

### **Consumer Finance - Common Glossary of Important Terms**

**“Additional Rent”** means the component of rent representing the cost of maintenance and monitoring charges of the tracker equipment installed in the Lease Asset, incurred / to be incurred by the Lessor, and payable as notified by the Lessor under the Notices for Rental Payment.

**“Advance Rent”** means the component of rent representing the cost of insurance/Takaful under the Asset insurance/Takaful Policy for the succeeding Lease Period payable in advance on a monthly basis, unutilized portion of which is refundable by the Lessor to the Lessee in case of early termination during the Lease Period in which the Advance Rent is payable.

**“Asset(s)”** means the asset to be purchased.

For Personal Finance ‘Asset(s)’ means and includes but is not limited to beef, mutton, beans, pulses etc to be purchased by DIBPL, from the Suppliers through the Agent as DIBPL’s purchasing agent which would be subsequently sold by the relevant Personal Finance Customer to the Agent or any other third Party;

**“Business Day”** means a day on which banks are open for banking business in Pakistan.

**“Default”** means an Event of Default; or an event which would, with the expiry of a grace period, the giving of notice or the making of any determination or any combination of them, be an Event of Default.

**“Delivery Acceptance Form”** or “DAF” means a form which includes full details of the Asset, issued by the dealer to show that the Lessee has taken the delivery of the Asset on behalf of the Musharaka.

**“Encumbrance”** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**“First Lease Period”** means the period comprising of (i) the days remaining in the Commencement Month; and (ii) 5/11 month period commencing from the first calendar day immediately following the last calendar day of the Commencement Month; and the First Lease Period shall end on the last calendar day of such fifth/eleventh month, with the effect that the First Lease Period shall comprise of the number of days remaining in the Commencement Month and five/eleven months from thereon.

**“Fixed Rent”** means the fixed element of the Rental Payment payable by the Lessee to the Lessor on the Rental Payment Date.

**“Guarantee”** means a guarantee, indemnity, letter of credit, performance bond, or legally enforceable undertaking or obligation:

(a) to pay or provide funds (including by the purchase of assets/property) in, or to enable payment or discharge of;

(b) to indemnify against the consequences of default in the payment of; or

(c) otherwise to be responsible for;

any obligation or indebtedness, or the solvency or financial condition, of any other persons;

**“Indebtedness”** means any obligation whether present or future, actual or contingent, to pay or deliver any moneys under or in respect of any financial accommodation, facility or arrangement granted to the Second Co-owner including, without limitation, in respect of any of the following:

(a) moneys borrowed or raised by the Second Co-owner including, without limitation, any finances or loans as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001;

(b) Guarantee (as defined herein below);

(c) Debentures, bond, redeemable securities, promissory notes, or bills of exchange (whether or not transferable or negotiable);

(d) option given by the Second Co-owner to anyone to sell or buy any of the Second Co-owner’s assets or property at normal or discounted price;

(e) lease or license in respect of any of the Second Co-owner’s assets/property (real and tangible) entered into primarily for the purpose of raising finance;

(f) hire purchase or deferred payment obligations for any assets/property acquired or service employed;

(g) obligation under any swap or future or option contract;

(h) central excise duty and other statutory levies payable by the Second Co-owner to the Federal, Provincial or any Local Government; or

(i) arrangement which achieves the same or equivalent commercial effect as any of the above;

**“KIBOR”** means the average of the 6/12 months’ Karachi Interbank Offered Rate published on Reuters page KIBOR on the Rental Review Date.

**“Last Lease Period”** means the period comprising (i) last 6/12 full months of the Lease Term and (ii) a number of days equivalent to the number of days from the first day of the Commencement Month to the day immediately preceding the Commencement Date.

**“Lease Period”** means; First Lease Period; and in the case of all subsequent Lease Periods (except the Last Lease Period), means the 6/12 month period commencing from the calendar day immediately following the last Rental Payment Date of the preceding Lease Period and ending on the last Rental Payment Date of the current Lease Period;

**“Lease Term”** means the Tenor of the Lease Period

**“Major Maintenance and Structural Repair”** means all structural repair and major maintenance (excluding Ordinary Maintenance and Repair including the cost and expense incurred by the Lessor on the repair and maintenance of the Vehicle Tracking Equipment or the Lease Asset without which the Lease Asset could not be reasonably and properly used by the Lessee.

**“Material Adverse Effect”** means the occurrence of an event or series of events, which in the sole opinion of the First Co-owner, might have a material adverse effect on (i) the business, condition (financial or otherwise) of the Second Co-owner or the ability of the Second Co-owner to meet its payment obligations under any agreement and

/ or arrangement or (ii) on the Asset or (iii) on the validity and enforceability of this Agreement and/or other Transaction Documents.

**“Musharaka”** means the Shairkat ul Melk (constituted in accordance with the principles of Shari’a) established by the Co-owners, whereby each Co-owner has undivided ownership of the Asset pursuant to this Agreement.

**“Musharaka Asset”** means the asset to be purchased through the application of the respective contributions of the Co-owners to the Musharaka.

**“Ordinary Maintenance and Repair”** means all repair, replacement of any part of the Lease Asset and maintenance (other than Major Maintenance and Structural Repair) required to keep, repair, maintain and preserve the Lease Asset (including the Vehicle Tracking Equipment in good order and operating condition, and in compliance with the manufacturer’s maintenance guidelines and repair standards and procedures generally expected from a prudent person and in compliance with all requirements of laws applicable to the maintenance and condition of the Lease Asset.

**“Outstanding Fixed Rent”** means an amount representing the cost incurred by the Lessor in purchasing the Lease Asset less the aggregate of the Fixed Rent paid, if any, by the Lessee to the Lessor on a given date;

**“Parties”** means the Lessor and the Lessee, and individually, each a “Party”.

**“Proceedings”** means any suit, action or proceedings arising out of or in connection with this Agreement;

**“Prudential Regulations”** means the Prudential Regulations of the State Bank of Pakistan (SBP) for banking companies or other regulations as are notified from time to time by SBP.

**“Partial Loss”** means any loss or partial destruction of, or damage to the Lease Asset or any part thereof other than a Total Loss.

**“Rental Payment”** means an amount to be paid to the Lessor by the Lessee in terms of this Agreement;

**“Rental Payment Date”** means and includes each date on which the Rental Payment or any portion thereof is required to be paid by the Lessee to the Lessor.

**“Rental Review Date”** means the day two (2) Business Days before the commencement of each Lease Period (other than the First Lease Period).

**“Service Agent”** has the meaning to be given to that term in the Service Agency Agreement.

**“Security”** means the charges and encumbrances created by the Lessee in favour of the Lessor pursuant to the Security Documents, in accordance with the terms of this Agreement.

**“Security Documents”** means collectively the following documents providing for the Security:

(a) Title Agency Declaration

(b) Original Registration Booklet with lien marked in favour of the Lessor; and

(c) the Memorandum of Deposit of Title Deeds; and

(d) such other documents designated by the Lessor as a security document as consented to by the Lessee (such consent not to be unreasonably withheld or delayed);

**“Supplementary Rent”** means an amount representing the costs of Insurance/Takaful, Major Maintenance and Structural Repair and Taxes with regard to the Lease Asset incurred by the Lessor during the preceding Lease Period.

**“Service Agency Agreement”** means the service agency agreement to be entered into on or about the date of this Agreement between the Lessor (as principal) and the Lessee as (Service Agent) in relation to the Major Maintenance and Structural Repair, Taxes and Insurances/takaful.

**“Termination Amount”** means:

(i) where the Lease is terminated during the Lease Term, the Termination Amount shall be the aggregate of:

- (a) Outstanding Fixed Rent;
- (b) accrued and unpaid Variable Rent;
- (c) accrued and unpaid Supplementary Rent;
- (d) accrued and unpaid Additional Rent;
- (e) accrued and unpaid Advance Rent;
- (f) other accrued and unpaid costs and expenses; and
- (g) a sum equal to a maximum of 20% of the Outstanding Fixed Rent.

(ii) where the Lease is terminated at the expiry of the Lease Term in accordance with the terms of the sale undertaking to be executed by the Lessor in favour of the Lessee on or about the date of this Agreement (“Sale Undertaking”), the Termination Amount shall be a nominal amount of Rs. 100/- (Rupees One Hundred Only) Or an amount equal to the aggregate of (i)(a), (i)(b) and (i)(c) above.

**“Total Loss”** means in each case certified by a reputable takaful / insurance company, the total loss or destruction of, or damage to the whole (or a substantial part) of the Lease Asset or any event or occurrence that renders the whole (or substantial part) of the Lease Asset permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical.

**“Tax”** means any present or future tax, levy, impost, duty, assessments registration fee or other charge or withholding of a similar nature (including any penalty payable in connection with any failure to pay or any delay in paying any of the same).

**“Units”** Each Co-owner's entitlement to the Asset will be undivided and shall for the purpose of more particular determination comprise “Units”, with each Unit equivalent to 1 % ownership of the Asset.

**“Variable Rent”** means (i) 6/12-month KIBOR plus Spread respectively multiplied by (ii) the Outstanding Fixed Rent at the commencement of the applicable Lease Period multiplied by (iii) the number of days in that Lease Period divided by 360.

**“Sale Order”** means a sale order, in the form set out in Schedule C, issued by the Personal Finance Customer to the Agent or any other third party for sale of Asset described therein;

**“Sale Price”** means the price indicated in the offer to sale of the Assets by DIBPL;

**“Terms and Conditions”** mean the terms and conditions applicable for availing the Personal Finance offered by DIBPL, agreed upon between DIBPL and the Personal Finance Customer.

**“Musawamah”** means a type of sale in which a seller sells his goods without disclosing cost and profit. It’s a normal sale transaction. The sale price could be paid on spot or deferred, to be paid in lump sum or in installments.

**“BTF (Balance Transfer Facility)”** A balance transfer facility is the transfer of (part of) the balance (either money or credit) in an account to another account, often held at another Financial Institution. BTF can be used to take care of your financial needs such as:

- Credit Card Bill Payments: BTF makes life easier by proposing the opportunity to pay off the amount due on your conventional bank credit card at a lower BTF rates.

- Conventional Loan Payments: When you need to make a payment to your outstanding conventional loan payments. So enjoy the convenience of paying your outstanding loans through our BTF Facility

**“EMP”** EMP stands for Equal Monthly Payments. This Payment comprises both principal and Profit components.