



IMPORT DUTY FINANCE (IDF) TERMS AND CONDITIONS

Branch Microfinance Bank Limited ("Branch MFB")

1. Definitions

In these Terms and Conditions, unless the context otherwise requires:

"Bank" means Branch Microfinance Bank Limited, a licensed microfinance bank in Kenya.

"Customer" means an individual or entity approved for Import Duty Finance.

"Facility" means the short-term credit facility advanced by the Bank to finance import duties and related taxes.

"Vehicle" means the motor vehicle imported by the Customer and financed under this Facility.

"KRA" means the Kenya Revenue Authority.

"ICMS" means the Integrated Customs Management System operated by KRA.

"Duty" means import duty, VAT, excise duty, RDL, and any other statutory taxes payable to KRA as well as all statutory charges including penalties and interest arising from KRA assessments should be included to the list of "Duty

2. Nature of the Facility

2.1 The Facility is a short-term, purpose-specific credit facility provided solely to finance statutory import duties and related charges payable to KRA.

2.2 The Bank shall pay the approved Duty amount directly to KRA through the iTax system on behalf of the Customer.

2.3 The Customer acknowledges that Branch MFB does not provide clearing, forwarding, valuation, or customs agency services.

3. Eligibility

To qualify for the Facility, the Customer must:

- a) Hold or agree to open an active Branch MFB account
- b) Provide complete and valid import documentation
- c) Demonstrate acceptable creditworthiness and repayment ability
- d) Have no unresolved customs disputes or compliance issues
- e) Import a Vehicle that is legally verifiable within the ICMS/KRA system

The Bank reserves the right to approve or decline any application at its sole discretion.

4. Facility Amount and Tenor

4.1 The Facility amount shall range from KES 50,000 to KES 5,000,000 per Vehicle.

4.2 The Bank may finance between 50 percent and 70 percent of the assessed Duty amount, based on risk assessment and valuation.

4.3 Repayment tenors shall range from 1 to 24 months, as specified in the Offer Letter.

4.4 Repayment may be structured as a bullet payment or short instalments, as



agreed at approval.

5. Interest, Fees, and Charges

5.1 Interest shall be charged at the rate specified in the Offer Letter and determined based on risk assessment.

5.2 A processing fee equivalent to a percentage of the financed amount shall apply.

5.3 Late payment penalties shall apply as communicated in the Offer Letter.

5.4 Any additional customs charges arising from revaluation or reassessment by KRA shall be borne solely by the Customer.

6. Margin Contribution

6.1 The Customer shall pay a minimum margin contribution, as specified in the Offer Letter, prior to duty payment.

6.2 The margin contribution shall cover the unfinanced portion of the Duty and all port-related charges.

7. Security

7.1 The Facility shall be secured by one or more of the following, as applicable:

- a) Logbook lien or encumbrance in favour of the Bank
- b) Retention of original import documents until repayment
- c) Comprehensive insurance cover with the Bank noted as beneficiary
- d) Installation of a tracking device where required

7.2 The Customer shall not sell, transfer, or dispose of the Vehicle without the Bank's prior written consent.

8. Insurance Obligations

8.1 The Vehicle must be comprehensively insured prior to release from the port or ICD.

8.2 The insurance policy shall include political violence and terrorism cover and excess protection where applicable.

8.3 Failure to maintain valid insurance constitutes an Event of Default.

9. Controlled Release

9.1 Vehicle release shall be subject to confirmation of duty payment, insurance, and security registration.

9.2 The Bank reserves the right to delay or withhold release where compliance requirements are not met.

10. Events of Default

An Event of Default occurs if the Customer:

- a) Fails to repay the Facility when due
- b) Provides false, misleading, or incomplete documentation
- c) Breaches these Terms and Conditions or the Offer Letter
- d) Fails to maintain insurance or agreed security

e) Becomes insolvent or ceases operations

11. Remedies on Default

Upon an Event of Default, the Bank may:

- a) Demand immediate repayment of all outstanding amounts
- b) Enforce its security interest over the Vehicle
- c) Repossess and sell the Vehicle in accordance with applicable law
- d) Apply sale proceeds toward settlement of the Facility
- e) Initiate recovery proceedings as permitted by law

12. Risk Disclosure

The Customer acknowledges that:

- a) Delays in repayment may result in repossession and sale of the Vehicle
- b) Vehicle depreciation may affect recovery value
- c) The Customer remains liable for any shortfall after enforcement

13. Data Protection

13.1 The Customer consents to the collection, processing, and sharing of personal and business data in accordance with the Data Protection Act, 2019 (Kenya).

13.2 Data may be shared with KRA, valuers, insurers, tracking providers, credit reference bureaus, clearing agents, regulators, and service providers for lawful purposes.

14. Limitation of Liability

The Bank shall not be liable for any loss arising from:

- a) Customs disputes, revaluation, or clearance delays
- b) Actions or omissions of clearing agents, valuers, or insurers
- c) Port storage charges, demurrage, or penalties imposed by third parties
- d) Indirect or consequential losses

15. Amendments

The Bank may amend these Terms and Conditions from time to time upon notice to the Customer. Continued use of the Facility constitutes acceptance of the amended terms.

16. Governing Law and Jurisdiction

These Terms and Conditions shall be governed by the laws of the Republic of Kenya. Any dispute arising shall be subject to the exclusive jurisdiction of the courts of Kenya.

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17. Any dispute arising out of or in connection with these Terms shall first be referred to **mediation**. If the dispute is not resolved within **thirty (30) days**, it shall be finally resolved by **arbitration** in accordance with the **Kenya Arbitration Act**, conducted in **Nairobi**, and in the **English language**. Nothing herein shall prevent either party from



seeking **urgent interim relief** from the courts of Kenya, which shall otherwise have **exclusive jurisdiction**.