

Annexure

Definitions:-

Any expressions which were defined in the above Standard Terms and Conditions will bear the same meaning when used in this Appendix, unless they are defined differently here.

“**Deferred Profit**” means the deferred profit arising from the Bank providing the Facility that is due and payable as at the Early Settlement Date.

“**Early Settlement Charges**” means costs incurred by the Bank due to early settlement or early redemption of the Facility prior to maturity, whether in full or partially, including without limitation initial costs that have not been recovered by the Bank, costs that have not been recovered because a financing contract has a structure with discount elements at the initial period of financing and any other charges as may be approved by Bank Negara Malaysia (“**BNM**”) and notified to the Customer.

“**Early Settlement Date**” means the date the Facility is early settled/redeemed.

“**Instalments/Payment due**” means instalment/payment of Sale Price due and unpaid as at the Early Settlement Date.

“**Late Payment Compensation**” means costs and expenses incurred by the Bank calculated based on the BNM Guidelines on Late Payment Compensation for Islamic Banking Institutions (including any alteration, modification, supplement and substitution thereof) due to late payment by Customer of the Instalment/Payment due.

“**Other Outstanding Charges**” means such costs, expenses and charges (excluding

Late Payment Compensation) agreed to be payable by the Customer but remains unpaid by the Customer as at the Early Settlement Date.

“**Outstanding Sale Price**” means the amount of Sale Price outstanding as at the Early Settlement Date.

Formulas for Ibra’ and Settlement Amount Calculation

1. **SCENARIO (i)** - the Customer early settles or redeems the Facility by prepaying the Sale Price;

2. **SCENARIO (ii)** - the Facility is early settled or redeemed through a restructuring exercise over the Facility

SCENARIO (iii) - the Facility is early terminated or cancelled due to occurrence of an event of default specified in the terms and conditions applicable to the Facility

SCENARIO (iv) - the Facility is early terminated or cancelled (not due to occurrence of an event of default) before the maturity date of the Facility

SCENARIO (v) - the Facility is early terminated or cancelled due to Non-Delivery/Non-Possession of Asset

Formula for Ibra’ and Settlement Amount for Scenarios 1-4:

$$\text{Ibra}' = (a) \text{ Deferred Profit} \\ \quad \text{less} \\ (b) \text{ Early Settlement Charges}$$

$$\text{Settlement Amount} = (a) \text{ Outstanding Sale Price (including Instalments/Payment due)} \\ \quad \text{add} \\ (b) \text{ Late Payment Charges} \\ \quad \text{add} \\ (c) \text{ Other Outstanding Charges} \\ \quad \text{less} \\ (d) \text{ Ibra}'$$

Formula for Ibra’ and Settlement Amount for Scenario 5:

$$\text{Ibra}' = (a) \text{ Deferred Profit} \\ \quad \text{add} \\ (b) \text{ Undisbursed Principal} \\ \quad \text{less} \\ (c) \text{ Early Settlement Charges}$$

$$\text{Settlement Amount} = (a) \text{ Outstanding Sale Price (including Instalments/Payment due)} \\ \quad \text{add} \\ (b) \text{ Late Payment Charges} \\ \quad \text{add} \\ (c) \text{ Other Outstanding Charges} \\ \quad \text{less} \\ (d) \text{ Ibra}'$$

ILLUSTRATIONS

Illustration based on installment-sale-based financing arrangements :

The terms of the facility are as follows (for illustration purpose only) :-

Sale Price:	RM304,907-36
Contracted Profit Rate (CPR) :	12.00%
Financing Period:	36 months (3 years)
Purchase Price (cost of purchase/principal) :	RM255,000.00
Installment mode:	Monthly

Below is an illustration of a customised payment schedule under an ideal situation .

Month	Installment (Monthly)	Profit Rate (p.a.)	Profit Payment	Principal Payment on Purchase Price	Outstanding Sale Price	Outstanding Purchase Price	Outstanding Deferred Profit
0					304,907.36	255,000.00	49,907.36
1	3,469.65	12.00%	2,550.00	5,919.65	296,437.72	249,080.35	47,357.36
2	3,469.65	12.00%	2,490.80	5,978.85	287,968.07	243,101.51	44,866.56
3	3,469.65	12.00%	2,431.02	6,038.63	279,498.42	237,062.87	42,435.55
4	3,469.65	12.00%	2,370.63	6,099.02	271,028.77	230,963.85	40,064.92
5	3,469.65	12.00%	2,309.64	6,160.01	262,559.12	224,803.84	37,755.28
6	3,469.65	12.00%	2,248.04	6,221.61	254,089.47	218,582.23	35,507.24
7	3,469.65	12.00%	2,185.82	6,283.83	245,619.82	212,298.40	33,321.42
8	3,469.65	12.00%	2,122.98	6,346.66	237,150.17	205,951.74	31,198.43
9	3,469.65	12.00%	2,059.52	6,410.13	228,680.52	199,541.61	29,138.92
10	3,469.65	12.00%	1,995.42	6,474.23	220,210.87	193,067.37	27,143.50
11	3,469.65	12.00%	1,930.67	6,538.98	211,741.23	186,528.40	25,212.83
12	3,469.65	12.00%	1,865.28	6,604.37	203,271.58	179,924.03	23,347.54
13	3,469.65	12.00%	1,799.24	6,670.41	194,801.93	173,253.63	21,548.30
14	3,469.65	12.00%	1,732.54	6,737.11	186,332.28	166,516.51	19,815.77
15	3,469.65	12.00%	1,665.17	6,804.48	177,862.63	159,712.03	18,150.60
16	3,469.65	12.00%	1,597.12	6,872.53	169,392.98	152,839.50	16,553.48
17	3,469.65	12.00%	1,528.39	6,941.25	160,923.33	145,898.25	15,025.09
18	3,469.65	12.00%	1,458.98	7,010.67	152,453.68	138,887.58	13,566.10
19	3,469.65	12.00%	1,388.88	7,080.77	143,984.03	131,806.81	12,177.23
20	3,469.65	12.00%	1,318.07	7,151.58	135,514.38	124,655.22	10,859.16
21	3,469.65	12.00%	1,246.55	7,223.10	127,044.74	117,432.13	9,612.61
22	3,469.65	12.00%	1,174.32	7,295.33	118,575.09	110,136.80	8,438.29
23	3,469.65	12.00%	1,101.37	7,368.28	110,105.44	102,768.52	7,336.92
24	3,469.65	12.00%	1,027.69	7,441.96	101,635.79	95,326.56	6,309.23
25	3,469.65	12.00%	953.27	7,516.38	93,166.14	87,810.17	5,355.97
26	3,469.65	12.00%	878.10	7,591.55	84,696.49	80,218.62	4,477.87
27	3,469.65	12.00%	802.19	7,667.46	76,226.84	72,551.16	3,675.68
28	3,469.65	12.00%	725.51	7,744.14	67,757.19	64,807.02	2,950.17
29	3,469.65	12.00%	648.07	7,821.58	59,287.54	56,985.45	2,302.10
30	3,469.65	12.00%	569.85	7,899.79	50,817.89	49,085.65	1,732.24
31	3,469.65	12.00%	490.86	7,978.79	42,348.25	41,106.86	1,241.39
32	3,469.65	12.00%	411.07	8,058.58	33,878.60	33,048.28	830.32
33	3,469.65	12.00%	330.48	8,139.17	25,408.95	24,909.11	499.83
34	3,469.65	12.00%	249.09	8,220.56	16,939.30	16,688.55	250.74
35	3,469.65	12.00%	166.89	8,302.76	8,469.65	8,385.79	83.86
36	3,469.65	12.00%	83.86	8,385.79	(0.00)	0.00	(0.00)
	304,907.36		49,907.36	255,000.00			

Disclaimer: This schedule indicates the ideal payment of installments by customer. The values illustrated above may change according to a number of variables such as promptness of payments by customer, different amount of disbursement and prepayments.

Below is an illustration on the application of Ibra' and settlement amount formula for early settlement of financing due to Scenarios (1) to (4):-

Early settlement occurs at the 11th installment. The Early Settlement Charges are not imposed on the Customer.

Deferred Profit :	RM27,143.50 as at 10 th Month
Outstanding Sale Price:	RM220,210.87 as at 10 th Month
Instalment due but unpaid at 11 th installment:	Nil
Late Payment Charges:	Nil

Formula:

Ibra' =	(a)	Deferred Profit	RM 27,143.50
		less	(-)
	(b)	Early Settlement Charges	RM 0.00

$$\begin{aligned} \text{Ibra}' &= \text{RM } 27,143.50 - \text{RM } 0.00 \\ &= \text{RM } 27,143.50 \end{aligned}$$

Settlement Amount =

(a) (Outstanding Sale Price (including Instalments/Payment due))	RM 220,210.87
add	(+)
(b) Late Payment Charges	RM 0.00
less	(-)
(c) Ibra'	RM 27,143.50

$$\begin{aligned} \text{Settlement Amount} &= \text{RM } 220,210.87 + \text{RM } 0 - \text{RM } 27,143.50 \\ &= \text{RM } 193,067.37 \end{aligned}$$

Settlement after foreclosure of asset (if applicable)

Customer defaulted 11 installments (from 13th to 23rd instalment). Within the period, the Bank executed foreclosure proceedings (incurred RM3,500 legal fees) and auctioned the asset. Proceeds amounting to RM119,000.00 were received by the Bank from the auction. The Bank determined the amount of Early Settlement Charges (BNM has approved computation and components of this charge) to be RM300.00.

(All the above amounts are only for illustrative purposes).

Deferred Profit at instalment :	RM7,336.92
Outstanding Sale Price:	RM110,105.44
Late Payment Charges:	RM3,500.00 (illustrative amount only)
Early Settlement Charges:	RM300.00
Installment due but unpaid at 23 rd instalment:	11 installments x Monthly instalment = 11 x RM8,469.65 = RM93,166.15

Formula:

Ibra' =	(a)	Deferred Profit	RM 7,336.92
		less	(-)
	(b)	Early Settlement Charges	RM 300.00

$$\begin{aligned} \text{Ibra}' &= \text{RM } 7,336.92 - \text{RM } 300.00 \\ &= \text{RM } 7,036.92 \end{aligned}$$

Settlement Amount =

(a) (Outstanding Sale Price (including Instalments/Payment due))	RM 110,105.44
add	(+)
(b) Late Payment Charges	RM 93,166.14
add	(+)
(c) Other Outstanding Charges	RM 3,500.00
less	(-)
(d) Ibra'	RM 7,036.92

$$\begin{aligned} \text{Settlement Amount} &= \text{RM } 110,105.44 + \text{RM } 93,166.14 + \text{RM } 3,500.00 - \text{RM } 7,036.92 \\ &= \text{RM } 199,734.66 \end{aligned}$$

Since the proceeds from auction is less than the settlement amount to be payable by the customer, the Bank claims the difference of:-

$$\begin{aligned} \text{Amount claimed} &= \text{RM } 199,734.66 - \text{RM } [119,000.00] = \text{RM } 80,734.66 \end{aligned}$$

Below is an illustration on the application of Ibra' and settlement amount formula based on Non-Delivery of Assets / Non-Possession of Assets (i.e. the facility is not fully disbursed) as per Scenario (v):

The terms of the facility are as follows (for illustration purpose only):-

Sale Price (Amount to be paid on maturity):	RM304,907.36
Contracted Profit Rate (CPR) :	12.0%
Financing Period:	36 months (3 years)
Purchase Price (cost of purchase/principal):	RM255,000.00
Profit Amount on Maturity:	RM49,907.36

It is confirmed that the Assets cannot be delivered on the 15th month. Undisbursed principal is determined at RM102,000.00.

Deferred Profit :	RM18,150.00
Outstanding Sale Price:	RM177,862.63
Instalments/Payment due:	RM8,469.55
Late Payment Charges (if any) :	Nil

Formula:

Ibra' =	(a)	Deferred Profit	RM 18,150.60
		add	(+)
	(b)	Undisbursed principal	RM 102,000.00
		less	(-)
	(c)	Early Settlement Charges	RM 0.00

$$\begin{aligned} \text{Ibra'} &= \text{RM } 18,150.60 + \text{RM } 102,000.00 - \text{RM } 0.00 \\ &= \text{RM } 120,150.60 \end{aligned}$$

Settlement Amount =

(a) (Outstanding Sale Price (including Instalments/Payment due)	RM 177,862.63
add	(+)
(b) Late Payment Charges	RM 8,469.65
add	(+)
(c) Other Outstanding Charges	RM 0.00
less	(-)
(d) Ibra'	RM 120,150.60

$$\begin{aligned} \text{Settlement Amount} &= \text{RM } 177,862.63 + \text{RM } 8,469.65 + \text{RM } 0.00 - \text{RM } 120,150.60 \\ &= \text{RM } 66,181.68 \end{aligned}$$

Below is an illustration on the application of Ibra' and early settlement amount formula for early settlement of facility with lump sum payment on maturity due to Scenarios (1) to (4) :

The terms of the facility are as follows (for illustration purpose only) :-

Sale Price (Amount to be paid On maturity) :	RM285,600.00
Contracted Profit Rate (CPR) :	12.00%
Financing Period:	12 months (1 year)
Purchase Price (cost of purchase / principal) :	RM255,000.00
Profit Amount on Maturity:	RM30,600.00
Payment Frequency	Lump Sum payment at 12 th Month

Month	Outstanding Purchase Price	Profit Rate (p.a.)	Profit Charge	Accumulated Profit (Earned)	Outstanding Sale Price	Outstanding Deferred Profit	Early Settlement Amount
0					285,600.00	30,600.00	
1	255,000.00	12.00%	2,550.00	2,550.00	285,600.00	28,050.00	257,550.00
2	255,000.00	12.00%	2,550.00	5,100.00	285,600.00	25,500.00	260,100.00
3	255,000.00	12.00%	2,550.00	7,650.00	285,600.00	22,950.00	262,650.00
4	255,000.00	12.00%	2,550.00	10,200.00	285,600.00	20,400.00	265,200.00
5	255,000.00	12.00%	2,550.00	12,750.00	285,600.00	17,850.00	267,750.00
6	255,000.00	12.00%	2,550.00	15,300.00	285,600.00	15,300.00	270,300.00
7	255,000.00	12.00%	2,550.00	17,850.00	285,600.00	12,750.00	272,850.00
8	255,000.00	12.00%	2,550.00	20,400.00	285,600.00	10,200.00	275,400.00
9	255,000.00	12.00%	2,550.00	22,950.00	285,600.00	7,650.00	277,950.00
10	255,000.00	12.00%	2,550.00	25,500.00	285,600.00	5,100.00	280,500.00
11	255,000.00	12.00%	2,550.00	28,050.00	285,600.00	2,550.00	283,050.00
12	255,000.00	12.00%	2,550.00	30,600.00	285,600.00	-	285,600.00
	255,000.00		30,600.00		285,600.00		

Early settlement occurs on the 6th month. The Early Settlement Charges are not imposed on the Customer.

Deferred Profit:	RM15,300.00 as at 6 th Month
Outstanding Sale Price:	RM 285,600.00 as at 6 th Month
Installment due but unpaid at 6 th Installment:	Nil
Late Payment Charges:	Nil
Early Settlement Charges:	Nil

Formula:

Ibra' =	(a)	Deferred Profit	RM 15,300.00
		less	(-)
	(b)	Early Settlement Charges	RM 0.00

$$\therefore \text{Ibra}' = \text{RM } 15,300.00 - \text{RM } 0.00 \\ = \text{RM } 15,300.00$$

Settlement Amount =

(a) (Outstanding Sale Price (including Instalments/Payment due)	RM 285,600.00
add	(+)
(b) Late Payment Charges	RM 0.00
add	(+)
(c) Other Outstanding Charges	RM 0.00
less	(-)
(d) Ibra'	RM 15,300.00

$$\therefore \text{Settlement Amount} = \text{RM } 285,600.00 + \text{RM } 0.00 + \text{RM } 0.00 - \text{RM } 15,300.00 \\ = \text{RM } 270,300.00$$