Local Murabaha

1. **Underlying Islamic Mode**

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

2. **Type of Product**

   The product can be categorized under Corporate/Commercial financing.

3. **Basis for Pricing/Return**

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

4. **Minimum and Maximum Financing Limit**

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

5. **Tenors (Minimum and Maximum)**

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

6. **Target Customers**

   Corporate/Commercial.

7. **Security/Collateral Required**

   Cash/Hypothecation/Pledge.

8. Other Salient Features

- The Customer shall approach the Bank to purchase an asset from the Bank on Murabaha basis
- The Bank shall sign a Master Agency Agreement with the Customer
- The Customer shall submit a transaction notice with the nature and specifications of the asset to be purchased from the supplier explained in an adequate manner and shall seek authorization to purchase the same on the Bank's behalf
- The Customer shall promise to purchase the asset on Murabaha basis at agreed price (cost plus profit)
- The Bank shall accept the transaction notice through a transaction approval and shall pay the purchase price to the supplier
- Once the Customer has possession of the asset on behalf of the Bank, it will offer to purchase the same on Murabaha basis at an agreed sale price (cost plus profit), and the Bank shall accept this offer
- Murabaha Agreement would create a liability on the part of the Customer to pay the sale price to the Bank on a certain date or dates
- In case the Customer fails to pay any installment for more than two months, all remaining installments shall become due and payable at once, and the Bank could take all necessary actions for recovery of the payable amount. The Customer would indemnify the Bank for any expenses and any costs that may be incurred by the Bank in this process