

## MUDARABA TERMS AND CONDITIONS AGREEMENT (Joint Investment Account "Awaheed")

Praise be to Allah alone, prayer and peace be upon our prophet Muhammad, his family, and companions, to begin:

This Agreement was made and entered into on ...../...../..... AH, corresponding to ...../...../..... AD, ..... by and between:

- First Party: Honorable Mr./ Mrs....., (Address & Details), hereinafter referred to as Customer (Rab Al-Maal);
- Second Party: Al Rajhi Bank (ARB), (Address & Details), hereinafter referred to as (ARB/Operator/Mudarib).

### Mudaraba Details:

- Mudaraba Capital: Mudaraba amount (Mudaraba Capital): (.....). If the amount is less than the minimum amount of (.....), no Mudaraba shall be conducted.
- Mudaraba Term: (.....).

### Preamble:

ARB provides its Customers with a Mudaraba Investment Account named (Joint Investment Account "Awaheed") based on Shariah Mudaraba Principle, where ARB acts as Mudarib and the Customer acts as Rab Al-Maal, and Mudaraba shall be conducted in amounts credited in Mudaraba Account in accordance with Mudaraba provisions stipulated in Islamic Shariah and hereunder for specified terms. As detailed hereunder, if the capital is delivered and Mudaraba led to a profit, ARB and the Customer shall share such profit according to ratios agreed upon in this Agreement. If a loss is sustained, the Customer shall bear it alone while ARB effort shall become in vain.

Where the Customer wishes to enter into a Mudaraba Agreement and open a Joint Investment Account "Awaheed" with ARB to conduct Mudaraba with the amount deposited in the account, both parties have agreed, in their full legal capacity, to conclude this Agreement in accordance with the following terms and conditions:

1. This aforementioned preamble shall be an integral part hereof.
2. This Agreement together with "Account Opening" provisions, shall be read, interpreted and applied as an integral whole, inclusive of contract terms and exclusive of protesting by otherwise.

### 3. Mudaraba Terms and Conditions:

- 3.1 Mudaraba is an absolute joint Mudaraba where Customer (Arbab Al-Maal) grant ARB (Mudarib) the right to invest in the manner it deems appropriate without confining ARB to invest in a specific project or for a specific purpose or in a certain manner. All participants shall benefit from investment outcomes.
- 3.2 Mudaraba shall be linked to an additional account, which is fixed-term, renewable, and not subject to withdrawal, deposit, ATM card issuance and so on. Terms and conditions for dealing with that account as illustrated in this Agreement shall be applicable to such account.
- 3.3 The Customer shall recognize that the Total Joint Mudaraba Capital includes the amount invested thereby in the Mudaraba Account and the money invested by other customers in their accounts, and the money invested by ARB, all of which are managed by one Mudarib, which is ARB.
- 3.4 The amount invested shall be subject to any disclosures required under the Foreign Account Tax Compliance Act (FATCA) in accordance with the tax cooperation agreements concluded between the Kingdom of Saudi Arabia and other countries. The disclosure of the total balances of the Customer in all its accounts with ARB shall be taken into account.
- 3.5 The Customer shall recognize that ARB is obliged to implement any judicial restrictions, procedures, decisions or orders issued by the competent authorities in addition to provisions of the Rules for Opening Current Accounts that may restrict, cease or prevent Mudaraba. ARB failure to conclude Mudaraba accordingly shall not entail any liability, loss, etc.
- 3.6 The Customer shall recognize that ARB in its capacity as a Mudarib shall be bound by terms and conditions contained in investment transactions executed hereunder.
- 3.7 Mudarib shall exert every effort to utilize all its expertise and use the necessary expertise and tools available thereto for the benefit of the Customers (Arbab Al-Maal).

- 3.8 As a Mudarib, ARB shall not be held liable for any loss unless it commits a violation or omission, and Rab Al-Maal shall bear any loss resulting from Mudaraba in accordance with provisions of the Shariah Mudaraba.
- 3.9 This Agreement shall be a comprehensive, structured and governing investment in all funds credited into the Customer's related Mudaraba Accounts.

#### 4. Investment Term

Investment terms prescribed in the Mudaraba Deposit account (Joint Investment "Awaeed") shall be three (3) months or six (6) months or one (1) year or one and a half years (18) months, or two years (24) months, or two and a half years (30) months, or three years (36) months, provided that the Customer shall specify the term during which it wishes to request to open the account and the Customer shall have the option of renewing Mudaraba, upon request. Mudaraba renewal options are as follows:

- o Mudaraba is automatically renewed with capital, for the same term, and profits (if any) are transferred to Mudaraba Account, unless one of the Parties notifies the other of its unwillingness to renew Mudaraba (7) working days before the end of the original or renewed term.
- o Mudaraba is automatically renewed with capital, for the same term, and the profits (if any) are added, unless one Party notifies the other Party of its unwillingness to renew Mudaraba (7) working days before the end of the original or renewed term.
- o Mudaraba is not renewed.

#### 5. Distributable Profit

- 5.1 Distributable profit: Profit from funding and investment of treasury, corporates or any other business sectors in which joint investment funds have been involved; after expenses, and costs are deducted. The share of Joint Investment Account holders is determined according to the share of account funds in the total funding and investment portfolio and varies according to their nature, volume and term.
- 5.2 Profit-sharing rate shall be determined when Mudaraba deposit (Joint Investment Account "Awaeed") is offered through ARB's official channels where the sharing rate varies in nature according to the value and the investment term subject to Mudaraba.
- 5.3 Division of Profit Ratio: Profit Ratio Due to Customer: 60 %, ARB's due ratio of profit: 40 %.
- 5.4 ARB shall add the profits generated and due to the Customer from the Mudaraba - if any profits are realized - to the transaction account (the additional customer account) at the end of Mudaraba Term.
- 5.5 ARB may distribute on-account amounts from Mudaraba Returns before the end of its term at the request of the Customer and subject to ARB's approval, provided that the final liquidation shall be at the end of Mudaraba Term so that the Customer is paid the remaining dues or ARB is entitled to demand the Customer to pay what has been received in excess of its dues.

#### 6. Breaking Deposit

- 6.1 This Agreement governs any Mudaraba Account opened by the Customer.
- 6.2 At its absolute discretion, ARB is entitled to refuse the receipt of any deposits from customer, or to suspend any investment operations of any customer (s) without giving reasons. In this case, ARB shall give the Customer the profit earned for the past term of investment, if any.
- 6.3 After completing the transfer to Mudaraba Account and its entry into force, the Customer shall not be allowed to withdraw, transfer or otherwise dispose in the investment amount during the specified investment term, except in case of breaking Mudaraba on terms agreed by the Parties.
- 6.4 ARB shall be entitled to cancel this Agreement and notify the Customer through the trusted channels of communication, 30 days before the cancellation takes effect.
- 6.5 ARB shall be entitled to cancel or renew any ongoing Mudaraba transaction for another similar term at any time when the seventh day preceding the expiration of the transaction expires. The Customer shall be notified through trusted channels of communication if the cancellation takes place.
- 6.6 After the investment has entered into force and for the term of its operation, the invested amount or any part thereof may not be withdrawn, and the Customer may request to withdraw from the Mudaraba process in force on the terms agreed by the Parties in the Deposit Break Request Form.
- 6.7 In the event of the Customer's death, ARB has the right to cease the investment and return the Awaeed amount to the account linked to the deposit account.

## 7. Provisions for Opening a Mudaraba Deposit Account:

- 7.1 ARB shall open Mudaraba Account for the customer to which the transfers from/to the transaction account (the Customer's Current Account) are credited.
- 7.2 The Customer shall be entitled to open more than one Mudaraba Deposit Account through ARB's subscription channels as per the requirements of opening Mudaraba Deposit Account for each channel.
- 7.3 This Mudaraba shall be concluded in Saudi Riyal only.
- 7.4 The amount of Mudaraba shall be available in the transaction account (Customer's Current Account) in accordance with the times set out in the Mudaraba Agreement signed with the Customer. ARB may cancel the Customer's deposit if it turns out that the deposit amount wasn't deducted from the customer's account upon creation.
- 7.5 The agreed amount of Mudaraba shall be transferred from the transaction account (Additional Customer Account) to the Mudaraba Account in accordance with the times set out in Mudaraba Agreement signed with the Customer.
- 7.6 The Customer acknowledges that ARB is entitled to reverse any entry that is made by error on the Customer's current account as a result of any transfer between the Mudaraba Account and the Customer's current Account.
- 7.7 The Customer understands that Mudaraba Account is subject to profit or loss in accordance with Shari'ah Mudaraba Provisions. ARB in no way guarantees for the Customer the principal of Mudaraba Capital or its profits unless it commits violation or omission.
- 7.8 ARB shall pay zakat for the account's assets on behalf of the Customer, within Zakat it pays for its investments. This depends on the investment period and its proportion of the hawl (one year); for example, if the investment period is only three months, the bank shall be responsible for only a quarter of Zakat, but if the investment period is six months, the bank shall be responsible for half of Zakat, and so on proportionally. In the event of early termination of the investment, the bank shall be responsible for Zakat of the amount for the period it remained in the investment account until the early termination. The Customer shall not be entitled to demand ARB to pay them the amount of zakat.
- 7.9 The profit-sharing ratio agreed upon in any Mudaraba shall not be binding on the parties in a subsequent Mudaraba, and the ratio of profit sharing may be adjusted by agreement of the parties in accordance with Article (5.2) of the Distributable Profit. In case of disagreement, Mudaraba shall not be renewed.
- 7.10 ARB is entitled to set a ceiling or floor for the amounts invested in Mudaraba Deposit Account (Joint Investment "Awa'eed"). In this case, the amounts below or above the ceiling or floor shall be considered an un-invested balance in Mudaraba Account for which no profits are due, and the Customer is entitled to request that such amount be deposited in the account associated with the deposit.
- 7.11 ARB may increase or decrease the minimum amount of Mudaraba provided that the Customer shall be notified thereof in the month preceding the date of Mudaraba renewal in which the amendment will take effect. In the event that ARB does not receive a request from the Customer to cancel Mudaraba Account before the effective date of the amendment, this shall be deemed to be the Customer's agreement to this amendment and binding on them.
- 7.12 The minimum amount of Mudaraba is SAR 25,000, and there is no maximum amount of Mudaraba. ARB shall not be obliged to conclude Mudaraba on any amount that is more or less than these amounts.
- 7.13 Transaction in Mudaraba Account shall be made by the Customer personally or by a person authorized thereby through a legal power of attorney or under an "Internal Authorization" Form.
- 7.14 The Customer shall provide ARB with specimen of its and its authorized representative's signature on any form requested by ARB. The specimens or their images uploaded to the automated system shall be deemed legal and approved for all investment-related transactions.
- 7.15 The Customer acknowledges being responsible before competent authorities for amounts deposited in its Mudaraba Account, and it shall inform the competent authorities of any doubtful or undue amount as soon as being aware of, whether such amount was deposited with or without its knowledge, and whether or not it used the amount in person subsequently. The Customer acknowledges that the deposited amounts are gained from lawful activities and for legal purposes.
- 7.16 ARB shall have the right to inquire about any funds deposited in the current account and Mudaraba Account. The Customer shall provide ARB with all required documents pertaining to sources of funds.
- 7.17 ARB records, documents and accounts in relation to Customer's relationship therewith shall be held valid

and binding on the Customer, and the Customer is not entitled to protest except for any restrictions or transactions that ARB proves that they have been performed in this Account in incorrect ways.

- 7.18** The Customer undertakes to update the Current Account and Mudaraba Account data at a maximum of two years, or at the request of ARB. It also undertakes to renew their identity and the identities of the agents or delegates thereof, if any, and to submit them to ARB before the expiry of any of them. The Customer also recognizes the right of ARB to suspend the Account in the event of violation of this provision.
- 7.19** The Customer undertakes to inform ARB in writing of any change in the approved address of this Account within seven working days prior to the date of its approval for correspondence, otherwise, the last previous address shall be deemed as the approved address for correspondence.
- 7.20** ARB shall be entitled, at any time, to change or modify the terms of the Account. Such change or modification shall be valid within thirty days from the date of notifying the Customer through the registered mail, e-mail or SMS on the mobile number to which Mudaraba Account or associated account is attached.
- 7.21** Any dispute arising out of the application or interpretation of these Terms and Conditions shall be subject to the provisions of the Islamic Shariah and shall be determined by the competent legal authority.
- 7.22** The Customer acknowledges and undertakes that it is not prohibited under Shariah or law to deal with Mudaraba Account, and that all of its data is correct and documented.
- 7.23** The Customer understands and agrees to make this account available within its own accounts in electronic channels and on the Internet, through which it can request Mudaraba-related services which ARB will make available from time to time.
- 7.24** The Customer has agreed to provide ARB with any information or data it requests to enable ARB to establish, review and manage its account.
- 7.25** If the Customer chooses the type of monthly distribution or advance profit, and breaks the deposit before the agreed period at the beginning of the investment, the amounts that were previously added as profits will be deducted from the capital.
- 7.26** The Customer acknowledges that it understood and will adhere to the terms of opening a Mudaraba Account, its terms and conditions, and the terms and conditions of the Mudaraba Agreement concluded between the Customer and ARB.
- 7.27** Without prejudice to the provisions of this Agreement, ARB may dispose of the Customer's Mudaraba Account, whether through mortgage, transfer or other restricted or property transferable dispositions, and it also has the right to consolidate the Customer's accounts or any of them without regard to their type and to conduct any set-off between them; to settle any debts or fulfil any right established for ARB or others.
- 7.28** ARB has the right to terminate the investment if any judicial or regulatory authority decides to terminate the investment agreement.
- 7.29** The Customer acknowledges, by signing this Agreement, having expressly authorized ARB to deduct each time from any of its current accounts linked to Mudaraba Account - without having to alert or notify the Customer- any amounts necessary to supplement the investment balance or other reasons; as long as ARB has not received written notice from the Customer seven working days ahead to express Customer's unwillingness to participate in Mudaraba for which the deduction is required.
- 7.30** Notifications relating to:
- o Adjusting the profit-sharing ratio in the subsequent Mudaraba.
  - o Modifying the minimum or maximum amount of Mudaraba.
  - o Amending any of the Account's provisions.

shall be concluded via documented communication (instructions to the Customer received through a registered means can be proven and retrieved, whether paper or electronic, and Customer's receipt or failure to respond to them shall be considered a consent thereof).

May prayers and peace of Allah be upon our Prophet Mohammed, his family and his companions.

For Customer:	For ARB:
Name: .....	Name: .....
Signature: .....	Capacity: .....
	Signature: .....

## Mudaraba Break Request

Date:

Branch:

We kindly ask for agreement to break the amount of: SAR ..... from my Mudaraba, amounting to: ....., and which is payable on: ....., for the following reasons: .....

As for the remaining amount after the break, amounting to: SAR ....., I would like to:

- Renew Mudaraba according to the terms, conditions and percentages mentioned in Mudaraba Terms and Conditions Agreement.
- Not renew the investment.

Without ARB and its employees bearing any responsibility, and I bear any fees that may arise as a result of this request.

Customer Name:

Customer Number:

Account Number:

Branch:

Customer Signature:

### For ARB Uses

Signature Verification:

Investment Amount to be Broken:

Investment Term (1 Month/3 Months/6 Months/12 Months).

Investment Period:

Profit Amount Achieved on the Investment Period:

Full Amount Due to the Customer:

### Necessary Approvals

Branch Manager Approval:

Approval:

Approval: