



BUSINESS PROTECTION

PRODUCTS & SERVICES

Expanding Frontiers



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INTRODUCTION

Export-Import Bank of Malaysia Berhad (EXIM Bank) was incorporated on 29 August 1995 as a government-owned Development Financial Institution (DFI), tasked with delivering effective financing and takaful solutions for cross-border ventures. As a wholly-owned subsidiary of the Minister of Finance Incorporated (Inc.), the Bank was established to promote reverse investment and export of strategic sectors, such as capital goods, infrastructure projects, shipping, value added manufactured products, and to facilitate the entry of Malaysian companies to new markets, particularly to the non-traditional markets.

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VISION

Preferred Financier & Advisor for Global Business.

MISSION

Contribute to the growth of Malaysia's economy through trade and investment partnerships worldwide.



04
CREDIT
TAKAFUL



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WHAT IS CREDIT TAKAFUL?

Credit Takaful provides protection against the risk of non-payment by buyers as a result of commercial and/or political risks. Credit Takaful is an utmost essential facility for Malaysian Exporters to secure payment for their exports and imports, either from the buyers or from EXIM Bank, by way of Takaful claims.

EXIM BANK'S TAKAFUL MODEL

EXIM Bank adopts the *Wakalah* and *Mudarabah* Takaful models, wherein EXIM Bank acts as a Manager/Wakil of the pool fund contributed by the Participants. In consideration of managing the fund, EXIM Bank is entitled to receive a *Wakalah* fee in a mutually agreed proportion. Whereas the remaining contribution will be pooled in a *Tabarru'* fund to pay claims. The *Tabarru'* fund is managed under the contract of *Mudarabah* (profit-sharing) in which any profit arising from the investment made may be distributed to the contracting parties in an agreed ratio.

BENEFITS OF CREDIT TAKAFUL

- Peace-of-mind as payment is assured.
- Significant margin of indemnity of loss up to 90 – 95%.
- Encourage entrepreneurship by enabling Malaysian exporters to seek new markets.
- Promote competitiveness in Malaysian exporters, through better terms offered to overseas buyers, knowing that payment is secured.
- Improve credit management of receivables and debt recovery via professional screening of overseas buyers by EXIM Bank.
- Facilitate trade financing as Takaful certificate can be assigned to banks as security.
- Double Deduction Tax relief for contributions paid.
- No claim discount.
- Share of investment profile (where applicable).
- The ability to export on credit terms with this Takaful scheme will make the products more competitive in international markets.

PROFIT SHARING RATIO (PSR)

PRODUCT	PROFIT SHARING RATIO	
	EXIM Bank	Participant (ploughed back to Risk Fund)
<ul style="list-style-type: none">• Trade Credit Takaful (TCT),• Bankers Trade Credit Takaful (BTCT), and• Specific Takaful (ST)	20	80
<ul style="list-style-type: none">• Overseas Investment Takaful (OIT)	50	50

UNDERLYING SHARIAH CONTRACTS

Wakalah

Wakalah refers to a contract where a party, as principal (*muwakkil*) authorises another party as his agent (*wakil*) to perform a particular task on matters that may be delegated, with or without imposition of a fee.

Under this contract, EXIM Bank acts as an agent to the participants to manage the pool of contributions (*Tabarru’* fund), i.e. underwriting, assessment and payment of claim. In return, EXIM Bank receives a pre-agreed upfront *Wakalah* fee to cover the operating expenses.

Mudarabah

Mudarabah is a contract between a capital provider and an entrepreneur under which the capital provider provides capital to be managed by the entrepreneur and any profit generated from the capital is shared between them according to a mutually agreed profit sharing ratio (PSR), whilst financial losses are borne by the capital provider provided that such losses are not due to the entrepreneur’s misconduct, negligence or breach of specified terms.

Mudarabah contract is applied on the investment portion of the *Tabarru’* fund of the Takaful operation, i.e. participants provide capital that make up the *Tabarru’* fund, while EXIM Bank provides services in managing the investment.

Tabarru’

Tabarru’ refers to donation, charity or gift. A donation, charity or gift by the participant to the operator (as the manager of the *Tabarru’* scheme) is known as contribution of which a specified amount of the participant’s contribution is treated as *Tabarru’* and pooled into a *Tabarru’* fund to pay claim for fellow participants who suffer misfortunes. The funds are invested in Shariah compliant investment instrument. The remaining contribution amount shall represent the *Wakalah* fee payable to EXIM Bank for managing the Takaful scheme.

Risks covered by EXIM Bank’s Credit Takaful Facilities include:

COMMERCIAL RISK	POLITICAL & COUNTRY RISK
<ul style="list-style-type: none">Insolvency of Buyer or Issuing BankPayment default by Buyer or Issuing BankNon-acceptance of goods	<ul style="list-style-type: none">Transfer riskOccurrence of war, revolution and civil disorderDefault by public sector buyer (Government-owned)

Losses arising from commercial and political risks will be covered up to 90% and 95% respectively. Without Credit Takaful, Malaysian exporters will run the risk of loss due to non-payment by their buyers if their buyers failed to honour the payment.

The Credit Takaful is available for short term and medium/long term covers.

Short Term Credit Takaful Facilities consist of the following:

- Trade Credit Takaful (Export/Domestic/Import)
- Bankers Trade Credit Takaful (Export/Import)
Coverage up to a maximum of one (1) year (yearly renewable).

Medium/Long term Credit Takaful covers:

- Specific Takaful
- Overseas Investment Takaful
Coverage for the whole project duration up to a maximum of fifteen (15) year.

TRADE CREDIT TAKAFUL

Malaysian traders and manufacturers should not hesitate to explore international markets to have a competitive/advantage. Trade Credit Takaful (TCT) from EXIM Bank assures your future payments for export/sales of goods or services, either from your overseas/local buyers or from EXIM Bank by way of Takaful.

There are three types of Trade Credit Takaful cover:

- Export;
- Domestic;
- Import.

Shariah Contracts/ Concepts	Wakalah-Mudarabah		
Types of Cover	EXPORT	DOMESTIC	IMPORT
Purpose	To cover the risk of non-payment by Overseas Buyers.	To cover the risk of non-payment by Domestic Buyers.	To cover the risk of default or non-payment by the Domestic Buyers arising from import trade transactions of strategic goods.
Risk Covered	<div>Commercial Risks<ul style="list-style-type: none">Buyer’s insolvencyBuyer’s payment defaultBuyer’s failure to accept goodsPolitical & Country Risks<ul style="list-style-type: none">Blockage or delay in the transfer of paymentImposition of import licenseCancellation of import licenseWar between Buyer’s country and MalaysiaWar, revolution and civil disturbances in the Buyer’s countryDefault by Government Buyer</div>		
Percentage of Cover	Up to 90% for commercial risks and 95% for political and country risks.		Up to 90% of loss suffered.
Payment Terms	Irrevocable Letter of Credit (ILC), Documents Against Payment (DP), Documents Against Acceptance (DA) and Open Account (OA).		
Period of Cover	Up to 180 days of the credit terms.		
Contribution Rate	Contribution rate is determined based on: <ul style="list-style-type: none">Terms of paymentMarket gradingTrading and Claim experienceWhole turnover or selective Policy	Contribution rate is determined based on: <ul style="list-style-type: none">Terms of paymentTrading and Claim experienceWhole turnover or selective Policy	

BANKERS TRADE CREDIT TAKAFUL

Among the salient features of BTCT:

Shariah Contracts/ Concepts		Wakalah-Mudarabah	
Types of Cover		EXPORT	IMPORT
Risk Covered	<div> Commercial Risks <ul style="list-style-type: none"> Protracted default of Buyer/Exporter Insolvency of Buyer/Exporter Non-honouring of the LC </div> <div> Country & Political Risks <ul style="list-style-type: none"> Transfer Risk Occurrence of war, revolution and civil disorder Default by public buyer (Government-owned) </div>		
Types of Cover	<div> <ul style="list-style-type: none"> Advances given to Exporter against evidence of shipment of the goods for export Financing of export receivables Non-reimbursement of ILC proceed by overseas issuing bank, due to insolvency, default, war, civil disturbances and transfer delay (for LC Cover) </div>		<div> <ul style="list-style-type: none"> Advances given to Importer against LC or Documentary Collection Invoice Financing </div>
	Cover shall be given to financing of Shariah Compliant purposes.		
Minimum Cover	Minimum cover for each exporter of RM100,000 or its equivalent in foreign currency.		
Percentage of Cover	<div> <ul style="list-style-type: none"> 70% of Export bill or advances to the Exporters 95% of LC value </div>		<div> <ul style="list-style-type: none"> Up to 90% of loss suffered </div>
Payment Terms	Irrevocable Letter of Credit (ILC), Documents Against Payment (DP), Documents Against Acceptance (DA) and Open Account (OA).		
Contribution Rate	Contribution rate is determined based on: <ul style="list-style-type: none"> Terms of payment Market grading Trading and Claim experience Whole turnover or selective policy 		
Eligible Advances	<div> <ul style="list-style-type: none"> Advances by IFIs by discounting/purchase/ negotiation of export documents Advances by IFIs against export bill sent on collection </div>		<div> <ul style="list-style-type: none"> Advances by IFI on import of Strategic goods </div>

Note: LC may refer to Letter of Credit and/or Letter of Credit-*i*

BANKERS TRADE CREDIT TAKAFUL

Ineligible Advances	<ul style="list-style-type: none">Advances to indirect exporterFinancing charges payable by ExporterNon-trade transaction, i.e. projects or contract for servicesAdvances not related to export	<ul style="list-style-type: none">Financing charges payable by ImporterNon-trade transactionImport of non-strategic goods
Eligible Institutions	<ul style="list-style-type: none">Local Islamic BanksLocally-Incorporated Foreign Islamic Banks	
Eligible Exporter/Importer	<ul style="list-style-type: none">Companies registered under Companies Act 2016 and must be direct exporter.Non-Resident Controlled Companies.	
Eligible Buyer	<ul style="list-style-type: none">Private Limited Companies or its equivalentMust be in business for more than two (2) yearsNo adverse recordPaid up capital of not less than USD100,000 or its equivalent. Net tangible worth not less than USD100,000Buyer country must not be off-cover country	<ul style="list-style-type: none">Malaysian companies registered under Companies Act 2016 inclusive Non-Resident Controlled CompaniesThe buyer must have at least paid up capital of minimum of RM100,000At least 3 years in business operationMinimum sales of RM1.0 millionNo adverse track record
Eligible Transaction	Against advances given by IFI for discounting or negotiating of export/import document. LC must not be from off-cover country.	
Certificate Period	The certificate is issued for 12 months or other period acceptable by EXIM Bank and yearly renewable.	
Commencement of Cover	Risk exposure shall commence when the goods are shipped to Overseas Buyer.	Risk exposure shall commence upon the delivery of the goods to Domestic Buyer.

Note: LC may refer to Letter of Credit and/or Letter of Credit-i.

SPECIFIC TAKAFUL

Malaysian contractors and manufacturers who undertake contracts for export of capital goods, turnkey projects, construction works, or rendering of services abroad should not be overly concerned on the risk of non-payment by their buyers or contract awarders. Our Specific Takaful (ST) assures your future payments for export or domestic contracts for supply of capital goods or services, either from your buyers or contract awarders or from EXIM Bank by way of Takaful claims.

A certificate of coverage for Malaysian contractors who undertake projects against payment default by contract awarders or issuing banks (for Standby Letter of Credit).

Types of Cover	EXPORT	DOMESTIC
Shariah Contracts/ Concepts	Wakalah-Mudarabah	
Risk Covered	<p>Commercial Risks</p> <ul style="list-style-type: none">Buyer insolvencyPayment default by buyer within 6 months of goods delivered and accepted <p>Economic Risks</p> <ul style="list-style-type: none">Blockage or delay in payment transferImposition of import restrictionsCancellation of valid import license <p>Political Risks</p> <ul style="list-style-type: none">Occurrence of war between buyer's country and MalaysiaOccurrence of war, hostilities, revolution or other similar civil disturbances in the buyer's country <p>Unforeseeable Events</p> <ul style="list-style-type: none">Any other causes of loss occurring outside Malaysia, which are beyond the control of either the exporter or the buyer	<p>Commercial Risks</p> <ul style="list-style-type: none">Buyer insolvencyPayment default by buyer within 6 months of goods delivered and accepted <p>Economic Risks</p> <ul style="list-style-type: none">Delay in transfer of payments due to currency inconvertibility
Types of Export/ Contract	<p>a. One-off contract but may be repetitive in nature or revolving during the contract period.</p> <p>b. Minimum local content of 30% of the contract value.</p>	One-off contract, which may have repetitive shipments and revolving in nature, subject to the coverage period being within the contract validity and the loss amount to be within the approved limit or authority, whichever is earlier.
Percentage of Cover	Up to 90% for commercial and non-commercial risks.	
Payment Terms	All shipments made under contracts concluded on payment terms of Irrevocable Letter of Credit (ILC), Documents Against Payment (DP), Documents Against Acceptance (DA) and Open Account (OA) are acceptable.	
Contribution Rate	Contribution rate primarily depends on EXIM Bank's grading of the market with which the business is done and terms of payment. In general, the premium is depending on market risk and credit terms.	

SPECIFIC TAKAFUL

Commencement of Cover	The protection/cover starts either from the date of contract or the date of shipment.		
Claim Payment	EXPORT	DOMESTIC/IMPORT	
	Causes of Loss	Claims Waiting Period	
	Buyer's insolvency	Immediately	
	Default in payment	6 months after due date of payment	
	Non-acceptance of goods	1 month after goods are resold	N/A
	Transfer delay	4 months after deposited payment in selected currency	
	Others	4 months after date of occurrence	

Note: LC may refer to Letter of Credit and/or Letter of Credit-i.

OVERSEAS INVESTMENT TAKAFUL

The trend of investing in the emerging market economies has been gaining momentum among Malaysian entrepreneurs. As an investor, you are capable of evaluating the commercial aspects of doing business overseas. Nevertheless, you may be hesitant to commit your capital to a project, especially if you perceive the long term political stability in the host country to be uncertain. Hence, in order to overcome your hesitation and allay your fears, EXIM Bank's Overseas Investment Takaful (OIT) can help to protect your investment and consequently your profits.


Shariah Contracts/ Concepts	Wakalah-Mudarabah
Risk Covered	<p>EXIM Bank's Overseas Investment Takaful programme covers up to 100% of your losses from the following risks:</p> <p>Transfer Restriction Protect your losses arising from the inability to convert for instance dividends, profits, financing repayments received in local currency due to:</p> <ul style="list-style-type: none">Excessive delays;Changes in law or regulation;Lack of foreign exchange. <p>Expropriation Protect your losses due to actions depriving an investor of ownership or control due to:</p> <ul style="list-style-type: none">Direct expropriation;Creeping expropriation. <p>War & Civil Disturbance Protect your losses stemming from physical damage to tangible assets or substantial interruption of business due to:</p> <ul style="list-style-type: none">War;Revolution. <p>Breach of Contract Protect a Concession Holder against losses arising from repudiation or breach of contract by host government authority. Cover can be considered on a case by case basis.</p> <p>Cover is extended to Shariah compliant purposes.</p>
Percentage of Cover	Up to 100% of the covered amount or losses suffered, whichever is lower, due to political risks.
Contribution Rate	<p>Contribution rate is determined based on:</p> <ul style="list-style-type: none">Country GradingLength of pre-checking riskLength of credit risk
Eligible Investment	<p>OIT can cover the following types of investment:</p> <ul style="list-style-type: none">EquityShareholder FinancingShareholder GuaranteesCommercial Bank FinancingMoveable Assets



OVERSEAS INVESTMENT TAKAFUL

Eligible Participant	Companies incorporated in and have their principal businesses in Malaysia, including Financial Institutions, which finances Overseas Project/Investment.	
Certificate Period	<ul style="list-style-type: none">Up to 15 years.Investor has the right to terminate after the 3rd year. In case of default, the Investor has to pay 50% of the total three years' contribution.Coverage cannot be cancelled, unless in the event of non-payment of contribution.	
Commencement of Cover	The protection/cover starts once the contribution and fees are fully paid, which is on a one-off basis to execution of the Letter of Offer.	
Assignment of Certificate	Certificate can be assigned as security.	
Claim waiting period	Causes of Loss	Date of Ascertainment of Loss
	Transfer Restriction	Up to six (6) months after attempt to convert or transfer to local currency
	Expropriation	Up to four (4) months after the expiry of 12 months from the onset of the expropriation action.
	War and Civil Disturbance	Up to four (4) months upon proof of damage to physical assets or up to 4 months from the expiry 12 months after the project enterprise has been put out of operation.
	Breach of Contract	At least two (2) years must elapse from the initiation of a legal proceeding by you or a final decision by the judicial or arbitral forum, as the case may be.

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WHAT IS CREDIT INSURANCE?

Credit Insurance is an insurance policy that covers non-payment resulting from the delivery of goods or services due to commercial and/or political risks. The insurance is targeted to business entities to insure their account receivables from losses due to non-payment by the overseas/local buyers because of economic casualty or insolvency.

EXIM Bank’s Credit Insurance facilities cover non-payment against the following risks:

COMMERCIAL RISK – Up to 90%	POLITICAL & COUNTRY RISK – Up to 95%
<ul style="list-style-type: none">• Insolvency of Buyer or Letter of Credit of Issuing Bank• Payment default by Buyer or Letter of Credit of Issuing Bank• Non-acceptance of goods	<ul style="list-style-type: none">• Transfer risk• Occurrence of war, revolution and civil disorder• Default by public sector buyer (contract frustration)• Nationalisation/Expropriation

EXIM Bank offers both short term and medium/long term credit insurances:
1. Short Term Credit Insurance - Coverage up to a maximum of one (1) year
2. Medium/Long Term Credit Insurance - Coverage up to a maximum of 15 years

BENEFITS OF SHORT TERM CREDIT INSURANCE

- Provide indemnity of loss up to 90 - 95%
- Enable exporters to venture into new and unfamiliar markets
- Enable exporters to sell more on credit terms whilst securing payment
- Facilitate trade financing (assigned as security to Banks)
- Provide credit management services to our policyholder on screening of buyers/clients leading to fewer late payments
- Double Deductions Tax Relief for premiums paid
- Provide assistance in debt recovery
- Financial security in good and bad times
- Peace of mind and confidence in expanding business overseas

BENEFITS OF MEDIUM/LONG TERM CREDIT INSURANCE

- Provide indemnity of loss up to 90 - 95%
- Enable to venture into new and unfamiliar markets
- Provide credit management services to our policyholder on screening of buyers/clients leading to fewer late payments
- Provide assistance in debt recovery
- Financial security in good and bad times
- Peace of mind and confidence in expanding business overseas

TRADE CREDIT INSURANCE

Trade Credit Insurance (TCI) provides an "umbrella" cover for exporters/importers who make regular exports/imports to overseas/local/buyers on credit up to 180 days. The policy also covers exports directly from the suppliers' countries to their destinations without passing through Malaysia (third country export).

There are three types of Trade Credit Takaful cover:

- Export;
- Domestic;
- Import.

Types of Cover	EXPORT	DOMESTIC	IMPORT
Purpose	To insure the risk of non-payment by Overseas Buyers	To insure the risk of non-payment by Domestic Buyers	To insure the risk of default or non-payment by the Domestic Buyers arising from import trade transactions.
Risk Covered	<div>Commercial Risks<ul style="list-style-type: none">• Buyer's insolvency• Buyer's payment default• Buyer's failure to accept goodsPolitical & Country Risks<ul style="list-style-type: none">• Blockage or delay in the transfer of payment• Imposition of import license• Cancellation of import license• War between Buyer's country and Malaysia• War, revolution and civil disturbances in the Buyer's country• Default by Government Buyer</div>		
Percentage of Cover	<div>Commercial Risk - up to 90%</div> <div>Political & Country Risk - up to 95% .</div>		
Payment Terms	Irrevocable Letter of Credit (ILC), Documents Against Payment (DP), Documents Against Acceptance (DA) and Open Account (OA) of up to 180 days.		
Credit Terms	Maximum up to 180 days.		
Premium Rate	<div>Premium rates depend on:<ul style="list-style-type: none">• Terms of payment;• Market grading;• Trading and claim experience; and• Whole turnover or selective policy.</div> <div>Premium rate is determined based on:<ul style="list-style-type: none">• Terms of payment;• Trading and Claim experience; and• Whole turnover or selective policy.</div>		



TRADE CREDIT INSURANCE

Types of Cover	EXPORT	DOMESTIC	IMPORT
Eligible Participant	<ul style="list-style-type: none"> Malaysia incorporated companies registered under Companies Act 2016, inclusive of Banks and other Financial Institutions. The company must indulge in export business. There shall be no minimum volume. Minimum of 2 years in operation. No adverse track record in the credit database. Minimum paid up capital of RM100,000. Evidence of export during the previous 12 months. 		Malaysia incorporated companies registered under Companies Act 2016 who is a Direct Exporter or Direct Importer.
Eligible Buyer	<ul style="list-style-type: none"> Malaysian companies registered under Companies Act 2016, inclusive of Non-Resident Controlled Companies. The buyer must have paid up capital of at least a minimum of RM100,000. At least 3 years in business operation Minimum sales of RM1.0 million. No adverse track record. 		
Policy Period	The Policy is issued for 12 months or other period acceptable by EXIM Bank and renewed annually.		
Commencement of Cover	Risk exposure shall commence when the goods are shipped to Overseas Buyers.	Risk exposure shall commence upon the acceptance of the goods by Domestic Buyers.	
Claim Payment	EXPORT	DOMESTIC/IMPORT	
	Causes of Loss	Claims Waiting Period	
	Buyer's insolvency	Immediately	
	Default in payment	6 months after due date of payment	
	Non-acceptance of goods	1 month after goods are resold	N/A
	Transfer delay	4 months after deposited payment in selected currency	N/A
	Others	4 months after date of occurrence	N/A
Double Tax Relief	Risk premium paid in respect of EXIM Bank's TCI (Export) is eligible for Double Deduction Tax Relief under Section 33 of the Income Tax 1967. Tax Certificate will be issued within one (1) month of the Participant's Financial Year-End.		

BANKERS TRADE CREDIT INSURANCE

Bankers Trade Credit Insurance (BTCI) is a credit insurance designed to protect the Financial Institutions (FIs) against risk of non-payment by the exporters arising from default by the overseas buyers. The facility is available for a trade finance facility against the trade transactions on Open Account and Documentary Collection. BTCI is targeted to Local Banks and Locally-Incorporated Foreign Banks incorporated under Companies Act 2016 that discounts bills for export transactions, such as export of goods forwarding services and logistic services for export activities.

Types of Cover	EXPORT	IMPORT
Risk Covered	Commercial Risks <ul style="list-style-type: none"> Protracted default of Buyer/Exporter Insolvency of Buyer/Exporter Non-honouring of the LC Political & Country Risks <ul style="list-style-type: none"> Transfer Risk Occurrence of war, revolution and civil disorder Default by public buyer (Government-owned) 	Commercial Risks <ul style="list-style-type: none"> Insolvency of the local buyer/Malaysian Importer Protracted default of the local buyer/Malaysian Importer
Types of Cover	<ul style="list-style-type: none"> Advances given to Exporter against evidence of shipment of the goods for export Financing of export receivables Non-reimbursement of ILC proceed by overseas issuing bank due to insolvency, default, war, civil disturbances and transfer delay (for LC Cover) 	<ul style="list-style-type: none"> Advances given to Importer against LC or Documentary Collection Invoice Financing
Minimum Cover	Minimum cover for each exporter of RM100,000 or its equivalent in foreign currency.	
Percentage of Cover	<ul style="list-style-type: none"> 70% of Export bill or advances to the Exporters 95% of LC value 	<ul style="list-style-type: none"> Up to 90% of loss suffered.
Payment Terms	Documents Against Payment (DP), Documents Against Acceptance (DA) and Open Account (OA).	
Premium Rate	Premium rate is determined based on: <ul style="list-style-type: none"> Terms of payment; Market grading; Trading and claim experience; Whole turnover or selective policy. 	
Eligible Advances	<ul style="list-style-type: none"> Advances by FI by discounting/purchase/negotiation of export documents. Advances by FI against export bill sent on collection. 	<ul style="list-style-type: none"> Advances by FI on import of Strategic goods.
Ineligible Advances	<ul style="list-style-type: none"> Advances to indirect exporter. Financing charges payable by Exporter. Non-trade transactions, i.e. projects or contract for services. Advances not related to export. 	<ul style="list-style-type: none"> Financing charges payable by Importer. Non-trade transactions. Import of non-strategic goods.

BANKERS TRADE CREDIT INSURANCE

Types of Cover	EXPORT	IMPORT
Eligible Institutions	<ul style="list-style-type: none">Local BanksLocally-Incorporated Foreign Banks	
Eligible Exporter/Importer	<ul style="list-style-type: none">Companies registered under Companies Act 2016 and must be direct exporterNon-Resident Controlled Companies (NRCC)	
Eligible Buyer	<ul style="list-style-type: none">Private Limited Companies or its equivalentMust be in business for more than two (2) yearsNo adverse recordPaid up capital of not less than USD100,000 or its equivalent. Net tangible worth not less than USD100,000Buyer country must not be off-cover country	<ul style="list-style-type: none">Malaysian companies registered under Companies Act 2016, inclusive of Non-ResidentThe buyer must have at least a paid up capital of a minimum of RM100,000At least 3 years in business operationMinimum sale of RM1.0 millionNo adverse track record

BANK LETTER OF CREDIT POLICY

- If you
- export on LC terms;
 - are concerned with the costing risk; and
 - want to secure payment of your export under LC without recourse to you,

Bank Letter of Credit Policy (BLCP) will assist in securing payment of the ILC to your bank. BLCP covers participating banks that negotiate ILC issued by foreign banks against the foreign issuing banks' failure to reimburse payments to the beneficiaries (i.e. Malaysian exporters) under the ILC.

	BANK LETTER OF CREDIT POLICY
Purpose	BLCP helps the banks/exporters by: <ul style="list-style-type: none">Providing cover against the country risks.Providing cover against the Issuing Bank's risks.Encouraging exporters to sell in non-traditional and emerging markets.Promoting increased participation of banks in trade finance.
Risk Covered	The policy covers any loss arising from failure of the Issuing Bank to reimburse the Negotiating Malaysian Bank any sum due under the ILC. The risks of non-payment may result from any of the following: <ul style="list-style-type: none">Insolvency of the Issuing Bank.Protracted default of Issuing Bank.War, civil commotion and transfer delays.Any action by the government that prevents remittance by the Issuing Bank.
Type of Cover	Only Irrevocable Letter of Credit (ILC) with a tenure of not exceeding 180 days and approved by EXIM Bank as per the Notice of Approval, shall be covered under the policy.
Percentage of Cover	The policy provides indemnity to banks for up to 95% of the face value of the ILC or the gross invoice value of the shipment made, whichever is lower.
Premium Rate	To be quoted upon application and depends on, but not limited to: <ul style="list-style-type: none">Tenure of ILC;Buyer country risk;Foreign Issuing Bank risk;Information on buyer and exporter.
Commencement of Cover	Cover only commences when shipment has been made and other terms and conditions of BLCP and individual offer on the cover are complied with.
Claim Waiting Period	The claim waiting period is not earlier than 4 months from the due date of the ILC.

MULTI CURRENCY TRADE FINANCING SCHEME

Multi Currency Trade Financing Scheme (MCTF) is a facility provided by Malaysian Participating Financial Institutions (PFI) to the SME exporters to finance the production of goods and/or rendering of services against Irrevocable Letters of Credit (ILCs) issued by the overseas Issuing Banks. No collateral is required. The MCTF Insurance Policy provided by EXIM Bank protects the PFIs.

Objectives of MCTF

- To facilitate the exports of Malaysian goods and/or services oversea, in particular to the G-15, OIC and ASEAN countries.
- To enable Malaysian SME exporters access to Pre- and Post-Shipment working capital trade financing facility from banks without any collateral.

	PRE-SHIPMENT	POST-SHIPMENT
Purpose	<ul style="list-style-type: none">• Purchasing and/or manufacturing and/or processing and/or packing of goods.• Rendering of services.	<ul style="list-style-type: none">• Facilitating exports by way of discounting/purchasing/negotiation of export Letters of Credit, Standby Letters of Credit or such other instruments.• Rendering of services.
Risk Covered	Non-payment by the Exporters for credits and/or advances facility granted against export Irrevocable Letters of Credit due to the insolvency of the Exporters.	Non-honouring of the Irrevocable Letters of Credit (NHLC) by the overseas LC Issuing Banks without recourse to the Exporters.
Max. Financing Period	120 days.	180 days.
Max. Percentage of Financing	90% of ILC value.	100% of ILC value.
Percentage of Cover	75% of MCTF participating banks' losses.	100% of MCTF participating banks' losses.
Max. Financing Amount	RM10 million per Exporter or equivalent in foreign currency.	RM10 million per Exporter or equivalent in foreign currency.
Method of Financing	Advance to the Exporter against presentation of an export LC to the MCTF participating bank.	Upon acceptance of documents by overseas Issuing Bank, the MCTF participating bank will discount the export bills to be financed and use the proceeds to liquidate any outstanding amount under the MCTF facility. The balance of the proceeds (if any) will be paid to the Exporter.
Premium/Interest Rate	<ul style="list-style-type: none">• Premium: 0.15% per month or part there of on transactional basis.• Interest: COF/ECOF + 1.5% per annum (maximum margin).• Standard bank charges.	<ul style="list-style-type: none">• Premium: Depends on country schedule - ranges between 0.05% per month or part thereof to 0.15% per month or part thereof.• Interest: ECOF + 1.5% per annum (maximum margin).• Standard bank charges.
Eligibility	<p>If you are an exporter, whether involved in manufacturing, trading, agriculture/primary industries or services, and you satisfy the following requirements, you are eligible to apply*.</p> <ul style="list-style-type: none">• Minimum paid-up/proprietorship capital of RM50,000.• In business for 6 months and above.• No adverse credit record.• Source goods and/or services from Malaysia.• Good profitability record. <p>* Approval is subject to satisfactory evaluation of Exporter and Issuing Banks' risks.</p>	

INDIRECT EXPORTERS' FINANCING SCHEME

Indirect Exporters' Financing Scheme (EFS) is a non-recourse financing scheme for SMEs who are Indirect Exporters (Sellers), whereby Participating Financial Institutions (PFIs) discount commercial documents arising from the supply of goods and/or services to Direct Exporters (Buyers) with coverage provided by EXIM Bank to PFIs. Essentially, once the Indirect Exporter sells goods or renders services under credit terms to the Direct Exporter, the Indirect Exporter presents the documents for discounting to the PFI. In the event the Direct Exporter fails to pay the PFI on the due date, EXIM Bank pays claim to the PFI under the Indirect Exporters Financing Scheme.

	INDIRECT EXPORTERS' FINANCING SCHEME
Risk Covered	<ul style="list-style-type: none">• Insolvency of the Direct Exporter.• Payment default of the Direct Exporter.
Purpose	For the purpose of enabling the Indirect Exporter to discount the trade receivables in respect of goods supplied/services rendered to the Direct Exporter.
Max. Financing Period	The Indirect Exporter can grant a maximum credit period of up to 120 days to the Direct Exporter. A 60-day extension subsequent to the maximum credit period can be granted making a total of 180 days.
Max. Percentage of Financing	Up to 100% of invoice value.
Percentage of Cover	Up to 90% of the bank's loss.
Commencement of Cover	In respect of the goods sold, the protection/cover starts from the date of delivery of goods or in respect of the services performed, it starts from the date of submission of invoice.
Premium/Interest Rate	<ul style="list-style-type: none">• Premium rate: minimum of 0.073% per month.• Interest: COF + 2.00% per annum (maximum margin).• Standard bank charges.
Eligibility	Manufacturing/Services & Other Sectors.
Claim Payment	Four months from the due date.

SPECIFIC POLICY

Malaysian contractors and manufacturers who undertake contracts for export of capital goods, turnkey projects, construction works, or rendering of services abroad should not be overly concerned on the risk of non-payment by their buyer or contract awardee. Our Specific Policy (SP) assures your future payments for export or domestic contracts for supply of capital goods or services, either from your buyers or contract awarders or from EXIM Bank by way of Insurance claims.

A policy of coverage for Malaysian contractors who undertake projects against payment defaults by contract awarders or issuing banks (for Standby Letter of Credit).

Types of Cover	EXPORT	DOMESTIC
Risk Covered	<p>Commercial Risks</p> <ul style="list-style-type: none"> • Buyer insolvency; • Payment default by buyer within 6 months of goods delivered and accepted. <p>Economic Risks</p> <ul style="list-style-type: none"> • Blockage or delay in payment transfer; • Imposition of import restrictions; • Cancellation of valid import license. <p>Political Risks</p> <ul style="list-style-type: none"> • Occurrence of war between buyer's country and Malaysia; • Occurrence of war, hostilities, revolution or other similar civil disturbances in the buyer's country. <p>Unforeseeable Events</p> <ul style="list-style-type: none"> • Any other causes of loss occurring outside Malaysia, which are beyond control of either the exporter or the buyer. 	<p>Commercial Risks</p> <ul style="list-style-type: none"> • Buyer insolvency; • Payment default by buyer within 6 months of goods delivered and accepted. <p>Economic Risks</p> <ul style="list-style-type: none"> • Delay in transfer of payments due to currency inconvertibility.
Types of Cover	<p>a. One-off contract but may be repetitive in nature or revolving during the contract period.</p> <p>b. Minimum local content of 30% of the contract value.</p>	One-off contract which may have repetitive shipments and revolving in nature subject to the coverage period being within the contract validity and the loss amount to be within the approved limit or authority, whichever is earlier.
Percentage of Cover	Up to 90% for commercial and non-commercial risks.	
Payment Terms	All shipments made under contracts concluded on payment terms of ILC, DP, DA and OA are acceptable.	
Premium Rate	<p>Premium rates primarily depends on:</p> <ul style="list-style-type: none"> • Market grading; • Terms of payment. 	

SPECIFIC POLICY

Types of Cover	EXPORT	DOMESTIC	
Commencement of Cover	The protection/cover starts either from the date of contract or the date of shipment.		
Claim Payment	Claims Waiting Period		
	Causes of Loss	EXPORT	DOMESTIC/IMPORT
	Buyer's insolvency	Immediately	
	Default in payment	6 months after due date of payment	
	Non-acceptance of goods	1 month after goods are resold	N/A
	Transfer delay	4 months after deposited payment in selected currency	
	Others	4 months after date of occurrence	

OVERSEAS INVESTMENT INSURANCE

The trend of investing, especially in the emerging market economies, has been gaining momentum among Malaysian entrepreneurs. As an investor, you are capable of evaluating the commercial aspects of doing business overseas. Nevertheless, you may be hesitant to commit your capital to a project, especially if you perceive the long term political stability in the host country to be uncertain. Hence, in order to overcome your hesitation and allay your fears, EXIM Bank's Overseas Investment Insurance (OII) can help to protect your investment and consequently your profits.

	OVERSEAS INVESTMENT INSURANCE
Risk Covered	<p>Transfer Restriction Protect your losses arising from the inability to convert for instance, dividends, profits, loan repayments received in local currency due to:</p> <ul style="list-style-type: none">Excessive delays;Changes in law or regulation;Lack of foreign exchange. <p>Expropriation Protect your losses due to actions depriving an investor of ownership or control due to:</p> <ul style="list-style-type: none">Direct expropriation;Creeping expropriation. <p>War & Civil Disturbance Protect your losses stemming from physical damage to tangible assets or substantial interruption of business due to:</p> <ul style="list-style-type: none">War;Revolution. <p>Breach of Contract Protects a Concession Holder against losses arising from repudiation or breach of contract by host government authority. Cover can be considered on case by case basis.</p>
Percentage of Cover	EXIM Bank's Political Risk Insurance programme covers up to 90% of your losses from the above risks.
Premium Rate	Premium Rate is determined based on: <ul style="list-style-type: none">Country Grading;Length of pre-checking risk;Length of credit risk.
Eligible Investment	OII can cover the following type of investment: <ul style="list-style-type: none">Equity;Shareholder Financing;Shareholder Guarantees;Commercial Bank Financing;Moveable Assets.
Eligibility	Companies incorporated and have their principal businesses in Malaysia, including Financial Institutions, which finance Overseas Project/Investment.

OVERSEAS INVESTMENT INSURANCE

	OVERSEAS INVESTMENT INSURANCE	
Policy	<ul style="list-style-type: none">Up to 15 years.Investor has the right to terminate after 3rd year. In case of default, the Investor has to pay 50% of the total three years contribution.Coverage cannot be cancelled unless in the event of non-payment of contribution	
Commencement of Cover	The premium and fees are fully paid, which is on a one-off basis subsequent to execution of Letter of Offer.	
Assignment of Policy	Policy can be assigned as security.	
Claim Waiting Period	CAUSES OF LOSS	DATE OF ASCERTAINMENT OF LOSS
	Transfer Restriction	Up to six (6) months after attempt to convert or transfer to local currency.
	Expropriation	Up to four (4) months after the expiry of 12 months from the onset of the expropriation action.
	War and Civil Disturbance	Up to four (4) months upon proof of damage to physical assets or up to four (4) months from the expiry of 12 months after the project enterprise has been put out of operation.
	Breach of Contract	At least two (2) years must elapse from the initiation of a legal proceeding by you or a final decision by the judicial or arbitral forum, as the case may be.




BOND RISK INSURANCE	
Unfair Calling by Government/Public Buyer	Unfair Calling cover is available in respect to a bond that is issued to a principal that is classified as a government entity or body. By definition, the insured event is the calling of the surety bond by the government/public buyer, where the government/public buyer is not entitled to call the surety bond under the terms and conditions of the contract provided that the contractor is not in material default of its obligations under the said contract.
Unfair Calling by Private Buyer	The coverage offered for unfair calling by the private buyer risks is similar to one offered under unfair calling cover by government/public buyer. Nonetheless , unfair calling by private buyer or "capricious call" cover is only available on selective basis, considering the risks are much higher as compared to unfair calling by government/public buyer.
Fair Calling - Political	<p>Fair calls cover contractor against the risk of surety bond being "fairly" called by the principal as the result of the inability of the contractor to continue performing his/her duties under the contract agreement due to the occurrence of certain political risk events. The coverage is available to both contracts awarded by government entities or bodies and private companies. Amongst the political risk events covered under this programme are as follows:</p> <p>Import/Export Restrictions</p> <p>Contractor is unable to fulfill his/her obligations under the contract caused by:</p> <ul style="list-style-type: none"> the implementation of any law or of any order, decree or regulation having the force of law, in which circumstances outside the control of the contractor, prevents the import/rendering of the goods/services specified in the contract. the cancellation, in which circumstances outside the control of the contractor, of a previously issued and currently valid authority to import/render the goods/services specified in the contract. <p>War</p> <p>Contractor is unable to fulfill his/her obligations under the contract caused solely and directly by the frustration of the contract or termination due to the occurrence within the country of the principal, of war, civil war, insurrection, rebellion and/or revolution which directly prevents the due performance of the said contract in whole or in part.</p>

BOND RISK INSURANCE

	BOND RISK INSURANCE
Arbitration Default	Apart from the above coverage, Bond Risk Insurance is also to provide protection against arbitration default risk as a result of occurrence of unfair calling event that leads to the surety bond being crystallised. This coverage applies when the contractor has obtained a final and binding arbitration award in his/her favour in accordance with the terms and conditions of the contract agreement, and such award has not been honoured by a Buyer.
Tenure	The policy is able to cover risks of up to five (5) years.
Percentage of Cover	The coverage provides indemnity of up to 90% of the amount of loss suffered by the policy holder.
Premium Rate	Premium rates primarily depends on: <ul style="list-style-type: none">• Market grading;• Terms of payment.

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FEES AND CHARGES

 Click on the links to further information within the document.

STANDARD FEES AND CHARGES FOR CREDIT TAKAFUL PRODUCTS

	TYPE OF FEES AND CHARGES	EXPORT	DOMESTIC/IMPORT
Trade Credit Takaful (Not applicable for SME Customers)	Initial Fee • If the Participant has paid under TCT (Export), no charges will be imposed under TCT (Domestic).	RM250 *	
	Credit Limit Application (CLA) Fee	RM250 per buyer	RM50 per buyer
	Annual Review of Buyer	RM250 per buyer	RM50 per buyer
	Renewal Fee • If the Participant has paid under TCT (Export), no charges will be imposed under TCT (Domestic).	RM100*	
	<i>Wakalah Fee</i>	35% from takaful contribution. Your contribution less <i>Wakalah</i> fees is the amount of <i>Tabarru'</i> charged.	
Bankers Trade Credit Takaful (Not applicable for SME Customers)	Credit Limit Application (CLA) Fee	RM250 per buyer	RM50 per buyer
	Annual Review of Buyer	RM250 per buyer	RM50 per buyer
	<i>Wakalah Fee</i>	35% from takaful contribution. Your contribution less <i>Wakalah</i> fees is the amount of <i>Tabarru'</i> charged.	
Specific Takaful (Not applicable for SME Customers)	RM1,000 per application		
	<i>Wakalah Fee</i>	35% from takaful contribution. Your contribution less <i>Wakalah</i> fees is the amount of <i>Tabarru'</i> charged.	
Overseas Investment Takaful (Not applicable for SME Customers)	Processing Fee	One percent (1%)* on the insured amount, subject to a minimum of RM1,000 and maximum RM20,000 payable upon accepting the Letter of Offer ("LO"). (*) subject to terms and condition.	
	<i>Wakalah Fee</i>	60% from takaful contribution. Your contribution less <i>Wakalah</i> fees is the amount of <i>Tabarru'</i> charged.	

STANDARD FEES AND CHARGES FOR CREDIT INSURANCE PRODUCTS

	TYPE OF FEES AND CHARGES	EXPORT	DOMESTIC/IMPORT
Trade Credit Insurance (Not applicable for SME Customers)	Initial Fee • If the Participant has paid under TCT (Export), no charges will be imposed under TCT (Domestic).	RM250 *	
	Credit Limit Application (CLA) Fee	RM250 per buyer	RM50 per buyer
	Annual Review of Buyer	RM250 per buyer	RM50 per buyer
	Renewal Fee • If the Participant has paid under TCT (Export), no charges will be imposed under TCT (Domestic).	RM100*	
Bankers Trade Credit Insurance (Not applicable for SME Customers)	Credit Limit Application (CLA) Fee	RM250 per buyer	RM50 per buyer
	Annual Review of Buyer	RM250 per buyer	RM50 per buyer
Banks Letter of Credit Policy	Acceptance Fee	RM100	
Overseas Investment Insurance (Not applicable for SME Customers)	Processing Fee	One percent (1%)* on the insured amount, subject to a minimum of RM1,000 and maximum RM20,000 payable upon accepting the Letter of Offer ("LO"). (*) subject to terms and condition.	
Specific Takaful (Not applicable for SME Customers)	RM1,000 per application		
Buyer Credit Guarantee (Not applicable for SME Customers)	Processing Fee	One percent (1%)* on the insured amount, subject to a minimum of RM1,000 and maximum RM20,000 payable upon accepting the Letter of Offer ("LO"). (*) subject to terms and condition.	
Bond Risk Insurance (Not applicable for SME Customers)	Processing Fee	One percent (1%)* on the insured amount, subject to a minimum of RM1,000 and maximum RM20,000 payable upon accepting the Letter of Offer ("LO"). (*) subject to terms and condition.	
Indirect Exporters' Financing Scheme	Nil		
Multi Currency Trade Financing Scheme			

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DISCLAIMER

The information contained in this booklet is for general reference purposes only, not binding on EXIM Bank and subject to change from time to time. The information shall also be subject to the Letter of Offer to be issued after assessment and final approval by EXIM Bank.

PB (BP) - 01/2023 July