

Car Finance Lease Terms and Conditions are subject to change and/or amendment from time to time. Therefore, the Customer must review the Car Finance Lease Contract Terms and Conditions at the time of Contract signature if the desires to avail of the product.

Bank (hereinafter referred to as the "Lessor")  
Customer (hereinafter referred to as the "Lessee")

#### **Clause 1**

The Lessee pledges to pay maximum an amount of (SR. 5,000) representing the credit study and contractual engagement fees (management fees).

The Lessee may, within 10 days from the Car Finance Lease contract execution date, cancel the contract without incurring any fees or charges provided the competent authorities have not already registered car ownership under the Lessor's name.

The Lessee covenants to reimburse the Lessor for any losses or expenses it incurs on account of any shortfall in the car price if the Lessee opts to cancel the contract post transfer of car ownership to the Lessor's name by the competent authorities but the Lessee has not yet received it.

#### **Clause 2**

The Lessor leased the car(s) whose make and full specifications are appended below to the Lessee.

Odometer	Plate No.	Chassis No.	Color	Year	Model	Make

Subject to the following:

Advance lease payment of Saudi Riyals (XXXX), which advance lease payment shall be refunded to the lessee if car delivery and useful possession cannot be accomplished for a reason not attributable to the lessee within a period of nor more than 30 days, and Monthly lease payment of Saudi Riyals (XXXX) for a lease term of (XXXX) months starting on according to payment schedule.

The lessor reserves the right to adjust the monthly lease payment (total installment amount) shown in payment schedule only once a year to offset rising insurance cost. Two months prior to the start of each year, the lessor will notify the lessee in writing of the insurance premium cost review and revision (provided the cost escalates) thru sending payment schedule which shows total monthly lease installment amount past the effective date of the new insurance cost to the lessee.

If the specifications of the car described above differ from the specifications of the car stated in the "Acknowledgment & Undertaking" Appendix which constitutes an integral part of the Contract, the specifications stated in the "Acknowledgment & Undertaking" shall prevail.

#### **Clause 3**

The Lessee acknowledges that the Lessee has carefully inspected the car to rule out any claims of ignorance, received the same from the Lessor in an excellent state, accepted it in its current condition free of any defects,

and fit for the contemplated purpose of lease. The Lessee acknowledges that responsibility for the car and proper care thereof throughout the Contract term passed to the Lessee.

#### Clause 4

The Parties agreed that the maximum authorized mileage the car is allowed to travel in any one year is 30,000 kilometers (hereinafter the 'Maximum Authorized Distance). In the event the Lessee exceeds the Maximum Authorized Distance, then the Lessee shall pay to the Lessor Saudi Riyals 0.5 (50 halalas) per additional kilometer traveled if this Lease Contract is terminated prior to the Contract Completion Date or if it expires.

#### Clause 5

The Lessee agrees to be bound by the following throughout the Contract term:

- 5.1 Pay the monthly lease each month. In the event the Lessee defaults on payment of any monthly lease installment on the due date, then the Lessee will be liable for payment of a Saudi Riyals One Hundred (SR 100) delay fee payable into charity account after deducting collection fees. Should a monthly lease remains outstanding for a period of 15 days from the due date thereof, the Lessor reserves the right to take back the car(s).
- 5.2 The Lessee may not request release of a repossessed car(s) unless the Lessor approves such release and obtains any additional security it deems fit. The lessor may opt to force the lessee, among other things, to make future lease payments provided their number does not exceed the number of installments the lessee failed to pay on time.
- 5.3 In the event the Lessee request to terminate the contract and lessor agreed on that in writing, the account settlement will be processed in the following manner with due regard to the advance lease payment:
  - 5.3.a Lessee incurs likewise rent against the period during which the car was used by the Lessee (like market monthly lease amount of an equivalent car leased from 3 lease firms). For an example:
    - Advance Lease Payment by Lessee: SR 5,000
    - Monthly lease payment from Lessee: SR 1,000 x period of usage in months (12 months) = SR 12,000
    - Like market monthly lease amount: SR 2,000 x usage period in months (12 months) = SR 24,000
    - Additional Mileage Cost: SR 250
    - Future Profit for subsequent 3 months : SR 500
    - Insurance Cost for remaining period of the year (4 months) calculated at : SR 1,200
    - Right of Possession Amount (ownership value) for already paid months calculated at 1% of the principal amount for paid months: SR 600 (usage period is 12 months)
  - Adjustment for above Example would be as follows:  
  
Amount to be paid by Lessee: 25,950 – 17,600 = 8,350 (**provided the car is in excellent condition and free from accidents**).
  - 5.3.b Lessee incurs cost of additional kilometers travelled charged at SR 0.5 ( 50 halalas) per additional kilometer pursuant to Clause 4 above.
  - 5.3.c Lessee incurs Future Profit for the subsequent 3 months of the account settlement + Cost of Insurance for remaining period of the year.
  - 5.3.d Lessee incurs cost of any repairs or defects to the car pursuant to Sections Clause 5.11 and 5.12 hereof.

- 5.3.e Lessee incurs car(s) repossession towing and transport expenses and any other costs the Lessor incurs toward car(s) repossession and collection of dues, it being understood that such charges usually range from SR 500 to SR 3,000 per case. The Lessee will also incur Harborage Fee of SR 50 for every day of delay from the date the Lessee is notified thru any communication means if the Lessor agrees to return the car to the Lessee but the Lessee fails to pick-up the car/cars.
- 5.3.f Where the Lessor agrees to Contract termination and repossession of the car(s) but the Lessee delays return thereof, then the Lessee agrees to pay Saudi Riyals Two Hundred (SR 200) per day of delay to the Lessor.
- 5.4 If the Lessee has leased more than a single car from the Lessor under a single contract or multiple contracts, then the Lessee acknowledges and accepts that car repossession procedures shall be applied to any leased car of a similar lease amount in case payment of Lessee's outstanding dues is delayed as stipulated under Section 5.1 above.
- 5.5 If the car repossession option is exercised at any time and for any reason whatsoever, then the Lessor shall draft written inventory minutes in which all contents of the car(s) must be evidenced at the time of repossession. The minutes are binding to both parties. Any belongings of the Lessee documented in the minutes shall be released by the Lessor to the Lessee on demand against proper acknowledgement duly executed by both parties.
- If the Lessee does not claim such belongings as documented in the written minutes or if he/she declines to take delivery of the same within a period of sixty (60) days from the date the car is taken back, the Lessor shall not be responsible for custody and safekeeping of such belongings nor shall it be liable for delivery thereof or payment of any compensation in lieu thereof in cash or in-kind to the Lessee.
- 5.6 The Lessee commits to use the car personally or as expressly stated in the Authorization to Drive in connection with the purpose for which it was leased i.e. private usage. The Lessee also agrees not to use the car in any road testing, driver training, racing or other competitive events. The Lessee will not exceed the authorized car loading capacity nor will expose the car to any risks. The Lessee will not permit individuals who do not carry a valid driving license to operate or drive the leased car without a written authorization from the Lessor, and accepts sole liability for any violation of this undertaking.
- 5.7 The Lessee is not allowed to sub-lease, lend or make the car available for usage by any third party without the Lessor's prior written consent. Where the Lessor's written approval of sub-lease is granted, the Lessee shall remain fully and completely bound by and responsible for payment of all due installments and residual installments for the remaining period of the contract or the entire car value as well as all other liabilities hereunder arising.
- 5.8 The Lessee shall comply with the periodic operational maintenance of the car according to the manufacturer's recommended maintenance program/owner's manual supplied with the car at the authorized dealer's workshop in-Kingdom. All car maintenance and running expenses, including gas, oil change, lubrication, water level and tire pressure checks shall be to the account of the Lessee who also undertakes to use only genuine spare parts for periodic maintenance.
- 5.9 The Lessee will be responsible for all fines and damages attributed to the car in connection with any violations of the traffic regulations prevailing in Saudi Arabia or other countries in the event the Lessor authorizes the Lessee to drive the car outside the geographical territory of Saudi Arabia, other associated or relevant expenses and charges. The Lessee will also incur all periodic motor vehicle inspection costs of the leased car, and any fines resulting from the Lessee's failure to present the periodic motor vehicle inspection certificate and original ownership card (released to the Lessee) to the Lessor who will charge all fees, fines, penalties and other charges mentioned herein to the Lessee's account. The Lessee will be charged a Saudi Riyals Twenty Five (SR 25) traffic fine payment fee per fine paid by the Lessor.

- 5.10 The Lessee agrees to notify the Lessor immediately of any change to the Lessee's residence or work address or contact details as set forth herein. No change of elected address shall be considered valid unless notified to the Lessor by means of a registered letter which states the replacement address.
- 5.11 On expiry or termination of this Contract for any cause, the Lessee must return the car to the Lessor's designated site in a sound and good condition, post repair of any damages or defects due to accidents.
- 5.12 When returned, the car must be returned inclusive of all accessories as originally delivered to the Lessee. In the event any accessories are missing, the Lessee will pay their cost or replace them with likewise accessories of the same specifications. Any extras added to the car by the Lessee will pass to the Lessor's ownership without any compensation in lieu thereof to the Lessee; however, the Lessor reserves the right to remove any such extras at the Lessee's cost and expense.

## **Clause 6**

This Contract prematurely terminates in the following events:

- 6.1 If the Lessee opts to own the subject matter car(s) hereof at any time during Contract validity, the Lessor will be eligible for the lease amount for the period during which the car(s) was used by the Lessee + full balance of principal (including Residual Value) + Future Profit for subsequent 3 months + Insurance Cost for remaining period of the year + monthly lease payment delay charges – Right to Own Amount (ownership value) for the period already paid.
- 6.2 If the car sustains damages due to an accident as determined by insurance company and could not be repaired, the Lessor will charge the Lessee for the accrued lease in respect of the previous lease term. The accounting treatment will be as follows:
- Full balance of Principal Amount (including Residual Value)
  - Due payable months not already paid by the Lessee.
  - Cost of Insurance for remaining period of the year.
  - Monthly lease payment delay charges.
- The above will be deducted from the net insurance amount (if any) and Right to Possess Amount (Ownership value) against the period of lease already paid by the Lessee.
- 6.3 If the Lessee breaches any of the Lessee's obligations hereunder in which case the Lessee will be charged as stated under Subsection 5.3 above.
- 6.4 If any Contract termination cause materializes such as the Lessee's incapacity or inability to perform in which case the Lessee will be charged as stated under Subsection 5.3 above.
- 6.5 If the Lessee returns the car prematurely, then the Lessee will be charged pursuant to Subsection 5.3 above.
- 6.6 In case of the untimely death of the Lessee, the heirs will have the right to exercise either of the following options: (i) heirs to pay the outstanding Car Finance Lease facility balance upon which the car ownership will be transferred to a single heir designated by the remaining heirs pursuant to a deed of assignment issued by a competent court and acceptable to the Lessor, (ii) heirs to assign their rights and interests in the car to a single heir pursuant to a deed of assignment issued by a competent court and acceptable to the Lessor in which case the assignee succeeds the Lessee in the Contract and becomes bound by all terms and conditions contained therein to continue to pay installments as a party to the Contract provided the assignee meets the credit criteria determined by the Lessor, or (iii) heirs to return the car to the Lessor immediately upon death of the Lessee in which case the Lessor will not claim payment of any dues in relation to the car by the heirs; however, the bank reserves the right to demand that the Lessee's heirs pay any installments and/or other amounts due if the heirs use the car on or after the death date of the Lessee.

### **Clause 7**

- 7.1 The Lessor will grant the Lessee written authorization to drive the car. The authorization is subject to renewal in writing by the Lessor.
- 7.2 The Lessee is authorized to drive the car within the geographical territory of Saudi Arabia pursuant to the Driving Authorization granted by the Lessor for a fixed period of time without prejudice to provisions of Subsection 5.9 hereof.
- 7.3 If the Lessee desires to drive the car outside the geographical territory of Saudi Arabia, then the Lessee must submit a request in writing to the Lessor who may withhold such authorization for any reason it deems fit. If the Lessee is granted authorization, then the Lessee must observe and respect the traffic regulations of such other countries the Lessee intends to travel to, and will bear full consequences for failure to comply, without prejudice to provisions of Subsection 5.9 hereof.
- 7.4 The Lessee executed a promissory note favoring the Lessor for the entire rent amount; however, the Lessor is not entitled to apply the promissory note proceeds except to the extent of such rent payments that are due and payable by the Lessee.

### **Clause 8**

The Lessee acknowledges the Lessor's right to insure the car(s) against accidents and that the Lessor will be the sole beneficiary of such insurance without prejudice to the Lessor's right of recourse against the party responsible for the accident.

Considering that the Lessor will procure comprehensive insurance coverage for the car throughout the Contract term pursuant to the insurance policy on such terms and conditions the lessee shall comply with the insurance guidelines/instructions in case the car is involved in any accident (God forbid). The Lessee shoulders full responsibility for follow up of car repair procedures but the Lessee shall not be entitled to cease payment of the car monthly lease installment during such period the car is checked into a workshop or repair facility for a period in excess of 21 days subject to the Lessor's prior consent. The Lessee covenants to protect and safeguard interests of the Lessor and the insurance carrier in case the car is involved in an accident in the manner hereinafter described:

- 8.1 The Lessee covenants to abide by all terms and conditions of the insurance policy procured by the Lessor. Should the Lessee fail to comply with the insurer's terms and conditions and such failure renders the insurance cover invalid, then the Lessee will be considered in default under the Contract and will therefore be held liable for any losses and damages incurred by the Lessor without prejudice to the Lessor's right, under the circumstances, to prematurely terminate the Contract.
- 8.2 Liability for the accident will be determined by a traffic police officer. The Lessee does not possess the right to execute a waiver or intervene without consulting the Lessor failing which the Lessee will be held liable for repair costs, including any third party damages.
- 8.3 The Lessee shall not leave the accident site or abandon the car until a traffic police officer determines liability and a report to this effect is secured.
- 8.4 The Lessee shall notify insurance company immediately of any accident in respect of which the Lessee becomes eligible to any rights or interests from the insurance company pursuant to the insurance policy terms and conditions, and shall report to the company all details of the accident and confirm that it has

received the authorities report and police generated repair permit within a period not to exceed 30 days from the accident time.

- 8.5 The Lessee shall pay deductibles and any amounts determined by the insurance company or differences resulting from accidents to the leased car or as a result thereof that are not covered by the insurance company; however, the insurance company shall be liable for the repair costs up to an amount not to exceed the cover stated in the policy, it being understood and agreed that such repair cost is not inclusive of consumable parts the Lessee has agreed to absorb solely.
- 8.6 The Lessee is responsible for costs of damages resulting from driving breaches if the driver drives while in an abnormal condition (under influence), as well as in cases of negligence, carelessness or omission by the Lessee.
- 8.7 The Lessee shall be liable for accident repair costs and any accident consequential damages/losses if a minor drives the car even if such driver carries a driving authorization issued by the Lessor or if the driving license is found to be expired at the time of the accident.
- 8.8 The Lessee undertakes to complete lease finance rescheduling procedures (if he/she desires to repair the car) once the Lessor had closed the lease finance contract based on the insurance company's Car Total Loss Notice
- 8.9 If the Contract Term expires, the Lessee must approach the Lessor to complete transfer of title to the Lessee within a maximum period of 30 days. If the Lessee fails to meet this commitment then he/she will be liable for any damage incurred by the car or third parties as a result of any accident involving the car(s) as the car(s) will be excluded from the Lessor's insurance cover.

#### **Clause 9**

Failure by the Lessor to enforce any rights granted hereunder does not operate as waiver of its rights to exercise the same or other rights at any subsequent time.

#### **Clause 10**

A Non-Saudi Lessee who knows that his employment contract is soon to be terminated pledges prior to final departure from the Kingdom to settle the account dues in full pursuant to Subsection 5.3. The Lessor is entitled, at its sole discretion, to take all measures it deems fit to safeguard its interests, including banning the Lessee's departure and prosecuting him before competent circles both in the Kingdom of Saudi Arabia and out if the Lessee fails to meet this obligation.

#### **Clause 11:**

The Lessee shoulders the fees and charges (changeable) incurred in consideration for services associated with this Contract as detailed hereunder:

- a. SR 300 representing additional driver inclusion fee for the internal authorization.
- b. SR 200 representing international authorization issuance fee per issuance.
- c. SR 200 representing fees and charges for issuance of registration card in lieu of lost deed.
- d. SR 500 representing fees and charges of title transfer to the Lessee, subject to Lessor's approval and consent to transfer car title to the Lessee.

- e. SR 300 representing fees charged to the Lessee whenever he/she requests the spare key for duplication and return of the spare to the Lessor.
- f. Harboring Fee of SR 50 per day according to the Lessor's consent and discretion as explained in Subsection 6.3(e).

The Lessee hereby authorizes the Lessor to debit amounts as above upon maturity to the Lessee's account with the Lessor. Where the Lessor fails to or is unable to deduct these fees for any reason whatsoever, the Lessee covenants to deposit the said amounts into any account the Lessor designates for this purpose. The Lessee must keep any document, instrument or deed to establish payment or deposit of these funds in the designated account, and shall make such evidence available to the Lessor upon request.

#### **Clause 12**

The Lessor may assign its rights hereunder to a third party without securing the Lessee's consent provided such assignment does not prejudice the Lessee and the Lessor is not discharged of his/her obligations hereunder by reason of such assignment.

#### **Clause 13**

The Lessor reserves the right to place any data/instruments on the leased car(s). If the Lessee defaces the data or conceals them or changes the shape or appearance of the leased asset, the Lessee will be held liable for the changes made before competent parties..

#### **Clause 14**

Both parties acknowledge having carefully reviewed and inspected this Contract and confirm their understanding of the contents herein with which both parties agree to be fully bound. This Contract is governed by prevailing Saudi Arabian laws and regulations with due regard to principles of the Islamic Sharia. Any disputes between the parties will be settled by the Banking Disputes Committee.

#### **Clause 15**

The Lessee is not entitled to assign or transfer this Contract or its rights and obligations hereunder to any third party without the Lessor's prior written consent. If the Lessor refuses to give its consent to the Lessee, it must state its reasons

#### **Clause 16 (Definitions):**

Monthly Lease/Monthly Installment Payment: The Lessee must pay a monthly lease which is the sum of principal, profit and monthly insurance charge calculated as follows:

Monthly Lease Payment = {(Finance Amount + Total Profit) – Last Payment) + Total Insurance Cost}/Lease Period in Months}).

Monthly Insurance Cost: It is the amount payable monthly by the Lessee as shown in the attached Payment Schedule for the purpose of procuring car insurance. The Lessor will procure comprehensive insurance coverage for the car throughout the Contract period. Two months prior to commencement of each year, the Lessor will notify the Lessee in writing to approach it and change the Insurance Cost (in case the cost is increased) by means of sending the Payment Schedule to the Lessee showing the total monthly lease amount following application of the new insurance cost.



**Average Percentage Rate (APR):** The discount rate at which the current value of all installments and other payments due from the beneficiary representing the overall amount payable by the beneficiary equates the current value of the finance amount payments available to the beneficiary on such date when the finance amount or first payment thereof is made available to the beneficiary

**Fixed Profit Margin:** Is the rate used to compute the overall profit based on the principal finance amount and number of years .

**Right to Possess Consideration (ownership value):** A fixed percentage of the principal portion of the installment paid being the monthly lease amount as shown in the attached Payment Schedule in consideration for Lessor's promise to the Lessee (Lease with Promise to Own) which is set at 1% of the monthly principal payment as shown in the Payment Schedule.

**Late Payment:** If collection of any due installments is delayed, the Lessee will be charged a minimum monthly Late Payment Fee of SR 100 on delayed monthly installments. The Late Payment Fee proceeds, less any collection charges, will be applied towards charitable causes.

**Premature Payment:** Where the Lessee elects to pay the due indebtedness in full prior to the maturity date thereof, then he/she must make payment as detailed under Section 1, Clause 7 above.

**Processing Fees:** The Lessee may be asked to pay the bank a fee to cover costs of the finance application processing as set out in the finance application with a max. 1% of the finance amount, subject to a cap of SR. 5000 .

#### **Clause 17**

In case the Lessee is found to be in breach or violation of any Contract term or condition, and/or provisions of applicable Saudi Arabian laws and regulations, all installments and payments shall become immediately due and payable. The Lessor is entitled to terminate this Contract by written notice to the Lessee, and to demand payment of all installments, together with associated fees, charges and expenses, by the Lessee. The Lessee undertakes to reimburse the Lessor for any damages or losses it incurs consequent upon such breach or violation. The Bank is entitled to take whatever legal and executive measures it deems fit or appropriate to recover its dues.

#### **Clause 18**

18.1 The Customer acknowledges and accepts full and sole liability for usage of any of the services, moneys or commodities provided by the Bank for purposes other than those originally disclosed by the Customer as stated in the Agreement terms and conditions.

18.2 The Lessee is fully responsible for the validity and integrity of information and data provided by him/her to the Lessor, and for any instance of fraud, deception or misrepresentation discovered by the Lessor. If the Lessor discovers any act of fraud, deception or misrepresentation, all payments and installments will become immediately due and payable. The Lessor is entitled to demand fulfillment of all payments and installments, including any and all associated fees, expenses, commissions and claims, by the Lessee who hereby undertakes to reimburse the Lessor for any damages or losses it incurs. Additionally, the Lessor is entitled to report the case to SAMA and other competent authorities, place the Lessee's name on its internal lists, and to take whatever legal, executive or other measures it deems necessary or appropriate to recover its dues.



18.3 The Lessee's delay in fulfillment of any due amounts or installments will negatively impact his/her credit history with the Lessor and other banks and/or finance companies. Additionally, the Lessor reserves for itself the right to place the Lessee's name on its internal lists and to reflect such fulfillment delay in the Lessee's credit records with the Saudi Credit Bureau (SIMAH) and/or any other credit bureau subsequently licensed to operate in the Kingdom of Saudi Arabia.

18.4 The Customer may elect to stop reception of SMS marketing materials upon submission of the Lease Finance Application.

#### Clause 19

The Lessor will notify the Lessee of any change to these terms and conditions. Provided the Lessor does not receive written notice of objection to the change(s) from the Lessee within ten (10) days from the notification date, the changes will come into full force and effect upon lapse of (30) business days from the date the changes are advised to the Customer as stated herein.

#### Clause 20

Endurance and deduction in case of accidents, "God forbid," as follows:

20-1 Regular cars, commercial cars, buses, luxury cars and sports cars

- SR. 2,000 if the client chooses to repair at workshops approved by the insurance company
- SR. 3,500 If the client chooses to repair at the agent of the car during the first year of the car age
- SR. 5,500 if the client chooses to repair at the agent of the car after the first year of the car age

20.2 Car leasing companies

- SAR 2,500 if the client chooses to repair at workshops approved by the insurance company
- SR 4,000 If the client chooses to repair at the agent of the car during the first year of the car age
- SR. 5,500 if the client chooses to repair at the agent of the car after the first year of the car age

20.3 SR. 3.000 in the event of total loss for all categories.