

**REVISED/ADDITIONAL TERMS AND CONDITIONS OF THE ACCOUNTS, RFCs AND SERVICES PROVIDED BY ISLAMIC BANKING BRANCHES OF THE BANK OF KHYBER APPLICABLE FROM 01-07-2014**

Following terms and conditions have been revised/added in the terms and conditions of Islamic Banking

16. PROFIT MECHANISM FOR PROFIT & LOSS SAVING ACCOUNT & CERTIFICATES.
  - 16.1. The money shall be accepted in Profit and Loss sharing Accounts and certificates (jointly called PLS Deposits) 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 PLS Deposits is based on weightages. In calculating the profit applicable to 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”) 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* 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 PLS Deposits, the Bank may deduct a declared amount as a ratio of Income Net of Administrative Expense, as a voluntary contribution to a Profit Equalization Reserve (PER) which can be used to cover unexpected losses / or reduction in profit for any month in a manner approved by the Shariah Supervisory Committee. Similarly, Bank may deduct an amount as a voluntary contribution from PLS Depositors’ share to an Investment Risk Reserve (IRR) which can be used to cover losses in investment. The Bank may change ratio of these Reserves applicable to the calculation of profit from time to time in a manner approved by the Shariah Supervisory Committee with prospective effects. The ratios of these Reserves 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* or may be obtained from the Bank upon request.
  - 16.5. In case of Profit and Loss sharing Accounts, unless otherwise indicated by the Bank, profit shall be payable half yearly in July and January (as the case may be).
  - 16.6. Profit will be calculated on the basis of daily 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. Return of the Deposits in Current Accounts is guaranteed.
- 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. Subject to Sub-Clause 16.13, 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.
- 16.13. 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.
- 16.14. 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.
- 16.15. ***Unclaimed Deposits***  
***(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.*

16.16 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.

16.17 All Accounts under the Basic Banking Accounts category shall be treated as Current Accounts as described in para.

### Acknowledgement

I/We \_\_\_\_\_ hereby acknowledgement receipt of a copy of additional/amended terms and conditions. Which I/We have completely read, understood and signed in consideration thereof.

Signature/Thumb impression of Account Holder  
Signature with stamp of Bank officer

Account No. \_\_\_\_\_  
Date: \_\_\_\_\_