

CBD AL ISLAMI

Standard Trade Terms and Conditions

Commercial Bank of Dubai
CBD Al Islami (the Bank)



STANDARD TRADE TERMS (THESE TERMS)

1. BACKGROUND

- 1.1. These Terms shall apply to any Trade Product and Service, which Commercial Bank of Dubai (hereinafter referred to as the Bank) may agree to make available or procure at the request of the Customer who avails Islamic Trade Service facilities from the Bank
- 1.2. These Terms shall, where applicable, subject to other terms and conditions in relation to services provided by the Bank to the Customer (including any banking service or account operating agreement) from time to time in relation to any Trade Service, where any conflict arises between these Terms and any other applicable conditions, the terms and conditions shall apply in the following order of priority:
 - (a) The country conditions Local Laws or governing laws (if any) to the extent compliant with Sharia principles
 - (b) The facility agreement and/or any applicable security agreement

2. TRADE PRODUCTS AND SERVICES

2.1 General Terms and Conditions:

Unless the Customer otherwise requests (and the Bank agrees with such request):

- a) All Letters of Credit/Documentary Credits issued by the Bank will be issued subject to the Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600 (UCP600) and, if required by the Bank, the Uniform Customs and Practice for Documentary Credits (UCP600) Supplement for Electronic Presentation (eUCP);
- (b) All Standby Letters of Credit (SBLCs) issued by the Bank will be issued subject to the International Standby Practices 1998, ICC Publication No. 590 (ISP98);
- c) All Bonds and Guarantees issued by the Bank will be issued subject to the Uniform Rules for Demand Guarantees, ICC Publication No.758 (URDG 758);
- d) All Collections will be undertaken subject to the Uniform Rules for Collections 1995, ICC Publication No. 522 (URC 522) and, if required by the Bank, the Uniform Rules for Collections (URC 522) Supplement for Electronic Presentation (eURC);
- e) All Islamic transactions will be handled in compliance with the guidelines of CBD.

If there is any conflict between any ICC Rule and these Terms, these Terms shall prevail.

- 2.2. Nothing in these Terms shall oblige the Bank to enter into or provide any Trade Service at any time.
- 2.3. All Trade Products and Services thereof shall be subject to the laws of United Arab Emirates and/or applicable laws for the relevant products including the Sharia Compliance policies unless otherwise mentioned thereof. The Governing Jurisdiction is the United Arab Emirates, and any disputes shall be settled by the applicable courts in UAE.
- 2.4. The Bank may nominate, instructor procure any correspondent bank to be the issuing, advising, nominated or confirming bank in respect of any Trade Service as determined by the bank in favour of the correspondent bank. The Bank may pay to, or receive from any correspondent bank, charges, commissions, fees or other payments as per agreed arrangements.
- 2.5. The Customer undertakes to a) examine the customer copy of each Instrument issued by the bank including DC and/or Guarantee in order to check its consistency with the relevant application and b) review all advices and correspondence and agrees to give immediate notice to the Bank of any objection to its contents.
- 2.6. The Bank may at any time (subject to Customer's consent) amend or insert additional terms and conditions into any Instrument issued by the Bank including DC or Guarantee as the Bank may consider appropriate.
 - a) That any such amendment or additional terms and conditions shall not increase the customer liabilities in relation to such instrument. The Bank may, subject to the beneficiary's consent, cancel the whole or any unused balance of the instrument or extend the validity of the instrument for any further period as they deem necessary

- b) The Bank considers necessary to ensure compliance with local government regulations and without any obligation on the part of the Bank.
 - c) That the amendment or addition is in accordance with applicable Sharia principles and guidelines.
- 2.7. The Customer indemnifies the Bank against all actual losses, costs, damages, expenses, claims and demands which the Bank may incur and/or sustain by reason of issuing any instrument including DCs and guarantees upon your first demand. Further, the customer's indemnity extends to all actual losses and damage (excluding any opportunity costs and losses) incurred or may be incurred by the Bank directly or indirectly as a result of the Bank issuing or liquidating the instrument without the need to officially notify the customer or to take legal action
- 2.8. The presentation of any documents under an Instrument issued by the Bank including any form of DCs or Guarantees shall be deemed to be in compliance with the terms of the Instrument if the Bank determines that they appear to be in order and, taken as a whole, conform to the requirements of the Instrument. The Customer waives all claims against the Bank for any delay that may result in examining such documents or any failure to identify any discrepancies that may exist.

3. PRODUCT SPECIFIC TERMS AND CONDITIONS

Islamic Letter of Credit

The terms in this Clause 3 apply to any Islamic DCs issued or handled by the Bank under Murabaha arrangement

- 3.1. The Bank is authorised to honour and pay any claims made under the DC which appears a) on its face to comply with its terms and/or any documents drawn (or purporting to be drawn) and presented under such DC in accordance with its terms, without reference to or further authority from the customer or any other party b) without enquiring whether any claim has been properly made c) notwithstanding that the validity of any such claim or the amount of it, may be in dispute. The Customer accepts any such claim as conclusive evidence that the Bank was liable to honour and pay d) any payment made or any steps taken by the Bank in good faith under or in connection with it, shall be binding on the customer
- 3.2. The Customer hereby, authorises the bank to debit my/our account for:
- i) all payments made by the Bank or their agents/correspondents
 - ii) all drafts drawn or accepted by the Bank or their agents/correspondents
 - iii) the amount of all charges, commission and profit in connection with the credit and in connection with opening the LC now or hereafter which will be added to the Murabaha cost.
- 3.3. The Customer also authorizes the i) Bank to debit their bank account with such moneys on receipt by of advice of payment or documents or at any time thereafter at the Bank's discretion, ii) utilize the security deposit (Hamish Jiddiyyah) against the credit without reference to them.
- 3.4. Any deposit paid by us to you or any of your agents shall serve as a non-refundable security deposit (Hamish Jiddiyyah) to secure our promise to purchase the goods and, in the event of us breaching our undertaking herein, you shall be authorized to sell the goods and to set off against the deposit , your actual losses between the purchase price of the goods and subsequent net sales proceeds thereof. Any amount left over of the deposit, subsequent to the set off above, shall be paid back to us and, conversely, we shall be liable for any shortfall between the deposit and the bank's actual losses (which does not include opportunity cost) in this regard. The Hamish Jiddiyyah, which is to be deducted from the Purchase price and shall not be considered when calculating the profit.
- 3.5 Upon the customer being notified by the Bank in writing that the goods have been delivered to the Bank (where actual or constructive delivery or whether directly or through an agent of the Bank), the customer irrevocably undertakes to execute the Murabaha Financing Agreements to purchase the goods from the bank in the customer's own name and in accordance with the terms of the Murabaha financing agreement.
- 3.6. Upon your taking possession of the goods, I/we undertake to purchase the same on at the agreed profit margin on the total acquisition cost payable (Monthly/Quarterly/Half yearly/Yearly) or bullet payment as agreed in the Murabaha Facility Agreements. The Bank is not under any obligation to purchase the goods if the Customer fails to fulfil all of its conditions under the Application form or defaults on any of the Customer's obligations thereunder
- 3.7. Neither the Bank or its agents, any person, firm or company who shall make any payment in consequence of the DC shall be concerned with or bound by any sales or other contract on which the DC may be based nor shall the Bank nor any of the aforesaid be in any manner liable or responsible for any falsification or omissions or other documents or for the good

faith or acts, solvency, performance or standing of the consignor, the carriers or the insurers of the goods or any other person whomsoever or for errors in translation or interpretation of technical or other terms or for delays, loss or damage to the goods.

- 3.8. Assignment of LCs is not permitted as per Islamic policies.
- 3.9. The Customer agrees that the right and powers hereby conferred are in addition and without prejudice to any other securities which the bank may now or hereafter hold for the Customer and that a certificate by an officer of the bank as to the amount of the Customer's indebtedness hereunder or otherwise howsoever arising hereof shall be binding and conclusive evidence on and against the customer in all courts of law for all other purposes without restriction.
- 3.10. Notwithstanding any contrary instruction from the customer, the Bank may reject any claim which the Bank determines does not comply with the terms of the relevant DC. the Bank is not obliged to notify the customer or to seek the customer's waiver of any discrepancy before refusing the claim. Where the Bank does seek a waiver in respect of any discrepancy, the taking of such action does not oblige CBD to seek a waiver of discrepancy at any other time.
- 3.11. The Bank will not be bound at any time to release any documents or goods to the Customer unless the customer has fully discharged its customer liabilities in respect of the DC relating to such documents or goods.
- 3.12. Where the goods imported are for consumption within the United Arab Emirates and the relevant Documents are not legalised in accordance with the laws of the United Arab Emirates, the Customer undertakes to pay any legalisation fees before clearing such goods. This applies to all Imports to UAE including Import collections other than exceptions permitted.
- 3.13. I/We declare that this agreement shall not be affected by my death (if the applicant is individual) or my/our liquidation or bankruptcy or dissolution (if the applicant is a corporate entity/firm/partnership) but shall remain in full force and effect and shall continue to be binding and notwithstanding any changes which may from time to time take place by death or otherwise however in the partners or constitution of my/our form/company and/or bank and that this agreement does not supersede but is in addition to any Letter of Pledge/Hypothecation and/or other documents already signed or which may hereafter be signed by me/us in your favour.
- 3.14. I/We hereby confirm that moneys in connection with the credit and the relative goods are legitimate and absolve you of any onus should it be found to the contrary.

4. GUARANTEES/UNDERTAKINGS

The terms in this Clause 4 apply to any SBLC, Guarantees, Bonds, Counter-guarantee, Counter-SBLC, or similar independent payment obligation (including any extension, renewal or amendment of the) issued, confirmed or provided by the Bank.

- 4.1. The Customer authorizes the Bank a) to debit their (customer's) account with the margin required and with commission, postage, correspondent charges and other expenses including profit (if any) in consideration of issuing and or subsequently amending guarantees from time to time at our request. b) debit their account with such moneys on receipt of claim under the guarantee or advice of payment or documents or at any time thereafter at the Bank's discretion. c) authorize the Bank to apply any amount held by the Bank in the customer's name against amounts owing by me/us in respect of the guarantee without reference to the customer.
- 4.2. The governing law of the Beneficiary's country/ URDG/Laws of England or Wales/ DIFC laws or applicable laws shall apply to the guarantees as applicable if the beneficiary is established outside the UAE and issued through the correspondent bank.
- 4.3. The Customer will be responsible for the issuance of the Letters of Guarantee by the Bank and remain under obligation to entirely abide by its terms until a) the original is returned to the Bank for cancellation and the Bank has cancelled as per their requirements b) the beneficiary releases the Bank from all obligations and liabilities under the guarantee in a form acceptable to the Bank.
- 4.4. The Bank will discharge upon first demand the payment obligation under the guarantee issued without referring to the customer and notwithstanding any objection by customer or any other party whatsoever regardless of whether or not the Beneficiary is legally justified in presenting or making a demand under the guarantee.
- 4.5. Notwithstanding any contrary instruction from the customer, the Bank is entitled to reject any claim, which the Bank determines does not comply with the terms of the relevant Instrument. The Bank is not obliged to notify the customer or to seek the customer's waiver of any discrepancy before refusing the claim. Where the Bank does seek a waiver in respect of any discrepancy, the taking of such action does not oblige the Bank to seek a waiver of discrepancy at any other time.

- 4.6. If any Instrument contemplates renewal or extension and the customer does not advise the Bank at least 3 Business days prior to the time required for the Bank to provide notice of cancellation as required by the Instrument, the Bank may renew or extend for an additional year or such other term as the Bank may so select. the Bank shall however be under no obligation to issue, extend or renew any Instrument and may at any time:
- (a) Cancel or revoke any Instrument without prior notice to or authorisation from the Customer if such Instrument or the beneficiary of such Instrument permits cancellation or revocation; or
 - (b) Pay any Instrument without prior notice to or authorisation from the customer if the Instrument or any relevant law permits or requires payment to be made if such Instrument is cancelled, withdrawn, not extended or not renewed.
- 4.7. Any cancellation, payment or revocation by the Bank of any Instrument at any time shall be without prejudice to the rights and obligations of the Bank and the customer under these Terms.
- 4.8. Unless an Instrument expressly provides that the original Instrument must be presented to the Bank to support a claim, the Bank may pay and/or comply with any Claim, whether or not the original of the Instrument is presented to the Bank.
- 4.9. Notwithstanding that the customer may claim that an Instrument has been reduced, cancelled or terminated, the Bank may determine that, due to the governing law of the Instrument, it is has not been reduced, cancelled or terminated, or the Bank may determine that it is necessary to obtain or require the relevant beneficiary's confirmation of the reduction, release or discharge of the Bank and/or any correspondent bank's liabilities under such Instrument. Subject to such determination, or until such confirmation is received by the Bank, such Instrument shall not be treated or deemed as reduced, cancelled or terminated.

5. EXPORTS (COLLECTIONS AND UNDER DCs)

The terms in this Clause 5 apply to any Export transaction.

- 5.1. If the Bank is requested by the customer to handle a Collection as the remitting bank, the bank shall be under no obligation to make any payment to the customer in respect of the collection until the Bank has received full payment from the collecting or presenting bank. The Bank is entitled to deduct any charges for the services rendered.
- 5.2. The Bank is not obliged to check the Documents a) before sending them to the collecting or presenting bank. b) that it receives from a remitting bank.
- 5.3. The customer holds the Bank indemnified for any loss, damages or cost involved on having acted upon their (the customer's) instructions.

6. WAKALAH MURABAHA LC

The terms in this Clause 6 apply where the Bank finances under Wakalah Murabaha LC.

- 6.1. The Bank may at its discretion and subject to compliance with applicable Sharia principles and guidelines:
- a) Take conditional acceptances and/or acceptances for honour and/or to extend the due date for payment in relation to any such document or Invoice or DC.
 - b) Accept payment from any drawee or acceptor before maturity under rebate or discount.
 - c) Accept part payment before maturity and deliver a proportionate part of the goods to any drawee or acceptor of such document or Invoice or DC or the consignee of the related goods.
 - d) At the request of any drawee, delay presentation of such document or Invoice or DC for payment or acceptance without affecting the liability of the customer to the Bank in respect of such document or Invoice or DC.
- 6.2. I/We hereby confirm that moneys in connection with the credit and the relative goods are legitimate and absolve you of any onus should it be found to the contrary.
- 6.3. I/We hereby irrevocably undertake to conclude a Murabaha sale with you and purchase the goods at the sale price being the aggregate of the purchase price and the profit.
- 6.4. Any deposit paid by us to you or any of your agents shall serve as a security deposit (Hamish Jiddiyah) to secure our promise to purchase the goods and, in the event of us breaching our undertaking herein, you shall be authorized to sell the goods and to set off against the deposit , your actual losses between the purchase price of the goods and subsequent net sales proceeds thereof. Any amount left over of the deposit, subsequent to the set off above, shall be paid back to us and, conversely, we shall be liable for any shortfall between the deposit and the bank's actual losses (which does not include opportunity cost) in this regard.

- 6.5. Upon the customer being notified by the bank in writing that the goods have been delivered to the bank (where actual or constructive delivery or whether directly or through an agent of the Bank), the customer irrevocably undertakes to execute the Murabaha Financing Agreement to purchase the goods from the Bank.
- 6.6. The Bank is not under any obligation to purchase the goods if we fail to fulfill of of its conditions under the Application form or defaults on any of our obligations thereunder.
- 6.7. Our payment and other obligations under the Murabaha Financing agreement will be secured by way of security to be granted by the customer to the bank under the terms of the Murabaha Financing agreement and the offer additional security in case of need.
- 6.8. Upon your taking possession of the goods, I/we undertake to purchase the same on at the agreed profit margin on the total acquisition cost payable in the agreed terms (Monthly/Quarterly/Half yearly/Yearly) or bullet payment.

7. APPLICATIONS FOR RELEASE OF GOODS, SHIPPING GUARANTEES AND LETTERS OF INDEMNITY

The terms in Clause 7 apply to any Application for the release of Goods, shipping guarantee or letter of indemnity.

- 7.1. If the Customer requests the Bank to sign or countersign any letter of indemnity or shipping guarantee or sign, endorse or release any air waybill, bill of lading, parcel post receipt or delivery order (collectively, the Transport Documents) to facilitate the release of goods:
 - a) The Bank is authorised (but not obliged)
 - i) To honour any Claim (including the acceptance of any document presented) made under any DC, collection or document relating to any released goods and to pay the invoiced amount of the goods or the value of the goods (whichever is higher) without examining any of the presented documents and whether or not aware of any discrepancies; and
 - ii) To utilise any Transport Documents in the Bank's possession for the redemption of any letter of indemnity or shipping guarantee.
- 7.2. The customer indemnifies the Bank and keep the Bank indemnified and harmless against any damage or loss that the Bank may incur, sustain or any claim that may be lodged against the Bank by the Customer or any third party and to keep the Bank indemnified from all direct and consequential damage that arise.
- 7.3. The Customer undertakes to accept any discrepancy in the documents that are drawn under the relevant Letter of credit/ Inward Bill for collection and also agree that in consideration of the Bank issuing the Shipping Guarantee/Delivery Order without mentioning an amount, the bank is indemnified for an unlimited amount.
- 7.4. The Customer shall redeem and deliver each letter of indemnity or shipping guarantee (if any) to the Bank for cancellation immediately and not later than one month upon receipt of the relevant original Transport Documents duly issued or endorsed to the bank's order to enable the bank to redeem the guarantee and fulfil obligations.
- 7.5. The Customer agrees that its liabilities in respect of a letter of indemnity or shipping guarantee shall continue and shall not be reduced until such letter of indemnity or shipping guarantee has been returned to the Bank and the Bank has been released from all its liabilities under such letter of indemnity or shipping guarantee.

8. SET-OFF

- 8.1. The Bank may, at any time and without notice, combine or consolidate all the Bank accounts of the Customer held with the Bank and/or set-off any Customer Liabilities against any obligation owed by the Bank to the Customer (including in respect of any Cash Collateral, or proceeds received or held by the Bank), regardless of the place of payment, booking branch or currency of either obligation.
- 8.2. To effect any set-off the Bank may convert to a currency any amount, which is in a different currency at the relevant Exchange Rate on set-off date.

9. SUPPLEMENTARY RIGHTS

- 9.1. The Bank's rights under these Terms are to be in addition to and are not to be in any way prejudiced or affected by any one or more other indemnities, guarantees, securities or other obligations which the Bank may now or subsequently hold whether from the customer or any other person.
- 9.2. The Promise to Purchase is governed by and shall be construed in accordance with the laws of the United Arab Emirates

to the extent that these laws do not conflict with the principles of Shariah set out in the Accounting and Audition Organizations of Islamic Financial Institutions and as interpreted by the Internal Sharia Supervision Committee of the Bank. The courts of the United Arab Emirates shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Promise to Purchase and the customer submits to the exclusive jurisdiction of such courts. For the avoidance of doubt, the Bank has the right to bring any such dispute in any relevant jurisdiction.

10. FEES AND PAYMENTS

10.1. FEES, COMMISSION, PROFIT AND CHARGES

Unless otherwise agreed in writing with the Customer: Any fees and other charges including profit and commission shall be payable by the Customer to the Bank in respect of each Trade Service at the rates, in the amounts, and at the times agreed in the relevant Application, Facility Agreement or Tariff Book or as otherwise in accordance with the Bank's standard practices.

10.2. If the Customer fails to pay any amount payable by it under these Terms on its due date, late payment donation amount shall be applicable in accordance with the relevant facility agreements.

11. PAYMENTS

11.1. Payments by the Customer shall be made to the Bank in immediately available, freely transferable, cleared funds and as specified by the Bank, without any set-off, counterclaim, withholding or conditions of any kind unless compelled by law.

11.2. Any moneys paid to the Bank in respect of the Customer Liabilities may be applied in or towards satisfaction of the same or credited to a separate suspense account for so long as the Bank determines in order to preserve the Bank's rights towards discharge of the whole of the Customer Liabilities.

11.3. Any sums that would fall due on a day other than a Business Day will be due on the next Business Day. In such event, profit and commission calculations will be adjusted accordingly.

12. 16 COMPLIANCE WITH LAWS AND SANCTIONS

12.1. The Customer represents and warrants that:

- a) Neither the Customer nor any of its subsidiaries, directors, officers, employees, agents, or affiliates is a person or entity that is, or is owned or controlled by any person or entity that is the subject of any sanctions issued, administered or enforced by the US Department of the Treasury's Office of Foreign Assets Control, the US Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury, or any other sanction issuing or enforcement body that may be applicable to the Bank, the Customer, a Trade Service or a Trade Transaction (the Sanctions); or located, organised or resident in a country or territory that is, or whose government is, the subject of Sanctions;
- b) Any required import or export licenses applicable to each Trade Transaction have been obtained and, if the Customer is aware that the Bank may require an export license or other authorisation for the provision of the relevant Trade Service for the Customer, the Customer will notify the Bank prior to the Bank providing the Trade Service; and
- c) The Customer is compliant in all material respects with foreign and domestic laws and regulations pertaining to each jurisdiction in which it operates and to each Trade Transaction and the subject matter of such Trade Transaction including, if applicable, the shipment and financing of the goods described in such Trade Transaction or the associated documents.

12.2. The Customer acknowledges and agrees that:

- i) The Bank are required to act in accordance with the laws and regulations of various jurisdictions, including those which relate to Sanctions, export controls and the prevention of money laundering, terrorist financing, bribery, corruption and tax evasion.
- ii) At any time, the Bank may require the Customer to immediately provide to the Bank information related to any Trade Transaction, including the underlying contract or other documentation.
- iii) The Bank may take to the extent it is legally permitted to do so under the laws of its jurisdiction, any action (a Compliance Action) which it considers appropriate to act in accordance with Sanctions or domestic and foreign laws and regulations. Such Compliance Action may include:

- a) The interception and investigation of any payment, communication or instruction;
- b) The making of further enquiries as to whether a person or entity is subject to any Sanctions or export control restrictions; and/or
- c) The refusal to issue, renew, extend, transfer or assign a Trade Service.

13. LIMITATIONS ON LIABILITY

- 13.1. The Bank shall not be liable, save for the negligence of the Bank, for any loss, damages, payments, demands, claims, expenses or costs suffered or incurred by the Customer (or any of its affiliates) arising from or in connection with these Terms or any Trade Service.
- 13.2. Notwithstanding anything stated herein, in no circumstance whatsoever the Bank will be liable to the Customer (or any of its affiliates) for: a) any loss of business, profits or data; or b) indirect, consequential or special loss or damage, whether or not the Bank has been advised of the possibility of such loss or damage.

