

Islamic Merchant Finance

Terms and Conditions

IMF/CSP/04/01/24

The following terms and conditions (“Terms and Conditions”) as amended from time to time shall in conjunction with additional specific terms and conditions (where applicable) pertaining to the particular type of Islamic Facilities (defined below) to be offered, govern the relationship between Mashreq Al Islami, Islamic Banking Window of Mashreqbank psc (the “Bank”) and any , corporate entity or individual, named in the Application Form (the “Customer”). The Customer hereby agrees that these Terms and Conditions shall be construed in accordance with the policies of the Bank, the Central Bank’s instructions and regulations, the Fatwas issued by the ISSC, and the provisions of Shari’ah Standards as interpreted by the ISSC. The Bank shall have the sole discretion to amend, add to, or delete any provision of these Terms and Conditions at any time and to such extent as permitted by law, by any reasonable means of notification of such changes. The Customer shall be deemed to have accepted such changes should the Customer continue transacting in respect of the Islamic Merchant Finance Facilities after receipt of such notification.

These Terms and Conditions shall govern the provision by the Bank of the following facilities to the Customer:

- (a) Tawarruq Facilities.

In order to avail of the Tawarruq Facilities, the Customer shall complete Islamic Merchant Finance Application Form.

1. Definitions and Interpretation

- 1.1. In these Terms and Conditions (including the recitals), unless the context otherwise requires and except as otherwise defined herein, the following words shall have the following meanings:

“AED” and “Dirhams” means the lawful currency of the UAE.

“Agency Agreement” means the agency agreement entered or to be entered into between the Customer and the Bank.

“Application Form” means the application form completed and submitted by the Customer to the Bank in relation to the Islamic Merchant Finance Facilities and reference to Application Form, as the context requires shall mean the application form for Tawarruq.

“Assets” means, in relation to a Murabaha Contract, the Commodities or Goods as identified in the Application Form or in the Quotation appended to the said Application Form.

“Business Day” means a day on which the Bank is open for general business in UAE.

“Commodities” means the metals specified in the Offer and Acceptance Notice which may include any metal (excluding gold and silver) dealt with on the London Metal Exchange or other recognised commodity exchange conforming with the quality standards set by the rules of the London Metal Exchange or such other Shari’ah compliant commodities specified by the Bank.

“Cost Price” means in relation to any Assets all sums payable by the Bank for the purchase of such Assets from the Supplier of such Assets and includes all Taxes and costs attached to them less the Hamish Jiddiah.

“Deferred Payment Date(s)” means the date or dates for payment of the Deferred Payment Price as more particularly described in the Offer and Acceptance Notice.

“Deferred Payment Price” or “Total Murabaha Sale Price” means the total sum payable by the Customer for the purchase of the Assets and for the avoidance of doubt means the aggregate of the Cost Price and the Murabaha Profit and is more particularly described in the Offer and Acceptance Notice.

“Event of Default” means any of the events or circumstances described in Clause 6.

“Goods” means the Islamically accepted goods that are listed as such in the Offer and Acceptance Notice.

“Hamish Jiddiah” means the security deposit specified in the Application Form to be paid by the Customer towards the purchase of the Assets from the Bank in respect of a Murabaha Facilities

“Instalment” means each instalment of the Deferred Payment Price payable on a Deferred Payment Date as determined by the Bank and notified to the Customer,

“Islamic Merchant Finance Facilities” means the Tawarruq Facilities as selected by the Customer pursuant to the relevant Application Form.

“Material Adverse Change” means any change which would have a material and adverse effect on the business, employment or condition (financial or otherwise) which would adversely affect the ability of the Customer to comply with its payment or material performance obligations under Islamic Merchant Finance Facilities.

“Murabaha” A sale contract of a tangible asset for a profit mark-up over and above the cost of the asset and an agreed mode of payment (payment can be spot or deferred but often defined in form of

instalment). In Murabaha the seller has to reveal the cost to the buyer. The Bank buys an item and sells it to the Customer or a deferred basis. The price includes a profit margin agreed by both parties.

“Murabaha Contract” means the Murabaha contract for sale of the Assets by the Bank to the Customer concluded upon execution of the Offer and Acceptance Notice by the Bank and countersignature by the Customer and shall incorporate these Terms and Conditions and the relevant Application Form.

“Murabaha Profit” means the Deferred Payment Price less the Cost Price.

“Offer and Acceptance Notice” means the notice, of offer for sale of Assets issued by the Bank to the Customer setting out the details of the Assets being sold by the Bank to the Customer, the Cost Price, the Deferred Payment Price and Deferred Payment Dates.

“Payment Date(s)” means the date or dates for payment of the Payment Amount.

“Promise to Purchase” means the promise submitted by the Customer to the Bank, in the form acceptable to the Bank, to purchase the Assets in accordance with Clause 3.1.

“Security” means the security listed in the relevant Application Form or referred to in the Application Form.

“Security Documents” means the documents creating Security and any other documents in favour of the Bank as security for the obligation of the Customer hereunder each in form and substance satisfactory to the Bank.

“Internal Shari’ah Supervision Committee (ISSC)” means an independent Shari’ah Supervision body of Mashreq Al Islami constituting of Islamic scholars and appointed in accordance with the applicable laws and regulations.

“Tawarruq Facilities” means the finance facilities advanced on a Murabaha basis for the purchase of Commodities to be sold by the Customer, through the Bank acting as its messenger in accordance with Clauses 3.1, 3.2 and 3.3

“Taxes” include all present and future taxes (including central excise duty and sales tax and excluding income tax arising on the income of the Bank), levies, imposts, duties, stamp duties, penalties, fees or charges of whatever nature together with delayed payment charges thereon and penalties in respect thereof and “Taxation” shall be construed; accordingly, and

“UAE” means the United Arab Emirates.

“Value Added Tax” or “VAT” means any value added tax or similar tax payable to any authority in respect of transactions and includes, but without limitation, any other form of taxation that may be applicable to these Terms and Conditions.

- 1.2. Except where the context otherwise requires, words denoting the singular shall include the plural and vice versa, words denoting a gender shall include every gender and reference to persons shall include bodies corporate and unincorporated.
- 1.3. References to Clauses are references to Clauses of these Terms and Conditions.
- 1.4. Clause headings are inserted for convenience only and shall not affect the construction of these Terms and Conditions.
- 1.5. References in these Terms and Conditions to any other agreements and documents shall be construed as a reference to such agreements or documents as amended, supplemented or restated, novated or replaced from time to time.
- 1.6. Except as otherwise stated, references to times shall mean references to UAE time,

2. Islamic Merchant Finance Facilities, Conditions Precedent and Security

- 2.1. The Bank is willing to provide to the Customer the Islamic Merchant Finance Facilities in accordance with the terms set out in the Application Form and pursuant to these Terms and Conditions.
- 2.2. The utilisation of the Islamic Merchant Finance Facilities is subject to the fulfilment by the Customer of the condition's precedent (to the satisfaction of the Bank) as set out in the Application Form, these Terms and condition or as otherwise notified to the Customer by the Bank.
- 2.3. Until full and final settlement of the total amount owed by the Customer to the Bank under the Islamic Merchant Finance Facilities and these Terms and Conditions, the Customer may be required by the Bank to provide Shari'ah compliant security including but not limited to pledging, hypothecating and placing under lien with the Bank and to its order as collateral security all monies, shares, Sukuk, documents of title and value, stocks, receivables and other valuable documents and goods that are now or may in the future be deposited with the Bank in the name of the Customer. The Bank shall have a commercial pledge and a preferential right upon all such securities until full and final settlement of the above amounts.

2.4. The Customer shall:

- (a) execute such further deeds and documents as may from time to time be requested by the Bank for the purpose of perfecting the Security created or to be created in favour of the Bank; and
- (b) create such other Security or documents to secure the Customer's obligations under the Islamic Merchant Finance Facilities as the Bank may require the Customer to furnish from time to time.

3. Islamic Merchant Finance Facilities

3.1. Tawarruq Facilities

Upon the fulfilment of the conditions precedent notified by the Bank, the Customer will be able to avail itself of Tawarruq Facilities made available by the Bank subject to the terms of the Murabaha Contract, under which the Bank will purchase the Commodities and will sell such Commodities to the Customer on immediate delivery terms at the agreed Deferred Payment Price to be paid on the Deferred Payment Date(s) and pursuant to these Terms and Conditions. Following the purchase of the Commodities by the Customer, the bank will convey an offer to purchase by a third party of a broker of commodities.

3.2. Process of Commodities Sale and Purchase (Tawarruq Facilities)

The Tawarruq transaction will be conducted as follows:

- (a) Pursuant to the Application Form, the Customer offers to purchase the commodities, from the Bank on a deferred payment basis.
- (b) The Bank will sell the Commodities (owned by the Bank) to the Customer.
- (c) For the purpose of the sale of the Commodities by the Bank, the Bank shall send to the Customer an email acceptance confirmation ("Acceptance Confirmation") in response to Customer's offer to purchase on a deferred payment basis for the Deferred Payment Price, which, for the avoidance of doubt, shall be the aggregate of the Cost Price and the Murabaha Profit.
- (d) The Customer will have 8 hours from the Acceptance Confirmation ("Expiry Period") to object to the Bank's Acceptance Confirmation. In case of no objection, Murabaha Contract between Bank and Customer shall conclude. Alternatively, usage of the Cost Price of such purchase shall be deemed acceptance under the Terms and Conditions.

- (e) The Bank shall get constructive delivery of the Commodities in the Bank's commodity account and the Bank shall hold the Commodities on a, on trust basis.

3.3. Payment Obligations (Tawarruq Facilities)

- 3.3.1. The Customer shall pay each Instalment payable under the Murabaha Contract (in relation to Tawarruq Facilities) to the Bank on the Deferred Payment Date relating thereto in immediately available, freely transferable, cleared funds.
- 3.3.2. All payments required to be made by the Customer under the Murabaha Contract (in relation to Tawarruq Facilities) shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim or any withholding on account of Tax or otherwise. If the Customer is compelled by law, present or future, to make any deduction or withholding, the Customer will pay additional amounts to ensure receipt by the Bank of the full amount which the Bank would have received but for such deduction.
- 3.3.3. From the date of Bank's Acceptance Confirmation and following the conclusion of the Murabaha Contract the Customer shall be absolutely and irrevocably obliged to pay all sums expressed or agreed to be payable by it hereunder, notwithstanding any defect, deficiency or loss of any of the Commodities or any other matter or thing whatsoever.
- 3.3.4. If the Customer wishes to prepay any part of the Deferred Payment Price (in relation to Tawarruq Facilities), the Customer must notify the Bank of such prepayment by giving not less than fifteen (15) days prior written notice. Upon receipt of such notice, the Bank shall advise the Customer of the total sum due to the Bank under the Murabaha Contract (in relation to Tawarruq Facilities) including all accrued costs, charges and expenses.
- 3.3.5. Without prejudice to its other rights under the Murabaha Contract (in relation to Tawarruq Facilities), the Bank may, without being obliged to do so, defer one or more payments of all or any part of the Instalment due on a Deferred Payment Date to such later date as shall be determined by the Bank in its sole discretion. Nothing in this clause shall be expressly construed or implied as a waiver by the Bank for the payment of the entire Deferred Payment Price by the Customer.
- 3.3.6. When any payment would otherwise be due on a day which is not a Business Day, the payment shall be due and made on the preceding Business Day.

- 3.3.7. If the Customer delays the payment of the due Instalments to the Bank on the due dates, the Customer hereby undertakes to pay to the Bank late payment charges as specified in the Schedule of Charges updated on the Bank's website www.mashreqislami.com, subject to a notice served by the Bank to the Customer. The late payment charges shall be applied firstly, to compensate the Bank for its actual direct costs and expenses incurred as a result of any late payment and secondly, the remaining amount of any late payment charges received by the Bank shall be paid to charity on behalf of the Customer in accordance with the guidelines of the ISSC.
- 3.3.8. The Bank shall confirm via Acceptance Confirmation, the Quantity and Type of the Commodity, which is the subject of Murabaha financing.
- 3.3.9. Post the Acceptance Confirmation, the Bank shall credit the Customer's account with the cost price of the Commodities. The Customer hereby provides standing instructions that post conclusion of the Murabaha Contract, the Bank shall communicate the Customer's offer (as a messenger) and facilitate to settle the price (equivalent to the Cost Price) of such Commodities with such a third party or a commodity broker, in accordance with the Bank's arrangement with such third party or commodity broker. For the avoidance of doubt, following such settlement, there will not be any payment obligation from the Bank to the Customer
- 3.3.10. Should the Customer choose to object to the Bank's Acceptance Confirmation, then the Customer shall respond back to the Bank's email within the Expiry Period, and upon receipt of the Customer's objection, the Bank shall recall the price credited to Customer's account and cancel the application. Alternatively, usage of the price shall be deemed acceptance of the Customer under the Terms and Conditions.

3.4. **Condition of Assets**

- 3.4.1. The Assets are sold by the Bank to the Customer on an as-is where-is basis.
- 3.4.2. The Bank will not give nor be deemed to give to the Customer any warranty or representation whatsoever relating to the Assets whether imposed by applicable law or otherwise.
- 3.4.3. Without prejudice to paragraph (b) above, any implied warranty or representation is expressly excluded to the extent permitted by law.

3.5. **Delivery of Commodities**

3.5.1. The Customer agrees that the Bank shall get constructive delivery of the Commodities and such Commodities shall be held in the Bank's commodity account on trust basis.

3.5.2. The Customer may in its sole discretion request physical delivery of the Commodities at the Customer's own cost and risk. The Customer acknowledges and agrees that the Commodities would be comprised in an allocation of Commodities held jointly with other Customers of the Bank. The relevant Commodities would therefore only be available where the other Customers of the Bank all agree with the Customer that such Commodities shall be physically delivered.

Where all the relevant customers of the Bank and the Customer so agree to such physical delivery, and to the extent that such costs are, for whatever reason, not included in the Cost Price element of a Deferred Payment Price of a particular Murabaha Contract, the Customer shall pay to the Bank on demand by the Bank the amount of such costs actually and directly incurred by the Bank in relation thereto.

4. Representations and Warranties

4.1. The Customer represents and warrants to the Bank as follows:

- (a) If Customer is a corporate entity, it is duly organised, validly existing and in good standing under the laws of the jurisdiction of its incorporation; and
- (b) The Customer is duly licensed and in good standing to carry on its business and operations under the laws of the UAE.; and
- (c) The Customer is duly licensed and in good standing to carry on its business and operations in every other jurisdiction in which the nature of the business and operations conducted by the Customer makes such qualifications necessary; and
- (d) If Customer is a corporate entity, it is legally and beneficially owned by its shareholders; and
- (e) The Customer has full power and authority to enter into the Islamic Merchant Finance Facilities and any agreements, deeds and documents connected with the Islamic Merchant Finance Facilities as identified in these Terms and Conditions; and
- (f) The Customer has taken all necessary actions to authorise the execution, delivery and performance under these Terms and Conditions which constitutes a valid and legally binding obligation of the Customer enforceable in accordance with its terms; and
- (g) All acts and conditions required to be done, fulfilled and performed in order.

- (i) to enable the Customer lawfully to enter into, exercise the Customer's rights under and perform and comply with the obligations expressed to be assumed by the Customer under the Islamic Merchant Finance Facilities and these Term and Conditions; and
 - (ii) to ensure that the obligations expressed to be assumed by the Customer under the Islamic Merchant Finance Facilities and these Term and Conditions are legal, valid and binding have been done, fulfilled or performed; and
- (h) All information supplied by the Customer to the Bank in connection with the Islamic Merchant Finance Facilities and these Term and Conditions is true, complete, and accurate in all material respects and the Customer is not aware of any material facts or circumstances that have not been disclosed to the Bank.
- (i) The Customer is not in breach of or in default under any agreement to which the Customer is a party or which is binding on the Customer or any of the Customer's assets and which breach or default could be reasonably likely to cause a Material Adverse Change
- (j) These Terms and Conditions and each agreement and contract concerning the Security given by the Customer pursuant to these Terms and Conditions has been duly executed and delivered by the Customer and constitutes the valid and binding obligation of the Customer enforceable against the Customer in accordance with its terms; and
- (k) Neither these Terms and Conditions nor any agreement or contract concerning the security given by the Customer pursuant to these Terms and Conditions conflicts with any applicable law, customs, or practice, the license or articles of association (or equivalent corporate documents) of the Customer or any other contract or agreement to which the Customer is a party or which is otherwise applicable to the Customer or its assets or properties; and
- (l) No government consents and approvals are required for the execution and performance by the Customer of these Terms and Conditions or any agreement or contract concerning the security given by the Customer pursuant to these Terms and Conditions; and
- (m) The Customer and its operations are in compliance with all applicable laws, regulations and orders; and
- (n) There is no judgment, order, decree or administrative decision outstanding against or affecting the Customer or its assets; and

- (o) There is no action, suit, proceeding, arbitration or administrative or other proceeding by or before, or any investigation by any governmental or other instrumentality or agency or body, pending or threatened against or affecting the Customer or its assets; and
- (p) No bankruptcy, receivership, dissolution, liquidation, or winding up or similar proceedings have been commenced or threatened against the Customer; and
- (q) The Customer is not in breach or default under any agreement to which it is a party which in any manner have a material adverse effect on the business or financial condition of the Customer; and
- (r) The information regarding the assets and liabilities of the Customer and other financial information supplied by the Customer presents a fair and true view of the financial condition of the Customer, except as disclosed there has been no Material Adverse Change since the application date of such information and the Customer is not aware of any material facts or circumstances that have not been disclosed to the Bank, if disclosed, might adversely affect the decision of the Bank to provide financing to the Customer; and
- (s) Other than any agreement or contract concerning the security given by the Customer pursuant to these Terms and Conditions, no encumbrance, mortgage, charge, pledge or lien exists over all or any part of such assets of the Customer; and
- (t) The obligation of the Customer, created by the execution and delivery of these Terms and Conditions, rank and will continue to rank at least pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law; and
- (u) The Customer has insurance in full force and effect that is adequate to cover and insure fully against all risks to which the Customer and its assets are normally exposed in the operations of its business; and all information submitted by the Customer to obtain such insurance was, and remains, true, accurate, and complete in all aspects.
- (v) The Customer shall not utilize the Islamic Merchant Finance Facilities for any purposes that may be considered as illegal, haram or repugnant under the rules and principles of Shari'ah (Islamic Law); and
- (w) The Customer has, after having reviewed these Terms and Conditions, the Application Forms and all related documents for the purposes of its permissibility under Shari'ah and, to the extent it has considered this necessary, taken independent advice from advisors specializing in Shari'ah, it is

satisfied that the provisions of these Terms and Conditions, the Application Forms and all related documents do not contravene Shari'ah.

- 4.2. Each of the representations and warranties constituted by this Clause 4 shall be binding and shall be deemed to be repeated on the date of each Deferred Payment Date and/or Payment Date (as the case may be) with reference in each case to the facts and circumstances then subsisting.

5. Undertakings

- 5.1. The Customer shall inform the Bank within three (3) Business Days of any proposed changes to his employment and/or the business that he is conducting.
- 5.2. The Customer shall:
- (a) immediately comply with any request or notice from the Bank requesting any information or documentation that may reasonably be requested by the Bank from the Customer.
 - (b) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licenses and consents required in or by the laws and regulations applicable to the Customer, and any other applicable enforceable in any jurisdiction to enable it lawfully to enter into and perform his obligations under the Islamic Merchant Finance Facilities and these Terms and Conditions or to ensure the legality, validity, enforceability or admissibility in evidence in the jurisdiction of its incorporation of these Terms and Conditions;
 - (c) notify the Bank of the occurrence of any event which results in or may reasonably be expected to result in any of the representations contained in Clause 4 being untrue.
 - (d) promptly inform the Bank of the occurrence of any Event of Default that has occurred or is likely to occur.
 - (e) comply in all material respects with all applicable laws.
 - (f) in the event of the Customer ceasing to carry out such business or profession (in case of the Customer being a partner or owner of a business entity) the Customer shall procure the proceeds from the sale of its business (in case of the Customer being a partner or owner of a business entity) shall, to the extent applicable, be transferred to the Bank towards payment of all the remaining Payment Amounts and/or Instalments (as applicable);
 - (g) immediately provide to the Bank any information or extra documentation that may be requested by the Bank from the Customer from time to time.

- (h) comply in all material respects with all applicable laws; and
- (i) if entering into the Islamic Merchant Finance Facilities for the purpose of availing merchant finance for a business enterprise within the UAE, maintain the Customer's interest as an investor in such business enterprise and promptly notify the Bank if there is any change in such interest.

6. Events of Default and Termination

- 6.1. If in the sole opinion of the Bank any one or more of the following events shall occur and be continuing: it shall constitute Events of Default committed by the Customer under these Terms and Conditions and in respect of the Islamic Merchant Finance Facilities obtained by the Customer:
- (a) the Customer fails to pay any sum due under the Islamic Merchant Finance Facilities in accordance with these Terms and Conditions on its due date; or
 - (b) any representation or statement made in respect of the Islamic Merchant Finance Facilities or these Terms and Conditions or in the Application Form is incorrect or misleading; or
 - (c) the Customer fails to duly perform or observe any of its covenants, undertakings or agreements set forth in these Terms and Conditions, the Application Forms or in any agreement or contract concerning the Security given pursuant these Terms and Conditions; or
 - (d) The Customer fails to pay any persons any amount when due, whether at maturity, by acceleration or otherwise, or defaults (a) under an agreement involving the extension of credit to the Customer; (b) under any security agreement relating to the grant of credit to the Customer or other person; or (c) under any guarantee by the Customer for the extension of credit to a third party; or
 - (e) There is a Material Adverse Change in the financial condition or business of the Customer, or a force majeure event occurs in relation to the Customer or its business; or
 - (f) The Customer becomes bankrupt or insolvent or is generally unable to repay its debts as they become due or initiates proceedings to obtain the benefit of any bankruptcy or other law relating to bankruptcy, insolvency, reorganisation or relief of debtors, or a moratorium is declared with respect to payment of debts (principal or profit) of the Customer; or
 - (g) An administrative order or a judgement being in a final order of judgment is issued by a competent court or authority within or outside U.A.E. against the Customer or an order is issued for the attachment of assets of the Customer and such order continues in force for a period of thirty (30) consecutive days; or

- (h) Any Security provided by the Customer ceases to remain in full force and effect; or
- (i) At any time, it is or becomes unlawful for the Customer to perform or comply with any or all of the Customer's obligations under these Terms and Conditions; or
- (j) Any other event or series of events occurs which in the reasonable opinion of the Bank may result in a Material Adverse Change; or
- (k) The Customer fails to pay any final judgment or court order when due; or
- (l) The Customer who is an individual leaves the country permanently without having settled the finance in full; or
- (m) The Customer does not update revised contact details/ latest valid KYC documents; or
- (n) There shall have occurred a sale, lease, condemnation, government taking, seizure or other disposition of all of the assets of the Customer; or
- (o) The Customer is unable or ceases for any reason to carry on its business; or
- (p) There is a change in the ownership of the Customer without the prior written consent of the Bank; or
- (q) There is a change in the management of the Customer without the prior written consent of the Bank; or
- (r) These Terms and Conditions shall be disaffirmed or challenged by the Customer or shall for any reason cease to be in full force and effect; or
- (s) Any agreement or contract concerning Security given pursuant to this agreement shall be disaffirmed or challenged as to its validity or enforceability by the Customer or the owner of the Security,

6.2. Upon the occurrence of any of the Events of Default, the Bank may,

- a. immediately or at any time thereafter, by written notice to the Customer declare and demand all or any amounts, including, without limitation any outstanding Payment Amounts and/or Instalments of the Deferred Payment Price (as applicable), then outstanding under these Terms and Conditions and unpaid to be immediately due and payable or to be, otherwise, due and payable on demand of the Bank, including, without limitation, all costs and expenses incurred in connection with enforcing any Security and/or Islamic Merchant Finance Facilities and/or Security Documents; and/or

- b. declare the Bank's commitment to make the Islamic Merchant Finance Facilities available to the Customer under these Terms and Conditions as terminated, whereupon all of such and other finance facilities shall terminate immediately; and/or
 - c. demand that the cash deposit to be paid by the Customer with the Bank in an amount equal to the total contingent liability of the Customer under these Terms and Conditions whereupon the same shall be immediately deposited in a remunerative or non-remunerative account as agreed between the Bank and the Customer; and /or
 - d. exercise its rights under any agreement or contract concerning a Security given pursuant to these Terms and Conditions and/or Application Form.
- 6.3. The Bank is hereby authorised to set-off and apply any and all proceeds obtained in the sale of and assets under any agreement or contract concerning a Security given by the Customer pursuant to these Terms and Conditions towards the payment of any or all of the amounts outstanding under these Terms and Conditions between the Bank and the Customer.

7. Indemnity

- 7.1. The Customer undertakes to indemnify and hold harmless the Bank against:
- (a) any cost (excluding any opportunity costs), claim, loss, expense (including legal fees) or liability together with any tax thereon, which it may sustain or incur as a consequence of the occurrence of any Event of Default or any breach or default by the Customer in the performance of any of the obligations expressed to be assumed by it in these Terms and Conditions; and
 - (b) any deficiency in the amounts received by the Bank if such payment is made in a different currency. Such indemnity shall survive any judgment or order in relation to the obligations of the Customer and shall constitute a separate and independent obligation of the Customer.
 - (c) any loss (excluding any opportunity costs) it may suffer as a result of its entering into the Islamic Merchant Finance Facilities requested by the Customer hereunder but not made by reason of the operation of any one or more of the provisions hereof.
- 7.2. The Customer shall hold harmless and indemnify the Bank, its officers, employees and/or agents, against any loss, cost, damage, expense or liability which they or any of them may incur (direct or indirect) as a result of the Bank or any such officer employee or agent acting upon, delaying or refraining

from acting upon instructions of the Customer or purporting to be from the Customer or which the Bank believes to have been issued by or for the Customer.

- 7.3. The indemnification obligations of the Customer under these Terms and Conditions shall survive the termination of these Terms and Conditions and/or Islamic Merchant Finance Facilities.

8. Notices

- 8.1. All notices and other communications under these Terms and Conditions shall be in writing and shall be sent to the respective addresses of the parties as stated in the Application Form or to such addresses as the parties may specify from time to time. Notices may be delivered by hand, facsimile message against a written confirmation of receipt or by registered post or courier or by electronic mail.
- 8.2. Notices sent by fax or electronic mail shall be deemed to be received on the Business Day following the day they are transmitted and if sent by registered post or courier, shall be deemed to be received three (3) Business Days after the date of posting or dispatch (as the case may be) and properly addressed to the addressee.
- 8.3. All communications, notices or documents made or delivered by one party to the other pursuant to these Terms and Conditions shall be in the English or Arabic language.
- 8.4. The Bank has the absolute discretion whether or not to accept, rely or act upon any communication received via telephone, electronic mail or facsimile transmission and shall be entitled to request verification of any such communication by any method the Bank deems appropriate.

9. Right of Freezing, Appropriation, Set off and Recall

- 9.1. Without prejudice to the Bank's absolute right of recovery through any other actions, the Customer hereby authorizes the Bank to exercise the act(s) of freezing and debiting the Customer's Account(s) or the Account of anyone of the Customer's with the Bank and/or with the Bank's branches, subsidiaries and to appropriate and set off the Customer's credit balances, monies, dues, terminals when received by the Bank to adjust, settle and/or recover any amounts, instalments due or deemed/considered or treated by the Bank as due at any time in or towards partial or total satisfaction of any payment obligation which may be due or payable by the Customer to the Bank under these Terms and Conditions and/or the Islamic Merchant Finance Facilities. In cases where an obligation is unliquidated, the Bank may set-off in an amount estimated by it in good faith to be the amount of that

obligation. If obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

- 9.2. The Bank reserves its right to recall outstanding liabilities under the Islamic Merchant Finance Facilities with all profit and other charges as applicable, if the Bank at any time at its sole discretion sees reasonable grounds to do so, and the Customer will be liable to provide sufficient funds to the bank to repay all outstanding liabilities.

10. Waiver

On failure by the Bank to exercise or any delay by the Bank in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

11. Severability

If, at any time, any provision of these Terms and Conditions is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these Terms and Conditions or the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby

12. Assignment

- 12.1. These Terms and Conditions shall be binding on the Customer and the Bank, their respective successors and permitted assigns, heirs and/or legal representatives.
- 12.2. The Customer may not assign or transfer any of its rights or obligations under the Islamic Merchant Finance and these Terms and Conditions without the prior written consent of the Bank.
- 12.3. The Bank may, at any time, transfer or assign any of its rights or obligations under the Islamic Merchant Finance Facilities and these Terms and Conditions without the consent of the Customer.
- 12.4. The Bank may disclose to a potential assignee or transferee or to any other person who may propose entering into contractual relations with the Bank in relation to the Islamic Merchant Finance Facilities such information about the Customer as the Bank may consider appropriate.

13. Errors and Miscalculations

In the event of any error or miscalculation in respect of any amounts payable by the Customer to the Bank under these Terms and Conditions, the Bank reserves the right to issue a notification to the

Customer providing the corrected calculation. The Customer shall be required to pay the relevant corrected amounts with effect from the date of the said notice.

14. Costs, Expenses, Taxation

The Customer shall pay to the Bank on demand all costs, charges and expenses arising in connection with the Islamic Merchant Finance Facilities including fee, commissions, exchange, levy, incidental charges, postage/fax/telex/telegram/telephone charges, correspondence charges, legal expenses/fees and all sums due to the Bank for the Islamic Merchant Finance Facilities, or preservation or enforcement of the Bank's rights under these Terms and Conditions, Application Form and Securities, and all Taxes, duties, fees (including administrative fees) and other charges of whatsoever nature levied or imposed by any authority in respect of the Customer's obligations under these Terms and Conditions, Application Form and Securities.

15. No Interest

Nothing in these Terms and Conditions shall oblige the Bank or the Customer to pay interest or to receive any interest on any amount payable in violation of Shari'ah or to do anything that is unacceptable under Shari'ah.

16. Binding obligations:

These Term and conditions shall be binding on the parties hereto and on their respective heirs, executors, administrators, successors and permitted assignees, and shall inure to the benefit of each of them and their respective successors and permitted assignees.

17. Waiver of Immunity

The Customer hereby irrevocably agrees not to claim, and hereby irrevocably waives any claims to, immunity for itself or for its assets from suit, judgment, execution, attachment or other legal process.

18. Governing Law and Jurisdiction

18.1. These Terms and Conditions and the Islamic Merchant Finance Facilities and the construction, performance and validity shall be governed by and construed in all respects in accordance with the laws of the UAE and the principles of Shari'ah.

18.2. The Customer irrevocably agrees for the benefit of the Bank that the courts of the UAE shall have non-exclusive jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes

which may arise out of or in connection with these Terms and Conditions and the Islamic Merchant Finance Facilities and, for such purposes, irrevocably submits to the jurisdiction of such courts.

19. Disclosure of Information

- 19.1. The Bank may disclose any information relating to the Customer or to the Customer's transactions to any third party including any governmental or regulatory body, any credit agency, any affiliate or advisor or any other bank or financial institution. For avoidance of doubt, the Customer shall not be permitted to disclose any information relating to these Terms and Conditions and the Islamic Merchant Finance provided by the Bank to any third party without the prior written consent of the Bank.
- 19.2. The Bank is authorized to disclose and share Consumer's Information to any third party including a Credit Information Agency / and any authorized debt collection agency/agent. This is to enable the authorized debt collection agency/ agent to follow up with the Customer/ any appropriate third party duly authorized by the Customer.

20. Counterparts

These Terms and Conditions may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Terms and Conditions

21. Credit Bureau

- 21.1. In order to comply with the applicable laws and regulations and for the purposes of getting Customer's personal information, (ii) managing Customer's account(s) and the transactions entered into by the Customer , (iii) executing any product or service subscribed by the Customer including but not limited to finance and credit cards and (iv) evaluating Customer's eligibility for provision of any products and services offered by the Bank , the Customer hereby irrevocably and unconditionally agree, consent and authorise the Bank, its subsidiaries, agents and bank's third-party service providers, and any others as the Bank may deem appropriate and at its sole and absolute discretion, to:
- (a) Collect, seek, obtain, confirm and keep updated all information relating to the Customer including but not limited to Customer's personal details, details of Customer's accounts, statements, Islamic Finances, current and previous credit card, banking transactions, repayment history and any default (the "Information"); and

- (b) Disclose and exchange the Information with or obtain from any government authority and/or quasi government authority and/or private entities, including but not limited to AlEtihad Credit Bureau, or any other third party.

21.2. The Customer undertake to regularly provide the Bank with the requested Information and keep this Information updated as long as the Customer shall remain customer of the Bank.

22. Sanctions Clause For Customer Finance Agreements

22.1. The Customer agrees not to use the finance amount for any unlawful activity including breach of any applicable sanction imposed by a local or foreign regulator or any other authority(ies) having relevant jurisdiction. In the event the Customer becomes aware of any breach of any applicable sanction, the Customer shall inform the Bank immediately - www.mashreq.com/sanctions.

22.2. In the event that the Bank discovers/suspects that the finance is used for an activity that breaches any applicable sanctions programme, the Bank reserves the right to cancel such finance unilaterally and request that the Customer refunds the outstanding amount. Upon such request the Customer shall, in agreement with the Bank, immediately make arrangements to return the outstanding amount.

23. Other terms and conditions

23.1. Each monthly instalment comprises of a "Profit component" and a "Principal component" which shall be paid towards the settlement of the finance. Any instalment received shall be first applied toward the profit outstanding and the balance towards the principal outstanding amount of the finance. The Customer fully understands the Bank's calculation of instalment and repayment of finance and hereby accepts such computation.

23.2. The above calculation is also applicable for buy-out finance/additional facility where only the outstanding amount with respect to Customer's existing finance is disbursed to the lender/ financial institution while the balance of the finance sanctioned to the Customer shall be retained with the Bank. Such balance amount shall not be available for utilisation to the Customer, until fulfilment by the Customer of the condition's precedent (to the satisfaction of the Bank) as set out in these Terms and Conditions, the Application Form or as otherwise notified to the Customer by the Bank. The Customer expressly agrees that any profit that may be accrued on the aforesaid balance amount during the

period extending from the sanction of the finance up to the date of fulfilment by the Customer of the conditions precedent (to the satisfaction of the Bank) as set out in in these Terms and Conditions, the Application Form or as otherwise notified to the Customer by the Bank , shall be recovered by the Bank

- 23.3. The Customer further agrees and undertakes not to stop or cancel the standing order given by it to its Account with the Bank any other bank without the Bank's prior written approval. Furthermore, the Customer hereby agrees and acknowledges that it shall be held responsible for any stoppage or otherwise non-transfer of its PoS settlement to the Account held with the Bank or any other bank. In the event of the Customer' inability to pay any amount due hereunder, the Bank is hereby irrevocably and unconditionally authorised to withdraw/freeze such amounts from any or all of the Customer's Accounts with the Bank or any other bank.
- 23.4. The Customer has chosen, and the Bank has agreed, Dubai as the Customer's place for delivery of Cheques.
- 23.5. The Customer waives any right to claim against the Bank and its affiliates or parent for any claims which may arise for any reason whatsoever against any previous dues.
- 23.6. The Customer accepts and agrees to abide by the terms and conditions of the new finance sanctioned to it and also authorise the Bank to settle then current outstanding finance.
- 23.7. Unless required by law, the Customer shall keep these Terms and Conditions and all related information in full confidence and shall not disclose any of it to any third party, unless the Customer obtains a prior written approval from the Bank.
- 23.8. The Customer agrees to keep the sufficient balance in its account for the recovery of monthly instalment of Deferred Payment Price and the Bank is not under any obligation to affect the payment of the account has insufficient funds.
- 23.9. The Bank is hereby authorised to recover the amount of each instalment(s) on the due date from the account.
- 23.10. The Customer also authorises the Bank to set off from Customer's Takaful insurance entitlement(s) The Bank shall have the right to delegate advocates and collection agents (inside the UAE or abroad) to follow up the collection of any amounts due to the Bank from the Customer. The Customer authorises the Bank to provide them with any information or documents relating to the accounts of the Customer.

The advocates and collection agents shall have the right to take any appropriate action on behalf of the Bank for the purpose of carrying out their mission which includes contacting the Customer.

- 23.11. The Customer and Guarantor(s) participating in Takaful policy confirm that the sum of money of the plan shall be paid in full to the Bank to set off the Customer's dues under the Islamic Merchant Finance Facilities in accordance with these Terms and Conditions.
- 23.12. The Bank reserves the right to initiate a hold on the PoS settlement account equivalent to the equated monthly instalment 7 days prior to the due date of instalment(s).
- 23.13. The Customer's liability to the Bank for the repayment of the Islamic Merchant Finance Facilities outstanding, profit, commission(s) and other charges shall be joint and several as principal debtors/first obligors. It shall also bind the Customer's successors/assignees.

24. VAT

- 24.1. All amounts expressed to be payable under these Terms and Conditions by the Customer to the Bank which (in whole or in part) constitute the consideration for any fees for services for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that fees for services, and accordingly if VAT is or becomes chargeable on any fees for services by the Bank to the Customer under these Terms and Conditions and the Bank is required to account to the relevant tax authority for VAT on that fees for services, that Customer must pay to the Bank (in addition to and at the same time as paying any other consideration for such fees for services or at the point the VAT becomes due to be paid by the Bank if earlier) an amount equal to the amount of that VAT and the Bank must promptly provide an appropriate VAT invoice to the Customer where so required to by law).
- 24.2. Where these Terms and Conditions requires the Customer to reimburse or indemnify the Bank for any fees for services, the Customer shall reimburse or indemnify (as the case may be) the Bank for the full amount of such fees for services, including such part thereof as represents VAT, save to the extent that such the Bank reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- 24.3. In relation to any services provided by the Bank to the Customer under these Terms and Conditions , if reasonably requested by the Customer, the Bank must promptly provide the Customer with details of the Banks VAT registration and such other information as is reasonably requested in connection with the Customer's VAT reporting requirements in relation to fees for services provided.

25. Cooling Off period (Your Right to Cancel):

In line with the Consumer Protection Standards issued by the UAE Central Bank pursuant to the Consumer Protection Regulation (Circular No. 8 – 2020), the Customer is hereby informed that it has the right to withdraw or cancel its Islamic Merchant Finance Application within 5 Business Days from the date of accepting the Murabaha contract thereof (“Cooling-Off Period”). On the 6th Business Day (or 1 day after the expiry of the Cooling-Off Period), the Customer must inform the Bank of its decision to cancel or withdraw the Islamic Merchant Finance Application and pay the finance amount that was credited into Customer’s account and/or the amount that was paid by the Bank to another bank to buyout your liabilities otherwise, the same shall continue to apply and shall be deemed confirmed by the Customer.

The Bank will, during the Cooling-Off Period, provide the Customer with access to its Account/Finance and other account related services, subject to satisfactory KYC and compliance checks and procedures of the Bank.

Should the Customer choose to waive it’s right to the Cooling-Off Period, it must, in writing, notify and/or confirm to the Bank such intention. It must be noted that if the Customer opt to cancel or withdraw the Islamic Merchant Finance Application within the Cooling-Off Period, the Customer shall be responsible to pay all costs and charges that the Customer may have incurred in relation to its Account and Islamic Merchant Finance Facilities during the Cooling-Off Period and before the cancellation of its Account and/or Islamic Merchant Finance Facilities .

26. Acceptance

- 26.1. The Customer hereby confirms the Customer's acceptance of all of these Terms and Conditions
- 26.2. The Customer hereby authorises the Bank to insert the date on the said Cheque and present it for payment on the inserted date upon default of payment of any instalment of the Islamic Merchant Finance Facilities amount on its due date or in the occurrence of any of the other Events of Default.