

## **FAQs – Aitemaad Hamsafar Auto Finance (AHAF)**

**1. Which mode of financing is being used?**

AHAF is being offered under the Shariah Compliant mode of financing i.e. Diminishing Musharakah (DM).

**Diminish means ‘Reduce’ and Musharakah means ‘Partnership’**

**Diminishing Musharakah (DM)** is that form of partnership wherein the Customer and Bank contribute their funds for purchasing vehicle(s). After taking possession of purchased vehicle(s), the Customer takes that vehicle(s) on rent and pays rental for use of the vehicle and simultaneously purchases the Bank’s share through monthly Installments until Customer becomes 100% owner of the purchased vehicle(s).

**2. When will the processing fee be applied?**

Processing fee of Rs. 2,000/- will be applied at the time of submission of the application at the branch.

**3. What is the pricing/rental mechanism?**

The pricing/rental of AHAF is based on variable rate (inclusive of Takaful Cost) and will be revised after every six (06) months based on 6 Months KIBOR rate as per agreed formula mentioned in Payment Agreement.

**4. What is the maximum cost of the vehicle that can be financed?**

The maximum cost of the vehicle under AHAF is Rs. 10 Million.

**5. Which type of vehicle can be financed?**

- New Vehicle (Unregistered locally manufactured/assembled)
- New Imported Vehicle (Unregistered)\*

(\* unregistered imported vehicle should not be more than 4 years old from the date of import.

**6. Who can apply for the facility?**

Permanent and Contractual\* Employees of:

- NBP
- Government Institutions & Armed Forces
- Other Salaried individuals working in Well Reputed & Known Companies

(\* can apply maximum up to the remaining period of service in the same organization

**7. What is the age requirement of the Customer?**

Customer’s age must be between 23 Years (Minimum) to 55 Years (Maximum) at the time of case login.

**8. What is the minimum monthly income requirement?**

The minimum income requirement for AHAF facility is “Net Monthly Income of Rs. 50,000/-”.

**9. What is the minimum and maximum requirement for Customer's contribution as equity?**

The Customer can contribute Minimum of 15% and Maximum of 50% of the vehicle cost as equity contribution.

**10. What are the options available for the financing tenure(s)?**

The AHAF facility can be availed in absolute terms for 2, 3, 4 & 5 Years.

**11. Is there any nationality restriction?**

Yes, only Resident Pakistani Nationals having a valid CNIC/SNIC can avail the AHAF facility.

**12. Is there any mandatory requirement of clean credit history of the Customer?**

Yes, the clean eCIB and data check history of the Customer is required in order to avail the AHAF facility. However, NOC for settled loans is required if still reflecting in eCIB.

**13. What is the maximum Debt Burden Ratio (DBR) criteria?**

The maximum DBR of the Customer should not exceed 50% of the net income.

**14. Whose name will the vehicle be registered in?**

The vehicle will be registered in the name of the Customer with HPA mark in favor of NBP.

**15. If insurance is prohibited in Islam, how does the Bank get the vehicle(s) insured?**

The Bank has arranged to have all of its vehicles insured under Takaful, the Shariah compliant substitute of insurance.

**16. What happens in case of total loss / theft?**

In case of total loss/theft, the partnership will be terminated on the day on which such loss has occurred. However, if the loss is caused by misuse or negligence on part of the Customer, he/ she will be liable to compensate the Bank for the market value of the share of Bank in the vehicle, as it was immediately prior to the loss. Otherwise the total loss claim received from the Takaful Company will be shared amongst the partners i.e. the Bank and the Customer in proportion to their outstanding Musharakah Units.

**17. At what point will the Customer be obliged to start making the monthly instalments?**

The monthly installments will commence from the date on which the vehicle is delivered to the Customer.

**18. What are the rights and liabilities of the Bank and the Customer?**

As Bank and the Customer have joint ownership of the vehicle, therefore, both are liable to bear all kinds of loss or damage to the vehicle as per their ownership ratio unless the loss occurred due to the negligence of either party.

**19. Is there a penalty for late payment of installments?**

No, there is no penalty on the late payments. However, the Customer undertakes that if he/she fails to pay the installment on the due date, he/she will pay charity amount @ 24%

p.a. to the Bank. The said charity amount is utilized by Bank for charitable purposes and is not included in the income of the Bank.

**20. After expiry of the financing period, how will the Customer become the sole owner of the vehicle?**

After the gradual sale of Musharakah units by the Bank to the Customer on monthly basis, the Customer becomes the sole owner of the vehicle at the end of the financing tenure or with the option of early purchase of units whereby an additional amount of 5% of the outstanding Musharakah units will be applied.

**21. In which circumstance will the Bank initiate repossession of the Vehicle?**

The Bank will initiate the repossession of the vehicle in case the Customer's account has been overdue for 90 days.