

BUSINESS BANKING PRODUCTS

Amāna Bank's Business Banking products are ideal to meet the financing needs of SMEs, Corporates and Listed companies.

Murabaha Financing

PRODUCT DESCRIPTION

Murabaha is a contract wherein the bank, upon request by the customer, purchases an asset from a 3rd party supplier/ vendor and resells it to the customer with an agreed mark up (cost plus profit) either against immediate payment or on a deferred payment basis.

TYPE OF MURABA'S FOR LOCAL PURCHASES / TERM FINANCING / TRADE FINANCE

1. Local Murabaha

If a Murabaha transaction is done locally with a customer for a short term, local Murabaha can be used.

2. Extended Murabaha

If a Murabaha transaction is done for more than one year extended Murabaha can be used. Term LC time is not effected for extended Murabaha.

3. Import Murabaha

Any imports related transactions can be done through import Murabaha.

4. Musawamah

If the cost of a transaction can't be identified and only the selling price is disclosed, locally or internationally Musawamah can be used.

PRODUCT FEATURES

- Murabaha is used for short/ medium/ long term finance for :
 - Raw material
 - Inventory
 - Equipment
 - Asset financing
 - Vehicle financing (Extended Murabaha)
 - Or any other asset to be purchased.

- The commodity to be sold to the customer has to be in a tangible form or ensured of its existence and the seller must have the ownership of the commodity.
- The bank, the customer and the seller must mutually agree upon the price of the commodity.
- The Murabaha contract cannot contain any conditions in the sale that is biased to one side and which is not according to normal market practices.
- Murabaha sale based on deferred payment (Bai Muajjal) must ensure the followings to be in compliance with sharia.
 - The bank must specify the payment date to the customer.
 - Fixed period starts from the time of delivery of the commodity.
 - The fixed price can't be changed either for early or late settlement.
 - It is permissible for the bank to ask for a security to ensure repayment.
- Flexible repayment plans (short term / long term)

REQUIRED DOCUMENTS

- Application for Murabaha financing
- Pro-forma Invoice
- Master Murabaha agreement
- Agency agreement
- Murabaha transaction document (binding himself to re-purchases the commodity/ asset from ABL at an agreed price)
- Offer and acceptance letter

Tijarah Financing

PRODUCT DESCRIPTION

Tijarah is a Sale & Agency based financing facility for customers who sell Finished Goods on credit basis. The facility will enable the Customers to sell their Finished Goods stock, meet their working capital requirements and enjoy the benefits of cash sales.

Under this concept the Bank will purchase the finished goods of the Customers and will appoint the Customer as its agent to sell the same goods in the market generally on credit basis.

TYPE OF TIJARAH FINANCING AT AMANA BANK

1. Tijarah Financing For Local Sales
2. Tijarah Financing For Export

PRODUCT FEATURES

- A Finished Goods contract is permitted for Ready-to-Sale goods, either on Credit basis or on Cash basis and held in customer's inventory for longer period.
- Price for Tijarah contract should be known at the conclusion of the contract. Price can be in the form of cash or tangible goods or the usufruct of an asset (either the subject matter or some other asset) for a particular duration.
- The price of a Finished Goods contract is ideally paid on the spot with immediate delivery of goods.
- The delivery of the subject matter may take place through constructive possession. At this point, the liability of the Customer in respect of the subject matter comes to an end and the liability of the Bank begins until its sale to the ultimate buyer.
- After receipt of shipment documents against the shipment of goods, the financing will be converted from Pre-shipment to Post-shipment Tijarah Financing.
- After receipt of Acceptance against the shipment of goods, the financing is converted from Post-shipment Tijarah Financing to Tijarah (Bank Risk Line)
- Conversion of financing from Pre-shipment to Post-shipment allows the customer to re-utilize the Pre-shipment Financing.
- Conversion of financing from Tijarah to Bank Risk Line helps the customer in creating cushion in Tijarah limit, thus allowing the customer to again avail disbursement.

REQUIRED DOCUMENTS

- Finished Goods Facility Agreement
 - Written Offer
 - Goods Received Note (GRN)
- Finished Goods Agency Agreement
 - Agency fee
 - Incentive fee
- Guarantee / any other acetated securities.

Istisna Financing

PRODUCT DESCRIPTION

Istisna is a contract of sale of specified items to be manufactured or constructed, with an obligation on the part of the manufacturer or builder (contractor) to deliver them to the Customer upon completion.

MODES OF FINANCING

Istisna' can be used quite easily to facilitate financing requirements of trade and industry both in the Short term and Long term.

- **Working Capital** – Working capital needs for manufacturing concerns can be facilitated through Istisna'
- **Trade finance** – Istisna' can be used to finance exports for the benefit of the industry. This can also be used to offer an Islamic alternative to export Usance bill purchase.
- **Long Term Finance** – Medium to long-term requirements for construction of building, plant factory can also be facilitated through Istisna'. BOT arrangements can also be financed through Istisna' Financing
- **Consumer Housing Finance** – Financing for construction of apartments can be done.

PRODUCT FEATURES

- An Istisna contract is permitted only for raw materials that can be transformed from their natural state by a manufacturing or construction process involving labor. The subject matter is always a thing, which needs to be manufactured.
- If description of complete specification of the type, kind, quality and quantity of the subject matter to be produced have been given to the manufacturer and funds have also been disbursed for construction/ manufacturing then the manufacturer is bound to manufacture the Asset and cannot terminate the contract unilaterally.
- The Bank (Mustasnay) is also bound to fulfill its obligation under the Istisna Agreement once the production/ manufacturing work has started.
- It is a requirement that the price for an Istisna contract be known at the conclusion of the contract. Price can be in the form of cash or tangible goods or the usufruct of an asset (either the subject matter (BOT) or some other asset) for a particular duration.
- The price of an Istisna contract may be paid in advance or deferred or paid in installments within a certain period of time. The buyer can also connect payment of price with the stage of completion of the work.
- The price of Istisna transactions may vary in accordance with variations in delivery date. It is permissible if it is agreed between the parties that in the case of delay in delivery, the price shall be reduced by a specified amount per day.

- It is permissible to amend the contract price of an Istisna contract upwards or downwards, as a result of intervening contingencies (force majeure).
- The ultimate purchaser cannot be regarded as the owner of the materials in the possession of the manufacturer for the purpose of producing the subject matter.
- The time of delivery of goods does not necessarily have to be fixed in Istisna, however; a time may be agreed upon between the parties.
- The delivery of the subject matter may take place through constructive possession. At this point, the liability of the manufacturer in respect of the subject matter comes to an end and the liability of the ultimate purchaser begins.
- If the manufactured Asset is found to be discrepant at the time of delivery, this would be considered as an Event of Default
- The parties may agree on a period during which the manufacturer will be liable for any defects or the maintenance of the subject matter.

REQUIRED DOCUMENTS

- Finished Good Facility Agreement
 - Written Offer
 - Good received note
- Finished Good Agency Agreement
 - Agency fee
 - Incentive fee
- Guarantee / any other accepted securities.

Amana Asset Financing and Working Capital Financing

PRODUCT DESCRIPTION

Both Amana Asset Financing and Working Capital Financing work under the Diminishing Musharaka principle.

Under Diminishing Musharaka, The Bank and the Customer jointly purchase the Asset (i.e. property/machinery etc.) and then the bank leases its share to the customer. The customer promises to buy the equity share of the bank gradually until the title to the equity is completely transferred to him.

Under Amana Working Capital Financing, Amāna will invest on a suitable asset of the client to financially facilitate the customer to meet his working capital requirements.

There will be a mandatory holding period of 12 months, during which the customer cannot purchase capital units and will only service a monthly rental, hence, the ownership of the asset between Amana and the customer will remain unchanged.

MODES OF FINANCE

1. Diminishing Musharaka

This is a general Diminishing Musharaka transaction

2. Working Capital Diminishing Musharaka

This is a general Diminishing Musharaka financing where customer will be getting a grace period.

3. Diminishing Musharaka Vehicle/ Machinery

This financing method will be used when a Vehicle or Machinery is purchased jointly.

PRODUCT FEATURES

- The Asset is registered in the name of the client and an equitable mortgage will be created over the asset in the name of the Bank.
- The Bank mortgages the asset in order to protect its ownership.
- Diminishing Musharaka can be formed only in tangible assets, (specified asset) and not the whole business.
- The proportion of investment shares should be clearly identified in the contract.

REQUIRED DOCUMENTS

- Diminishing Musharaka Application Form
- Master Musharaka Agreement
- Offer and Acceptance Letter
- Bank accepted collaterals.

Musharaka Financing

PRODUCT DESCRIPTION

Musharaka is a partnership in which the partners join together with different contributions, work or obligation for the common objective of undertaking business and trade in accordance with the principles of Sharia.

The contract of Musharaka can take place between two or more persons with the capital contributed by the partners/shareholders and the profit to be distributed among them according to the rates agreed upon by the shareholders.

MODE OF FINANCE

1. Local Musharaka

If a customer wants to finance his entire business by Amana bank a Local Musharaka financing can be used.

2. Transaction Musharaka

Transaction Musharaka will only be used for a particular transaction of a company.

PRODUCT FEATURES

- Both bank and customer will contribute capital towards Musharaka transaction.
- The ratio of profit distribution must be agreed at the time of execution of the contract.
- Bank will act as the sleeping partner and customer will be mainly working on the partnership. A Bank representative will be observing the activities of the business.
- Any genuine losses occurred by the business will be borne by bank and customer according to capital contribution ratio.
- If any losses occurred due to negligence of customer, customer has to bare the total loss.
- The ratio of profit for each partner must be determined in proportion to the actual profit earned by the project/ business and not in proportion to the capital invested.
- Every partner has a right to terminate the Musharaka at any time after giving his partner a notice to this effect, whereby the Musharaka will come to an end.
- In this case, if the assets of the Musharaka are in cash form, all of them will be distributed pro rata between the partners. But if the assets are not liquidated, the partners may agree either on the liquidation of the assets, or on their distribution or partition between the partners.

REQUIRED DOCUMENTS

- Musharaka Application Form
- Master Musharaka Agreement
- Offer and Acceptance Letter
- General security documents

Wakala Financing

PRODUCT DESCRIPTION

In Wakala financing customer will be acting as agent in managing the Banks funds with an expected return.

PRODUCT FEATURES

- Customer will be entitled for a Wakala fee for his/her service.
- A competitive profit rate will be given to the bank.

REQUIRED DOCUMENTS

- Application form
- Request letter
- Master wakala agreement
- Offer and acceptance letter
- General collaterals

Leasing

PRODUCT DESCRIPTION

A transaction where bank buys the asset (vehicles, machine, equipment, etc.) desired by the customer and rents it to him with the promise to gift it at the end of the rental period.

PRODUCT FEATURES

- Leasing product will operate under the principal of Ijara sharia concept.
- Up to 100% of the value of the asset can be financed.
- Rentals will be due only upon commencement of usage of the asset.
- Rentals will be charged only if the asset is in working condition.

REQUIRED DOCUMENTS

- NIC/ Passport/ Driving License for individuals
- Application form
- Lease agreement
- Takaful coverage
- Business Registration Certificate for business establishments.
- Last 06 months Bank Statements (If applicable).
- Audited Financial Statements and Tax returns for past 03 years (If applicable).
- Pro-forma Invoice/ Quotation for the asset from the supplier or agent/ Valuation Report
- Evidence of current salary (Pay Slip) or other earnings.
- Offer and acceptance letter.

Feedback and Complaints

Customers of the Bank are invited to provide their valuable feedback by submitting the 'Tell us about your service experience' form available at the branch or downloading the same from our website www.amanabank.lk.

You can also lodge complaints with regard to our products or services by either

1. Contacting the relevant branch manager
2. Emailing us about your complain to feedback@amana.lk
3. Contacting our hotline 011 7 756756
4. Submitting a message on our 'Contact Us' page of our website www.amanabank.lk.

Once the complaint is received we will acknowledge receipt and keep you informed of the action promptly taken.