

**GENERAL TERMS AND CONDITIONS FOR BML ISLAMIC FINANCING FACILITIES**

***This document constitutes the General Terms and Conditions for BML Islamic Financing Facilities of Bank of Maldives Plc, which is attached to, and forms an integral part of the Sanction Letter signed between the Bank and the Client. In the event of any disparity between the terms and conditions of the Sanction Letter and these terms, the terms and conditions of the Sanction Letter shall take precedence.***

**1. DEFINITIONS**

- 1.1. "Asset" means the asset defined in the Clause 4 of the Sanction Letter, and shall where the context so requires and the reference so applicable include any addition to it.
- 1.2. "Bank" means Bank of Maldives Plc, 11Boduthakurufaanu Magu, Male', Republic of Maldives and shall where the context admits, mean and the successors-in-title, administrators, assignees and agents of Bank of Maldives Plc.
- 1.3. "Beneficiary" means the entity or person(s) specified in Clause 1(d) of the Sanction Letter and shall where the context so requires, include, in the case of a body corporate, the successors-in-title, liquidators, administrators and permitted assignees of the Client or in the case of an individual his/her heirs, successors, executors, administrators, assignees and personal representatives.
- 1.4. "Client/Customer" means the entity or person(s) specified in Clause 1(a) of Sanction Letter and shall where the context so requires include, in the case of a body corporate, the successors-in-title, liquidators, administrators and permitted assignees of the Mortgagor or in the case an individual his/her heirs, successors, executors, administrators, assignees and personal representatives.
- 1.5. "Conditions Precedent" includes the conditions specified in Clause 6 of the Sanction Letter which must be fulfilled prior to requesting for disbursement. The Bank reserves the right to cancel the facility on the grounds that the Client is ineligible, in the event (1) if any information provided by the Client is not proven to be true or/and (2) if the Client is liable to any past due payments to another party before the date of the initial disbursement.
- 1.6. "Diminishing Musharaka" is the co-ownership arrangement entered into between the Bank and the Client via the respective Sanction Letter attached here, in which the Bank and the Client contribute to the capital of the Musharaka to purchase/construct the Asset and the gradual purchase by the Client of the Bank's Share in the Musharaka throughout the duration of the Facility.
- 1.7. "Facility" means the financing facility specified in Clause 2 of the Sanction Letter, and the type of contract under which the facility is availed.
- 1.8. "Finance" means any and all amounts disbursed by the Bank to the Client, and reduced by the Client from time to time by payments/repayments/purchase or in any other way applicable to the type of contract, as per the Sanction Letter.
- 1.9. "Group Exposure" means the total exposure, at any given time, of the Client, its subsidiaries and associates/affiliates including any credit or financing facility where the Client stands as Guarantor and/or Mortgagor.
- 1.10. "Guarantor" means the entity or person specified in Clause 1(c) of the Sanction Letter who guarantees the obligations of the Client arising out of or associated with the Facility and shall where the context so requires include, in the case of a body corporate, the successors-in-title, liquidators, administrators and permitted assignees of the Guarantor or in the case of an individual his/her heirs, successors, executors, administrators, assignees and personal representatives.
- 1.11. "Guaranty" means a letter of personal/corporate guarantee signed by the Guarantor and offered as security for the provision of the Facility.
- 1.12. "Islamic Shari'ah" means Islamic law, derived from the religious precepts of Islam, primarily the Quran and the Sunnah, with the application as interpreted by the Shari'ah Council of the Maldives Monetary Authority.

- 1.13. "Mortgagor" means the entity or person specified in Clause 1(b) of the Sanction Letter and shall where the context so requires include, in the case of a body corporate, the successors-in-title, liquidators, administrators and permitted assignees of the Mortgagor or in the case an individual his/her heirs, successors, executors, administrators, assignees and personal representatives.
- 1.14. "Payment Request" or "Disbursement Request" means a request from the Client to the Bank substantially in the form set out in Appendix A, requesting for disbursement of a Financing Amount to the Client/Supplier(s) under the Sanction Letter.
- 1.15. "Purpose" or "Project" means the purpose for extending the Facility as specified in Clause 4 of the Sanction Letter.
- 1.16. "Sanction Letter" means the letter containing the agreement between the Bank and the Customer/Client for the purpose of obtaining a financing facility and incorporates the terms and conditions for the provision of the said facility.
- 1.17. "Security/Collateral" means the properties and ownership rights described in Clause 11 of the Sanction Letter, together with all the Mortgagor's/Guarantor's rights, interests and titles on and to the same.
- 1.18. "Wakala" or "Wakala contract" is a binding contract between the Principal (muwakkil) who authorizes the Agent (wakil) to perform particular task(s), with or without a fee. In a Wakala agreement a Wakeel may be appointed to invest in a restricted manner. For the purposes of the Wakala, "Principal" means the Bank where the contract is Wakala bil isthithmar (investment agency), and the Customer where the contract is Wakala bil ujah (fee based agency). "Agent" means the Customer where the contract is Wakala bil isthithmar (investment agency), and the Bank where the contract is Wakala bil ujah (fee based agency).
- 1.19. "Performance Bonus/Incentive Fee" means any profit generated in excess of the Anticipated/Expected Profit from a Wakala Transaction where investment is managed by the wakil as specified in an offer.
- 1.20. "Wakala Assets" means the assets acquired by the Agent for and on behalf of the Bank under the Investment.
- 1.21. "Wakala Amount" means the proposed amount to be invested in relation to a Wakala Transaction.
- 1.22. "Wakala Fee" means a fee to be paid by Muwakkil to Wakil for service rendered hereunder, as agreed between the parties on a case by case basis.
- 1.23. "Wakala Transaction" means the Wakala Amount(s) invested by Muwakkil from time to time.
- 1.24. "Murabaha" means a mutually agreed contract of sale in which the seller declares his cost and the profit.
- 1.25. "Kafalah" refers to a contract where the guarantor conjoins the guaranteed party in assuming the latter's specified liability. The specific inherent nature of Kafalah is to provide assurance on the fulfilment of an obligation of the guaranteed party's liability. Kafalah is binding on the guarantor.
- 1.26. "Beneficiary/ Makful lahu" means the creditor or a party who has the right to claim the liability from the guaranteed party or the guarantor.
- 1.27. "Ijarah" or "Ijarah contract" is a lease contract that transfers ownership of the usufruct of a service for an agreed period in exchange for an agreed consideration. As such, the ownership of usufruct of a service (which refers to leased service(s)), may remain with the Bank, which is the lessor, subsequent to the completion or termination of the Ijarah contract. Ijarah is offered as an Ijarah mawsufah fi zimmah (where usufruct of the service based on the agreed specification, will be transferred in a future date as also referred as Service Ijarah).
- 1.28. "Service" means the service defined in the Clause 4 of the Sanction Letter, and shall where the context so requires and the reference so applicable include any addition to it.

- 1.29. "Effective Profit Rate (EPR)" means the effective financing rate applicable as per the Schedule of Charges and Fees of the BML Islamic for financing facilities availed under CPR concept.
- 1.30. "Ceiling Profit Rate (CPR)" means the contracted financing rate agreed between the bank and the customer at the inception of the Murabahah Sale Agreement or Ijarah Agreement or Credit Sale of Musharakah Share
- 1.31. "Tawarruq" is a transaction where the Bank buys a Shari'ah compliant commodity from a third party at Cost Price (Financing Amount) and sells the same to the Customer and the Customer buys the commodity at Sale Price (Cost plus markup price).
- 1.32. "Commodity" means any such Shari'ah compliant commodities other than the items in the category of medium of exchange such as currencies, gold, silver and debt instruments which is utilised by the Bursa Suq Al-Sila' or any other commodity trading platforms approved by the Shari'ah Council of MMA.
- 1.33. "Murabahah Offer and Acceptance" means the offer and acceptance of Murabahah transaction entered between the Bank and Customer regarding the Facility issued by the Bank and duly accepted by the Customer under Tawarruq terms.
- 1.34. "Charity Fund" means a fund where income from Shari'ah non-compliant sources or penalties and late payment charges received from Customer(s) in default or overdue cases are channelled.
- 1.35. Unless the context otherwise requires, a reference to:
- 1.35.1. the singular includes the plural and vice versa;
  - 1.35.2. a gender includes all genders;
  - 1.35.3. a document is a reference to that document (including any schedules, exhibits and annexure) as amended, consolidated, supplemented, novated or replaced;
  - 1.35.4. an agreement includes any deed, agreement or legally enforceable arrangement or understanding whether written or not.

## **2. GENERAL TERMS AND CONDITIONS**

- 2.1. Utilization of the facility is subject to accepting of the Sanction Letter by the Client and completion of documentation formalities for Security detailed in Clause 11 of the Sanction Letter.
- 2.2. The Client agrees to, wherever and to the degree to which the Client has been sanctioned to bear the expenses of procuring and maintaining the takaful policy on the financed asset as per the Sanction Letter, promptly following acceptance of the terms of the Sanction Letter and until such time as full and final and irrevocable payment of any and all amounts payable under this Sanction Letter have been made, procure and maintain at the cost and expense of the Client, suitable takaful cover(s) in an amount acceptable to the Bank on the financed asset and all assets offered as security for the Facility, which takaful policy shall include the Bank as a joint beneficiary and co-insured. Any excess Takaful contribution made over the procured amount shall be returned to the Customer at the final repayment of the financing facility.
- In the event the Client fails to procure and/or maintain such takaful cover after the grant of the Facility, the Bank shall be entitled, without obligation, to procure and/or maintain such takaful policy and any other takaful policies as the Bank may from time to time determine to safeguard the Asset, security and the interests of the Bank as mortgagee. In such event of failure to comply with the agreed terms, the takaful contribution and other relevant fees and expenses including any costs incurred to obtain the takaful, failing which the Bank may debit the takaful contribution to the financing facility account, in which case such amount will be added to the Financing Amount of the Facility, and will be payable in full by the Client with any increased share prices and increased lease amount or other charges or penalties thereon, within the approved term of the Facility, according to any revised payment schedule that the Bank may demand.

The Bank also reserves the right to debit any of the Client's accounts maintained with the Bank to recover such amounts without further notice, regardless of whether such debit will result in overdrawn position of the account. Any such overdrawn will be treated as unauthorized and all relevant penalties as per Schedule of Charges and Fees of BML Islamic, will be applicable. For the purpose of this Clause, financing facilities approved from 1st September 2018 shall be required to procure "BML Takaful" for the purpose of obtaining takaful of assets offered as security for financing facilities unless otherwise approved in writing by the Bank. If the Client wishes to obtain a takaful policy other than BML, the Client shall obtain prior written consent and approval of the Bank. In case where the Client is obtaining a BML Islamic Home financing facility for the purchase of a condominium/ apartment in a condominium/ multi-apartment Complex, and where takaful coverage for the whole condominium/multi-apartment complex is obtained by the condominium/multi apartment complex management; the said takaful policy must be amended in order to accommodate the bank as a co-beneficiary of the existing takaful policy. If the above is not agreed by the condominium/multi apartment complex management, the Client must have to obtain a separate Takaful policy through the Bank for the value of the unit for which the financing facility is obtained to satisfy the collateral takaful requirement

- 2.3. Request for disbursement of funds under the Facility must be received by the Bank not later than the period specified in the Sanction Letter after compliance to the Conditions Precedent set forth in the Sanction Letter. If request for disbursement of funds under the Facility is received beyond the period specified in the Sanction Letter, a review of the Project will be undertaken and amendment fees may be applicable if approved.
- 2.4. Subject to the terms and conditions of the Sanction Letter, the Client hereby unconditionally and irrevocably instructs the Bank to provide the Facility to it by crediting the amounts specified in the Payment Request to its account/the financing accounts or the account of the Supplier/Seller as may be applicable.
- 2.5. Upon transfer of any amount by the Bank to the account of the Client or Supplier/Seller pursuant to any Payment Request by the Client, the Bank shall be deemed for all purposes to have provided the amount in favour of the Client, and the Client shall be deemed to have utilised from the Bank the amount transferred upon the terms and conditions of the Sanction Letter.
- 2.6. The Client must meet any contingencies that might escalate costs of the Project from their own funds. However, if the cost escalation is substantial, Bank may, at its absolute discretion, allow enhancements to the facility subject to all required criteria being met.
- 2.7. The Client must make arrangements to meet foreign currency requirements (if any) from sources other than the Bank.
- 2.8. The Client shall comply with all taxation (including zakat) laws under which the Client is subject to taxation and ensure all tax returns are filed and all taxes and statutory dues (including penalties, fines and charges, or any other payments in respect of taxes) are paid on time. The Client must regularly submit to the Bank, as evidence of tax payment, tax return vouchers and subsequent tax payment vouchers, for each payment period as declared by Maldives Inland Revenue Authority (MIRA), until full adjustment of the Facility.
- 2.9. The Client must inform the Bank in the event the Client obtains any additional credit facility or financing facility from a lender or financier other than the Bank, specifying the amount availed and the respective lender or financier of the facility.
- 2.10. All credit or financing facilities in the name of the Client /Mortgagor /Guarantor should remain regular at all times during the tenor of this facility.
- 2.11. All facilities in the name of the Client must be paid/settled as per the sanctioned terms and within the sanctioned tenor.
- 2.12. The Bank reserves the right to revise the financing rate and other fees chargeable under the Sanction Letter at its absolute discretion (as per the terms of the specific contract) and the variation shall take effect from the date specified in the Bank's notice to the Customer.

- 2.13. Bank reserves the right to cancel the Facility, by summarily terminating the Contract (specified in Clause 2 of Sanction Letter), and recover all amounts accrued and due and payable to the Bank as well as any actual loss, at the time of termination of the said Contract, as a result of violation of any terms of Sanction Letter or due to any other reasons. Notwithstanding the final maturity/expiry date of the Contract, it is subject to satisfactory review by the Bank annually or any other time as decided solely by the Bank. The Bank may at its absolute discretion cancel the contract and any other credit or financing facilities extended to the Client in the event of a significant deterioration in financial and operating performances, material change in shareholding structure, or significant deterioration in the prevailing market value of the collateral. For the purposes of Contracts specified in Clause 2 of the Sanction Letter, the cancellation/termination of the Facility by the Bank means the termination of the said Contract by the Bank.
- 2.14. Penalty charges and/or increased profit and/or share prices and increased or lease amounts up to the rate specified in the Sanction Letter or prevailing Schedule of Charges and Fees of BML Islamic may be charged on a case by case basis on all outstanding facilities of the Client availed or guaranteed singly or forming part of Group Exposure, due to non-compliance under any terms of the Sanction Letter, including, but not limited to the following circumstances:
- 2.14.1. If the Client fails to meet any payment commitments under Letters of Credit (LC), including but not limited to, failure to retire the LC documents on maturity; or
- 2.14.2. In the case of all other financing facilities, unless stated otherwise, if the Client fails to pay any due amount or part thereof within the period of 90 (ninety) days from the due date as per terms of respective Sanction Letters; or
- 2.14.3. In the event of cancellation of the limit pursuant to sub-clause 2.13, if the Client fails to adjust the dues within the period stipulated by the Bank at the time of such cancellation.
- 2.15. If, at any time the Client fails to make any scheduled payments or fails to operate within the approved Facility limit, the Bank is authorized without prior notice or demand to retain any credit balance and the payment of profit or other moneys in relation thereto to which the Client/Guarantor is entitled to on any account including term deposits, in any currency, at any of our offices/branches. The Bank may set-off from such credit balances, the maximum liability which may at any time be or become due to the Bank by the Client.
- 2.16. The Client/Mortgagor/Guarantor unconditionally authorizes the Bank to disclose information relating to the Client/Mortgagor/Guarantor and their Bank liabilities to MIRA, Maldives Monetary Authority, Credit Information Bureau or any other authorities such as Maldives Police Service, Courts, Anti-Corruption Commission·Auditor General's Office· The Client/Mortgagor/Guarantor will not have any recourse to the Bank in the event of making such disclosure.
- 2.17. The Client/Mortgagor/Guarantor hereto consents that all disputes arising in connection with the Facility/Agreement shall be tried and litigated exclusively in Civil Court, Male' as per section 69(g) of the Courts Act of Maldives, Law No 22/2010. As such, the Client/Mortgagor/Guarantor waives any right of the Client/Mortgagor/Guarantor may have to assert under any other provision of the Courts Act, to object as to the venue with respect to any proceedings brought in the Civil Court for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement.
- 2.18. All legal fees, costs and expenses in connection with the preparation, registration, and execution of the Contract and enforcement of the Client's obligations under the Contract are to be borne by the Client and will be debited from the Client's account.
- 2.19. Details of the profit rates and other fees and charges applicable as per the relevant Contract are stated in the Schedule of Charges and Fees of BML Islamic published by the Bank and made available on the Bank's website, copies of which are available on request at any of the Bank's branches. All charges, fees, profit rates, fines and margins are subject to change where applicable without notice at the Banks sole discretion and

- any such changes/additions to the Schedule of Charges and Fees of BML Islamic will be communicated by publication of such notice of change/addition on Bank's website.
- 2.20. Any demand or notice or other correspondence from the Bank to the Client/Mortgagor/Guarantor will be considered to have been duly served and communicated if sent either by hand delivery, ordinary or registered mail, to the address stated in the Sanction Letter and other financing/mortgage documentation. The Client/Mortgagor/Guarantor without delay must inform the Bank if there is any change in the address.
  - 2.21. Each of the terms and conditions contained herein shall be severable and distinct from one another and if at any time any one or more of such terms and conditions is or becomes invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected thereby.
  - 2.22. The failure by the Bank to exercise or enforce in any instance any of the terms or conditions of the Sanction Letter, or to insist upon strict performance by the Client/ Mortgagor/ Guarantor of any of the provisions of these terms shall not constitute or be deemed a waiver of Bank's rights thereafter to enforce each and every term and condition of this Agreement.
  - 2.23. If Client fails to comply with any terms and conditions stipulated in the Sanction letter or the BML Islamic's General Terms and Conditions for Financing Facilities (including submission of any documents required by the Bank, or taking any action without obtaining the Bank's prior written consent where such prior written consent is explicitly made a requirement). In this event the Customer undertakes to pay the Bank non-compliance penalty, until full compliance with the Bank's terms and conditions. Non-compliance penalty will be made at the rate specified in the Sanction Letter, and the penalty amounts will be paid to the Bank's Charity Fund.
  - 2.24. This Agreement (unless stipulated otherwise) is governed by and will be construed in accordance with Maldivian Law and Islamic Shari'ah, and each of the parties to this Agreement submit to the exclusive jurisdiction of the courts of the Republic of Maldives. Provided that in the event of a conflict between Maldivian Law and the Islamic Shari'ah , the Islamic Shari'ah , as interpreted by the Shari'ah Council of MMA, shall prevail and be final and binding.
  - 2.25. In the event of Project delay from agreed project schedule or payment schedule, the Client shall provide the Bank an updated schedule prior to end of quarter, failing which, penalty is payable quarterly (based on actual quarters from the date of initial disbursement) on the amount (if it exceeds MVR 1m or USD 100,000) that has not been unutilized in that particular quarter.
  - 2.26. During the construction of the project, Client agrees to ensure that the project is covered by valid Contractor's All Risk Takaful policy. The Bank has a right to require the Client to submit a report of construction progress periodically.
  - 2.27. The Bank reserves the right to debit any of the Customer's accounts maintained with the Bank to recover any amount payable to the Bank including but not limited to fee(s), fine(s) or penalty(ies), without further notice, regardless of whether such debit will result in overdrawn position of the account. Any such overdrawing will be treated as unauthorized and all relevant penalties as per Schedule of Charges and Fees of BML Islamic, will be applicable.
  - 2.28. For the purpose of Charity Fund distribution, the Customer appoints the Bank to pay any amount in Charity based on the accrued Charity Account balance, irrespective of whether the Charity amount has been received from the Customer or not. The Bank may fulfil the agency based on its discretion, and any funds received, after having been accrued and disbursed by the Bank prior to the payment from the Customer, will be used to set off against the Bank's early disbursement

### **3. CONDITIONS BASED ON TYPE OF FACILITY**

- 3.1 For Demand/Term Facilities:

- 3.1.1 Disbursement will be withheld if financing proceeds have not been fully utilized as per invoices submitted at the time of disbursing and facility balance (undisbursed amounts if any) shall be cancelled.
  - 3.1.2 For BML Islamic Retailers' Financing Facilities, the Customer agrees to pay monthly instalment amount(s) as per the financing contract(s) to the bank on every month, if the customer fails to pay the amount on due date, the bank will settle the amount (MVR/USD and other currency) from the customer's account at the end of the month. The customer agrees to keep the minimum amount required to pay the instalments, in the account's balance.
- 3.2 For Overdraft(OD)/Temporary Overdraft (TOD) Limits:
- 3.2.1 Regular and satisfactory transaction in customer's accounts must be carried out throughout the term of the Facility. Customer's failure to abide by the terms may compel the Bank to cancel the Facility and call back the entire outstanding.
  - 3.2.2 If due to any reason / oversight the overdraft account debit balance shows an excess over drawing in the account, the Customer undertakes to adjust it immediately either by depositing cash, cheque, etc.
  - 3.2.3 Customer undertakes to operate the overdraft account within the approved limit; failing which sub-clause (2.13) will come into effect.
  - 3.2.4 The Customer agrees to pay in full, the amount disbursed by the Bank under BML Islamic Retailers' Financing Facility.
  - 3.2.5 The Customer agrees that this financing facility be made available by utilising account(s) held by the customer at the bank, whereby the customer can withdraw funds exceeding the accounts' available balance, for the purposes of financing. In such case the contract of this financing facility and contracts of the account(s) (i.e. Wadi'ah) should be executed independently.
- 3.3 For Letter of Credit (LC):
- 3.3.1 Applications for LCs under the facility must be received on or before the expiry as specified in the Sanction Letter.
  - 3.3.2 Customer to make arrangements to deposit US Dollar funds from sources other than the Bank to enable timely retirement of LCs availed under the facility.
  - 3.3.3 The contractual relationship between the Bank and the Customer will be Wakala bi al-ujrah (fee based agency).
- 3.4 For Trade Murabaha Financing:
- 3.4.1 Trade Murabaha Financing may be allowed for Sight LCs with each Trade Murabaha Financing not exceeding 90 days and for Usance LCs, the credit period together with TR facility will be capped at 90 days.
  - 3.4.2 The contractual relationship between the Bank and the Customer will be Murabaha.
- 3.5 For Bank Guarantees:
- 3.5.1 In the event the Bank is required to make any payment under the guarantee, such payment will be made by the creation of a new overdraft account in the name of the Customer, and the customer undertakes to pay a penalty to the Bank's Charity Fund at the prevailing rates of the Bank for unauthorized overdrafts as per BML Islamic Schedule of Charges and Fees.. The Customer must on demand repay to the Bank any and all sums paid out by the Bank, including penalty on any new overdraft account(s) created to meet the payment obligations under the guarantee. Bank also reserves the right to set-off all sums paid out by the Bank against any moneys of the Customer with the Bank as outlined under clause 2.15 above.

- 3.5.2 In the event the Bank guarantee is partially or entirely covered by cash margin, the contractual relationship between the Bank and the Customer will be Wakala bi al-ujrah (fee based agency) for the covered portion and Kafalah for the uncovered portion.
- 3.5.3 The Customer agrees to pay the Bank's charges as per the BML Islamic Schedule of Charges and Fees.
- 3.5.4 In the event the customer defaults, the beneficiary shall claim from issuing bank. If there are no defaults, the beneficiary will return the facility, upon maturity, to the Customer for the cancellation of the guarantee by the issuing bank.
- 3.5.5 In the event if the Bank Guarantee is called, and the Customer fails to arrange the recourse amount on the payment date, the bank will not charge an additional fee beside the actual cost incurred for the unsecured portion effective from the payment date to the beneficiary. A temporary 'Qard' (loan) will be availed for the customer for the recourse amount, and a penalty can be levied on the 'Qard' facility to deter the customer from unreasonable repayment delay. The customer undertakes to pay all penalty collected to the Bank's Charity Fund after deducting the actual expense incurred by the bank for the recovery of the funds from the customer.

3.6 For facilities under affordable Housing scheme:

- 3.6.1 In considering this financing/ credit facility is granted under the Affordable Housing Scheme Regulation of the Maldives Monetary Authority intended to facilitate affordable financing for ownership of personal housing to specific income groups, should the Bank observe the following circumstances, the applicable financing rate on the balance remaining (including any undisbursed funds) will be converted to the prevailing commercial rate and repayment terms will be revised in conformity with commercial rates, at the discretion of the Bank:
  - 3.6.1.1 Improvement in Customer's(s') financial standing which qualifies the Customer(s) to avail a similar financing/credit facility at the prevailing commercial rate; and/or
  - 3.6.1.2 The property financed by this financing/credit facility is utilized for any purpose other than for the personal dwelling of the Customer(s).

#### 4. CONDITIONS BASED ON CLIENT ENTITY TYPE

- 4.1. If the Client's entity is more than one person:
  - 4.1.1. Each of the Clients covenants that they will be jointly and severally liable to repay the facility in accordance with the Sanction Letter.
- 4.2. If Client /Mortgagor/Guarantor is a company:
  - 4.2.1. Any change in shareholding structure of the Client/Mortgagor/Guarantor shall be made only after obtaining prior written approval from Bank.
  - 4.2.2. Regardless of any change in Articles of Association, Memorandum of Association, and/or legal position of Company/ Partnership/ Firm, the Customer is responsible for the agreed terms and conditions made in the Sanction letter and /or Application form.

#### 5. CONDITIONS BASED ON FINANCING PURPOSE

- 5.1. For house construction/renovation financing:
  - 5.1.1. Equity investment to the Project to be routed through the Bank.
  - 5.1.2. The Client shall not enter into any type or kind of lease construction contracts with any third party in respect of the Project, whereby the lessee undertakes to partly or fully complete construction of the property, unless and until the facility has been fully settled/paid. Prior written approval from Bank is required before any changes can be brought and implemented to any term, condition or provision of any existing lease amount or construction contract in respect of the Project. The Client shall inform the

- Bank of any change in any information provided by, or in any change in circumstance of, the Client(s) at time of facility approval.
- 5.1.3. All rent/lease/income proceeds of the Client shall to be routed through the Client's debt service account assigned by the Bank to meet facility payments.
- 5.1.4. All rent/lease/income proceeds of the Client from the Project are to be routed through the Client's debt service account assigned by the Bank to meet facility payments. The Client shall ensure that this provision is included in all lease/rental agreements entered by the Client with third party lessees in respect of the Project. Such rental agreements entered into with third parties must be submitted to the Bank within 03 (three) months from renting the units in order to verify the rental income being earned by the Client.
- 5.1.5. The Client undertake not to obtain advance payments exceeding two months' rent/lease amount from the tenants of any of the leased properties of the Client, without prior approval from the Bank and any such advance payments are to be utilized in consultation with the Bank.
- 5.1.6. First and foremost priority for utilization of income proceeds from the Project being financed and all other income is to be utilized towards facility payments.
- 5.1.7. Prior written consent of the Bank is required if Client wishes to change the layout of the Project being financed through the bank funds.
- 5.2. For financings approved for business purpose with total exposure above MVR1.0 million:
- 5.2.1. Client to maintain adequate financial and reporting systems and to submit to the Bank as soon as possible, but no later than 06 months after the end of each financial year, annual audited accounts (balance sheet, profit and loss statement, cash flow statements) by an auditor licensed in the Maldives failing which non-compliance charge up to the rate specified in the Sanction Letter or prevailing Schedule of Charges and Fees of BML Islamic will be charged until the date of submission of the audited financial statements.
- 5.3. For financings approved to companies/businesses with total exposure above MVR5.0 million:
- 5.3.1. In addition to the annual audited financial statements, the Client undertakes to submit the management accounts not later than 60 days after the end of each financial quarter and any other financial information required to verify the Client's current income and servicing requirements upon request by the Bank.
- 5.4. For education financing:
- 5.4.1. All monies sent to the student should be routed through Customer's account with the Bank.
- 5.4.2. Customer must submit copies of the academic progress reports of the student annually within 03 (three) months of completion of each academic year.
- 6. CONDITIONS BASED ON SECURITY/COLLATERAL**
- 6.1. For immovable property including government land:
- 6.1.1. the Bank shall be given written notice if any of the owners of any of the properties as specified under the 'Security' clause decide to acquire any government owned land (registered in his/her name with the relevant government authority) on which the respective Security is located. In any event, no sale or transfer of any of the said land(s) or any part of the Security thereof shall take place without the prior written consent of the Bank.
- 6.2. For vessels/vehicles:

6.2.1. The Client/Mortgagor/Guarantor covenants that he shall promptly pay all statutory and other fees and charges in respect of the mortgaged vessel/vehicles to the relevant Government Authorities. In addition the Client/Mortgagor also covenants to maintain all relevant certificates, licenses and permits required for the operation of the mortgaged vessel/vehicle.

6.3. For fixed deposits/lien on cash:

6.3.1. Bank reserves the right to appropriate the proceeds of the fixed deposits/cash collateral in the event of failure of the Client to adjust the facility on expiry.

6.4. For stock in trade:

6.4.1. Client/Mortgagor/Guarantor must submit updated stock report on a quarterly basis from date of the Sanction Letter up to full adjustment of the Facility.

6.5. For leasehold rights:

6.5.1. Client/Mortgagor/Guarantor shall not surrender its leasehold property under the lease agreement, nor terminate or cancel the lease agreement, and Client/Mortgagor/Guarantor shall not modify, change, supplement, alter or amend the lease agreement either orally or in writing, and any attempt on the part of the Client to exercise any such right without the consent of Bank will be null and void.

## **7. CONDITIONS BASED ON TYPE OF FACILITY CONTRACT**

7.1. For Financing Facilities based on Diminishing Musharaka:

7.1.1. Musharaka Agreement is executed by issuance of Sanction Letter as the Offer Letter by the Bank, and the Declaration of Acceptance by the Client. The Client and the Bank as Musharaka Partners (hereafter referred to as 'Partners') agrees to enter into a joint venture or Musharaka based on the Shari'ah principle of Diminishing Musharaka, and to provide the Capital Contribution to acquire Musharaka Shares in the Musharaka Asset. The Client and the Bank each own a number of Musharaka Shares in the Musharaka proportionate to their respective Capital Contribution. The Musharaka is divided into equal Musharaka Shares. Each Musharaka Share constitutes the equivalent of One Maldivian Rufiyaa (MVR 1.00) only.

7.1.2. The Client in acknowledgement of the Bank's beneficial ownership of the proportionate, joint and undivided shares of the Asset (hereafter referred to as 'Bank's Share') agrees to execute or cause to execute a Trust Deed in favour of the Bank to hold the legal title of the Asset, in the sole name of the current title holders or in the sole name of the Client, starting from the date of ownership registration.

7.1.3. The bank enjoys the right to lease out its share of the Asset to the Client or to a third party. Lease payments made during grace period will be accrued as Bank's income from the point when the lease becomes effective. Any prior payments will be booked as advance lease payments. The Client shall inform the Bank of any asset delivery delay rendering a delay in lease becoming effective beyond Grace Period.

The Bank reserves the right to revise the lease amount/financing rate and other fees as applicable under the Sanction Letter at its absolute discretion and the variation shall take effect from the date specified in the Bank's notice to the Client. The Client has the right to object in writing within 14 Business days of such notification, in which event, the Bank and the Client shall endeavor to reach agreement on the lease amount/financing rate and other fees specified in the Bank's notice to the Client. The bank reserves the right to terminate the facility as per clause 2.13 if the Partners fail to reach an agreement.

- 7.1.4. The Client(s) jointly and severally agree to bear the full responsibility of managing the Facility, and to exercise utmost care and due diligence in successfully executing the Project.
- 7.1.5. The Client as a managing partner is responsible for all liabilities resulting from executing the Project.
- 7.1.6. Disbursement of Bank's capital contribution (Facility Amount) may be made to the Client's account first if requested by the Client, to establish that the Client has received the funds and it is with the Clients authorisation, that the projects vender's account is deposited, to be utilised exclusively for executing the approved purposes of the Musharaka.  
In the event the Project is not successfully executed, or funds are mis-utilized, the Client irrevocably and unconditionally undertakes to refund the Facility Amount to the Bank in full with any applicable non-compliance penalty charges.
- 7.1.7. For the purposes of Clause 2.2 mentioned Takaful cover(s) should be procured at the cost and expense of the Partner's, pro rata to their share in the Musharaka Asset, unless the partners have in writing agreed otherwise, The Client whenever applicable as the managing partner in the Musharaka agrees to ensure the procuring and maintaining of the necessary and comprehensive takaful policy, covering the loss of income, on the Musharaka asset as per Clause 2.2. Any amount paid to the Bank by the Client for the purposes of procuring and maintain takaful will be retained in a liability account as an Amana, and the Bank will not utilize the funds.
- 7.1.8. In the event of Partial damages and destruction to the financed asset that occurs without any fault or negligence on the part of the Client and are recoverable without restarting the whole project, the loss of income cover provided under the relevant Takaful Policy can be claimed by the Client and paid to the Bank until the completion of repair and that the client should ensure the Asset is back to its pre-damage status. The Client should ensure that the necessary steps are taken before the discontinued monthly lease amount exceeds the loss of rental/income coverage provided under the relevant takaful policy. If the damages are total the Client agrees to claim the relevant cover amount from the Takaful provider and deposit it to the Bank. After completion of this process the Bank may terminate the Musharaka Agreement.
- 7.1.9. The bank has a right to charge an overdue payment compensation as determined by the relevant 3rd party authorities (including but not limited to a courts of law), as income to reimburse its actual costs relating to recovery efforts. All penalty funds will be channelled into the Charity Fund of the bank and will not be included in the income of the bank.
- 7.1.10. The Client agrees to provide a unilateral Promissory Note to the Bank along with the acceptance of the Sanction Letter, irrevocably undertaking to purchase the Bank's Share, and to hold the Asset in the sole name of the Client as a trustee. And any additional deposits from the Client made to the Client's account with the specific instruction of making prepayments shall be deemed as an offer to purchase unscheduled additional bank's shares prematurely, and the Bank's acceptance of such payment shall be an acceptance of the said offer.
- 7.1.11. The Client agrees to offer to buy the Bank's share, by depositing the amounts and ensuring the availability of the said amount in the relevant account(s), as per the attached Payment Schedule with the Sanction Letter. For the purpose of the Credit Sale, the Client has the option to buy the Bank's Musharakah share in full at the agreed rate; therefore, the Client undertakes to offer to buy the Bank's share for the unsecured facilities at the Ceiling Profit Rate. If the Client does not send the offer to buy the Bank's share on Credit, after the 03 (three) months from the inception of the Musharakah Agreement, the Bank may offer to the Client to buy the Bank's share, and the Client undertakes to accept the same The Client understands the failure to make the agreed regular offer to purchase the Banks shares in the Musharaka Asset will constitute a breach of and subsequently a default in the undertaking in Promissory Note. The bank may accept the Client's offer by deducting the amounts from

the Client's account and communicate the acceptance in writing via email or any other electronic means or any other documented method, separately for each month, from the date of the first disbursement. The Client shall continue depositing the amount agreed and by making sure that sufficient funds are deposited and available in the account provided by the Client until such time as full and final and irrevocable payment of any and all amounts payable including share purchase under this Sanction Letter have been made. Upon receipt of such payment or the Bank's notice of the acceptance of the Credit Sale or the Client's acceptance of the Bank's offer for the credit Sale, the Sale Agreement would be deemed executed, and the bank shall affect the share transfer, and update the account statement made available to the Client.

Failure to make regular scheduled payments to purchase shares will constitute a breach of promise and undertaking made in the Promissory Note. For the unsecured facilities, the failure to purchase the Bank's share after the 03 (three) months from the inception of the Musharakah Agreement will constitute a breach of promise and undertaking made in the Promissory Note. Breach of Promise or any default that cause damages or incurs any liability to the Bank, gives the Bank the right to terminate the Musharaka as per Clause 2.13, and sell the Musharaka Asset as per Clause 7.1.15.4, and to recover from the Client any agreed fees and outstanding periodic lease payments in respect of the period for which the Client has actually used or possessed the Musharaka asset. Any gain on sale of the Musharaka Asset over and above the purchase price undertaken in the Promissory Note shall be distributed between the partners, pro rata to their share in the Musharaka Asset, unless the partners have in writing agreed that any such gain be passed on to the Client, after deduction of any due payments.

- 7.1.12. The Client agrees to issue a general Standing Instruction, pursuant to the Promissory Note, after the Sanction Letter has been signed.
- 7.1.13. The Client undertakes to donate all penalties to the Charity Fund as per Sanction Letter and prevailing BML Islamic Schedule of Charges and Fees.
- 7.1.14. For Joint Venture (Shirkatul-'Aqd) based Diminishing Musharaka
  - 7.1.14.1. Joint Venture (Shirkatul-'Aqd) based Diminishing Musharaka may be used for all and any Housing financing facility for business purpose and in arrangements where any partner sells or transfers their total ownership to a third party other than the bank and do so before the termination of the Musharaka.
  - 7.1.14.2. In the event of Client's default the Bank's proportionate share in the financed asset may be sold to the Client at fair value. In the event of the Partners failing to reach agreement, the Musharaka asset will be sold in the market, and the net proceeds, after deducting accrued, outstanding amounts due and payable to the Bank, will be distributed pro rata to ownership.
- 7.1.15. Notwithstanding anything to the contrary contained herein:
  - 7.1.15.1. The Bank shall be entitled to recover from the Client, damages suffered by the Bank, as a result of the Client's misconduct, material breach of a term of this agreement, or negligence.
  - 7.1.15.2. Each purchase and sale of the Bank's pro rata undivided share in the Musharaka asset, during the term of the Diminishing Musharaka, will be evidenced by separate offer and acceptance, so as to transfer ownership of the relevant pro rata share, from the Bank to the Client, according to the principles of the Shari'ah.
  - 7.1.15.3. All penalties levied will be unconditionally paid to the Charity Fund, and shall not be utilized by the Bank for its own benefit.
  - 7.1.15.4. The Bank shall be entitled to terminate the Diminishing Musharaka at any time. Upon termination, if the Partners fail to reach agreement on the sale of the Bank's undivided share in the Musharaka asset, within 30 days, the Client is deemed to confer blanket irrevocable

authority on the Bank, to sell the Musharaka asset in the market, by private sale or public auction, and distribute the net proceeds of the sale, pro rata to ownership, after deducting accrued amounts due and payable by the Client to the Bank, at the time of termination of the Diminishing Musharaka.

7.2. For Financing Facilities based on Wakala:

- 7.2.1. Wakala Agreement is executed by issuance of Sanction Letter as the Offer Letter by the Bank and the Declaration of Acceptance by the Customer, or in the absence of Sanction Letter, by the issuance of the application form by the customer and acceptance by the Bank by any documented manner, i.e. by availing the Wakala Amount to the customer. The Bank provide the Wakala Amount (here after the “capital/investment”) for the business under Investment, Customer manages the funds in their business. The value of the capital of the bank is the funds drawn or disbursed, and shall be is regarded as the bank’s undivided share in the working capital of the customer’s business.
- 7.2.2. The Customer undertakes and shall ensure that this facility is invested in a project which have the potential to generate the expected profit rate set by the bank. The Customer(s) jointly and severally agree to bear the full due responsibility of managing the Facility, and to exercise utmost care and due diligence in successfully executing the Investment. The Customer agrees and undertakes to utilise the funds in only areas agreed with the Bank and to maintain sound business practices in accordance to Law and Shari’ah principles. The Customer agrees to ensure general safety of the assets, and shall be liable if any damages incurs to the assets due to the customers act or omission. The Customer shall be considered negligent in the event of loss, and has failed to provide acceptable evidence to prove contrary, or general industry practices are not adhered to.
- 7.2.3. For Wakala bil ujah (fee based agency) the Customer agrees to pay Wakala Fee to the Bank as per the BML Islamic Schedule of Charges and Fees.
- 7.2.4. The customer has the right to appoint agent(s) (sub-agent) for himself (initial agent) to perform all or any part of the task. In this case, the Wakala fee paid to the sub-agent will be borne by the customer.
- 7.2.5. The customer agrees to the expected profit rate (and to any revisions to the rate as per the Schedule of Charges and Fees) initially identified in the application form /sanction letter. The customer is entitled to any profit over the agreed expected profit as a Performance Bonus (Incentive Fee). This expected profit rate should be used by the customer as basis to apply a margin on the sale of goods or services provided by the business.
- 7.2.6. The customer agrees to pay the agreed expected profit and Investment amount as agreed at the due dates. If the customer makes the payment of the bank’s profit and investment amount on or before the agreed due dates, the customer is entitled to the difference between the actual profit made from the investment and the bank’s agreed expected profit from the investment.
- 7.2.7. If the customer fails to pay the expected profit and investments amounts to the bank on the due date, the Bank is entitled to charge a Late Payment Penalty in a non-compounding manner as per the Schedule of Charges and Fees for such negligence on the part of the customer in order to deter negligent behaviour from the customer.
- 7.2.8. For Term Financing Facilities the customer agrees to pay to the Bank both a monthly expected profit and a payment to acquire the Bank’s capital in the partnership. For Wakala based Overdraft financing

facilities, the customer agrees to pay to the Bank the expected profit and the capital amount at the maturity of the facility.

7.2.9. Disbursement of Bank's Wakala Amount (Facility Amount) may be made the Client's account first if requested by the Client, to establish that the Client received the funds and it is with the Client(s) authorization, that the projects vender's account is deposited, to be utilised exclusively for executing the approved purpose of the Wakala.

In the event the Project is not successfully executed, or funds are mis-utilised, the Client irrevocably and unconditionally undertakes or refund the Facility Amount to the Bank in full with any applicable non-compliance penalty charges.

7.2.10. The capital provided by the bank can be invested together with the customer's own pool of funds provided that the bank's investment is separable from other pools of funds and customer agrees to pay the bank's expected profit from the contract before declaring profit to customer's own fund. However, the funding need not be ring fenced from rest of the Customer's business. Funds shall not be used outside of normal business operations. If the Customer uses the funds for purposes other than usual business operations as per the agreement, the customer will be liable for the funds and will be treated as a case of breach of specified terms of the agreement.

7.2.11. In the event of project delay, or loss, or has earned less than the expected profit, the customer is required to inform the Bank without reasonable delay, of the details of losses incurred, in written format outlining how the losses were incurred and what gave rise to the customer making such losses, and the customer shall prove that they were not negligent and have not misconducted or breached a specified term of the agreement. The customer as trustee, shall be liable to compensate the bank the investment amount and the actual realized profit up to the event at the rate presented by the Customer in the business proposal(s) submitted with the Application Form, or at market value if the rate presented by the customer in the business proposal is lower than the market value, (market value will be identified based on the rates in the relevant industry), if the loss is due to his misconduct, negligence, or breach of specified agreed terms, and a Project delay/ Non-compliance penalty may be charged as per the Schedule of Charges.

7.2.12. The Customers request for the extension of the facility term, will be deemed as a request to terminate the existing Wakala contract, and a new Wakala contract will be executed when the extension request is approved by the Bank.

7.2.13. If the Bank enters into a new Wakala contract with the Customer, the Bank can charge a fee of extension or rescheduling as per BML Islamic Schedule of charges.

7.2.14. It is the responsibility of the customer (wakil) to always ensure that all business assets and collateralized assets are insured by a comprehensive takaful policy that is always in line with Collateral Policy of the Bank. The Takaful expenses must be deducted from the investment expenses not from the expected profit of the bank. A Comprehensive Fire Takaful coverage is mandatory to building and equipment which are financed by the project or any asset that are securitized to the bank.

7.2.15. In the event of Partial damages and destruction to the Wakala asset that occurs without any fault or negligence on the part of the Client and are recoverable without restarting the whole project, the loss of income cover provided under the relevant Takaful Policy can be claimed by the Client and paid to the Bank until the completion of repair and that the Client should ensure the Asset is back to its pre-damage status. If the damages are total the Client agrees to claim the relevant cover amount from the Takaful

provider and deposit it to the Bank. After completion of this process the Bank may terminate the Wakala Agreement.

- 7.2.16. The Bank has a right to charge an overdue payment compensation as determined by the relevant 3rd party authorities (including but not limited to a courts of law), as income to reimburse its actual costs relating to recovery efforts. All penalty funds will be channelled into the Charity Fund of the bank and will not be included in the income of the bank.
- 7.2.17. The Bank has the right to terminate The Wakala Contract due to the Customer's misconduct, negligence, or breach of specified agreed terms. At the termination of the Wakala Agreement, the capital and the expected profit shall be paid in lump sum.
- 7.2.18. The Client agrees to issue a general Standing Instruction, pursuant to the Promissory Note, after the Sanction Letter has been signed.
- 7.2.19. The Client undertakes to donate all penalties to the Charity Fund as per Sanction Letter and prevailing BML Islamic Schedule of Charges and Fees.
- 7.2.20. Notwithstanding anything to the contrary contained herein:
  - 7.2.20.1. The Bank shall be entitled to recover from the Client, damages suffered by the Bank, as a result of the Client's misconduct, material breach of a term of this agreement, or negligence.
  - 7.2.20.2. All penalties levied will be unconditionally paid to the Charity Fund, and shall not be utilized by the Bank for its own benefit.
  - 7.2.20.3. The Bank shall be entitled to terminate the Wakala at any time. Upon termination of the Wakala Contract, any asset or rights entrusted with the Client shall be returned to the Bank.

### 7.3. For Financing Facilities based on Murabaha:

- 7.3.1. This financing facility is a binding arrangement with the customer where the bank purchases the assets desired by the customer, subsequent to the Customer's promise/ expression of interest on the purpose of the financing facility, and the Bank sells to the Customer the above mentioned asset(s) at the Murabaha Price. Murabaha contract is executed when Murabaha Sale Agreement signed by the customer and the Bank. The Customer shall pay to the Bank by way of instalments on the Payment Dates that may be specified in the payment schedule document or by any other amount/manner mutually agreed between the parties.
- 7.3.2. The Bank may take possession of the ownership of the asset by taking the asset physically or in a documented manner. Once physical or constructive possession of the said asset by the bank is confirmed, the Asset shall be at the risk and cost of the Bank until the ownership of the Asset is transferred to the Customer.
- 7.3.3. The Bank reserves the right to request the customer to pledge the asset purchased by the customer as collateral.
- 7.3.4. In the event where the customer is required to provide a security deposit (Hamish Jiddiyah) to the Bank, it may be held under lien. The customer waives their right to any amount the customer is entitled to receive against the Security deposit when it is placed by the bank.
- 7.3.5. In the event of default by the customer, the Bank is allowed to adjust the security deposit to the extent of customer's liability.
- 7.3.6. It is the responsibility of the customer to always ensure to indemnify and keep the Bank indemnified from and against all actions, proceedings, claims, demands, notices or suits which may be brought, commenced, instituted or made against the Bank by any person(s) and from and against all damages, penalties, losses, costs and expenses which may be sustained or incurred by the Bank whatsoever and howsoever arising from or by reason or on account of the non-observance or non-performance of any or all of the stipulations, undertakings, and covenants on the part of the Customer to be observed and

- performed in this Agreement and other Security Documents including in any such case but not limited to event of default, and payment, prepayment or repayment being made for any reason whatsoever otherwise than on the due date thereof and the receipt of all or any part of the Sale Price and any other monies due and payable by the Customer to the Bank under this Agreement. The Customer shall promptly upon a demand being made by the Bank to pay to the Bank all amounts so paid, incurred, suffered or sustained by the Bank.
- 7.3.7. No failure or delay on the part of the Bank to exercise any power, right or remedy under this Agreement shall operate as a waiver thereof nor a partial exercise by the Bank of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power right or remedy. The remedies provided in the Agreement are cumulative and are not exclusive of any remedies provided by law;
- 7.3.8. Nothing contained herein shall prejudice or otherwise affect the rights and remedies that may otherwise be available under law to the parties.
- 7.3.9. Any reconstruction, division, re-organization or change in the constitution of the Bank or its absorption in or amalgamation with any other person or the acquisition of all or part of its undertaking by any other person shall not in any way prejudice or affect any rights of the Bank.
- 7.3.10. The Customer hereby agrees to inform the Bank of any event of default or any event, which with the giving of notice or lapse of time or both would constitute an event of default forthwith upon becoming aware thereof; It shall provide to the Bank, upon written request, copies of all contracts, agreements and documentation relating to the purchase of the Asset;
- 7.3.11. If any amount is required to be paid by the Customer under the Principal Documents on a specified date and is not paid by that date, or an extension thereof, permitted by the Bank without any increase in the Sale Price, the Customer hereby undertakes to pay compensation to the Bank's Charity Fund, a sum calculated at a specified rate per annum calculated from the date of such default until the date of payment of the amount thereof.
- 7.3.12. The customer agrees that the contracting rate will be the ceiling profit rate that the bank will not exceed. The customer also agrees that the Bank has right to provide the customer with a rebate ('ibra) on the ceiling price at its own discretion, resulting in an Effective Profit Rate that the customer will be charged.
- 7.3.13. The Customer agrees that the Bank reserves the right to vary the rebate ('ibra), resulting in a change in Effective Profit Rate referred to in Schedule of Charges and Fees of BML Islamic at any time and from time to time at its absolute discretion subject to not exceeding the Bank's Ceiling Profit Rate. The Bank's notice of variation may take any form, and may be given via letter to the Customer or any other manner as the Bank may deem fit. The variation shall take effect from the date specified in the Bank's notice and the decision of the Bank as to the variation in the above said rates and the date from which such variation shall take effect shall be final and conclusive.
- 7.3.14. The Bank's floor rate for the facilities with floating profit rate is 4% p.a.
- 7.3.15. The Bank may appoint Agent(s) under Murabaha contract based on the terms of Sanction letter/ Application form to purchase the Murabaha asset from the supplier as per the "Purchase Request" and to receive those on behalf of the Bank.
- 7.3.16. The bank has a right to charge an overdue payment compensation as determined by the relevant 3rd party authorities (including but not limited to a courts of law), as income to reimburse its actual costs relating to recovery efforts. All penalty funds will be channeled into the Charity Fund of the bank and will not be included in the income of the bank.
- 7.3.17. Notwithstanding anything to the contrary contained herein:

- 7.3.17.1. The Bank shall be entitled to recover from the Customer, damages suffered by the Bank, as a result of the Customer's misconduct, material breach of a term of this agreement, or negligence.
  - 7.3.17.2. All penalties levied will be unconditionally paid to the Charity Fund, and shall not be utilized by the Bank for its own benefit.
  - 7.3.17.3. the Bank may without prejudice to any of its other rights, at any time after the happening of an event by notice to the Customer declare that entire amount by which the Customer is indebted to the Bank shall forthwith become due and payable.
- 7.4. For Financing Facilities based on Kafalah:
- 7.4.1. Kafalah Agreement is executed by issuance of Sanction Letter as the offer letter by the Bank (Kafil or guarantor), and the Declaration of Acceptance by the Customer (Makful 'anhu) or in the absence of Sanction Letter, by the issuance of the application form by the customer and acceptance by the Bank by any documented manner.
  - 7.4.2. The Beneficiary (Makful lahu) is a creditor or a party who has the right to claim the liability (Kafalah Guaranteed amount/Guaranteed liability) from the Customer or the Bank whereas the Customer is a debtor or party guaranteed by the guarantor.
  - 7.4.3. The Customer may be guaranteed by more than one guarantor or bank.
  - 7.4.4. The Bank shall provide Kafalah with conditions (restricted Kafalah) where the Bank shall be the guarantor (Kafil).
  - 7.4.5. The Beneficiary shall claim the liability from the Customer, and if the Customer is unable to settle the liability amount, then the Beneficiary shall claim from the Bank.
  - 7.4.6. In the event the guaranteed liability becomes claimable before its maturity due to the demise or dissolution of the guaranteed party or any agreed trigger events, the Kafalah contract remains enforceable unless otherwise specified.
  - 7.4.7. In the event the beneficiary grants the guaranteed party an extension period to settle the liability, the contracting parties must obtain the Bank's consent before the period to settle the liability and such extension shall be applied to the Bank, and if the extension period to settle the liability is granted by the beneficiary to the Bank only, such extension shall not be applied to the Guaranteed party.
  - 7.4.8. In the event that the Kafalah involves more than one Bank, the contracting parties may agree to the specific terms of the guarantee such as priority of claims against each Bank, the guarantee limit, and the extent of their respective liabilities, whether jointly, severally or both.
  - 7.4.9. The Customer agrees to pay applicable fees for providing the Kafalah service as per BML Islamic Schedule of charges and fees.
  - 7.4.10. The Bank has the right of recourse against the guaranteed party only up to the amount that the Bank has paid to the beneficiary.
  - 7.4.11. Notwithstanding Clause 7.4.10 the Bank shall be entitled to recover from the guaranteed party the total cost associated with payment of the Kafalah amount to the beneficiary.
  - 7.4.12. In the event that the Bank has a debt obligation against the guaranteed party, the amount of recourse may be set-off against the debt obligation, and the right of recourse arises subsequent to the payment to the beneficiary or at such times as agreed between the Bank and the guaranteed party.
  - 7.4.13. If the guaranteed party fails to settle the amount claimed by the Bank within the agreed time frame pursuant to exercising the Bank's right of recourse, the guaranteed party undertakes to pay the late payment penalty to the bank's charity fund.

- 7.4.14. The Kafalah contract is dissolved when the beneficiary discharges the Bank from the guaranteed liability, whether or not at the Bank's request. The discharge of the Bank's liability shall not affect the responsibility of the guaranteed party to fulfil his obligations to the beneficiary.
- 7.4.15. The Kafalah contract completes upon the following circumstances:
- 7.4.15.1. full settlement of the guaranteed liability by the guaranteed party;
  - 7.4.15.2. set-off (muqassah) of full debt obligations between the beneficiary and the guaranteed party;
  - 7.4.15.3. the beneficiary waives his right to claim the whole of the guaranteed liability from the guaranteed party; or
  - 7.4.15.4. expiry of the guarantee period or period to claim the guaranteed liability by the beneficiary.
- 7.4.16. If the Kafalah contract is completed, the Bank shall be discharged as a guarantor from the specified liability under the Kafalah contract.
- 7.4.17. The bank reserves the right to request the guaranteed party to place an asset as collateral at the inception of the Kafalah contract.
- 7.4.18. It is the responsibility of the customer to always ensure that all collateralized assets are insured by a comprehensive Takaful policy that is always in line with Collateral Policy of the Bank. The Takaful expenses must be paid by the Customer. A Comprehensive Fire Takaful coverage is mandatory for building and equipment or any asset that are securitized to the bank.
- 7.4.19. The Bank has the right to terminate the Kafalah contract due to the Customer's misconduct, negligence, or breach of specified agreed terms. At the termination of the Kafalah Agreement, the Customer agrees to pay the Outstanding Money to the Bank in lump sum.
- 7.4.20. The Customer undertakes to donate all penalties to the Bank's Charity Fund as per Sanction Letter and prevailing BML Islamic Schedule of Charges and Fees.
- 7.4.21. Notwithstanding anything to the contrary contained herein:
- 7.4.21.1. The Bank shall be entitled to recover from the Customer, damages suffered by the Bank, as a result of the Customer's misconduct, material breach of a term of this agreement, or negligence.
  - 7.4.21.2. All penalties levied will be unconditionally paid to the Charity Fund, and shall not be utilized by the Bank for its own benefit.
  - 7.4.21.3. The Bank shall be entitled to terminate the Kafalah at any time. Upon termination of the Kafalah Contract, any asset or rights entrusted with the Customer shall be returned to the Bank.
- 7.5. For Financing Facilities based on Ijarah:
- 7.5.1. This financing facility is a binding arrangement with the customer where the bank acquires the service(s) desired by the customer, subsequent to the Customer's promise/ expression of interest on the purpose of the financing facility, and the Bank leases to the Customer the above mentioned service(s) for a prevailing lease (as also referred as rental/fee). Ijarah contract is executed when the Ijarah Agreement is signed by the customer and the Bank or any other documented manner.
  - 7.5.2. The Ijarah is a binding contract which shall not be terminated unilaterally by any of the contracting parties unless otherwise stated in these terms and conditions.
  - 7.5.3. The Bank may appoint Agent(s) under Ijarah contract based on the terms of Sanction letter/Application from to acquire the service(s) and to receive those on behalf of the Bank.
  - 7.5.4. In the event where the customer is required to provide a security deposit (Hamish Jiddiyah) to secure the promise for renting the usufruct of service from the Bank, it may be held under lien. The security deposit may be used to compensate against any actual loss incurred by the Bank in the event the customer breaches the promise. The Bank shall only claim up to actual loss, and the Bank shall return

any excess between the security deposit and actual losses to the customer. After the inception of the contract, the security deposit shall be treated as an advance payment of the rental. The customer waives his/her right to any amount the customer is entitled to receive against the Security deposit when it is placed by the bank.

- 7.5.5. The rental may be received in advance and such rental may be immediately utilised by the Bank, but in the event the Bank fails to deliver the service to the Customer on the agreed date, any rental paid by the Customer prior to the delivery of the service shall refund to the Customer.
- 7.5.6. The rental shall be determined and agreed by the contracting parties at the inception of the Ijarah contract.
- 7.5.7. The rental is made obligatory by the contract and the Bank's entitlement to the rental runs from the time when the Customer starts to benefit from the service or once the Bank makes the usufruct of the service available to the Customer, and the entitlement to the rental does not necessarily commence on the date of signing the Ijarah contract.
- 7.5.8. The Customer shall pay the rental to the Bank entirely in advance or in installments that may be specified in the payment schedule document or by any other amount/manner mutually agreed between the parties, during a period equivalent, or more or less, to the duration of the Ijarah.
- 7.5.9. The customer agrees that the contracting rate will be the ceiling profit rate that the bank will not exceed. The customer also agrees that the Bank has right to provide the customer with a rebate ('ibra) on the ceiling price at its own discretion, resulting in an Effective Profit Rate that the customer will be charged.
- 7.5.10. The Customer agrees that the Bank reserves the right to vary the rebate ('ibra), resulting in a change in effective profit (lease) rate referred to in Schedule of Charges and Fees of BML Islamic at any time and from time to time at its absolute discretion subject to not exceeding the Bank's Ceiling Profit Rate. The Bank's notice of variation may take any form, and may be given via letter to the Customer or any other manner as the Bank may deem fit. The variation shall take effect from the date specified in the Bank's notice and the decision of the Bank as to the variation in the above said rates and the date from which such variation shall take effect shall be final and conclusive.
- 7.5.11. The Bank's floor rate for the facilities with floating profit rate is 4% p.a.
- 7.5.12. If the service provider refrain from providing the service as a result of the customer's misconduct, negligence or breach of specified terms, while the service remains under lease, the Customer shall be held liable for any loss that the Bank has incurred unless he is able to prove that there is no misconduct, negligence or breach of specified terms on his part that resulted to such loss, and if it has been proven that loss is due to the Customer's misconduct, negligence or breach of specified terms agreed, the Customer shall be responsible for the loss. All costs and expenses related to such loss shall be borne by the Customer.
- 7.5.13. In the event that the loss, damage or impairment is due to force majeure, the Bank shall be responsible for restoring the usufruct and bearing such cost.
- 7.5.14. In the event that the Bank is unable to deliver the agreed service, the Bank shall offer an alternative service having a specification similar to that of the agreed service, unless otherwise agreed at the time. The Ijarah shall continue for the remaining time of the contract. If it is not possible to provide a substitute service, the contract shall be terminated.
- 7.5.15. In the event that the service is not delivered within the agreed timeline, the customer agrees to continue with the Ijarah Agreement and waives off the right to request to revise the terms of the agreement.

- 7.5.16. The Ijarah contract shall be completed upon expiry of the lease period and receipt of all rental payments and any other obligations by the Bank, and upon completion of the Ijarah contract, the contracting parties shall be free from any contractual obligation related to the Ijarah contract.
- 7.5.17. If the customer fails to pay the lease amount to the bank on the due date, the Bank is entitled to charge a Late Payment Penalty in a non-compounding manner as per the Schedule of Charges and Fees for such negligence on the part of the customer in order to deter negligent behavior from the customer.
- 7.5.18. The Bank has a right to charge an overdue payment compensation as determined by the relevant 3rd party authorities (including but not limited to a courts of law), as income to reimburse its actual costs relating to recovery efforts.
- 7.5.19. The Bank has the right to terminate the Ijarah Contract due to the Customer's misconduct, negligence, or breach of specified agreed terms. At the termination of the Agreement, all monies shall be paid in lump sum.
- 7.5.20. The Customer agrees to issue a general Standing Instruction, pursuant to the Promissory Note, after the Sanction Letter has been signed.
- 7.5.21. The Customer undertakes to donate all penalties to the Charity Fund as per Sanction Letter and prevailing BML Islamic Schedule of Charges and Fees.
- 7.5.22. Notwithstanding anything to the contrary contained herein:
- 7.5.22.1. The Bank shall be entitled to recover from the Customer, damages suffered by the Bank, as a result of the Customer's misconduct, material breach of a term of this agreement, or negligence.
- 7.5.22.2. All penalties levied will be unconditionally paid to the Charity Fund, and shall not be utilized by the Bank for its own benefit.
- 7.5.22.3. The Bank shall be entitled to terminate the Ijarah contract at any time. Upon termination of the Ijarah Contract, any service or rights entrusted with the Customer shall be returned to the Bank.
- 7.6. For Financing Facilities based on Tawarruq:
- 7.6.1. Each sale and purchase transactions in this Tawarruq financing facility are a binding arrangement with the Customer, where the Bank purchases Shari'ah compliant commodities, subsequent to the Customer's promise to buy the commodities, and will provide this financing through the following Tawarruq transactions:
- 7.6.1.1. The Customer buys Shari'ah compliant commodities from the Bank at the Bank's Selling Price (Cost plus markup price),
- 7.6.1.2. The Customer sells his/her Shari'ah compliant commodities through Bursa Suq Al Sila' at the Cost Price (Financing Amount).
- 7.6.1.3. The Bank shall pay the Financing Amount to the Customer by crediting the amount to his/her account with the Bank.
- 7.6.2. For the Murabahah Transaction, the Bank shall issue a written Offer to the Customer and upon the Bank's receipt of the Customer's execution of a written Acceptance, a Murabahah Transaction is concluded. The written Offer and Acceptance of Murabahah Transaction may take in any means of communication at the Bank's discretion including electronic mail or by Internet Banking.
- 7.6.3. The Customer shall pay the Murabahah Price to the Bank by way of instalments on the Payment Dates that may be specified in the payment schedule document or by any other amount/manner mutually agreed between the parties.

- 7.6.4. The Customer may at his option take delivery of the commodity, in which event the Bank will make arrangement for the customer to take delivery at the place where the commodity is kept at the Customer's own cost.. The Customer shall be responsible for the payment of all fees, costs and expenses relating to the shipping and delivery of such Commodities and all taxes arising from or payable in connection with such physical delivery.
- 7.6.5. The Customer may appoint the Bank or any third party as his agent to sell the Customer's Commodities to a third party through a written document(s) (as may be applicable), the agency shall be effective once customer holds the commodity for the minimum period specified in the agency terms, and the sale proceeds of which shall be credited to the Customer's account with the Bank.
- 7.6.6. The possession of the ownership of the commodity shall be established with each sale by taking the commodity physically or in a documented manner. Once physical or constructive possession of the said commodity by the buyer is confirmed, the Asset shall be at the risk and cost of the buyer.
- 7.6.7. In the event if the customer has an existing debt/financing obligation with the bank or any other financing institution, customer must provide and agree to a payment plan to settle the initial debt obligation prior to approval of the second financing facility. If the customer does not have funds to settle his existing debt obligation, the customer undertakes to settle the initial debt with the proceeds from the new Tawarruq facility. On such cases, the Bank shall put One day lien on the proceeds of the Tawarruq transaction, prior to settling the customer's existing debt.
- 7.6.8. In the event where the customer is required to provide a security deposit (Hamish Jiddiyah) to the Bank, it may be held under lien. The customer waives their right to any amount the customer is entitled to receive against the Security deposit when it is placed by the bank.
- 7.6.9. In the event of default by the customer, the Bank is allowed to adjust the security deposit to the extent of customer's liability.
- 7.6.10. It is the responsibility of the customer to always ensure to indemnify and keep the Bank indemnified from and against all actions, proceedings, claims, demands, notices or suits which may be brought, commenced, instituted or made against the Bank by any person(s) and from and against all damages, penalties, losses, costs and expenses which may be sustained or incurred by the Bank whatsoever and howsoever arising from or by reason or on account of the non-observance or non-performance of any or all of the stipulations, undertakings, and covenants on the part of the Customer to be observed and performed in this Agreement and other Security Documents including in any such case but not limited to event of default, and payment, prepayment or repayment being made for any reason whatsoever otherwise than on the due date thereof and the receipt of all or any part of the Sale Price and any other monies due and payable by the Customer to the Bank under this Agreement. The Customer shall promptly upon a demand being made by the Bank to pay to the Bank all amounts so paid, incurred, suffered, or sustained by the Bank.
- 7.6.11. No failure or delay on the part of the Bank to exercise any power, right or remedy under this Agreement shall operate as a waiver thereof nor a partial exercise by the Bank of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power right or remedy. The remedies provided in the Agreement are cumulative and are not exclusive of any remedies provided by law;
- 7.6.12. Nothing contained herein shall prejudice or otherwise affect the rights and remedies that may otherwise be available under law to the parties.
- 7.6.13. The Customer hereby agrees to inform the Bank of any event of default or any event, which with the giving of notice or lapse of time or both would constitute an event of default forthwith upon becoming aware thereof; It shall provide to the Bank, upon written request, copies of all contracts, agreements and documentation relating to the purchase of the Commodity.

- 7.6.14. If any amount is required to be paid by the Customer under the facility documents on a specified date and is not paid by that date, or an extension thereof, permitted by the Bank without any increase in the Sale Price, the Customer hereby undertakes to pay compensation to the Bank's Charity Fund, a sum calculated at a specified rate per annum calculated from the date of such default until the date of payment of the amount thereof.
- 7.6.15. The customer agrees that the contracting rate will be the Ceiling Profit Rate that the Bank will not exceed. The customer also agrees that the Bank has right to provide the customer with a rebate ('ibra) on the ceiling price at its own discretion, resulting in an Effective Profit Rate that the customer will be charged.
- 7.6.16. The Customer agrees that the Bank reserves the right to vary the rebate ('ibra), resulting in a change in Effective Profit Rate referred to in Schedule of Charges and Fees of BML Islamic at any time and from time to time at its absolute discretion subject to not exceeding the Bank's Ceiling Profit Rate. The Bank's notice of variation may take any form, and may be given via letter to the Customer or any other manner as the Bank may deem fit. The variation shall take effect from the date specified in the Bank's notice and the decision of the Bank as to the variation in the above said rates and the date from which such variation shall take effect shall be final and conclusive.
- 7.6.17. The Bank's floor rate for the facilities with floating profit rate is 4 % p.a.
- 7.6.18. The Bank has a right to charge an overdue payment compensation as determined by the relevant 3rd party authorities (including but not limited to a courts of law), as income to reimburse its actual costs relating to recovery efforts.
- 7.6.19. Notwithstanding anything to the contrary contained herein:
- 7.6.19.1. The Bank shall be entitled to recover from the Customer, damages suffered by the Bank, as a result of the Customer's misconduct, material breach of a term of this agreement, or negligence.
- 7.6.19.2. All penalties levied will be unconditionally paid to the Charity Fund, and shall not be utilized by the Bank for its own benefit.
- 7.6.19.3. The Bank may without prejudice to any of its other rights, at any time after the happening of an event by notice to the Customer declare that entire amount by which the Customer is indebted to the Bank shall forthwith become due and payable.
- ***The Bank reserves the right to amend these terms and conditions or introduce new terms and conditions from time to time upon notification to the Client by publication of any such alteration/amendment or addition on the Bank's official website or in one or more newspaper published in the Maldives, and such amendments or additions will be binding on the Client / Mortgagor / Guarantor's part until full and final adjustment of the facility availed by the Client.***