggrieved Customer is not satisfied with the explanation, he / she / it shall be entitled to refer the matter for Arbitration within seven Days of receipt of the explanation from the Bank. Such Arbitration shall be carried out by three Arbitrators, one each nominated by the Bank and the Aggrieved Customer and the third by the mutual consent of the two nominees. Any award given by the majority of Arbitrators, in respect of the referred matter, shall be final and shall not be challenged in any manner whatsoever. If, after due consideration of the matter, the Arbitrators determine that the loss incurred by the Business was caused by the gross negligence or willful default of the Bank, the Aggrieved Customer will not be liable to share in such loss as contemplated under this Clause.
- 16.15 If the Bank has separate pool for Current Accounts, then profit arising out of such investment shall be allocated to Bank. Otherwise General Pool shall be considered to have taken Current Account balances as Qard-e-Hasana from Current Account holders and utilize it for earning profits. They, as such, shall bear all the associated risks and rewards. If the Bank has separate pool for Current Accounts, then profit arising out of such investment shall be allocated to Bank.
- 16.16 (i) If a Deposit remains inoperative for a period of ten years, or an RFC holder does not contact the Bank within ten years, and is required to be classified as unclaimed deposits as per provisions of Banking Company Ordinance 1962 as amended from time to time, it shall be surrendered to the SBP.

- (ii) After surrender of the balances, the Interest Free PLS Saving Deposit/RFC along with its profit shall be treated as a "Current Account" and shall not share in profit or loss from date of such surrender.
  - (iii) If an RFC holder is maintaining an Account with the branch from where an RFC has been issued, its ten years period shall start from date of last operation of account or date of maturity falling after such date whichever is later.
- 16.17 Profit from Musharaka and /or Mudaraba investment are accrued on the basis of expected income and are made part of distributable income after retaining a suitable percentage of that Musharaka or Mudaraba income as decided by the bank on merit of each case, as Stabilization Reserve-Musharaka or Stabilization Reserve-Mudaraba. Such provisional profit is made part of distributable income which is subject to final adjustment at completion of the project.
- 16.18 All Accounts under the Basic Banking Accounts category shall be treated as Current Accounts as described in para 16.

**17. FOREIGN CURRENCY ACCOUNTS/DEPOSITS/RFCs**

- 17.1 Foreign Currency, Current and Interest Free PLS Savings Accounts may be established in U.S. Dollars and / or such other currencies as may be determined by the Bank, as allowed by relevant regulations in force from time to time.
- 17.2 The Terms and Conditions contained in Clause 16 hereinabove, applicable to Interest Free PLS Savings Accounts, shall apply to Foreign Currency Accounts as well.
- 17.3 Foreign Currency Accounts, both Current and Interest Free PLS Saving Accounts, are opened and maintained subject to Foreign Exchange Control Regulations and directives of the Government of Pakistan, or any of its organs/agencies and the SBP from time to time.
- 17.4 Foreign Currency RFCs issued by the Bank shall also be governed by these Terms and Conditions.

**18. CHARGES AND EXPENSES**

- 18.1 The Bank may, without any further express authorization from the Customer, debit any Account of the Customer maintained with the Bank for:
- (i) All Expenses, fees, commissions, taxes, duties or other charges and losses incurred, suffered or sustained by the Bank in connection with the opening/operation/ maintenance of the Account and/ or providing the Services and /or for any other Banking Services which the Bank may extend to the Customer.
  - (ii) The amount of any or all losses, claims, damages, costs, charges, expenses or other amounts which the Bank may suffer, sustain or incur as a consequence of acting upon the Customer's instructions.

**19. RELIANCE ON INSTRUCTIONS**

- 19.1 The Customer hereby authorizes the Bank to rely and act, without any liability on the part of the Bank upon all instructions issued or purported to be issued by the Customer and to accept the same as correct, accurate and duly authorized by the Customer.

**20. INDEMNITIES AND LIABILITY**

- 20.1 The Bank shall use its best endeavors to provide error-free operation of the Account and the Services to its Customers. Notwithstanding the same, the Customer hereby confirms

that the Bank shall not be liable for and indemnifies and agrees to hold harmless the Bank and its respective officers, directors, employees and representatives, agents and contractors from and against any and all losses, damages, liabilities, payments and obligations and all expenses, including reasonable legal costs, incurred, suffered, sustained or required to be paid, directly by, or sought to be imposed upon the Bank, arising out of, inter alia:

- (i) The Bank acting upon the Customer's written instructions to stop payment, hold mail, issue and mail Cheque books and/or to act on any other instruction, including standing instructions issued by the Customer to the Bank from time to time
- (ii) Any claim by the Customers or any other third party concerning the amount, transfer, delivery or non-delivery of any product requested through the services or any other matter relating to the Services.
- (iii) Any action taken by the Bank in reliance upon:
  - (a) Instructions which are revealed to be duplicate or erroneous;
  - (b) Instructions Purported to have been given by the Customer, which are discovered to be fraudulent;
- (iv) Any taxes or other levies due to be paid by the Bank on payments made through or pursuant to the Services.
- (v) Any errors, neglect or default, act or omission whether of itself or its employees or of any correspondent, sub-agent, participating Bank or of their employees.
- (vi) Subject to these Terms and Conditions, any amendment in, or variations to, of the Customer's instructions.
- (vii) For any instructions not complied with, due to reasons beyond the control of the Bank.
- (viii) Any indirect, incidental or consequential loss or loss of profit that the Customer may suffer by reason of disruption or failure in any communication or electronic transmission facility or the Services.
- (ix) Loss arising out of unauthorized or fraudulent access of the Account or the Services or otherwise in connection with this agreement or the Bank's failure to provide the services.
- (x) Loss, theft of the chequebooks.
- (xi) Diminution due to taxes or imports or depreciation in the value of funds credited to an Account, whether due to devaluation or fluctuation in the exchange rate or otherwise.
- (xii) Unavailability of funds due to restrictions imposed by SBP or any other regulatory body/bodies, including refusal or inability to sell foreign exchange necessary to meet request (s) for withdrawal, restrictions on withdrawal or on convertibility, or in the event of the requisition compulsory transfer or restriction being imposed on or otherwise affecting the Account in any manner whatsoever.

20.2 The liability of the Bank for non execution or delay in implementation of instructions will not in any case exceed the amount of value-dating adjustment if the failure or delay is attributable solely to the Bank

### 20.3 FAX INDEMNITY

- (i) In consideration of the bank making or continuing to make banking facilities available to me/us, I/We hereby authorize the bank to accept my instruction relating to account(s) given by Fax.

- (ii) The indemnity hereby given to the bank will extend to all out of pocket expenses, legal and other costs, charges and expenses on a full indemnity basis.
- (iii) I/we agree to hold the bank harmless against all or any claim which may be made as a result of the bank putting into effect my /our instructions and the consequential effect of what the bank understands to be my/ our instructions, without query or information.
- (iv) The indemnity may be terminated on 30 days notice in writing from me/ us instructing the bank to discontinue acceptance of instructions by fax and such termination will only be effective when acknowledged in writing by the bank.

## **21. STOP PAYMENT INSTRUCTIONS**

21.1 In the event of any stop payment instruction issued by the Customer, the Bank reserves the right to ask for written instructions for further confirmation. The time at which the Bank received the aforementioned information or instructions will be determined and certified solely by the Bank and such determination shall be binding and conclusive on the Customer.

## **21.2 DORMANT/ INOPERATIVE ACCOUNT**

- (i) In case of no transaction in current account for 6 months and Interest Free PLS Saving Account for one year, the account will be marked as “Dormant”.
- (ii) In case of no transaction in current account for two years and Interest Free PLS Saving Account for three year, the account will be marked as “Inoperative”.
- (iii) Thereafter the Bank will be unable to carryout your instruction for financial transactions, unless the account is reactivated.  
Please note that in order to activate Dormant/Inoperative account the customers are required to visit the branches personally

## **22. CUSTOMER'S COVENANTS, WARRANTIES AND REPRESENTATIONS**

22.1 The Customer hereby confirms, represents and warrants that:

- (i) The Bank, as it acts in compliance with the instructions, shall have no further duty to verify the identity of the person issuing the instructions. Provided, however that the Bank, at its sole discretion, shall have the right to refuse at any time the execution of any instruction.
- (ii) The Customer shall be bound by any/all instructions, issued by the Customer or purporting on its face to have been issued by the Customer and accepted by the Bank.
- (iii) The Customer shall at all times maintain clear and sufficient funds in the Account in order for the Bank to put into effect the instructions or effect transfer or withdrawal of funds. The Bank is under no obligation to honor any instruction unless there are sufficient funds in the Account.
- (iv) The Customer shall immediately reimburse the Bank, any amount overdrawn from the Account unless specific prior approval has been obtained from the Bank, by the Customer, together with the applicable Default Obligation Amount as per Schedule of Charges of the Bank at a rate to be determined by the Bank from time to time. Such Default Obligation Amount shall be utilized for the purposes of charity at the sole discretion of the Bank.
- (v) The Bank is entitled to levy any charge on the Services in accordance with the Schedule of Charges applicable from time to time.

- (vi) Instructions shall be deemed irrevocable and binding on the Customer upon transmission by the Customer.
- (vii) The Bank reserves the right without prior notice to cancel or decline to execute any instruction without assigning any reason.
- (viii) The Bank reserves the right to accept and act upon the instructions, notwithstanding, the same being in conflict with any other instructions received under any other mandate or instruction given by the Customer to the Bank.

## **23 ISSUANCE OF RFCs**

- 23.1 Each RFC evidences an investment by the registered holder of such RFC of the principal value of such RFC in the Business.
- 23.2 RFCs shall be issued only subject to receipt of clear funds for investment from the Customer. The Customer will be liable for any costs / expenses of the Bank because of dishonored cheques. Within 15 days from the date of receipt of clear funds and completion of documentation formalities from the Customer, the Bank shall issue an RFC. The RFC shall be in such form as may be determined by the Bank from time to time.
- 23.3 The RFCs may be collected personally from the Bank or dispatched by courier to the registered address of the RFC Holder upon a written request to the Bank. In case of joint holders, such RFCs may be sent to the registered address of either of the joint holders.
- 23.4 Each RFC shall be valid from the date of issue for a term of either, 6 months RFCs, 1 year RFCs, 2 years RFCs, 3 years RFCs and 5 years RFCs, in accordance with the instructions of the Customer. The last day of the term of such RFC shall be hereinafter referred to as "Expiration Date".

## **24 REDEMPTION AND ENCASHMENT OF RFCs**

- 24.1 The Bank shall redeem an RFC (where applicable) and pay the profit, if any, that has accrued in respect of such RFC to the registered holder thereof in accordance with the instructions given on the Account Opening Form. The Profit may be paid on a monthly, quarterly, six monthly, yearly basis or on maturity, as made available by the Bank in respect of any RFC and indicated on the Account Opening Form. (The date on which each Profit payment accrues shall be hereinafter referred to as the "Profit Payment Date") provided that the registered holder of such RFC may alter such instructions, and any subsequent instructions, by notice in writing to the Bank at least 7 days prior to the Expiration Date of such RFC.
- 24.2 Profit encashment proceeds shall be paid by credit to the Account of the Customer maintained with any IBB of the Bank.
- 24.3 Subject to Clause 26 where applicable, the Bank shall redeem each RFC it has been instructed to redeem at its Expiration Date by paying the RFC Holder, the Principal value of such RFC as at the Expiration Date. Such payment shall be made by the Bank within 5 Days of the Expiration Date of such RFC, provided that if such RFC has been delivered to the RFC Holder pursuant to Clause 23 above, the original RFC to be redeemed must be submitted to the Bank at least 7 Days prior to its Expiration Date. Following such redemption, the Bank will cancel such RFC and remove it from the Register and will have no further obligations in respect of such RFC save for the obligation to pay Profit, if any, accrued on such RFC as set out in Clause 25.
- 24.4 Subject to Clause 26, the Bank shall pay the Profit, if any that has accrued on an RFC as instructed on the Account Opening Form within 5 Days of the Profit Payment Dates of such RFC. The payment of Profit as aforesaid shall be subject to deduction of such withholding tax as may be required by law.

**25. RENEWAL OF RFCs**

- 25.1 Subject to Clause 26, the Bank shall renew each RFC it has been instructed (in accordance with Clause 24 above) to renew for a further period. In the absence of any instructions given on the Account Opening Form, the principal value of the RFC along with Profit accruing thereon shall be invested by the Bank for the same term as the original RFC in accordance with the Terms and Conditions applicable to the original RFC and governed by these Terms & Conditions as if the RFC was issued on the day immediately succeeding the Expiration Date of the original RFC.
- 25.2 The Bank shall, if it has been so instructed (in accordance with Sub-Clause 25.1 above) use the Profit, if any, payable in respect of an RFC to issue a new RFC in respect of the Business of a Principal value of the amount of such Profit in accordance with the instructions given on the original RFC. The new RFC shall be subject to these Terms and Conditions in respect of the payment of the Profit. In the event that the aforesaid Profit is not, in the Bank's absolute discretion, sufficient to issue a new RFC, such Profit shall be paid to the registered holder of the RFC within 5 Days of the preceding Expiration Date of such RFC. The payment of Profit as aforesaid shall be subject to deduction of such withholding tax as may be required by law.

**26. TERMINATION AND PRE-MATURE ENCASHMENT**

- 26.1 The Bank may at the Expiration Date of an RFC determine that the investment of an RFC Holder in the Business is no longer required and may in such circumstances redeem such investment as contemplated by Sub-Clause 24.1 of these Terms and Conditions following such redemption and payment, if any, of Profit in accordance with Sub-Clause 24.4 above, the Bank will have no further obligations pursuant to such RFC. In addition, the Bank may at any time prior to the Expiration Date of an RFC determine that the investment of the registered holder of such RFC in the Business is no longer required and may in such circumstances redeem such investment by paying such registered holder, subject to Clause 16 above as applicable, the Principal value of such RFC. Following such redemption the Bank will cancel such RFC, remove it from the Register and will have no further obligations pursuant to such RFC, save for the obligation to pay such part of the Profit as would have been payable in respect of such RFC in accordance with Clause 27 below, had such RFC not been redeemed prior to its Expiration Date. The determination of the Bank as to the proportion of the profit payable to the RFC Holder shall be final and shall not be challenged in any manner whatsoever. The payment of such proportion of the Profit shall be made within 14 Days of redemption as aforesaid and shall be subject to the deduction of such withholding tax as may be required by law. On redemption as aforesaid the RFC redeemed will be returned by the RFC Holder to the Bank.
- 26.2 An RFC Holder may not redeem an RFC before the Expiration Date. However, the Bank may purchase the RFCs at any price above the principal value of the RFC subject to deduction of any amount already paid as profits as per policy approved by the Bank. For this purpose an RFC Holder may, at any time from its date of issue and Prior to its Expiration Date, submit an application in writing to the Bank requesting the same together with the original RFC sought to be redeemed if such RFC has been delivered to the RFC Holder pursuant to Clause 23 above. The Bank shall within 14 Days of the receipt of such application cancel such RFC, remove the RFC and subject to Clause 16 above return the Principal value thereof to the RFC Holder. The Bank shall, within 14 Days of the receipt of such application, pay to the RFC Holder such amount as may be determined by the Bank. The Bank shall not be liable to refund withholding tax already deducted from the Profit payments on behalf of the RFC Holder, in the event of early encashment of the RFC. The determination of the Bank as to the proportion of the Profit payable to the RFC Holder shall be final and shall not be challenged in any manner whatsoever. The payment of such amount of the Profit shall be subject to the deduction of such withholding tax as may be required by law and to the deduction of such service fees as may be fixed by the Bank from time to time.

Save as aforesaid, the Bank will have no further obligation to an RFC Holder applying for early redemption of an RFC as contemplated by this Clause.

**27 RECORD OF RFCs**

- 27.1 The Bank shall keep a register of RFC Holders, showing name, address, amount, serial number, tenure of the RFC (“Register”) and the use of the term “registered” in respect of an RFC Holder shall be construed as meaning that the relevant RFC Holder appears in the Register as the holder of the relevant RFC.
- 27.2
- a) There may be up to two joint holders of an RFC.
  - b) An RFC may not be split, endorsed or negotiated in any manner.
  - c) An RFC may only be transferred by the execution of an agreement in the form prescribed by the Bank duly stamped with appropriate stamp duty and supported by evidence of title to the RFC (the “Transfer Agreement”), which will be retained by the Bank.
  - d) The Bank shall not be bound to recognize such transfer unless the original Transfer Agreement is delivered to the Bank.
  - e) Every Transfer Agreement must be deposited with the Bank together with the RFC to be transferred, in the event that such RFC has been delivered to the holder(s) thereof and with an application requesting the registration of such transfer.
  - f) Upon registration of a transfer by the Bank, the transferee of the RFCs will become the exclusive owner of the RFC as the registered holder thereof and the Bank will dispatch the transferred RFC as per the terms of the Transfer Agreement to the transferee of the RFC.

**28 LIEN ON RFCs**

- 28.1 The Bank may at its discretion allow the marking of a lien upon the funds subject to the RFC. The RFC Holders and the financial /other institutions / others providing facilities/loans against the investment of the RFCs (“Institutions”) shall make written requests to mark a lien upon the funds subject to the RFC. The funds subject to the lien may comprise the principal value of the RFC and/or Profit subject to the mutual agreement of Bank and the RFC Holders. During the currency of the lien the Bank will allow encashment of the RFC by any of the RFC Holders, their successors in interest and assigns or any one claiming under them.
- 28.2 The details of the lien shall be endorsed on the RFC and returned to the institution upon creation of the lien, the details of the lien shall be entered in the Register of RFC Holders and shall remain there until fully discharged in writing by the Institution and original RFC is returned for removing the Lien marked on it. The lien shall be deemed to have been created upon the date of issuance of a letter of the Bank confirming the marking of the lien.

**29 SET OFF**

- 29.1 Every registered holder of an RFC will be recognized by the Bank as entitled to his RFC free from any equity, set off or cross-claim on the part of the Bank against the original or any intermediate holder of the RFC. Notwithstanding the aforesaid, the Bank shall be entitled to adjust any sums payable by a registered holder of an RFC to the Bank on any Account whatsoever against any sum payable by the Bank to such registered holder in respect of the RFC.

**30 ISSUANCE OF DUPLICATE RFC**

30.1 If an RFC is delivered by the Bank to the holder thereof and such RFC is worn out, defaced, lost or destroyed, the Bank may issue a new RFC in lieu thereof on payment of such fee, if any, as may be required by the Bank and on such terms as the Bank may deem fit, including provision of evidence and Indemnity Bond, along with any other security, but so that in the case of defacement, the defaced RFC shall be surrendered before the new RFC is issued. In case of loss or destruction, the person availing himself of the provisions of this Clause shall also pay to the Bank, on demand, all expenses incidental to the investigation of evidence of loss or destruction and the preparation of the requisite form of indemnity as aforesaid.

**31 AMENDMENTS**

31.1 The Bank may from time to time and at any time revise and / or change any of these Terms and Conditions including without limitation, the charges leviable in respect of the Services. Such changes shall be effective from the date specified by the Bank for such modification. Such changes will either be notified to a Customer through mail or by affixing a notice to that effect for fifteen days at a conspicuous place within the premises of the Bank's concerned branch.

**32 MISCELLANEOUS**

32.1 Governing law: These Terms and Conditions shall be governed and be subject to the laws of Pakistan, including all notifications, directives, circulars and regulations of the SBP and / or Provincial or Federal Government or any other local authority or body ("Laws"), and shall be deemed to be modified to the extent required for compliance with the laws.

32.2 No Liability of Bank: It is clarified that the Bank does not assume any liability for any delay or non-execution of any instruction except on account of established gross negligence or willful misconduct on part of the Bank. In any case, without prejudice to the above, the maximum liability of the Bank will be limited to the value-date adjustment for the relevant payment of transfer instructions.

32.3 The Bank's interpretation of these Terms & Conditions shall be final and binding on all Customers.

**33 DIFFERENCE IN SIGNATURES IN AOF & CNIC/PASSPORT**

In case the signature(s) appended by me/us for operating the account is/are different from my/our signature(s) appearing in my/ our CNIC/Passport, I/ we hereby request and authorize the Bank to accept the signature(s) appended in the Account Opening Form at my/our entire risk and responsibility even though signature(s) differ(s) from the signature(s) on my/our CNIC/Passport.

My signatures in CNIC/Passport, if different, is/are as under:

Signature in CNIC/Passport

I have received copy of the Terms & Conditions of Accounts & Services and Account Opening Form.

Date\_\_\_\_\_

Signature\_\_\_\_\_