

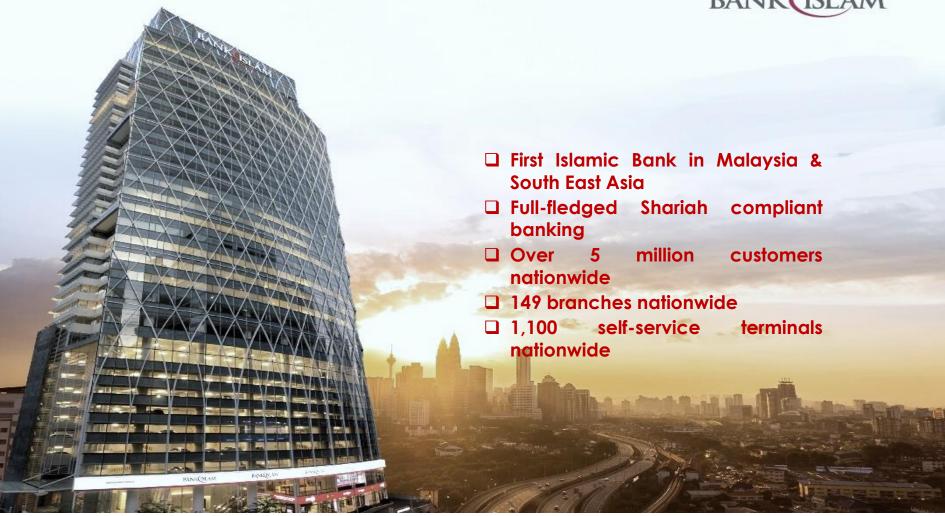
Assuring Trust. Delivering Value.

# FINANCIAL SOLUTIONS FOR COMMERCIAL CUSTOMERS 2022

COMMERCIAL BANKING DIVISION BANK ISLAM MALAYSIA BERHAD









#### **Bank Islam's Core Business**

COMMERCIAL BANKING

SME BANKING

CORPORATE BANKING

CONSUMER BANKING



CAPITAL MARKET

**TREASURY** 

DEPOSIT &
CASH
MANAGEMENT





# Facilities under Commercial Banking



#### **Facilities under Commercial Banking**

#### FINANCING FACILITIES

# Working Capital

Business Cash Line-i

Business Financing-i

Revolving Credit-i

# Asset Acquisition

Business Financing-i

AITAB-i

# Trade Financing

Trade Working Capital Financing-i

Bills of Exchange Purchase-i

Letter of Credit-i

Bank Guarantee-i



#### **Working Capital**

#### Business Cash Line-i

- Identical to overdraft facilities for conventional banks.
- Flexibility in financing utilization.
- No commitment fee on unutilized portion.
- payment amount shall not exceed the Bank's Sale Price.

### Business Financing-i

- A term financing available for business entities to to fund their business for any purposes.
- Payment to the bank is on periodical basis (monthly/quarterly/semi-annually)

#### Revolving Credit-i

- Short term cash financing for business entities to fund immediate cash requirements
- Payment to bank is on bullet payment method upon maturity of financing



#### **Asset Acquisition**

#### Business Financing-i

- A term financing available for business entities to fund their purchase of assets for business usage.
- Payment to the bank is on periodical basis (monthly/quarterly/semi-annually)

#### AITAB-i

- Al-ljarah Thumma' Al-Bai'-i. An asset financing identical to hire purchase.
- Competitive pricing as compared to conventional leasing.
- Saving of stamp duties.

#### IMBT-i

- Al-ljarah Muntahiah Bit Tamlik-i. An asset financing identical to hire purchase.
- Competitive pricing as compared to conventional leasing.
- Ad valorem stamping.



#### Trade Financing products/ services

# Trade Working Capital Financing-i (TWCF-i)

- Invoice financing for purchase/sales;
- Short term in nature;
- Immediate cash convenience for your credit sales;
- Not be affected by fluctuation in the Base Financing Rate:
- Provides up to 100% financing of invoice value;
- Direct cash reimbursement also available.

#### Domestic/Foreign Bills of Exchange Purchase-i

- Financing offered to Local or foreign sales/exports under Letter of Credit, and/or Bills for Collection via discounting of the Bills of Exchange;
- Natural hedging of foreign currency exchange as proceeds are received upfront
- Convenient way of collecting sales/export proceeds



#### Trade Financing products/services

# Letter of Credit-i

- Written undertaking by the Bank that provides platform for both parties to agree trade terms and efficient payment arrangement;
- Online purchase of marine cargo takaful on your behalf;
- The payment obligations under LC may also be financed by Bank Islam;
- Available under revolving facilities as well as ad-hoc basis

# Inward Letter of Credit advising

• Service extended by us to notify you the arrival and the authenticity of the Letter of Credit received.

# Letter of Credit Transfer

- Service of transferring LC obligation to another suppliers;
- Requires no Trade Facility line with the Bank
- Payment to the second beneficiaries only upon receive of payment from ultimate buyer
- Minimal documents preparation as most of the documents required will be prepared by the second beneficiaries



#### Trade Financing products/services

Our non-financing trade products for all your business needs;

#### Bank Guarantee

- Irrevocable written obligation issued by the Bank to assure payment in case of demand by beneficiary;
- Widely accepted and can be leveraged to enhance your reputation
- Unlocked your capital from required deposits or payment in advance
- Available under revolving facilities as well as ad-hoc basis

# Standby Letter of Credit

- Widely accepted and can be leveraged to enhance your reputation;
- Unlocked your capital from required deposits or payment in advance;
- Available under revolving facilities as well as ad-hoc basis

#### Shipping Guarantee

- Bank's indemnity to shipping company for the release of goods to the buyer/ importer without the presentation of the original Bill of Lading;
- You can take delivery of goods immediately;
- You will not have to incur demurrage and warehousing charges;
- Enables you to sell the goods without delay





# Procurement & Contract Financing-i (PCF-i)



#### Program Overview - PCF-i

Procurement & Contract Financing-i

A financing program package specifically designed to facilitate the need of SME's customer for their procurement and contract jobs.





## Promote Banking Products

To promote Bank Islam's existing products by packaging a few facilities to cater the need of customers for its specific procurement and/or contract.



## Completion of Contract

To ensure the successful completion of the contract undertaken.



## Channeling of Contract Proceeds

To ensure proper channeling of contract proceed.



- ❖ Main contractors / Nominated sub-contractors with average turnover of more than RM5.0 million over the past 3 financial years;
- Registered with the relevant Licensing or Certification Bodies;
- ❖ Minimum of 3 years performance track record in undertaking supply, business services, construction and other general services contracts.
- Contractor awarded by Government, Government Bodies, GLCs or other Corporate Companies.



#### Program Features - PCF-i

#### TYPES OF CONTRACT

- Direct Supply
- Direct Supply with Value added
- Supply, Installation and Commissioning, Testing, Training, etc
- Business services including provision of service and maintenance of the contracts
- Construction, infrastructure or
- Any other contract acceptable to the Bank

#### TYPES OF FACILITY

- 1) Multi Trade Facilities
- 2) Business Cash Line-i
- 3) Bank Guarantee-i
- 4) Forex (case to case basis)



#### MARGIN OF FINANCING

#### **Construction Contract**

Up to 30% from the contract value excluding Letter of Guarantee.

#### Supply / Services & etc contract

Up to 90% of the total contract cost excluding Letter of Guarantee.

Additional: MOF of up to 5% from contract value/ total contract cost excluding BG is allowed for contribution of Takaful coverage

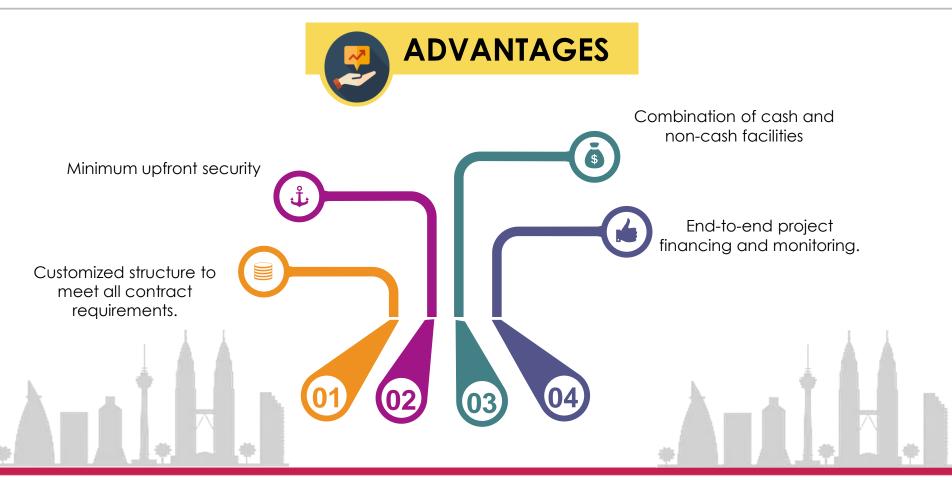
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#### **CONTRACT VALUE**

There is no capping on contract value however financing limit should not be less than RM1.0 million



#### Advantages – PCF-i







Business Premises
Financing Program
(BPF)



#### **Program Overview - BPF**

Business Premises The program is specially developed to finance both new and existing customer for the Financing purchase or refinance of completed or under construction commercial properties





# Asset Acquisition

To acquire new quality assets and replenish existing assets with stable and secured assets



# Customer's Requirement

To accommodate customer's requirement in acquiring commercial properties



#### **Financial Solutions**

To promote additional lines of financing to existing customers with good payment track record.



Customers who seek to purchase or refinance of completed/ under contruction commercial properties within prime and selected locations.

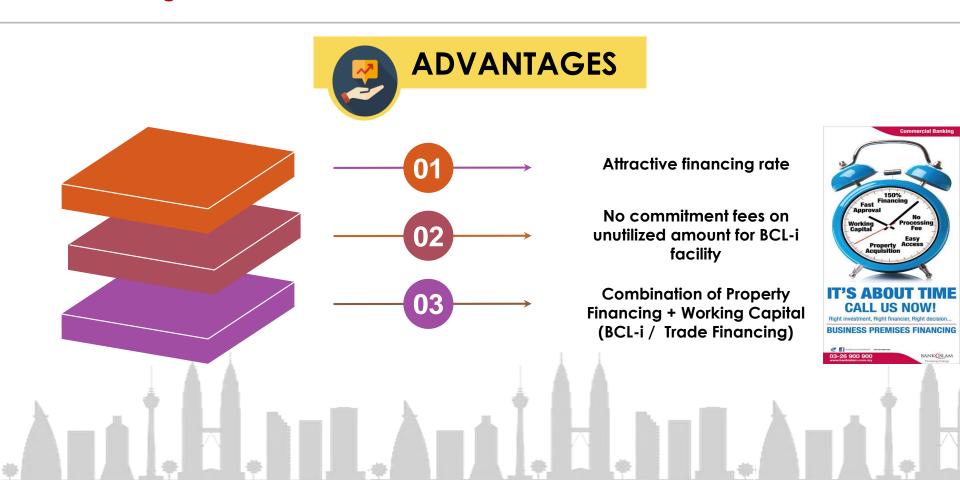


#### **Program Features - BPF**













Vendor Financing
Program (VFP) –
PETRONAS & Sarawak
Energy Berhad



#### **Program Overview - VFP**

Vendor Financing
Program

A program specifically designed to support PETRONAS & Sarawak Energy's vendors for working capital requirements by offering wide range of Bank Islam's financing products according to suitability and requirements.





To support SME's business growth by offering a competitive facility structure to potential vendors.



#### Cash Flow

To assist vendor's cash flow management via working capital financing for their business needs.



## Government Initiative

To promote utilization of credit guarantee scheme by SJPP as part of the government's initiatives to grow Malaysian SMEs.



#### Target Market – VFP



- Local business entity;
- ❖ Licensed and registered vendors of the Contract Awarder or its subsidiaries;
- Main contractor and directly secures contract/work order from Contract Awarder or its subsidiaries; and
- ❖ New and existing vendors of Contract Awarder or its subsidiaries.



#### **Types of Contract**

- Direct supply or trading;
- Supply, installation and commissioning, testing, commissioning, training, etc.;
- ❖ Business Services including provision of service and maintenance;
- Construction, infrastructure; or
- ❖ Any other contracts as approved by the Bank.



#### **Program Features - VFP**



#### SECURITY/ COLLATERAL

- Up to 80% of Guarantee cover by Syarikat Jaminan Pembiayaan Perniagaan (SJPP);
- Joint & Several Guarantee by Directors;
- Instruction to Pay (applicable for VFP PETRONAS only)
- ❖ Letter of Assent or Irrevocable Letter of Instruction (applicable for VFP – Sarawak Energy Berhad only)



# FACILITY LIMIT Maximum of

Maximum of RM10 million



# MARGIN OF FINANCING

- Post financing: Up to 85% of invoice amount; or
- Pre financing: Up to 100% of suppliers Invoice amount

Additional: MOF of up to 5% from contract value/ PO value for contribution of Takaful coverage

#### **PRICING**

- ❖ BFR/COF + 1.0% p.a.
- Zero Processing Fees





#### **FACILITY TYPES**

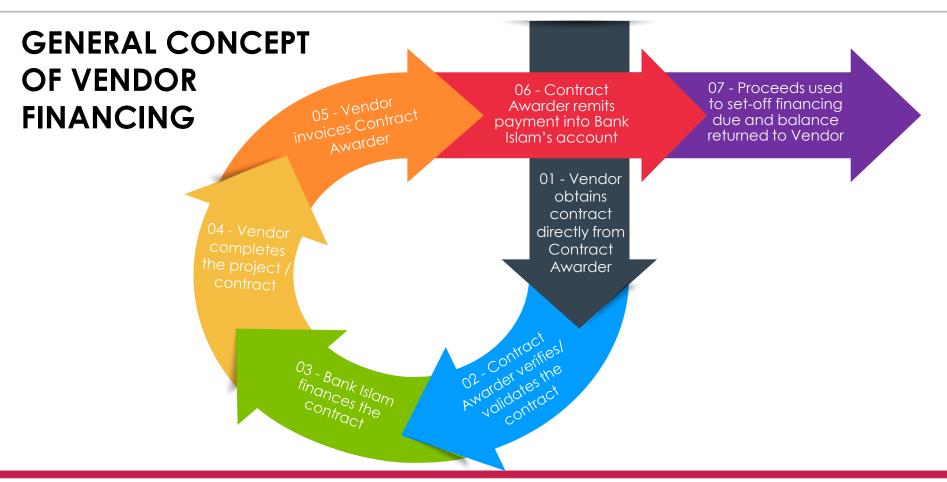
- Multi Trade Facilities
- Business Cash Line-i (Non-Checking)
- AITAB (for Purchase of equipment and machineries)



#### Advantages - VFP









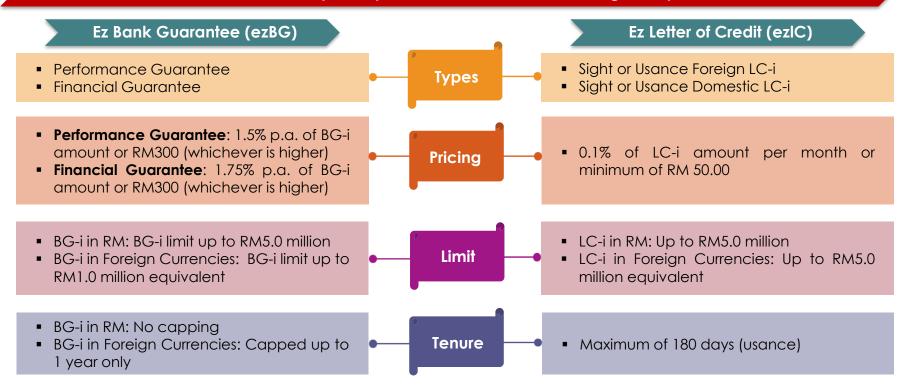


ez Bank Guarantee (ezBG) & ez Letter of Credit (ezLC)



#### Program Overview & Program Features – ezBG & ezLC

ezBG & ezLC Program This program was specially designed with the purpose to simplify and expedite process of approval and issuance of fully secured Bank Guarantee-i & Letter of Credit-i especially for customers with no banking facility.





#### Advantages – BG-i 1:1 & LC-i 1:1



#### **ADVANTAGES**

Fast issuance for immediate needs e.g. tender submission.

Requires no credit facilities.

Not involving full credit assessment to establish the facilities.

Open to all customers – all you need is to open a current account with us.

Application is at the nearest Bank Islam branches.



#### **Contact Details**

Commercial Banking Biz

E-mail address: CommBkg.Biz@bankislam.com.my





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# Thank You