



**askari**bank  
LIMITED



**Product Program Manual  
For  
'Cost Sharing Scheme for Electric Bikes and  
Rickshaws/Loaders'  
(Version 1.0)**

**Islamic Banking Services Division**

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## 1. Introduction of the Document

This Product Program Manual (PPM) lays down comprehensive Shari’ah compliant procedures/ parameters to be followed throughout AKBL Islamic Banking Branches for sanctioning and controlling the facility under SBP’s ‘Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders’.

Financing under this scheme will be provided on the mode of Diminishing Musharakah according to Shari’ah parameters.

In addition to this PPM, following documents shall also be followed while extending the facility under this scheme:

- Prevailing Credit Procedure Manual(s)/Credit Policy(ies) of Consumer/ SME, Corporate, Commercial & Agri / CAD Manual of Askari Bank Limited
- Prevailing SBP PRs/guidelines on this scheme issued from time to time
- Prevailing “Product Manual for Diminishing Musharakah Financing Facility” of the bank.

## 2. Objective

This Document aims:

- To offer facility under ‘Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders’ to customers.
- To provide governing rules for smooth application of transactions.

The procedures, processes and steps laid down in this document are to be followed strictly in order to ensure Shari’ah Compliance of transactions.

## 3. Scope of the Document

This document aims to cover all the necessary elements of ‘Cost Sharing Scheme for Electric Bikes and Rickshaws/ Loaders’ and to provide a uniform understanding of the concept, application and proper execution. The document is applicable on all relevant IBSD/ SME/ Corporate/ Commercial/ Agri/ CBD business and support units.

## 4. Document Overview

Section ‘A’ ‘Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders’

Section ‘B’ Proxy Models for Income Calculation

Section ‘C’ Operational Aspects of the Scheme

Section ‘D’ Process Flow and Accounting Treatment

## 5. Basic Guidelines & Regulations

This document has been made in line with the available SBP’s Guidelines issued via SH&SFD Circular No. 04 of 2025 “Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders” regarding this scheme and all relevant letters/ guidelines/ circulars/ instructions issued by SBP from time to time for this scheme, shall be applicable.

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## 6. Document Approval Authority

This document will be circulated to Committee Comprising of Key Stakeholders and Shari'ah Board for approval.

## 7. Exception/ Deviation Approval

Any exceptions/ deviation (other than regulatory requirements) in this document shall be approved by President and Shari'ah Board, duly recommended by Head of Product Development & Shari'ah Support.

## 8. Overriding Documents/ Principles

The document has been prepared taking account of existing guidelines of SBP and Shari'ah Board issued from time to time. However, any change in guideline shall override this document.

## 9. Credit Approval Authority

Credit approval authority will be applicable as per CAA framework.

## 10. Dissemination

Product Development & Shari'ah Support Department will share the approved document to relevant stakeholders.

## 11. Roles and Responsibilities

### 11.1. Islamic Business Unit (IBU) - CCA, CBD, SME, Agri

Business Units (CCA, Commercial, CBD, SME, Agri) shall follow the guidelines of financing as mentioned in prevailing Credit Manual of AKBL for analyzing the 'Credit worthiness'/ acceptance of 'Security/Collateral' of/from the prospective customers, except where this product paper allows flexibility of term(s).

Moreover, the Business Units shall ensure compliance in all aspects with the instructions of this manual and refer any deviation to Shari'ah Compliance Department for approval from President and Shari'ah Board through Product Development & Shari'ah Support Department.

### 11.2. Credit Administration Division (CAD)

CAD shall be responsible for credit administration and monitoring as per Bank's Credit Policy and manual.

### 11.3. Human Resource Division (HRD)

In line with approved L & D Policy, the relevant line managers shall be responsible to ensure compliance of the necessary training requirements of their staff with reference to 'Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders'. Accordingly, L & D department shall provide any support making sure that adequate training for the relevant staff is arranged in order to safeguard smooth official handling of the cases under this product paper to ensure compliance with bank's internal policies, manuals, rules/ regulation/ procedures and all those prescribed by SBP.

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#### **11.4. Governance and Controls Department (G&CD)**

Governance and Controls department of IBSD will review and recommend all cases submitted for approval. Moreover, complete details (with respect to pre/ post approval monitoring) of facilities disbursed under this scheme will be maintained at IBSD HO/CAD. Flexcube system-based reports will be developed through ITG, in-line with existing credit practice of financing. The reports will be shared with IBSD Management, Finance, Compliance, RMG on monthly basis or as and when required.

#### **11.5. Fraud Risk Management Department (FRMD)**

In light of the Consumer Credit Policy, FRMD shall mainly be responsible in accordance with the Fraud Risk Management Policy for the following:

- Monitoring and Detection of Fraud at Application and transaction level
- Investigation of Frauds
- Reporting of Frauds.

#### **11.6. Shari'ah Compliance Department (SCD)**

As per Shari'ah Governance Framework (SGF), SCD shall keep a continuous watch on the IBI's Shari'ah compliance environment and shall ensure that all organs of Shari'ah Governance are operative and are effectively discharging their respective functions and responsibilities as defined in the SGF.

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**Section 'A' - 'Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders'**

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## 12. Introduction to ‘Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders’

The global shift toward electric vehicles (EVs) has reached Pakistan, where the need for sustainable transportation solutions is becoming more urgent. As one of the most populous countries in the world, Pakistan faces growing challenges in terms of pollution, fuel dependency, and urban congestion.

In recent years, the evolution of the Electric industry in Pakistan has gained momentum, albeit at a slower pace compared to the global market. However, with government’s initiatives and an increasing awareness of the environmental and economic benefits of EVs, Pakistan is beginning to explore electric mobility as a viable alternative to traditional fuel-powered vehicles. Government of Pakistan is working towards implementing the New Energy Vehicle (NEV) policy 2025-30 across all provinces through strong provincial cooperation.

In order to reduce vehicle emission, improve access to mobility and support long term environmental planning, the SBP/ Government of Pakistan, through the Ministry of Industries and Production, has announced ‘Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders’, a subsidized electric vehicle scheme under the New Energy Vehicle (NEV) policy 2025-30, for all segments of the population across the country. The Government of Pakistan shall provide the subsidy to the eligible/ approved banks on financings hence citizens of Pakistan can get the electric vehicles on easy monthly installments with discounted price.

This scheme is part of Pakistan Accelerated Vehicle Electrification Program (PAVE) To Promote Eco-Friendly and Economical Transportation System and will be implemented under the supervision of the Engineering Development Board.

**Note:** Details given in this document are based on currently available details of the scheme issued via SH&SFD Circular No. 04 of 2025 “Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders”, however in case of any change from SBP, SBP’s prevailing details will supersede this document.

## 13. Salient Features of the Scheme

Sr. #	Description	Specific Product Details
a)	Product	‘Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders’
b)	Facility Mode	Diminishing Musharakah
c)	Financing type	Term Finance
d)	Basic Eligibility Criteria	All citizens of Pakistan including GB & AJK subject to the age restrictions;  and In case of rikshaws/loaders, fleet operators will also be eligible to apply in addition to common citizens.

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		Eligibility criteria for fleet operators will be determined by Steering Committee of SBP/ GoP.
e)	Age at the time of application (for individuals only)	<p><b>In case of e-bikes:</b></p> <ul style="list-style-type: none"> <li>• Min 18 years</li> <li>• max 65 years</li> </ul> <p><b>In case of rikshaws/loaders:</b></p> <ul style="list-style-type: none"> <li>• Min 21 years</li> <li>• max 65 years</li> </ul>
f)	Maximum Facility Limit	Maximum cap shall be as under: PKR 200,000/- for two-wheeler PKR 880,000/- for three-wheeler
g)	Capital Subsidy	<ul style="list-style-type: none"> <li>• Up to PKR 50,000 per two-wheeler, subject to Customer's equity amount calculated</li> <li>• Up to PKR 200,000 per three-wheeler, subject to Customer's equity amount calculated</li> </ul> <p>Customer shall pay any amount above the Capital Subsidy as part of upfront equity payment while complying with equity ratio requirement.</p>
h)	Equity Deposit (Customer's share)	<p>Customer's equity (Musharakah) share:</p> <ul style="list-style-type: none"> <li>• minimum 20% of invoice value</li> </ul> <p>Equity portion will encompass both capital subsidy and customer's share.</p> <p>As a general principle, first, fixed capital subsidy will be applied, and any remaining amount will then be paid by the customer. For the avoidance of doubt, if the capital portion of 20% is fully covered by Capital Subsidy, then customer will not pay any amount. For example:</p> <ul style="list-style-type: none"> <li>• If an e-bike costs Rs. 250,000/- the 20% equity requirement will be Rs.50,000/-. With a fixed capital subsidy of Rs. 50,000/-, no additional equity would be required from the customer</li> <li>• Similarly, if an e-rickshaw costs Rs.1,100,000/- the equity portion at 20% will be Rs. 220,000/-. With a fixed capital subsidy of Rs. 200,000/-, remaining Rs.20,000/- shall be paid by the customer</li> <li>• If an e-bike costs Rs.300,000/- customer will be required to pay additional amount of Rs. 50,000 as his equity share along with GoP capital share of Rs. 50,000. In this case maximum facility limit will remain fixed at Rs. 200,000, however, equity ratio will be adjusted from base 80:20 proportionately.</li> </ul>

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		<ul style="list-style-type: none"> <li>If an e-bike costs Rs.200,000/- the equity requirement will be Rs. 40,000. Only Rs. 40,000 shall be paid out of capital subsidy of Rs. 50,000/-</li> </ul>
i)	Vehicle Registration/ Security	HPA in favor of Askari Bank Limited shall be marked on vehicle(s) financed under the subject facility
j)	Vehicle variant	<ul style="list-style-type: none"> <li>As shortlisted by Engineering Development Board (EDB)</li> </ul> <p>OEMs shall be responsible for timely delivery of vehicles to customers and to regular after sales service</p>
k)	Debt Burden Ratio	According to prevailing respective credit policy for auto financing
l)	Income Calculation (for consumer segment only)	<p>Income will be calculated* through either of the following methods:</p> <p>(a) salary slip</p> <p style="text-align: center;">or</p> <p>(b) bank statement</p> <p style="text-align: center;">or</p> <p>(c) proxy model</p> <p>*As explained in point number 13 of this document</p>
m)	Income Calculation (for others than consumer segment)	According to prevailing respective credit policy for auto financing
n)	Facility Term	<ul style="list-style-type: none"> <li>Max 2 years for e-bikes</li> <li>Max 3 years for rickshaws/loaders</li> </ul>
o)	Rate applicable on End User (Customer):	0% (Completely subsidized by Federal Government)
p)	Subsidy Income	<p>Subsidy receivable from SBP on quarterly basis:</p> <ul style="list-style-type: none"> <li>6-Month KIBOR +2.75%</li> </ul>
q)	Monthly Re-payment	Equal Monthly Installment (EMI) based monthly installments from customer, comprising Principal + Takaful component only
r)	Takaful Rate	Takaful rates for the vehicles of this scheme, will be negotiated with the Takaful companies in coordination with Ministry of Industries & Production (MoI&P)
s)	Processing Fee	NIL
t)	Early Termination charges	NIL
u)	Late Payment charity	As per prevailing charity fund policy of AKBL-Ikhlās
v)	Registration Charges	To be borne by the customer
w)	Other Charges	All other charges will apply according to AKBL-Ikhlās' SOC for respective segment
x)	Scheme Validity	Valid until further notice as per SBP directives
y)	Authorized Dealership	The booking will be done through PAVE enlisted dealerships
z)	Early Warning Trip Wire	<ul style="list-style-type: none"> <li>10% Early Warning Mechanism</li> </ul>

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		If there is a default of 10% or more at the portfolio level or there are other predefined risk conditions, an immediate review and corrective action will be initiated by Mol&P
<b>aa)</b>	Credit Loss Guarantee (CLG)	<ul style="list-style-type: none"> <li>20% Portfolio Guarantee on First Loss Basis</li> </ul> <p>Federal Government to provide debit authority and first loss portfolio guarantee through SBP</p>
<b>bb)</b>	Credit Loss Guarantee (CLG) Claim Stage	180 Days from the date the installment was due and not paid by the customer
<b>cc)</b>	Adjustment	<p>In the event of recoveries from delinquent customers, all such recoveries will be treated as recovery of principal amount and will be adjusted accordingly.</p> <p>The costs incurred on recovery efforts will be borne by the AKBL</p>
<b>dd)</b>	Documents required	<ul style="list-style-type: none"> <li>Clear copy of Valid CNIC.</li> <li>Digital Application</li> <li>Digital Undertaking of Driving License</li> <li>AKBL account (current or saving)</li> <li>All other documents related to Vehicle Financing Agreement, required by the Bank or SBP</li> </ul>
<b>ee)</b>	Approval/ Deviation	All Approvals/ Deviations shall be referred to respective authorities as per CAA framework.
<b>ff)</b>	Other Terms & Conditions/ Parameters	All other credit Parameters, not specified here, will be applicable according to prevailing respective credit policy and PR's for auto financing.

#### 14. Structure of the Facility:

AKBL-Ikhlas shall provide financing under this scheme on Diminishing Musharakah model. Diminishing Musharakah, is a form of Musharakah developed in near past which is a hybrid contract based on combination of different contracts such as Partnership, Ijarah and Sale, each of which are executed independently while taking account of Shari'ah injunctions. Structure of the product will be as given below:

1. After necessary approvals, Customer and AKBL will enter into Musharakah agreement for procurement of electric vehicle.
2. Customer will deposit his equity (if any) alongwith the first year's Takaful contribution, in his /her account with AKBL before disbursement.
3. AKBL will disburse the amount equal to "Bank's approved financing amount" + "Capital Subsidy Receivable from the SBP/ GoP".
4. AKBL shall pay the amount equal to approved vehicle's 100% value, directly to the authorized vendor via online transfer (Account with AKBL) or Banker's Cheque (BC).

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5. Total value of the vehicle will be calculated as following formula:

$$\begin{aligned} &\text{Total Value of Musharakah Asset} = \\ &\text{Customer's equity (if any) + SBP's capital subsidy + registration fee/ any other fee (will be} \\ &\text{considered customer's share in the asset, or as advised by the SBP)} \\ &+ \\ &\text{AKBL's approved financing amount (will be considered AKBL's share in the asset, or as advised} \\ &\text{by the SBP)} \end{aligned}$$

6. Capital subsidy from SBP/ GoP will be received to the AKBL at later stage.
7. HPA on underlying electric vehicle, in favor of the AKBL will be ensured through EAMU.
8. Vehicle shall be completely insured through approved Takaful Company and the customer will pay first year's complete Takaful contribution, AKBL's share of subject Takaful shall be adjusted from supplementary rentals.
9. Upon delivery of vehicle, customer will confirm the AKBL, subsequently customer and AKBL will execute the lease/ payment agreement to start monthly installments.
10. Re-payment/ installment schedule will consist the unit purchase price (principal value of financing) and Rentals (subsequent Takaful contributions\* i.e. Takaful contribution of next year, divided on 12 months installments + subsidy receivable from SBP).
11. Customer will only pay unit purchase price along with Takaful contribution portion of the rentals and charity (if any), rest amount of the rentals will be received from SBP on quarterly basis.
12. Re-payment from the customer will start from next month after the execution of lease/ payment agreement.
13. Rental for the first period (monthly/ quarterly/ semi-annually/ annually) will be fixed at the time of Lease/ payment Agreement and the rental revision method for subsequent periods will be pre-agreed in the Lease/ payment Agreement with reference to SBP's conveyed benchmark rate. Floor and cap is also necessary in this case to reduce the element of Gharar.
14. In case of any late payment, the customer shall pay the undertaken charity amount.

Note: To perform above explained actions, all respective teams of the AKBL shall be responsible according to regular Auto Financing policy.

\*Takaful contributions will not form part of installment schedule of last year since Takaful for further years will not be required/arranged by AKBL.

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**Section 'B' - Income Calculation Models for the Scheme**

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## 15. Income Calculation (Proxy/ Non-Proxy) Models for the Scheme

### 15.1. Formal Segments Income Proxies

Following income proxies will be used to derive income for segments including Salaried & Self-Employed Business/Professionals and other segments.

#### 15.1.1. Personal/Partnership Bank Statement Based Income Proxy (Self Employed Professional / Business segment):

Proxy Code	Definition
P1 (ETB)	1.1 – Income to be derived for this segment by applying relevant industry margin against average monthly credits of last 6 months having good credit history in bureau of last 12 months.
P2 (NTI)	1.2 - Income to be derived for this segment by applying relevant industry margin against average monthly credits of last 12 months, for applicant with no bureau history or the bureau history is less than 12 months.

1. This proxy will be available for the formal SEB/SEP segment only.
2. Industry margin initially proposed are **20%** for Trading, **40%** for Services & **30%** for Manufacturing. For further details, annexure B attached.
3. Lowest of the declared & proxy income will be treated as monthly income for DBR calculation.
4. DBR should be capped at 40%.
5. For Self Employed, credit in bank statement reflects revenue of business, therefore adjustment factor suggested for excluding cost of doing business, operating business etc.

#### 15.1.2. Bank Statement Based Income for Salaried Segment:

Proxy Code	Definition
S1	Salary Credit in Bank Statement of salaried individual (As per standardized product prevailing PPM). Salary slip/Salary certificate will also be required.

1. This calculation method will be available for the formal salaried segment only.
2. DBR should be capped to 40%.

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### 15.1.3. Rental Income:

Proxy Code	Definition
P3	3.1 Income derived from Rent credits in Bank Statement of property owner.
P4	3.2 Cash rental income derived from the Rental agreement.

1. This calculation method will be available for the Landlord segment only. DBR should be capped to 40%.
2. Valid Rent agreement with copy of Title document.
3. DBR should be capped to 40%.

### 15.1.4. Cash Salary (Only for Govt Employees):

Proxy Code	Definition
P5 (Established)	4.1 - Current monthly income confirmation from Government (employer)/Salary slip. DBR of EV Financing capped at max 40% for customers with 12 months good credit history.
P6 (NTI)	4.2 - Current monthly income confirmation from Government (employer)/Salary Slip. DBR of E-Bike Financing at max 40 % for customers with no or less than 12 months good credit history.

1. This proxy will be used where no bank statement exists.
2. Bank approved format of salary verification should be used to verify the salary from Govt Institutes. Bank approved salary verification format must contain Name, CNIC, Designation, Date of Joining, Employment Status Permanent/Contractual, Salary breakup if applicable, variable allowances if any.
3. Last 6 months salaries should be verified from accounts /salary disbursing department/officer.
4. In case of variable salaries average of last 6 months salary will be treated as monthly income for DBR calculation.

### 15.1.5. FBR Data Based Proxy:

Proxy Code	Definition
P7	Income declared in income tax returns to be considered as income. DBR capped to 40%

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1. Bank statement will not be required.
2. DBR should be capped as 40%.
3. Applicants should be active tax filer.
4. Last 2 years tax returns are mandatory.
5. Active status of the applicant to be verified from FBR link.
6. Tax returns amount should be verified from the FBR data.

## 15.2. Informal Segments Income Proxies

Following income proxies will be used to derive the income of informal segments:

### 15.2.1. 1. Monthly Rental Expense Based Income Proxy:

Proxy Code	Definition
P8	Monthly rental expense generally stands at 20-25% of a household income; therefore, 4 multiples of 12-month average Rental expenses to be allowed to calculate income for applicants. DBR should not exceed 40% of Income.

1. Valid rent agreement will be provided by the applicant
2. Verification will be conducted as per Bank approved verification matrix. .

### 15.2.2. 2. Monthly Education Expense Based Income Proxy:

Proxy Code	Definition
P9	Educational expenses such as children school fee and tuition fee accounts for up to 20% of overall household income; therefore, a multiple of 4 to be allowed to calculate income. DBR should not be more than 40% of income.

1. Educational expenses i.e. school fee and tuition fee will be duly verified from the education institute duly registered as Govt or Private.
2. A certificate on bank approved format from educational institute will be obtained & verified, which must contain name & registration number of students, name & CNIC of applicant, relationship of student & applicant, monthly amount of school fee.
3. Preferably parent's income documents will be attained, if income documents not available, education expense will be considered.

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**Section 'C' - Operational Aspects of the Scheme**

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## 16. Application Acquisition & Role of PAVE Web Portal

Government of Pakistan (GoP) has launched a web-based portal. GoP is the final authority / owner of web portal which has exclusive rights to change, override or any review of application format. Web based application form has in-built fields for provisioning of required information by the applicant.

These fields may be edited or further fields may be added by GOP only. Application form once filled up by applicant and submitted online, will be locked and would not be available for editing by applicant.

Any person willing to submit applications for financing under 'Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders' can apply by accessing the PM portal online.

### 16.1. Purpose, Access and Control of PAVE Web Portal

#### 16.1.1. Purposes

The purpose of this web portal is to provide a centralized platform through which applicants would be able to apply directly to the bank of their own choice.

#### 16.1.2. Access

Access of web portal has been provided to all the following stakeholders for specific purposes:

**Individuals/Applicants:** For application of financing, selecting the bank from drop down window.

**Banks:** For the purpose of receiving applications and updating status of application on \*Dash Board.

**PITB Office:** Monitoring of applications status with banks, upgrading of web portal and other purposes deemed required by GoP.

**NADRA:** Verification of CNICs of applicants. (NADRA will only verify contents of CNIC, however biometrics of applicant will be done at the time of account opening by branches).

\*Dash Board of Web portal will be provided to banks for retrieving applications and posting status of applications i.e. "Approved", "Declined".

#### 16.1.3. Control

Web Portal of PAVE is hosted and controlled by Government of Pakistan through Punjab Information Technology Board (PITB), for effective monitoring of the following factors:

- Number of applications logged towards banks
- Number of applications approved by banks
- Number of applications declined by banks
- Turnaround Time of approved / declined applications

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### 16.2. Acquisition of Applications from PAVE Portal by Askari Bank Ltd

AKBL will receive the applications dropped in Bank's bucket by visiting the portal and then process these applications manually as per prevailing credit practice of each segment. Afterwards AKBL will update the status of approved/ declined applications on PAVE portal.

### 16.3. Received Applications and Segregation of Applications Segment Wise

Assigned representative of every segment (i.e. consumer, SME, corporate, commercial, Agri) will get the ID of PAVE Portal, each of them will regularly check the applications dropped in AKBL's bucket and process the applications pertain to their segments and after necessary eligibility checks, they will update the status of every processed application as "Approved" or Declined" on PAVE Portal.

### 17. Stage wise activity and responsibilities of stakeholders

Sr. No.	Stage	Activity	Responsibility
1	Coordination	Coordination with GoP, Ministry of Finance, SBP, PM House & various inspecting and regulating agencies	Head Gov/SBP Schemes department/ SME Division
2	PMD (Pakistan MNP [mobile number portability] Database) Check/ CNIC Check	All applications received through web portal will be pre-verified as per arrangements of all banks engaged in the scheme.	Federal Government/ NADRA
3	Application Receiving and segment wise segregation	Downloading of financing Application forms from PAVE portal and segment wise segregation	Assigned representative from every segment
4	Customer Due Diligence - CDD (ECIB, Data Check and Hot Scan)	Generate eCIB, perform data check and hot-scan/Accuity reports of the applicants as per AML/CFT/ CPF standards	As per existing practice of every segment
5	Applicant's Assessment/ Credit Origination	Overall review of applicant's eligibility, verifications, analysts' report and initial credit decision	As per existing practice of all segments
6	Credit Decision Approval / rejection	Credit side review of application, verifications, analysts' report, credit recommendation of UH and final credit decision	Respective Credit Approval Authorities as per powers delegated for finance approvals.
7	Process TAT	Comply Turn Around time as per agreed SLAs	Business teams of every segment
8	Approved/ Declined Cases	To update approved or rejected / declined cases on the web portal	Assigned representative from every segment

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All other internal procedures i.e. further processing of approved cases and disbursements, shall be followed as per regular credit procedures.

### 18. Procedure for Payment of Subsidies from SBP to AKBL

1	<p>Following steps shall be followed;</p> <ol style="list-style-type: none"> <li>Respective Business Units (BUs) will prepare all the necessary documents (Equity payable/Income subsidy/ Loss subsidy claim amounts) for receiving from government.</li> <li>The claim shall contain the particulars of each individual financing along-with calculations of Equity payable/ Income subsidy/ Loss subsidy amounts based on relevant rate/ decided amount.</li> <li>The claim amounts shall be submitted to Internal Audit Department for vetting by BUs.</li> <li>BUs will submit the claim, under intimation to respective RCAD and branch through email, to local SBP office within (a) 5 working days after the case approval, for equity payable claims and (b) 15 working days after the end of respective quarter, for Income subsidy/ Loss subsidy claims and keep the follow up.</li> <li>The BUs shall also inform the Islamic Treasury regarding amount and expected date of disbursement by SBP.</li> <li>Upon receipt of claim intimation from SBP, regional business units will intimate the respective RCAD and provide copies of related documents to RCAD.</li> <li>BUs shall also perform case related coordination with the customer and SBP local office.</li> <li><b>Note:</b> Above explained responsibilities have been mentioned in accordance with AKBL's IC no. 3153, however any subsequent change instructed by the management, shall prevail.</li> </ol>	Consumer Operations /Branch/ RM SME, Corporate, Commercial, Agri/ BU/ Internal Audit
2	<ol style="list-style-type: none"> <li>SBP-BSC shall scrutinize subsidy claim within (a) 5 working days in case of equity claims and (b) 15 working days in case of Income subsidy/ Loss subsidy claims, after receipt of complete information from AKBL-Ikhlās.</li> <li>Thereafter, SBP-BSC shall submit scrutinized claims to Finance Division for release of funds.</li> <li>After receiving funds from GOP, SBP BSC will credit the subsidy amount in respective AKBL's account maintained at SBP BSC Karachi.</li> </ol>	SBP

### 19. Documentation

Documentation shall be executed according to attached annexure to this document (or any other approved documents), along with all other documents required by the bank or SBP, to obtain subject facility.

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## 20. Program limits

The scheme shall cover financing of approximately 116,000 e-bikes and 3,170 e-rikshaws/loaders during FY 2025-26.

Out of this, following will be observed:

- Minimum of 25% of the total number of e-bikes for females
- Maximum of 10% of total e-bikes for persons intending to use e-bikes for business purposes such as courier or delivery services
- Maximum of 30% of rikshaws/loaders for fleet operators

The scheme will be implemented in two phases. In the first phase, 40,000 e-bikes and 1,000 e-rikshaw/loaders will be distributed while remaining 76000 e-bikes and 2,170 e-rikshaws/loaders will be distributed in the second phase.

The tentative target for AKBL from above given is 350 vehicles across all segments, however since the applications for this financing cannot be obtained directly therefore change in results may occurred.

## 21. Takaful

Takaful coverage of underlying asset is necessary.

Customer will make upfront payment of the first year's Takaful contribution and afterwards, every year's Takaful contribution will be distributed in 12 equal installments and will be recovered as part of monthly rentals.

Takaful contributions will not form part of rentals of last year since Takaful for further years will not be required/arranged by AKBL.

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**Section 'D' - Process Flow and Accounting Treatment**

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## 22. Process flow

### Process Flow for DM Financing of New Electric Vehicle under the Scheme

Following process flow shall be followed:

- After necessary Credit and Shari'ah approvals, the customer and AKBL will enter into a Musharakah Agreement to outline the terms and conditions under which the asset shall be jointly purchased and held along with the prospective ratios of each party.
- Customer will deposit his equity (if any) along with the first year's Takaful contribution, in his /her account with AKBL before disbursement.
- AKBL will disburse the amount equal to "Bank's approved financing amount" + "Capital Subsidy Receivable from the SBP/ GoP".
- AKBL shall pay the amount equal to approved vehicle's 100% value, directly to the authorized vendor via online transfer (Account with AKBL) or Banker's Cheque (BC).
- Total value of the vehicle, calculated on following formula, will be used to determine the share of the customer and AKBL in the asset:

Total Value of Musharakah Asset =

Customer's equity (if any) + SBP's capital subsidy + registration fee/any other fee (will be considered customer's share in the asset, or as advised by the SBP)

+

AKBL's approved financing amount (will be considered AKBL's share in the asset, or as advised by the SBP)

- Capital subsidy from SBP/ GoP will be received to the AKBL at later stage. Upon receipt of SBP's capital subsidy, same will be settled with the amount disbursed on behalf of SBP as equity.
- HPA on underlying electric vehicle, in favor of AKBL will be ensured through EAMU.
- Vehicle shall be completely insured through approved Takaful Company. The customer will pay first year's complete Takaful contribution, AKBL's share of subject Takaful shall be adjusted from supplementary rentals.
- Subsequent Takaful cost shall be apportioned over financing Term.
- Upon delivery of asset, customer will confirm the AKBL, subsequently customer and AKBL will execute the payment agreement under which AKBL shall rent out its portion to the customer and start taking rentals on monthly basis.

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- k) The rental amount may be calculated with reference to a well-known benchmark (with a clearly defined balanced Floor & Cap) agreed upon at the time of signing of Payment Agreement. However, the amount of rental for the first period (monthly/quarterly/semi-annually/ annually) should be specified in Rupees Terms at the beginning of the First Period at the time of signing of Payment Agreement.
- l) AKBL's share of asset will be divided into Musharakah Units, which will be sold to the customer on a monthly/ quarterly/ semi-annually/ annually basis.
- m) Amortization schedule will consist the unit purchase price (principal value of financing) and Rentals (subsequent Takaful contributions\* i.e. Takaful contribution of next year, divided on 12 months installments + subsidy receivable from SBP).
- n) Customer will only pay unit purchase price along with Takaful contribution portion of the rentals and charity (if any), rest amount of the rentals will be received from SBP on quarterly basis.
- o) Re-payment from the customer will start from next month after the execution of lease/ payment agreement.
- p) Income subsidy from SBP/ Govt will be received on quarterly basis as per arrangement with SBP.
- q) After signing of Payment Agreement, the customer will give an Undertaking to Purchase for following reasons;
- a) To purchase AKBL' Musharakah Units on regular basis i.e. monthly/ quarterly/ semi-annually/ annually.
  - b) To purchase all the remaining units of AKBL in-case customer wants to terminate the contract before its maturity date.
  - c) To purchase all the remaining units of AKBL in-case customer defaults.
- r) AKBL will also give an Undertaking to sell in case the customer wants to purchase the additional units earlier than the normal schedule.
- s) To record the sale of each & every unit between AKBL & the customer (on Monthly/ Quarterly/ Semi-Annual/ Annual basis) "Unit Sale Receipt" will be issued on every sale of unit.
- t) After the purchase of all Musharakah units, the customer becomes sole owner of the asset.
- u) In case of any late payment, the customer shall pay the undertaken charity amount.
- v) In case of destruction of the asset, AKBL and the customer will share the gain/loss on takaful claims on pro rata basis.

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Notes:

- Equity Deposit amount, approved by SBP for the subject case as capital subsidy, will be paid (as "Receivable from SBP") by AKBL itself (besides the approved facility amount) on behalf of SBP, however remaining equity deposit amount (if any), applicable on the customer on case to case basis according to the terms of this scheme, will be provided by the customer.
- In case of any deviation from above standard process flow, case will be referred to SCD for RSBM's decision.
- All respective departments of the bank shall be responsible for above explained functions pertain to their domain as per regular auto financing functions.
- Takaful contributions will not form part of installment schedule of last year since Takaful for further years will not be required/arranged by AKBL.

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### 23. Accounting Treatment and GLs

Accounting treatment of financing to customers under the scheme will be as follows:

<b>DM Asset Purchase (Payment to Seller/ Supplier)</b>		
Dr	Advance against DMEV Financing (with financing amount)	200,000
Dr	Equity Payment on Behalf of SBP – DMEV (with SBP capital subsidy amount)	50,000
Dr	Customer Account (with customer’s equity, if any)	50,000
Cr	Outward Lodgment - DMEV	300,000
Dr	Outward Lodgment - DMEV	300,000
Cr	Party Account/ Banker Cheque	300,000
<b>Payment of First Year’s Takaful</b>		
Dr	Customer Account (with first year complete Takaful contribution)	6,000
Cr	Takaful Payable – DMEV	6,000
Dr	Takaful Payable – DMEV (Manual Entry)	6,000
Cr	Party Account/ Banker Cheque (Manual Entry)	6,000
<b>To Record Capital Subsidy Received from SBP (Manual Entries)</b>		
Dr	SBP Account	50,000
Cr	Capital Equity SBP - DMEV	50,000
Dr	Capital Equity SBP - DMEV	50,000
Cr	Equity Payment on Behalf of SBP – DMEV	50,000
<b>Upon Delivery of Asset</b>		
Dr	DMEV Financing	200,000
Cr	Advance against DMEV Financing	200,000
<b>Monthly Accruals</b>		
Dr	Accrued Profit – DMEV (@ 6MK+2.75%)	2,366.19
Cr	Income – DMEV	2,366.19
<b>Monthly Recovery from the Customer (Monthly EMI)</b>		
Dr	Customer Account	8,833.33
Cr	DMEV Financing (with principal amount of instalment)	8,333.33
Cr	Takaful Payable (except for last year of facility)	500
<b>Receipt of SBP Subsidy Income/ Rentals (Quarterly) (Manual Entries)</b>		
Dr	SBP Account	6583.36
Cr	Subsidy Profit SBP – DMEV	6583.36
Dr	Subsidy Profit SBP – DMEV	6583.36
Cr	Accrued Profit – DMEV	6583.36
<b>Payment of Subsequent Year’s Takaful</b>		
Dr	Takaful Payable – DMEV	6,000

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Cr	Party Account/ Banker Cheque	6,000
<b>At the Time of Charity Recovery</b>		
Dr	Customer Account	xxxx
Cr	Charity Payable Account	xxxx
<b>At the Time of Classification</b>		
Dr	Income – DMEV	xxxx
Cr	Suspended Income – DMEV	xxxx

**Note:**

- In case of early termination, case shall be referred to Shari’ah Compliance Department for treatment of Takaful recovered till the date.
- All other accounting entries will remain same as per regular DM facility.

GLs Required for DMEV Facility	
GL Code	Description
	Advance against DMEV Financing
	Equity Payment on Behalf of SBP – DMEV
	Outward Lodgment - DMEV
	Capital Equity SBP – DMEV
	DMEV Financing
	Accrued Profit – DMEV
	Income – DMEV
	Takaful Payable – DMEV
	Suspended Income – DMEV
	Subsidy Profit SBP – DMEV

**Important Notes:**

- Any parameter related to subject facility, which is not specifically covered hereunder this document, including Customer due diligence, will be governed and followed as per the parameters of prevailing respective credit policy of all segments and Bank’s Schedule of Charges (SOC) for vehicle financing.
- This document is prepared based on available details of the scheme, however any amendment/ addition in Terms & Conditions, as advised by SBP will supersede this document.

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- Digitalization of financing platform for this product shall be initiated after the approval of this document. However, till the digitalization of the platform, financing shall be handled manually.
- Since, according to existing instructions, bank will not earn any income on capital subsidy paid on behalf of the SBP, hence only shareholder's fund/ current account deposits (as applicable) will be utilized for this capital subsidy, instead of any Musharakah or Mudarabah fund. However, in case of any amendment to existing instructions, matter shall be referred to Shari'ah compliance department for guidance.

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## Glossary

<b>AAOIFI</b>	Accounting and Auditing Organization for Islamic Financial Institutions
<b>AKBL</b>	Askari Bank Limited
<b>AJK</b>	Azad Jammu Kashmir
<b>CCA</b>	Corporate and Commercial Assets
<b>CAD</b>	Credit Administration Department
<b>CBD</b>	Consumer Banking Department
<b>CAA</b>	Credit Approval Authority
<b>CNIC</b>	Computerized National Identity Card
<b>EDB</b>	Engineering Development Board
<b>EVs</b>	Electric Vehicles
<b>EMI</b>	Equal Monthly Installment
<b>GB</b>	Gilgit Baltistan
<b>GoP</b>	Government of Pakistan
<b>HPA</b>	Hire Purchase Agreement
<b>IBSD</b>	Islamic Banking Services Division
<b>KIBOR</b>	Karachi Inter Bank Offer Rate
<b>Moi&amp;P</b>	Ministry of Industries & Production
<b>NEV</b>	New Energy Vehicle
<b>DMEV</b>	Diminishing Musharakah Electric Vehicle
<b>OEM</b>	Original Equipment Manufacturer
<b>PITB</b>	Punjab Information Technology Board
<b>PAVE</b>	Pakistan Accelerated Vehicle Electrification
<b>PD&amp;SS</b>	Product Development and Shari'ah Support
<b>RMG</b>	Risk Management Group
<b>SB</b>	Shari'ah Board
<b>SBP</b>	State Bank of Pakistan

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<b>SGF</b>	Shari'ah Governance Framework
<b>SME</b>	Small and Medium Sized Enterprises
<b>SOC</b>	Schedule of Charges
<b>SEB</b>	Self Employed Businessman
<b>SEP</b>	Self Employed Professional

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ANNEXURE-B

Sector	Nature of Business Description	Industry Margin
Agri	Agriculture	15%
	Livestock	15%
Manufacturing	Auto Spare Parts	25%
	Leather Goods	20%
	Marble Industry	15%
	Pharmaceuticals	30%
	Plastic industry	15%
	Soap industry	15%
	Sugar	15%
	Textile	15%
Retail	Cement	20%
	Ceramics	20%
	Chemist & Medical Store	25%
	Computers	20%
	Electric & Electronics	20%
	Food & Beverages	20%
	Fuel & Energy	20%
	Furniture & Fixture	20%
	Garments	15%
	Gas & Petroleum	20%
	General Stores	15%
	Glass	15%
	Hardware/Sanitary	20%
	Jewelers	15%
	Opticians & sale of related items	15%
	Steel	20%
	Tea Industry	15%
Tobacco	15%	
Service	Advertising	20%
	Beauty Saloon/Fitness Club	25%
	Cable	15%
	Oil Trading including Lubricants	20%
	Clearing & Forwading	15%
	Consultants	25%
	Education	25%
	Hotel/Resturants	25%
	Medical store and equipments	25%
	Hospital & Doctors	30%
	Photography & sale of related items	15%
	Printing press	20%
	Security Services Companies	20%
	Telecommunication	25%
Trading Import/Export	15%	
Trading	Chemicals	25%
	Fish Industry	15%
	Flour Mill	20%
Others	Not appearing in above list	15%

*Handwritten signature and initials*

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**Annexure**  
to  
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**(Documentation)**

## MUSHARAKAH AGREEMENT

**THIS MUSHARAKAH AGREEMENT** is dated \_\_\_\_\_ (the "Agreement") and is made at \_\_\_\_\_

BETWEEN:

**Askari Bank Limited**, a banking company incorporated under the laws of Pakistan and having its registered office at AWT Plaza, The Mall, Rawalpindi and place of business at Banking Branch \_\_\_\_\_ (hereinafter referred to as the "**Bank**" which expression shall, where the context so permits, mean and include its successors-in-interest and assigns), of the one part;

AND

\_\_\_\_\_, S/o \_\_\_\_\_ adult, resident of \_\_\_\_\_ holding National Identity Card Number \_\_\_\_\_ (hereinafter referred to as the "**Customer**", which expression shall mean and include its successors in interests and assigns).

OR

\_\_\_\_\_, a partnership firm with its office at \_\_\_\_\_ (hereinafter referred to as the "**Customer**", which expression shall mean and include its successors in interests and assigns) through its partner(s) \_\_\_\_\_ (acting on behalf of himself and the other partners of the Co-owner).

OR

\_\_\_\_\_, a company incorporated under the laws of the Islamic Republic of Pakistan and having its registered offices at \_\_\_\_\_ (hereinafter referred to as the "**Customer**", which expression shall mean and include its successors in interests and assigns).

(The Bank and the Customer are hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**")

**WHEREAS** the Customer wishes to enter into a Musharakah with the Bank (as defined hereunder)

**AND WHEREAS** the Bank has agreed to enter into a Musharakah as mentioned herein.

**NOW, THEREFORE IT IS HEREBY AGREED BETWEEN THE PARTIES as follows:**

### 1. PURPOSE

1.1 This Agreement sets out the terms and conditions upon and subject to which the Bank and the Customer have agreed to enter into a Musharakah.

## 2. DEFINITIONS

2.1 In this Agreement, unless the context otherwise requires the following words shall have the meanings assigned to them hereunder:

**“Bank’s Musharakah Share”** means the share of the Bank in the Musharakah as appearing in Appendix ‘B’ hereto;

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

**“Customer’s Musharakah Share”** means the share of the Customer in the Musharakah as appearing in Appendix ‘B’ hereto;

**“Effective Date”** means the date of execution of this Agreement or the date on which the Bank disburses any amount out of the Bank’s Musharakah Share, whichever is later;

**“Event of Default”** means any of the events or circumstances described in Clause 11.1;

**“Musharakah”** means the arrangement between the Bank and the Customer whereby the Bank makes payment along with the Customer in the acquisition of the Musharakah Asset jointly;

**“Musharakah Units”** means the division and classification of the Bank’s Musharakah Share into units of the value and in the number appearing in Appendix ‘B’ hereto;

**“Musharakah Asset”** means the Asset purchased with the participation of the Bank and the Customer in accordance with the terms of this Agreement details whereof appear in Appendix “A” hereto from the seller;

**“Rupees”** or **“PKR”** means the official currency of the Islamic Republic of Pakistan

**“Shariah Board”** means the Shariah Board of the Bank;

**“Taxes”** includes all present and future taxes, levies, imports, duties, fees or charges of whatever nature together including without limitation property taxes and levies with delayed payment charges thereon and penalties in respect thereof and **“Taxation”** shall be construed accordingly; and

**“Term”** means the period of validity of the Agreement commencing from the Effective Date up to the end date of Musharakah.

2.2 Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement. In this Agreement, unless the context otherwise requires, references to Clauses and Appendices are to be construed as references to the clauses of, and appendices to, this Agreement and references to this Agreement include its appendices; words importing the plural shall include the singular and vice versa and references to a person shall be construed as including references to an individual, firm, bank, corporation, unincorporated body of persons or any state or any agency thereof.

### **3. MUSHARAKAH**

3.1 The Parties have agreed to contribute their respective shares towards the Musharakah.

3.2 The respective Bank's Musharakah Share and its proportionate equity/Musharakah Units and the Customer's Musharakah Share will be set out in Appendix 'B' hereto and the Bank's investment in the Musharakah may be made available to the Customer in one or more tranches.

3.3 The physical possession of the Musharakah Assets will be retained by the Customer on behalf of the Musharakah.

### **4. PURCHASE OF THE MUSHARAKAH ASSET**

4.1 It is agreed that the Customer shall, subject to compliance with the conditions precedent specified in Clause 10.1 below, purchase the Musharakah Asset from the Seller, and the Bank shall make available the Bank's investment in the Musharakah to the supplier/ seller for the purposes of completing the sale in the name of the Customer on behalf of the Musharakah in accordance with the terms and conditions of purchase of the Musharakah Asset between the Customer and the seller of the Musharakah Asset, as applicable subject to Clause 4.4 herein below.

4.2 The Customer shall be responsible for checking the specifications, conditions, and all other matters relating to the Musharakah Asset, including ensuring proper legal, marketable title and possession to be obtained from the seller. The Customer shall also ensure that there are no outstanding utility bills, taxes or other dues in respect of Musharakah Asset.

### **5. FEES AND EXPENSES**

5.1 The Customer shall pay all stamp, documentary, registration, and other duties and Taxes imposed on, or which arise in connection with, any agreement, conveyance deed, or other document executed in respect of the purchase of the Musharakah Asset and the Bank shall not be liable in any manner in respect of such stamp duty, registration and other duties and Taxes and costs associated with fees for services of lawyers, brokers in purchasing the Musharakah Asset. Such expenses shall form part

of the total cost of the Musharakah Asset and shall be reflected in the Customer's Musharakah Share. However, if such expenses are not demanded/disclosed by customer then same shall be deemed to be borne by the customer on behalf of the Bank/Musharakah voluntarily.

## **6. BANK'S REPRESENTATIONS AND WARRANTIES**

7.1 The Bank warrants and represents that:

- a. That it is a banking company duly incorporated under the Companies Ordinance, 1984 and licensed to carry on Islamic banking under the laws of Islamic Republic of Pakistan;
- b. That it has full legal right, power and authority to enter into, execute and deliver this Agreement and to perform the transactions set forth herein;
- c. That all requisite corporate approvals and consents have been obtained to enable it to enter into and perform its obligations under this Agreement.

## **7. CUSTOMER'S REPRESENTATIONS AND WARRANTIES**

8.1 The Customer warrants and represents that:

- (a) The Customer has the power to execute, deliver and perform its obligations under this Agreement and that this Agreement constitutes valid and legally binding obligations of the Customer enforceable in accordance with its terms;
- (b) The execution, delivery, and performance of this Agreement and any incidental agreement by the Customer will not (i) contravene any existing law, regulations or authorization to which the Customer is subject or (ii) result in any breach of or default under any agreement or other instrument to which the Customer is a Party or is subject;
- (c) Under the laws of the *Islamic* Republic of Pakistan in force at the date hereof the Customer will not be required to make any deduction or withhold any amounts payable by it hereunder;
- (d) There are no grounds or proceedings pending, or to the knowledge of the Customer threatened, the adverse determination of which may have a material effect on the financial condition of the Customer or may impair the ability of the Customer to perform any of its obligations or affect the enforceability of this Agreement;
- (e) No litigation, arbitration or administrative proceeding is pending or threatened against the Customer; and

- (f) No event or circumstance which constitutes or which with the giving of notice or lapse of time or both would constitute an Event of Default has occurred and is continuing.

## **8. UNDERTAKINGS**

9.1 The Customer undertakes with the Bank that during the Term:

- (a) He shall 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.
- (b) He shall provide the Bank with such financial and other information concerning his affairs as the Bank may from time to time reasonably require;

## **9. CONDITIONS PRECEDENT**

10.1 The Customer agrees that the obligation of the Bank to provide the Bank's Musharakah Share is subject to the conditions that:

- (a) Duly executed versions of this Agreement and the security documents to be obtained in accordance with Clause 15 herein below and such other documents as may be related or incidental to the terms of this financing arrangement have been received by the Bank to the satisfaction of the Bank;
- (b) All duties, fees, commissions, expenses required to be paid by the Customer to the Bank in respect of any transaction have been received by the Bank;
- (c) All such documents, approvals, consents and the like as have been reasonably requested by the Bank in connection with this Agreement have been received by the Bank.
- (d) The Customer has confirmed in writing that it is satisfied with the nature, type, location, value, title and documentation requirements of the Musharakah Asset based upon legal opinions, valuation reports obtained by the Bank directly or through the Customer.

## **10. EVENTS OF DEFAULT**

11.1 There shall be an Event of Default if:

- (a) The Customer defaults in the due and punctual performance of any other provision of this Agreement and (if such default is in the opinion of the Bank capable of remedy) such default shall not have been remedied within twenty-one (21) days of the Bank notifying the Customer of such default; or

- (b) Any representation or warranty made or deemed to be made or repeated by the Customer in or pursuant to this Agreement or in any document delivered under this Agreement is or proves to have been incorrect in any material respect;
- (c) The commencement of proceedings for bankruptcy of the Customer; or
- (d) The Customer stops or suspends payment of its debts/ liabilities or is unable or admits inability to pay its debts/ liabilities as they fall due or proceedings are commenced in relation to the Customer under any law, regulation or procedure; or
- (e) The Musharakah Asset ceased to be in the occupation of the Customer for any reason whatsoever, without the express written consent of the Bank; or
- (f) The title of the *Musharakah Asset* and/or the security interest of the Bank is in jeopardy in the reasonable opinion of the Bank.
- (g) value of the security is depleted or deteriorated and in the reasonable opinion of the Bank the same is not sufficient to adequately secure Customer's obligations under this Musharakah Agreement and the Customer fails to furnish adequate security to the satisfaction of the Bank within a period of 7 days of the Bank requiring the same

11.2 The Bank may, without prejudice to any of its other rights, at any time after the happening of an Event of Default by notice to the Customer terminate this Agreement.

## **12. INDEMNITIES**

12.1 The Customer shall indemnify the Bank against expense which the Bank shall certify as rightly incurred by it as a consequence of any default in payment by the Customer of any sum under this Agreement when due.

## **13. SECURITY**

13.1 As security for the performance of the Customer's obligations in accordance with the terms of this Agreement the Customer will create a mortgage by deposit of title deeds in respect of the Musharakah Asset in favour of the Bank or provide such other security as may be required by the Bank.

13.2 The Customer hereby agrees to obtain insurance coverage; acting as an agent of the Bank; from a reputable company offering protection under the *Islamic* concept of Takaful, against all relevant insurable risks such as loss, damage or destruction of the Musharakah Asset. Such insurance (Takaful) shall be in the name of the Bank as the loss payee thereof and shall remain valid and effective for the entire Term.

However, it is agreed that in the event of a claim being lodged under the Takaful policy, the proceeds thereof shall be shared between the Bank and the Customer in accordance with their respective shares in the Musharakah. All costs and expenses incurred in respect of such Takaful of the Musharakah Asset shall be shared by the Bank and the Customer in proportion to their respective shares in the Musharakah. However, any partner, if desires may volunteer to pay the share of other partner in the premium.

#### **14. SETOFF**

- 1.1. The Customer authorizes the Bank to apply any credit balance to which the Customer is then entitled in any account of the Customer with the Bank at any of its branches in or towards satisfaction of any sum then due and payable from the Customer to the Bank under this Agreement.

#### **15. NOTICES AND OTHER MATTERS**

- 15.1 Every notice or other communication under this Agreement shall be in writing delivered personally, or by courier or addressed to the relevant Party at its address stated above or to any. Every notice or other communication shall, subject as otherwise provided in this Agreement be deemed to have been received in the case of a letter when delivered personally or three (3) days after it has been delivered to a courier company for delivery to the addressee.
- 15.2 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 shall any single or 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 this Agreement are cumulative and are not exclusive of any remedies provided by law.

#### **16. JURISDICTION**

- 16.1 This Agreement is governed by and shall be construed in accordance with Pakistan law in so far as such law does not conflict with the *Islamic* principles of *Shariah* as determined by the *Shariah* Board of the Bank. All competent courts at ..... shall have the non-exclusive jurisdiction to hear and determine any action, claim or proceedings arising out of or in connection with this Agreement. The amounts payable by the Customer to the Bank under this Agreement may be recovered through the Banking Courts, under the Financial Institutions (Recovery of Finances) Ordinance, 2001.

**IN WITNESS WHEREOF** the Parties to this Agreement have caused this Agreement to be duly executed on the date and year first aforementioned.

**Executed between:**

For and on behalf of  
**ASKARI BANK LIMITED**

For and on behalf of  
**(Customer's Name)**

\_\_\_\_\_  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
AUTHORIZED SIGNATORY

Witnesses:

1. \_\_\_\_\_  
Name:  
CNIC No:

1. \_\_\_\_\_  
Name:  
CNIC No:

2. \_\_\_\_\_  
Name:  
CNIC No:

2. \_\_\_\_\_  
Name:  
CNIC No:

CLASSIFIED AS INTERNAL

**APPENDIX 'A'**

THIS Appendix shall be attached to and form an integral part of the package of Musharakah Agreement (the "Agreement") made at ..... on .....

BETWEEN

.....

AND

ASKARI BANK LIMITED

**Description of the Musharakah Asset**

Description of Asset : \_\_\_\_\_  
Engine No. : \_\_\_\_\_  
Chassis No. : \_\_\_\_\_  
Model : \_\_\_\_\_  
Registration No. : \_\_\_\_\_  
Bank's Share in the Asset : Rs. - Bank's .....% share  
Customer's Share in the Asset : Rs. - Customer's .....% share

Signed by:

For and on behalf of  
**ASKARI BANK LIMITED**

For and on behalf of  
**(Customer's Name)**

\_\_\_\_\_  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
AUTHORIZED SIGNATORY

**APPENDIX 'B'**

THIS Appendix shall be attached to and form an integral part of the package of Musharakah Agreement (the "Agreement") made at .....on .....

BETWEEN

.....

AND

ASKARI BANK LIMITED

Total Value of <i>Musharakah</i> Asset	: Rs.		
Bank's <i>Musharakah</i> Share	: Rs.	-	Bank's .....% share
Customer's <i>Musharakah</i> Share	: Rs.	-	Customer's .....% share
Number of Bank's <i>Musharakah</i> Units	:	-	
Value of Bank's <i>Musharakah</i> Units	: Rs-	-	(Per Unit)

Signed by:

For and on behalf of  
**ASKARI BANK LIMITED**

For and on behalf of  
**(Customer's Name)**

\_\_\_\_\_  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
AUTHORIZED SIGNATORY

DATE: \_\_\_\_\_

---

PAYMENT AGREEMENT

---

ASKARI BANK LIMITED

AND

---

Dated.....

---

**PAYMENT AGREEMENT**

---

THIS PAYMENT AGREEMENT is dated \_\_\_\_\_ (the "Payment Agreement") and is made

**BETWEEN:**

**Askari Bank Limited**, a banking company incorporated under the laws of Pakistan and having its registered office at AWT Plaza, The Mall, Rawalpindi and place of business at Banking Branch \_\_\_\_\_ (hereinafter referred to as the "Bank" which expression shall, where the context so permits, mean and include its successors-in-interest and assigns), of the ONE PART;

**AND**

\_\_\_\_\_, S/o \_\_\_\_\_ adult, resident of \_\_\_\_\_ holding National Identity Card Number \_\_\_\_\_ (hereinafter referred to as the "Customer", which expression shall mean and include its successors in interests and assigns).

**OR**

\_\_\_\_\_, a partnership firm with its office at \_\_\_\_\_ (hereinafter referred to as the "Customer", which expression shall mean and include its successors in interests and assigns) through its partner(s) \_\_\_\_\_ (acting on behalf of himself and the other partners of the Co-owner).

**OR**

\_\_\_\_\_, a company incorporated under the laws of the Islamic Republic of Pakistan and having its registered offices at \_\_\_\_\_ (hereinafter referred to as the "Customer", which expression shall mean and include its successors in interests and assigns).

(The Bank and the Customer are hereinafter collectively referred to as the "Parties" and each individually as a "Party").

Capitalized terms used herein shall have the meanings assigned to them in the Musharakah Agreement dated [•] between the Parties (the “**Musharakah Agreement**”) unless defined herein.

**WHEREAS** the Customer wishes to avail finance based on the *Islamic* modes of financing and has entered into the Musharakah Agreement whereby the Bank and the Customer have agreed *inter alia* to participate on the basis of Musharakah in the acquisition of the Musharakah Asset

**AND WHEREAS** the Musharakah Asset is in the name of the Customer and the Customer has agreed to be bound by the terms of this Payment Agreement in respect of matters related to the Musharakah Asset.

**AND WHEREAS** the Parties have agreed that the Customer shall use and occupy the Musharakah Asset and to the extent of the Bank’s Musharakah Share the Customer shall pay a Periodic Payment to the Bank upon the terms and conditions set out hereunder.

**NOW THEREFORE** in consideration of the mutual covenants contained in the Musharakah Agreement and herein below, the Parties hereby agree as follows:

## 1. DEFINITIONS

**“Event of Default”** means any of the events or circumstances described in Clause 11.1 of Musharakah Agreement and clause 7.01 of Payment Agreement;

**“Periodic Payment”** means the amounts to be paid by the Customer to the Bank for the right to use and occupy the Musharakah Asset to the extent of the share of the Bank in the Musharakah Asset. The periodic Payments due shall be as laid down in the schedule of Payments as appearing in Appendix “A” of this Agreement which shall be amended as agreed in same Appendix for each subsequent period with reference to the formula laid down in Appendix “B” of hereto.

**“Payment Date(s)”** means the date(s) at which the Periodical Payment becomes due and payable by the Customer to the Bank as stipulated in this Agreement and in accordance with a schedule of Payments appearing in Appendix ‘A’ of this Payment Agreement which would include new schedules of Payments provided for each subsequent period reflecting the applicable Payments and other revised schedules of Payments as may be required under the terms of this Agreement;

**“Term”** means the period of validity of this Payment Agreement commencing from the Effective Date up to the last Payment Date;

## 2. MUSHARAKAH ASSET

2.01 Notwithstanding that the Musharakah Asset is/shall be in the name of the Customer, the Parties agree that in consideration of the Bank’s Musharakah Share, the

Customer's rights in respect of the Musharakah Asset shall be qualified as laid down in this Payment Agreement and the Musharakah Agreement.

- 2.02 The Customer shall have the exclusive use and occupation of the Musharakah Asset for commercial purposes only against the periodical Payments.
- 2.03 The Customer shall not assign, transfer, convey, encumber, charge, or otherwise alienate any of its rights in respect of the Musharakah Asset or otherwise part with the possession of the Musharakah Asset during the Term of this Agreement.
- 2.04 The Customer hereby represents and covenants as follows:
  - a. That the Customer shall permit the Bank and/or the Bank's representatives and agents to inspect the Musharakah Asset on the Bank giving to the Customer twenty-four (24) hours prior notice in writing.
  - b. That the Customer shall pay all expenses for usage in respect of the Musharakah Asset after the Effective Date. However, in case of prior to effective date (subject to clause 4.2 of Musharakah agreement), the same shall be added in the total cost of Musharakah asset and shall be reflected in the Customer's Musharakah Share.
  - c. That the Customer shall pay all taxes, charges, demands, and levies that are imposed in respect of the *Musharakah Asset* whenever, including without limitation for any period prior to the Effective Date, and by whomsoever levied, including without limitation, property tax.

### **3. USE OF THE MUSHARAKAH ASSET**

- 3.1. The Customer shall have the exclusive right to use and occupy the Musharakah Asset including the Bank's share arising in respect of the Musharakah.
- 3.2. In cases where the Musharakah Asset is to be under construction or renovation, "use" and "occupation" of the Musharakah Asset by the Customer shall include any construction or renovation of the Musharakah Asset by the Customer.
- 3.3. The Customer shall pay to the Bank the Payments in accordance with the Payments Agreement.

### **4. OBLIGATION TO PAY PERIODIC PAYMENTS**

- 4.1. The Customer shall pay to the Bank Periodic Payments in respect of the use and occupation of the Musharakah Asset to the extent represented by the Bank's Share in the Musharakah.

- 4.2. The Customer shall pay to the Bank the Periodic Payments on the Payment Dates as appearing in the schedule of Payments appearing in Appendix "A" hereto.
- 4.3. The Customer's obligation to make the Periodic Payments shall continue for the Term.
- 4.4. The Customer's obligation to make the Payments to the Bank in accordance with Clause 4.02 above is absolute and shall continue and subsist notwithstanding the inability of the Customer to use the Musharakah Asset for commercial (or residential as agreed) purposes whatsoever except in case of Total Loss

## **5. VARIATION OF PAYMENTS**

- 5.1. The amount of Periodic Payment shall remain fixed for the first period (as appearing in Appendix "A" i.e. monthly, quarterly etc.) from the Effective Date hereof, after which the Bank shall vary the Payments with reference to the formula contained in Appendix 'B' hereto, to the extent that such variation is required in terms thereof.
- 5.2. The Bank shall vary the Payment in accordance with Clause 5.01 herein above on the first day of each period subsequent to the first period and in the event of such a variation an amended schedule of Payments appearing in Appendix 'A' hereto shall be provided to the Customer.
- 5.3. The amounts of the Periodical Payments appearing in Appendix "A" hereto will always correspond to the outstanding Bank's Musharakah Units.
- 5.4. Upon unusual fluctuation in Bank's Musharakah Units pursuant to Clause 5.03 herein above, the Bank shall provide to the Customer a revised schedule of Payments to be attached hereto as the amended Appendix "A".

## **6. PAYMENT AND ACCOUNTS**

- 6.1. All payments to be made by the Customer under this Payment Agreement shall be made in full, without any set off or counter claim whatsoever, and free and clear of any deductions or withholdings, on the due dates to the Bank.
- 6.2. When any payment would otherwise be due on a day, which is not a Business Day, the next following Business Day shall be substituted for such day.
- 6.3. If at any time the Customer is required to make any deduction or withholding in respect of Taxes from any payment to the Bank under this Payment Agreement, it shall promptly deliver to the Bank any receipts, certificates or other proof evidencing the amounts (if any) paid or payable in respect of any deduction or withholding as aforesaid.
- 6.4. If the rental payments or any other amount due under this Payment Agreement are not made to the Bank in full on the respective due date(s), the Customer hereby

irrevocably undertakes to pay to the Bank, if the Bank is of the opinion that the delay is without a valid reason (which the Bank shall inform through a notice), as charity, an amount calculated at the rate of @ 65 paisa per thousand per day of such unpaid amounts, part thereof or any other amount due for each day of delay beyond the relevant due date by which such amount, any part thereof or any other amount due remains unpaid to be donated by the Bank on behalf of the Customer for charitable purposes as approved by the Shariah Board.

## **7. REPAIR AND MAINTENANCE**

- 7.01. The Customer agrees at its own cost and expense, to be responsible for the performance of all Ordinary Maintenance and Repair required by the Musharakah Assets.
- 7.02. The Bank and the Customer shall be responsible for the performance of Major Repair, in accordance with their respective shares in the Musharakah Assets.
- 7.03. Any loss or damage to the Musharakah Assets arising out of the misuse of the Musharakah Assets by the Customer or negligence of the Customer its contractors, its and/or their respective employees or agents shall solely be borne by the Customer. The Customer hereby indemnifies the Bank for any cost of repair or any other costs arising due to such loss or damage to the Musharakah Assets

## **8. EVENTS OF DEFAULT**

- 8.1. There shall be an Event of Default & Termination if:
- a. The Customer fails to pay any sum payable by it under this Agreement when due;
  - b. A default in payment of any Payment in terms of this Agreement and/or the occurrence of an Event of Default under the Musharakah Agreement, shall constitute a default under this Payment Agreement as well and the Bank shall thereupon become entitled to exercise all rights and remedies as provided in the Musharakah Agreement upon occurrence of an Event of Default.
  - c. the interruption of more than 3 consecutive months or cessation of the business activities of the Customer;
  - d. If the Musharakah Assets are used unreasonably or in an abusive manner;
- 8.2. The Bank may without prejudice to any of its other rights at any time after the happening of an Event of Default by notice to the Customer terminate this Agreement.

## 9. SECURITY

9.01. As security for the performance of the Customer's obligations in accordance with the terms of this Payment Agreement the Customer shall create a mortgage by deposit of title deeds in respect of the Musharakah Asset in favour of the Bank or provide such other security as may be required by the Bank.

## 10. SETOFF

10.01 The Customer authorizes the Bank to apply any credit balance to which the Customer is then entitled in any account of the Customer with the Bank at any of its branches in or towards satisfaction of any sum then due and payable from the Customer to the Bank under this Payment Agreement.

## 11. NOTICES AND OTHER MATTERS

11.01 Every notice or other communication under this Payment Agreement shall be in writing delivered personally, or by courier or addressed to the relevant Party at its address stated above. Every notice or other communication shall, subject as otherwise provided in this Payment Agreement be deemed to have been received in the case of a letter when delivered personally or three (3) days after it has been delivered to a courier company for delivery to the addressee and in the case of a telex at the time of dispatch with confirmed answer back of the addressee.

11.02 No failure or delay on the part of the Bank to exercise any power, right, or remedy under this Payment Agreement shall operate as a waiver thereof nor shall any single or 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 this Payment Agreement are cumulative and are not exclusive of any remedies provided by law.

## 12. JURISDICTION

12.01 This Payment Agreement is governed by and shall be construed in accordance with Pakistan law in so far as such law does not conflict with the *Islamic* principles of *Shariah* as determined by the *Shariah* Supervisory Board of the Bank.

All competent courts at \_\_\_\_\_ shall have the non-exclusive jurisdiction to hear and determine any action, claim, or proceedings arising out of or in connection with this Payment Agreement. The amounts payable by the Customer to the Bank under this Payment Agreement may be recovered through the Banking Courts, under the Financial Institutions (Recovery of Finances) Ordinance 2001.

**IN WITNESS WHERE OF** the parties to this Payment Agreement have caused this Payment Agreement to be duly executed on the date and year first aforementioned.

**Executed between:**

For and on behalf of  
**ASKARI BANK LIMITED**

For and on behalf of  
**(Customer's Name)**

\_\_\_\_\_  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
AUTHORIZED SIGNATORY

Witnesses:

1. \_\_\_\_\_  
Name:  
CNIC No:

1. \_\_\_\_\_  
Name:  
CNIC No:

2. \_\_\_\_\_  
Name:  
CNIC No:

2. \_\_\_\_\_  
Name:  
CNIC No:

CLASSIFIED AS INTERNAL

**APPENDIX 'A'**

THIS Appendix shall be attached to and form an integral part of the package of the Payment Agreement (the "Agreement") made at ..... on ..... BETWEEN:

.....

AND

ASKARI BANK LIMITED

**Schedule of Payments**

- a. Periodic Payment Frequency: \_\_\_\_\_
- b. Period of this Schedule of Payments ("Period"): \_\_\_\_\_
- c. Periodic Payment amounts due in arrears on \_\_\_\_\_ of each \_\_\_\_\_
- d. The date of the first payment shall start on \_\_\_\_\_

Sr. No.	Periodical Payment	No. of Units Outstanding	Rental Amounts – Rs.	Supplementary Rental*
				Add amount equal to AKBL's share in first year's Takaful, (only against first month's rental)

\*Since customer has already made payment of Rs. \_\_\_\_\_ PKR [add amount equal to supplementary rental] on behalf of AKBL therefore supplementary rental shall be adjusted against customer's payment, and will not be recovered from the customer.

TENTATIVE SCHEDULE TO BE REVISED ON NEXT PERIOD


Signed by:

For and on behalf of  
**ASKARI BANK LIMITED**

For and on behalf of  
**(Customer's Name)**

\_\_\_\_\_  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
AUTHORIZED SIGNATORY

**APPENDIX 'B'**

THIS Appendix shall be attached to and form an integral part of the package of the Payment Agreement (the "Agreement") made at ..... on ..... BETWEEN:

.....

AND

ASKARI BANK LIMITED

**Formula for Variation of Periodic Payments**

"Applicable Rate" shall mean \_\_\_\_\_ % over the ----- KIBOR (determined at the time of disbursement) provided that the Applicable Rate shall not at any point exceed \_\_\_\_\_% ("Ceiling") nor be less than \_\_\_\_\_% ("Floor") at any time.

"Period" shall mean Period of each Schedule of Payments as mentioned in per Appendix "A".

The Payments shall remain fixed for the first period and shall be reflected in the schedule of Payments as appearing in Appendix "A" hereto.

The Payments shall be revised for each subsequent period after the first Period for the remainder of the Term calculated with reference to the Applicable Rate.

The applicable rate as on the last day of the period shall be the date of calculation of the Payments applicable for each subsequent period. In case the last day of the period is not a business day, the preceding business day shall be taken as the day on which the applicable rates to be determined.

Signed by:

For and on behalf of  
**ASKARI BANK LIMITED**

For and on behalf of  
**(Customer's Name)**

\_\_\_\_\_  
AUTHORIZED SIGNATORY

\_\_\_\_\_  
AUTHORIZED SIGNATORY

## MUSHARAKAH UNITS SALE RECEIPT

As per Shariah guidelines; to record the sale of Musharakah units by AKBL to the customer, "Unit Sale Receipt" will be issued on every sale of unit. The Unit Sale Receipt will be shared with the customer via any of the following modes of communication

1. SMS (to be auto generated by ITG)
2. Email (to be auto generated by ITG, if email address is available)
3. Print out / hard copy receipt (if required by the customer)

### SMS Draft:

*Dear AKBL customer, your account No. ----- has been debited on account of your instalment against your facility contract No. ----- on ---(date)----. This installment consists of Rs. ----- against rent and Rs. ----- as amount of Musharakah unit purchased by you. We confirm having sold ----- unit(s) of the undivided ownership in the Musharakah Asset."*

For assistance, please call your concerned Branch or email us at [support@askaribank.com.pk](mailto:support@askaribank.com.pk)

### Email Draft:

Dear Mr. XXXXXXXXXXXXXXXX

*Your account has been debited with reference to instalment against your facility contract as per following details:*

**Contract Number:**

**Unit Sale Date:** -- Jan 2023

**Account No:** 701DM00001214

**Installment Amount:** Rs.

**Rent Amount:** Rs.

**Musharakah Unit Amount:** Rs.

*We confirm having sold ----- unit(s) of the undivided ownership in the Musharakah Asset.*

For assistance, please call your concerned Branch or email us at [support@askaribank.com.pk](mailto:support@askaribank.com.pk)

### Print form Receipt

MUSHARAKAH UNIT SALE(S) RECEIPT
---------------------------------

Customer Name: \_\_\_\_\_

Date:

Customer ID: \_\_\_\_\_

Product

Category:

Musharakah Asset Details: \_\_\_\_\_

Description	Unit Price (Rs)	Amount (Rs)
Units of the above Asset sold		
Amount in words:		

Your account No. ----- has been debited on account of your instalment against your facility contract No. ----- on ---Date---. This installment consists of Rs. ----- against rent and Rs. ----- as amount of Musharakah unit purchased by you.

We confirm having sold ----- unit of the undivided ownership in the Musharakah Asset."

This sale receipt is governed by the terms & conditions of the Musharakah Agreement and Letter of Undertaking to Purchase Musharakah Units executed by you and evidences the sale of above-mentioned Units of the Musharakah Asset.

This is a computer-generated receipt and does not require any signature unless altered

**LETTER OF UNDERTAKING TO SELL MUSHARAKAH UNITS**

To,

.....  
.....

Dear Sir,

This Letter of Undertaking is made this ..... day of ..... (the "Letter of Undertaking").

We refer to the Musharakah Agreement dated ..... (the "Musharakah Agreement") and the Payment Agreement dated ..... (the "Payment Agreement") between Askari Bank Limited (hereinafter referred to as the "Bank") and yourself and the Letter of Undertaking dated ..... executed by you (the "Customer's Undertaking").

Capitalized terms used herein and defined in the Musharakah Agreement and the Customers Undertaking shall have the same meanings herein as ascribed therein

**NOW THEREFORE THIS LETTER WITNESS AS FOLLOWS:**

1. We hereby agree that you may at any time during the Term but after the expiry of \_\_\_\_\_ months from the Effective Date, purchase the additional Bank's Musharakah's Share at the applicable Outstanding Buy Out Prices.
2. The Outstanding Buy Out Price applicable at the time of the purchase of additional Musharakah Units shall be calculated with reference to the Schedule of Buy Out Prices as appearing in Appendix "A" hereto along with all outstanding costs, charges, expenses and profit incurred until the date of purchase of the Bank's Musharakah Share.
3. I/we agree that bank may add early termination profit (applicable as per bank's prevailing schedule of charges) in order to calculate buy out prices.
4. You shall serve upon the Bank a notice of at least ten (10) days (or as agreed) of your intention to purchase all or any of the remaining Musharakah Units.

\_\_\_\_\_  
For and on behalf of  
**Askari Bank Limited**

Witnesses:

1. \_\_\_\_\_  
Name  
Address  
CINC No.

2. \_\_\_\_\_  
Name  
Address  
CINC No.

CLASSIFIED AS INTERNAL

**APPENDIX "A"**

THIS Appendix shall be attached to and form an integral part of the Letter of Undertaking to Sell *Musharakah* Units, dated ..... executed by Askari Bank Limited in favor of .....

**Schedule of Outstanding Buy Out Prices**

**(Applicable upon Early Termination/ balloon payment)**

S.No	Date	No. of Units Outstanding	Additional Unit Price – Rs.	Outstanding Buy Out price - (Rs.)

For and on behalf of:  
**ASKARI BANK LIMITED**

## UNDERTAKING TO PURCHASE MUSHARAKAH UNITS

To,

Askari Bank Limited,  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

This Letter of Undertaking is made this ..... (the "Letter of Undertaking").

I/We refer to the Musharakah Agreement dated ..... (the "Musharakah Agreement") and the Payment Agreement dated ..... (the "Payment Agreement") between Askari Bank Limited (hereinafter referred to as the "Bank") and myself/ourselves.

NOW THEREFORE IN CONSIDERATION OF THE BANK ENTERING INTO THE MUSHARAKAH AGREEMENT AND THE PAYMENT AGREEMENT THIS LETTER WITNESS AS FOLLOWS:

### 1. INTERPRETATION & DEFINITIONS

This Letter of Undertaking is to be read and construed in conjunction with the Musharakah Agreement and the Payment Agreement and terms and conditions set out in the Musharakah Agreement shall be applicable to this Letter of Undertaking.

Capitalized terms used herein shall have the meanings ascribed to them in the Musharakah Agreement unless otherwise defined herein.

The following words shall be interpreted as follows for the purposes of this Letter of Undertaking.

**"Buy Out Payment Date (s)"** means the date(s) on which I/we shall buy out the Musharakah Units from time to time from the Bank as set out in Appendix "A" hereto;

**"Buy Out Price"** means the amount to be paid by me/us to the Bank as payment for the acquisition by me/us of the Musharakah Units as appearing in Appendix 'A';

**"Event of Default"** means any of the events or circumstances described in Clauses 13.1 and 5.01 of the Musharakah Agreement and the Payment Agreement respectively and Clause 3 of this Letter of Undertaking;

**"Outstanding Buy Out Price"** means the aggregate Buy Out Price minus the total amount of Buy Out Price already paid by the Customer as appearing in Appendix 'A' hereto. In the event of termination under Clause 4 the "Schedule of Outstanding Buy

Out Prices (Applicable Upon Termination Only) as appearing in Appendix "B" hereto shall apply;

## **2. ACQUISITION OF MUSHARAKAH UNITS**

- 2.1 I/we hereby irrevocably agree and undertake that after the expiry of a period of ..... from the Effective Date, to purchase the Musharakah Units from the Bank from time to time at their applicable Buy Out Prices on the Buy Out Payment Date(s) as set out in Appendix "A" hereto.
- 2.2 The price of each Musharakah Unit shall be the face value of the Musharakah Units as laid down in the Appendix "A" hereto.

## **3. EVENT OF DEFAULT**

- 3.1 There shall be an Event of Default hereunder if there is an Event of Default under any of the clauses and/or of the Musharakah Agreement and the Payment Agreement respectively.
- 3.2 There shall be an Event of Default if I/we fail to pay any amount due hereunder when due or I/we defaults in the due and punctual performance of any other provision of this Letter of Undertaking (and if such default is in the opinion of the Bank capable of remedy) such default shall not have been incorrect in any material respect.
- 3.3 The Bank may, without prejudice to any of its rights at any time after the happening of an Event of Default by notice to me/us terminate the Musharakah Agreement and the Payment Agreement and this Letter of Undertaking.

## **4. PURCHASE OF MUSHARAKAH UNITS UPON TERMINATION**

- 4.1 Upon a notice of termination being issued by the Bank under Clause 3.3 above, I/we hereby agree and undertake to purchase the remaining Musharakah Units from the Bank immediately.
- 4.2 The remaining Musharakah Units shall be purchased by me/us at such Outstanding Buy Out Price as appearing in Appendix "B".

## **5. REMEDIES**

- 5.1 Failure on my/our part to immediately purchase the remaining Musharakah Units at the applicable Outstanding Buy Out Price in accordance with the provisions of Clause 4 herein above shall entitle the Bank at its discretion to proceed to enforce the security interest in the *Musharakah Asset* or otherwise for recovery of the amounts due to the Bank under this Letter of Undertaking, the Musharakah Agreement and the Payment Agreement including accrued and unpaid Payments, if applicable, plus costs, Taxes and other dues payable and applicable to the Musharakah Asset .

5.2 Upon realization of the security interest the Bank may in its sole absolute discretion give to me/us the amounts corresponding to my/our share in the Musharakah and all dues of the Bank under Musharakah Agreement, Payment Agreement and this Letter of Undertaking are received by the bank provided that in the sole opinion of the Bank the Default of the Customer was due to unforeseen reasons such as an act of God, including permanent physical disability or other genuine reasons.

---

For and on behalf of  
**(Customer's Name)**

Witnesses:

1. \_\_\_\_\_

Name

Address

N.I.C. No.

2. \_\_\_\_\_

Name

Address

N.I.C. No.

CLASSIFIED AS INTERNAL

**APPENDIX "A"**

THIS Appendix shall be attached to and form an integral part of the Letter of Undertaking dated ..... executed by ..... in favour of Askari Bank Limited.

**Schedule of Buy Out Prices**

Buy out prices date \_\_\_\_\_ of each applicable month. The first unit purchase shall start from \_\_\_\_\_

<b>Period</b>	<b>Buy Out Price Per Unit (Rs.)</b>
From 1 to ----- Units	
<b>Total (.....Units)</b>	

**Signed by:**

\_\_\_\_\_  
For and on behalf of  
**(Client's Name)**

**APPENDIX "B"**

THIS Appendix shall be attached to and form an integral part of the Letter of Undertaking dated .....executed by ..... in favor of Askari Bank Limited.

**Schedule of Outstanding Buy Out Prices**

**(Applicable upon Termination/ Default under clause 4)**

S.No	Months	No. of Units Outstanding	Additional Unit Price – Rs.	Outstanding Buy Out price - (Rs.)

**Signed by:**

\_\_\_\_\_  
For and on behalf of  
**(Client's Name)**