

Term and Conditions for the Issuance of Letters of Guarantee and Standby Letters of Credit

These terms and conditions shall form integral part of any application form (s) (the “**Application (s)**”) for issuance of Letters of Guarantee or Standby Letters of Credit by Abu Dhabi Islamic Bank PJSC hereinafter referred to as (the “**ADIB/Bank**” or “**You/Your**”). Such Application (s) shall be submitted by the customer whose name and other particulars are specified therein, referred to hereinafter as (“**I/We, or the Customer**” such expression shall include the words me/us/my/our) and whether the Application (s) will be executed and delivered physically or electronically through this electronic banking system (s) accessed via this portal or such other access point, which ADIB may authorize the Customer to access and use from time to time in connection with the subject matter hereof, hereinafter referred to as (the “**E-Channels**”) accordingly, it is hereby understood and agreed between ADIB and the Customer that these terms and conditions shall govern the contractual relationship between the Customer and the Bank and are to be read in conjunction with the general trade terms and conditions which the Customer has accepted on or about the date hereof (the “**General Trade Terms and Conditions**”).

1. Terms for Issuance/Amendment of Letter of Guarantee

In connection with the issue of the aforesaid Letter of Guarantee, I / We hereby undertake and declare as under:

- 1.1. I/We hereby agree and undertake to indemnify you and keep you indemnified against any or all consequences whatsoever, direct or indirect resulting from the issuance of the above-mentioned Letter of Guarantee. I/We also indemnify you against all legal costs or other expenses that you may incur as a result of the issuance of this Letter of Guarantee or any extension thereof without the need for official notice or legal procedure. I/We undertake to reimburse you on demand any amount that you may have to pay, pursuant to your obligation and undertaking, regardless of whether or not the party in whose favour such obligation was incurred or to whom such undertaking was given by you is legally justified in making claim against you thereunder or not. I/We hereby authorize you to issue on my/our behalf and at my/our responsibility a letter of guarantee in favor of the beneficiary as stated above.
- 1.2. It is expressly agreed that you will fulfill your obligation resulting from the issuance of the said Letter of Guarantee, especially as regards your paying, on first written demand, any amounts claimed thereunder at any time and without any further advise and without any / prior reference to me/us, notwithstanding any objection whatsoever from me/us or from any other person.
- 1.3. As security for the liquidation of liabilities under the said Letter of Guarantee, I/We pledge in your favour, all our credit balance, stocks and any other assets or rights whatsoever; I/We further agree that any amount held by you in my/our name may be applied by you without any reference to me/us at any time and without any further advise in payment of any sum which you may be called upon to pay under this Letter of Guarantee.
- 1.4. I/We also agree that we continue to be liable in respect of any/all obligation/s under this Letter of Guarantee until and unless the relative original Letter of Guarantee is returned to you for

cancellation or you are advised by the beneficiary that you are released from all liabilities thereunder.

- 1.5. I/We hereby authorize you to debit my/our account with the cash margin stipulated by us in the Application or in the facility offer letter (FOL) by You or as agreed between us (as the case may be) and with your commission, for the issuance or renewal of the Letter of Guarantee as per the commission amount /rate stipulated in the Bank's Schedule of Charges, applicable and in force as of the date of the issuance or renewal, or as otherwise approved by the Bank. I/We irrevocably authorize you to utilize the said cash margin and / or the deposit/credit balances held under lien against this Letter of Guarantee without any reference to me/us. I/We also agree to furnish any additional security or increase the cash margin, on demand from you, whenever you consider it necessary.
- 1.6. I/We hereby authorize you to make a lien to the extent of the amount in the currency stated in the Application or the facility offer letter (FOL) by You or as agreed between us (as the case may be) from the account agreed between us in accordance with the clause "Cash Margin" in the "General Trade Terms and Conditions" for the above Letter of Guarantee and to utilize the same against this Letter of Guarantee without any reference to me/us, I/We also agree to furnish any additional security or increase the lien amount, on demand from you, however you consider it necessary.
- 1.7. In the event that the cash margin/lien on A/C is insufficient to honour a claim under this Letter of Guarantee, the Bank can, at its sole discretion, exercise its right of set off against any credit balance in any other account maintained either singly or jointly by me/us to cover the shortfall.
- 1.8. I/We unconditionally agree to abide by the terms and conditions set out in the Facilities Offer Letter, if it has already been subscribed to by me/us. Further, I/We understand and agree that the said Letter of Guarantee will be issued by the Bank without any commitment or obligation on their part to extend facilities as these may be considered at the Bank's discretion, on merits of the request and securities offered by me/us in this regard.
- 1.9. In the event of the Bank deciding in its absolute discretion to terminate the facilities and/or cancel this Letter of Guarantee for any reason whatsoever, we agree and undertake to return the original Letter of Guarantee for cancellation or provide 100% cash margin immediately holding the Bank harmless against any/all claims, costs and expenses.
- 1.10. I/We hereby authorize you to extend the Letter of Guarantee without any reference to us in case you receive, extend or pay request from Beneficiary before the present expiry date of this Letter of Guarantee.
- 1.11. This undertaking and Indemnity shall be governed by and construed in accordance with the Federal laws of the United Arab Emirates as applied by Abu Dhabi courts and the courts of Abu Dhabi shall have the exclusive jurisdiction over any claims or dispute arising out of or related to this Letter of Guarantee unless otherwise expressly stated in this Letter of Guarantee.

- 1.12. The laws referred to hereinbefore ("Governing Laws") shall be applicable to the extent such laws do not conflict with the rules and principles of the Islamic Shari'a as set out in the Shari'a Standards of the Accounting and Auditing Organisation of Islamic Financial Institutions, as interpreted by the Bank's Internal Shari'a Supervisory Committee ("Shari'a Law"). In case of conflict between the Governing Laws and Shari'a Law, Shari'a law will prevail.
- 1.13. We hereby understand, acknowledge, agree and are fully aware that (i) this Letter of Guarantee will not extend to include any claims of any interest amount (usury - Riba) and (ii) the Bank is not responsible or liable to settle any interest amount (usury- Riba) that may result from this Letter of Guarantee in favor of the Beneficiary. We further release the Bank from any responsibility to settle any interest amount (usury- Riba).
- 1.14. In case I/We request for any amendment to a letter of guarantee (subject to the consent of all relevant parties which may be withheld or granted), I/We consent and agree that your charges in respect of the requested amendments as per the schedule of charges on your website or as agreed between us are to be debited to our account or collected from the beneficiaries as agreed between us. Furthermore, we also consent that apart from the amendments made to the letter of guarantee, all other terms and conditions shall remain unchanged.

2. Terms for Issuance/Amendment of Standby Letter of Credit

- 2.1. I/We hereby irrevocably authorize you to issue on my/our behalf and at my/our responsibility a SBLC in favor of the beneficiary as stated above and to make any payment and comply with any demand made under the SBLC and I/We agree that any payment made in accordance with the SBLC shall be binding on me/us and shall be accepted as conclusive evidence between us as to the Bank's liability to make such payment and/or comply with such demand.
- 2.2. I/We hereby unconditionally and irrevocably agree and undertake to indemnify you and/or keep you indemnified against any or all consequences whatsoever, direct or indirect resulting from of the issuance or payment of the above mentioned SBLC. I/We hereby further agree to indemnify you against all legal costs or other actual expenses that you may incur as a result of the issuance or payment of this SBLC and/ or any extension thereof without the need for official notice or legal procedure. I/We hereby undertake to reimburse you on demand any amount that you may have to pay, pursuant to your obligation and undertaking, regardless of whether or not the party in whose favour such obligation was incurred or to whom such undertaking was given by you is legally justified in making claim against you thereunder or not.
- 2.3. It is expressly agreed that you will fulfill your obligation resulting from the issuance of the SBLC, especially as regards your paying, on first written demand, any amounts claimed thereunder at any time and without any further advise and without any / prior reference to me/us, and notwithstanding any objection whatsoever from me/ us or from any other person.
- 2.4. As security for the liquidation of liabilities under the said SBLC, I/We pledge in your favour, all our credit balance, stocks and any other assets or rights whatsoever. I/ We further agree that

any amount held by you in my/our name may be applied by you without any reference to me/us at any time and without any further advise in payment of any sum which you may be called upon to pay under this SBLC. For the purpose of this provision in case of currency difference, the currency exchange will be based according to the prevailing exchange rate in force at the bank at the time of currency conversion.

- 2.5. I/We also agree that we continue to be liable in respect of any/all obligation/s under this SBLC until and unless you are advised by the beneficiary that you are released from all liabilities thereunder.
- 2.6. I/We hereby authorize you to debit my/our account with the cash margin stipulated by us through the Application or in the facility offer letter (FOL) by you or as agreed between us (as the case may be) and with your commission, for the issuance or renewal of the SBLC as per the commission amount/rate stipulated in the Bank's Schedule of Service Charges, applicable and in force as of the date of the issuance or renewal, or as approved by the Bank. I/We irrevocably authorize you to utilize the said cash margin and / or the deposit and/or credit balances held under lien against this SBLC without any reference to me/us. I/We also agree to furnish any additional security or increase the cash margin, on demand from you, whenever you consider it necessary. I/We have the right to deposit the cash margin within a current account or an investment account, according to my/our preferences when depositing.
- 2.7. I/We hereby authorize you to make a lien to the extent of the amount and in currency stated in the relevant Application (s) or the facility offer letter (FOL) from you or as agreed between us (as the case may be) from the account agreed between us in accordance with the clause "Cash Margin" in the "General Trade Terms and Conditions" towards cash margin for the above SBLC and to utilize the same against this SBLC without any reference to me/us.
- 2.8. In the event that the cash margin/lien amount on A/C is insufficient to honour a claim under this SBLC, the Bank can, at its sole discretion, exercise its right of set off against any credit balance in any other account maintained by me/us to cover the shortfall. For the purpose of this provision in case of currency difference, the currency exchange will be based according to the prevailing exchange rate.
- 2.9. I/We unconditionally agree to abide by the terms and conditions set out in the Facilities Offer Letter. Further, I/We understand and agree that the said SBLC will be issued by the Bank without any commitment or obligation on their part to extend facilities as these may be considered at the Bank's discretion, on merits of the request and securities offered by me/us in this regard.
- 2.10. I/We hereby authorize you to extend the SBLC without any reference to us in case you receive, extend or pay a request from Beneficiary before the present expiry date of this SBLC.
- 2.11. I/We hereby certify that we are fully aware of the regulations governing Israel, and the terms of the credit in no way contravene any of the regulations issued by the Israel Boycott Office.

- 2.12. These terms and conditions shall be governed by and construed in accordance with the Federal laws of the United Arab Emirates as applied by Abu Dhabi courts and the courts of Abu Dhabi shall have the exclusive jurisdiction over any claims or dispute arising out of or related to this SBLC unless otherwise expressly stated in this SBLC.
- 2.13. Except as expressly provided by the instructions above or through the E-channels, this SBLC shall be subject to Uniform Customs and Practice for Documentary Credits, 2007 revision, ICC Publication No. 600 as revised from time to time, or if specifically requested, to International Standby Practices 1998, ICC Publication No. 590..
- 2.14. These terms and conditions shall be binding upon my/our heirs, executors, administrators, assigns or successors and shall inure to the benefit of and be enforceable by the Bank, its successors and assigns.
- 2.15. These terms and conditions and the obligations hereunder are in addition to and not in substitution for any other obligations or security held by the Bank for satisfaction of the obligations.
- 2.16. The laws and rules referred to hereinbefore shall be applicable to the extent such laws and rules do not conflict with the rules and principles of the Islamic Shari'a as set out in the Shari'a Standards of the Organization of Accounting and Auditing of the Islamic Financial Institutions and as interpreted by the Bank's Internal Shari'a Supervisory Committee.
- 2.17. I/We hereby acknowledge that this SBLC will not extend to include any claims of any interest amount (usury - Riba) and we fully are aware and acknowledge that the Bank is not responsible or liable to settle any interest amount (usury- Riba) may be a result from this SBLC in favor of the Beneficiary. I/We further release the Bank from any responsibility to settle any interest amount (usury- Riba).
- 2.18. In case I/We request for any amendment to a standby letter of (subject to the consent of all relevant parties which may be withheld or granted) , I/We consent and agree that your charges in respect of the requested amendments as per the schedule of charges on your website or as agreed between us are to be debited to our account or collected from the beneficiaries as agreed between us. Furthermore, we also consent that apart from the amendments made to the stand by letter of credit, all other terms and conditions shall remain unchanged.