

LC Murabaha

1. Underlying Islamic Mode

The Murabaha mode of financing will be used for all transactions.

2. Type of Product

The product can be categorized under Corporate/Commercial financing.

3. Basis for Pricing/Return

The pricing mechanism will depend upon the risk, transaction nature, tenor, underlying collateral of the transaction and liquidity position of the Bank.

4. Minimum and Maximum Financing Limit

No minimum and maximum limit as per SBP Prudential Regulations and Bank's per party exposure limits.

5. Tenors (Minimum and Maximum)

There will be no minimum tenor and maximum will be one year.

6. Target Customers

Corporate/Commercial.

7. Security/Collateral Required

Cash/Hypothecation/Pledge.

8. Other Salient Features

- The Bank will sign a Master Agency Agreement with the Customer for importing an asset on behalf of the Bank
- The Customer shall negotiate with the supplier and before finalization shall submit an offer with the nature and specifications of the asset to be imported explained in an adequate manner, seeking authorization to import the same on the Bank's behalf
- The Customer shall promise to purchase the asset on Murabaha basis at an agreed sale price (cost plus profit)
- The Bank shall accept the offer and authorize the client to import the asset
- The Customer shall establish an LC through the Bank, acting as the Bank's undisclosed agent
- The supplier shall make the bill of lading and ship the asset
- Once the Customer has possession of the shipment documents and bill of lading on behalf of the Bank, it will offer to purchase the asset on Murabaha basis at the agreed sale price and the Bank shall accept this offer
- Murabaha Agreement would create a liability on the part of the Customer to pay the sale price to the Bank on a certain date or dates
- In case the Customer fails to pay any installment for more than two months, all remaining installments shall become due and payable at once, and the Bank could take all necessary action for recovery of the payable amount. The Customer would indemnify the Bank for any expenses and any costs that may be incurred by the Bank in this process