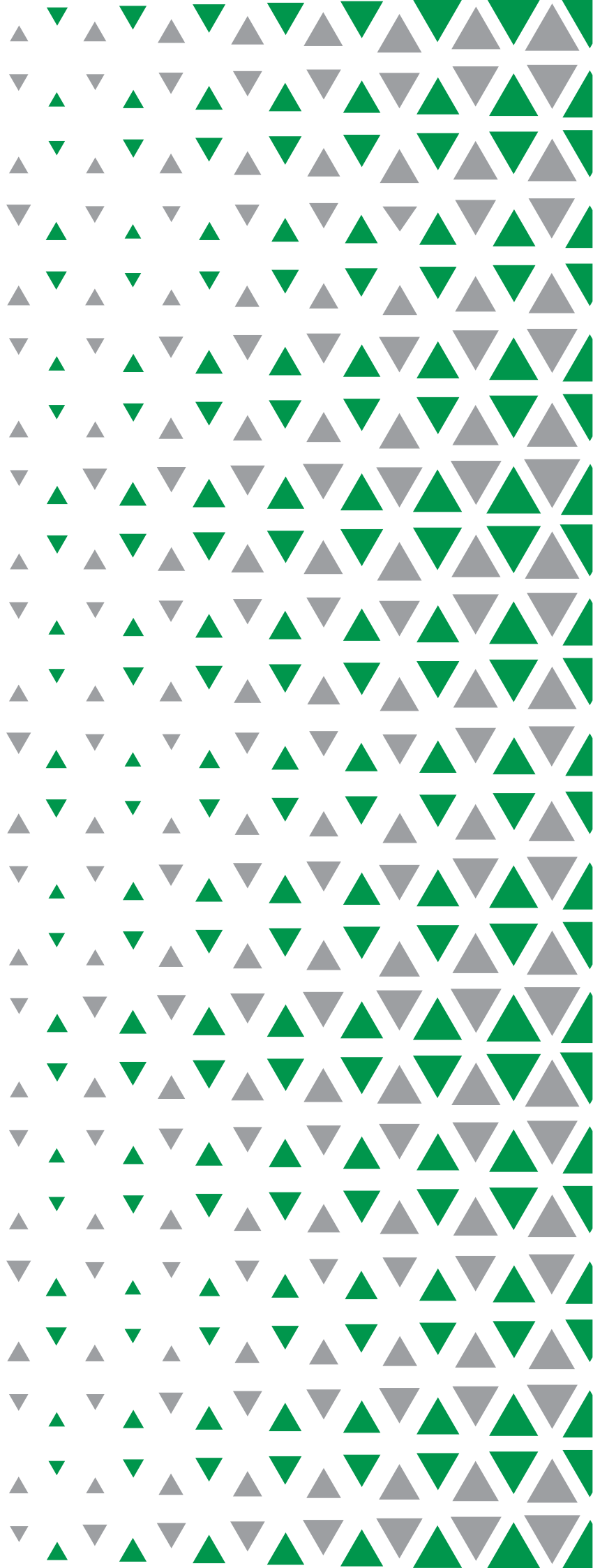




Al-Tijari

**Terms &
Conditions
of CBK
Loans**

Commercial Bank of Kuwait



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**Terms and conditions
of the bank loan contract**



This contract was concluded on / /

Between:

First: COMMERCIAL BANK OF KUWAIT (S.A.K)

Address: Mubarak Al Kabeer - P.O. BOX 2861 SAFAT, 13029 – KUWAIT – First Party: The Bank (Creditor)

Second: Mr./Messrs. Second Party: The Customer (Debtor / Joint Debtors)

Address: Tel:

Occupation: Place of Work

Work Address: Work Phone:

Both parties, being fully eligible to agree and enter into contract, agreed as follows:-

Item 1: Description, Definition and Limits of the Banking Loan

The Bank hereby offers the Customer a banking loan:

- Medium - term consumer loan to be repaid on monthly installments over a period not exceeding 5 years.
- Long - term personal loan to be repaid on monthly installments over a period not exceeding 15 years.
- Tijari

short - term loan: a one-year term loan offered against cash mortgage and to be repaid on one payment / monthly installments basis over a period not exceeding one year.

• Tijari long - term loan: a loan offered against cash mortgage and to be repaid on one payment / monthly installments basis over a period from one year to five years.

up to an amount of KD Kuwaiti Dinar

on his account No. (.....) with the Bank,
.....Branch.

Item 2: Purpose of Loan

The customer undertakes to use the loan, subject of this contract, for the purpose the loan was extended for i.e purchasing / financing Further, the Customer undertakes to submit the documents evidencing the utilization of the loan in the said purpose for which it was extended within a period of as of the date of granting the loan to the customer.

Item 3: Interests & Commissions

- a. As for consumer loan, a contractual interest rate of% (..... percent) per annum over the Central Bank of Kuwait's discount rate specified at the contract date shall be payable throughout its term and until full repayment. The interest rate shall be calculated on the daily balance and interest rates are estimated at an amount of KD
- b. As regarding the personal loan, a contractual interest rate of% (..... per cent) per annum over the Central Bank of Kuwait's Discount Rate specified at the date of granting loan shall be applied. The term of the interest rate shall be 5 years, where the Bank may, at the end of this period and commencing from installment No. (61) and (121), revise the interest rate as per the Central Bank of Kuwait's rates specified at that date provided the revised interest rate shall not exceed 2% (two per cent) up or down from the contractual interest rate applicable pursuant to the loan contract prior to introducing any changes on the interest rate. This interest shall be calculated on the daily balance of the loan in the loan account until the full repayment of the loan and interests. The interest rates shall be estimated at an amount of KD if the Central Bank of Kuwait's discount rate remains unchanged throughout the term of the contract, (the announced interest rate).
- c. As for Tijari short term loan, a contractual interest of 2.5% (two & half percent) per annum over the Central Bank of Kuwait discount rate as specified at the contract date shall be applied throughout its term and until full payment. The interest rate shall be calculated on the daily balance.
- d. As for Tijari long term loan, a contractual interest of 4% (four percent) per annum over the Central Bank of Kuwait discount rate specified at the contract date shall be applied throughout its term and until full payment. The interest rate shall be calculated on the daily balance.
- e. Interest shall be accrued on monthly/ quarterly/ semi-annual / annual basis or on the due date of installment / due date of entire debt as per the applicable banking regulations and shall be repaid on the due date thereof. The Customer undertakes to maintain sufficient amounts in his account for repaying the said interests.
- f. The Customer acknowledges that he has been advised, at the loan granting date, of the percentage and amount of the interest rate specified by the Central Bank of Kuwait and acknowledges his acceptance of the same.
- g. For past due amounts, the Bank may calculate default interests or the maximum amount specified throughout the term of this contract, whichever higher. Default interests shall be calculated in the same manner as applicable to the contractual interest rate stipulated in this contract.

- h. The Customer shall undertake to pay an amount of KD 5 "five Kuwaiti Dinar" for each installment which the customer defaults the timely payment thereof at the end of the month during which this installment is payable.
- i. The Customer shall authorize the Bank to increase the interest rate and installment in case the Central Bank of Kuwait discount rate is changed by increase.

Item 4: Repayment

- a. The Customer undertakes to repay the outstanding debt balance, interests, commissions and any other fees and expenses owing from him pursuant to the provisions of this contract.
- b. The Customer undertakes to repay the loan amounting to KD (..... Kuwaiti Dinar) on one payment basis on / / or on equal and consecutive..... installments on Installments for KD each (..... Kuwaiti Dinar) at % of the net monthly salary debited from his account no. with the Bank. The first installment shall fall due on / / respectively until the full payment on / / and the last installment shall represent the remaining loan amount plus any interests, commissions and expenses payable as per the provisions of this contract without prejudice to the payment of interests and commission on the due date thereof as provided for in this contract.
- c. The Customer shall authorize the Bank to directly debit his account mentioned above or any other accounts he maintains with the amount due on the customer once he receives the salary or any other income in accordance with the Central Bank of Kuwait's instructions and until the full repayment of loan / debt.
- d. Both parties/all joint parties representing the second party acknowledge that the First Party (the Bank) may, as per the Central Bank of Kuwait's instructions and until the full repayment of the loan, debit any of both accounts/ both accounts / all their joint accounts with the amount due and collect the entire debts due to the Bank through the salary of either both parties or any of joint parties in case any of the other partners' salary has been suspended from transfer to the designated account.
- e. It is agreed between both parties that the installment amount was calculated based on the assumption that the Discount Rate will remain unchanged throughout the installment period of the loan. It is further agreed between both parties that the installment amount may be revised by increase or decrease in light of the changes the Bank may introduce to the interest rate as per Item 3 paragraph (b) of this contract.

Item 5: Life Insurance

The Customer agrees to endorse a life insurance policy with one of the national companies in favor of the bank throughout the contract term. Further, the Customer shall authorize the Bank to debit his account mentioned above with an amount of KD (.....) on a decreasing monthly premium to cover the life insurance policy charges. Further, the Customer shall acknowledge that he is in a good health at the time of concluding this contract. In case of early payment of the entire loan before maturity date, the Customer may not recover any amount from the insurance value or the premium paid.

Item 6: Acknowledgments & Undertakings

- a. The Customer acknowledges that his account(s) No. (.....) with the Bank as at /.... / shows a debit / credit balance for KD (..... Kuwaiti Dinar) except for the interests payable on the said debit balance effective /.... /
- b. Both parties / parties representing the Second Party acknowledge that both of them / they are joint debtors to the First Party for the loan amount referred to herein in Item 1 in addition to the interests, commissions and expenses that may arise out of this loan as contained herein and until the full payment. Both parties / parties representing the Second Party shall further acknowledge that all the items of both accounts / their joint accounts are an integral part of each other. The First Party (The Bank) shall have the right to make recourse on both of them / all of them or any of them until full repayment of their obligations arising pursuant to this contract.
- c. The Customer acknowledge that in the event the Bank had not received the Customer's written objection to the correctness of the account statement within 15 days from the dispatch of such statement to him by ordinary mail, this shall be deemed as acknowledgement on his part of the correctness of the details contained in the account statement, his review of all the entries and contents thereof and final agreement thereof. However and if the Customer has not received the account statement within 15 days from that date agreed with the Bank for furnishing the customer with the said statements and the customer has failed to make a request to the Bank for the same in writing within one week following the lapse of the 15 days mentioned above, the customer may not claim non-receipt of the account statements nor object to the entries contained in such statement, in whatsoever way. The Customer may evidence any matters contradicting the same.
- d. The Customer acknowledge that his total obligations towards all creditors including the Commercial Bank of Kuwait do not exceed KD 70000/- (Seventy thousand Kuwaiti Dinar) and that his total monthly obligations, including all his obligations to the Bank, do not exceed 40% (Forty per cent) of his net monthly salary & comprehensive income or continuous monthly income after excluding all deductions, and for pensioners, their monthly obligations should not exceed 30% (Thirty per cent). The Customer shall further authorize the Bank to inquire and investigate from all concerned entities about the validity and correctness of statements furnished by the Customer.
- e. The Customer acknowledges, upon signing this contract that the end of service indemnity owing to him from the employer is not less than the loan amount and undertakes to transfer it along with any other dues, to the Bank upon receipt thereof from the employer. The end of service indemnity shall serve as a guarantee for the repayment of the outstanding loan installments. The customer shall irrevocably authorize the Bank to utilize the entire amount or a portion of the end of service indemnity in order to repay the outstanding amount of the subject loan installments.
- f. The Customer undertakes to sign and execute all the transfers, assignment deeds, letters of lien, proxies and any other documents required by the Bank in order for the Bank to guarantee the Bank's rights arising pursuant to this contract. The Customer, further, authorizes the Bank to sign on his behalf in relation to all the related issues.

- g. The Customer may not assign or waive his rights or obligations arising hereunder to others without obtaining the Bank's prior written approval. Further, The Customer acknowledges that the Bank may, at any time, assign its rights arising hereunder or a part thereof to others without the Customer's prior consent.

Item 7: Default

The entire loan amount along with all interest, commissions and expenses and other dues shall be immediately payable without notice, warning or any other procedure in the following events:

- a. If the Customer defaults the timely payment of any installment or fails to pay the interest on the due date or has no sufficient funds in his account with the Bank to cover the said installment or interest amount.
- b. Should the Customer have utilized the loan amount or any part thereof in a purpose other than that agreed on.
- c. If the Bank had discovered the invalidity & incorrectness of statements and information furnished by the Customer for obtaining loan.
- d. In case the Customer fails to discharge any of his obligations, acknowledgment or undertakings as provided for in this contract.
- e. If the Customer withdraws his end of service indemnity from his account with the Bank.
- f. Any other reason stipulated by law regarding the repayment of the deferred debt.

Item 8: Other Conditions & Provisions

- a. All accounts, whatsoever their type, whether opened and existing at present in the Customer's name or to be opened in his name in future with the Bank or any of its branches in Kuwait or abroad shall be deemed as securing each other, regardless of their names. The Bank may combine or consolidate all or some of these accounts and may apply the credit balance in any of them to set off a debit balance in another or freeze the credit balance in any of these accounts until the Customer has fulfilled all his obligations towards the Bank. The Customer shall authorize the Bank to effect any set-off, debit the credit balance and make any entries, settlements or transfers in any accounts existing at present or to be opened in the Customer's name with any of the Bank's branches in Kuwait or abroad.
- b. All monies, securities, commercial papers, precious metals, end of service indemnity and other rights, whatsoever, registered or deposited at present or to be registered or deposited in future in the Customer's name with the Bank or any of its branches in Kuwait or abroad shall be deemed as a possessory mortgage in favor of the Bank to guarantee all his obligations towards the Bank without the need to acknowledge the same. The Bank may get its dues and recover its debt directly from the monies mentioned above by effecting priority set-off over any other creditor without notice, warning or legal proceedings.
- c. Any breach of the terms and conditions of the contract is deemed as prejudice to the terms and conditions of all other contracts concluded between the bank and Customer i.e. contracts forward and non-forward or to be concluded in future. Further, any breach of such terms & conditions shall entail the expiry of all the Bank's debts

due from the Customer under these contracts whether personal, consumer, housing or subordinating loans without notice, warning or any other procedure.

- d. Should the Customer obtain previous loan(s) on his account(s) with the Bank or other banks, he shall be liable to repay this loan(s) from the loan, the subject of this contract, and shall irrevocably authorize the Bank to deduct this loan(s) from the loan, the subject of this contract, once granted to him.

Item 9: Indulgence

The Customer acknowledges that any indulgence on part of the Bank in respect of the repayment dates set out herein and any of its other rights shall not affect the enforceability of all the conditions & provisions of this contract against the Customer. Indulgence on part of the Bank shall not be deemed as a waiver of any of its rights nor shall it diminish such rights.

Item 10: Selected Domicile

The Customer acknowledges that all correspondence, account statements, legal and judicial notices forwarded to him by the Bank at his address herein mentioned or at the address last known to the Bank in a registered letter with acknowledgement of receipt are correct and binding upon him and producing all legal effects. Any change in the customer's address shall become effective only from the date of receiving the customer's advice on change of address.

Item 11: The Term of Contract

This contract and all provisions included therein shall be valid and enforceable from the date of signing this contract by both the Customer and the Bank and shall remain valid until Customer honors all his obligations arising under this contract.

Item 12: Law & Judicial Jurisdiction

In case parties dispute on construing or application or performance of this contract, this dispute shall be referred to judicial arbitration in Kuwait as this contract shall be subject to the provisions of the laws applicable in the State of Kuwait.

The Related Parties

The Customer acknowledges the existence / non-existence of related parties form the Commercial Bank of Kuwait Board Members at the time of processing the loan application. Should the Customer have related parties, he shall write down their names (.....)

First Party (For the Commercial Bank of Kuwait)

Name:

Occupation:

Signature:

Date: / /

Second Party (The Customer)

Name:

Signature:

Date: / /

Acknowledgement of Irrevocable Joint Guarantee

We have reviewed the conditions and provisions of the Banking Loan Contact dated /..... /..... signed between the Commercial Bank of Kuwait (hereinafter referred to as the “Bank”) and its Customer Mr./Messrs. (Hereinafter referred to as the “Debtor”).

We, hereby, acknowledge that we agree to be bound towards you jointly with the Debtor for all obligations and amounts, whatsoever, owing to the Bank under the above contract for any reason, whatsoever. This guarantee covers all amounts charged to the account(s) on which loans have been granted in any form and the debit balance existing in the account upon its closure or any other account on which this loan is being used.

This guarantee is continuous, unconditional and irrevocable. Under this guarantee, the Bank may claim us for the outstanding debt balance resulting from the above contract and all related interests, expenses, commissions and fees, however we may not oppose thereto.

Our guarantee shall remain valid, continuous and legally binding in the event of extension or amendment of the loan contract for any reason, whatsoever until the Bank recovers all its rights from the guaranteed debtor. Further, the debt shall fall due on our part in case the guaranteed debtor has deceased.

It is understood that all monies, securities, commercial papers, precious metals, goods and other rights, whatsoever, registered or deposited in our name at present or to be registered or deposited in our name in future with the Bank or any of its branches in Kuwait or abroad guarantee the fulfillment of our obligations hereunder without the need to acknowledge the same. The Bank may obtain its dues and recover its debt directly from the monies mentioned above by way of priority set-off and precedence over any other creditor without notice, warning or any other action, whatsoever, and without prejudice to the Bank’s right to take the necessary actions to recover its rights in full. The Bank may deduct the debt guaranteed by us from any accounts open at present or to be opened in our name in future with any of its branches in Kuwait or abroad without any notice, warning or any other action, whatsoever.

We understand that we submit to all the provisions stipulated in the loan contract mentioned above. We also undertake to provide the Bank with any statements they may require at any time on our financial position or our annual balance sheet provided we substantiate our responses with evidencing documents.

In case the borrower is a minor, I - the undersigned - acknowledge that I have read all the terms & conditions included in this contract and I further undertake to jointly and personally guarantee the abovementioned borrower and I undertake to repay the full debt amount due from him under this contract along with all the related interests. I also understand that the borrower's age is below 21 years.

This guarantee shall be governed by the law applicable in Kuwait and shall submit to the sole jurisdiction of the Kuwaiti courts. We accept the local jurisdiction of the Kuwait City courts in respect of any dispute arising hereunder.

Joint Guarantor

(Name of Joint Guarantor(s)	.Account No	Signature	Guarantor(s) Address

Date: / /

Kuwait on:

Messrs. / Commercial Bank of Kuwait

Branch /

You are kindly required to approve repayment of the outstanding loan amount granted to me on my account no.

.....

On date:

for an amount of:

Under reference:

for a monthly installment of:

Pursuant to the Central Bank of Kuwait instructions, I acknowledge that I have been regular in repayment of the monthly installments and I repaid a minimum of 30% of the loan installments specified at their maturity dates under the concluded contract without a partial early repayment.

Name:

Account No.:

Signature:

Date:/...../.....

Acknowledgment

I, of nationality and holder of Civil ID no., acknowledge that a copy of the loan contract was handed to me prior to signing the same for the purpose of reflection and review of the terms & conditions and financial obligations as contained in the loan contract. I, further, acknowledge that I was given a statistical schedule outlining the following:

- The value and number of the loan installments.
- Components of each installment in terms of interest and the amount repaid from the principal on supposition of regularity in repayment.
- Total value of interest and the amounts that shall be repaid up to expiry of the maturity date of the loan.
- Statement outlining the potential changes in financing burdens for installment loans on supposition of increasing the interest rate at the maximum established limit (2%) every five years.

The above is an acknowledgment from my part.

(Submitted by)

Name:

Account No.:

Signature:

Date:/...../.....

Enclosures:

- Copy of the loan contract before being signed
- Copy of the statistical schedule.

Acknowledgment & Undertaking

I, the undersigned / of nationality and holder of Civil ID no., hereby acknowledge that the Bank approved to grant me loan of KD for the purpose of being the purpose of the loan as specified in the loan contract. I, further, acknowledge, that I will furnish the Bank, within a period of as of the loan granting date, with all substantiating documents which evidence utilization of the loan amount in the purpose for which it was granted. In case I fail to furnish the Bank with the documents evidencing the same, this shall be considered as a breach of the provisions of the loan contract and shall result in making the entire loan amount along with all interests, commissions and expenses and other dues immediately payable without notice, warning or any other procedure and shall further result in making the Bank refrain from granting me any loans or other banking facilities in the future.

The above is an acknowledgment from my part.

(Submitted by)

Name:

Signature:

Date:/...../.....