

## Illustration on Ibra' (rebate) for Sale-Based Financing

Formula calculation of Ibra':

$$\text{Ibra' (Rebate)} = \text{Unearned Profit} - \text{Early Settlement Charges (if any)}$$

Below is sample of illustrations for CMTF-i comprising a customized payment schedule under an ideal situation and an illustration on the application of Ibra' and settlement amount formula.

### Illustration for variable rate financing

The terms of the facility are as follows:

No.	Date	Installment	CPR	PPR	Profit Payment	Principal Payment	Principal Balance	Unearned Profit	Outstanding Selling Price
0	-	-	-	-	-	-	500,000.00	146,304.12	646,304.12
1	30-Jul-2015	10,162.14	10.60%	8.10%	3,375.00	6,787.14	493,212.86	142,929.12	636,141.98
2	30-Aug-2015	10,162.14	10.60%	8.10%	3,329.19	6,832.95	486,379.91	139,599.93	625,979.84
3	30-Sep-2015	10,162.14	10.60%	8.10%	3,283.06	6,879.08	479,500.83	136,316.87	615,817.70
4	30-Oct-2015	10,162.14	10.60%	8.10%	3,236.63	6,925.51	472,575.32	133,080.24	605,655.56
5	30-Nov-2015	10,162.14	10.60%	8.10%	3,189.88	6,972.26	465,603.06	129,890.36	595,493.42
6	30-Dec-2015	10,162.14	10.60%	8.10%	3,142.82	7,019.32	458,583.74	126,747.54	585,331.28
7	30-Jan-2016	10,162.14	10.60%	8.10%	3,095.44	7,066.70	451,517.04	123,652.10	575,169.14
48	30-Jun-2019	10,162.14	10.60%	8.10%	851.07	9,312.19	116,772.37	41,633.99	158,406.36
49	30-Jul-2019	10,162.14	10.60%	8.10%	786.21	9,375.05	107,397.32	40,845.78	148,243.10
50	30-Aug-2019	10,162.14	10.60%	8.10%	724.93	9,438.33	97,958.99	40,120.85	138,079.84

*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, prepayments, different amount of disbursement and monthly difference between the prevailing profit rate (PPR) and the ceiling profit rate (CPR), and payment of grace or moratorium period which to be calculated on case-to-case basis.*

Principal	:	RM500,000.00
Ceiling Profit Rate (CPR)	:	10.60%
Prevailing Profit Rate (PPR)	:	BFR + 1.50% = 8.10%
Financing Period	:	60 month (5 years)
Selling Price	:	RM646,304.12
Installment Mode	:	Monthly
Installment Amount	:	RM10,162.14

#### (i) Early settlement of financing

Customer approached the Bank for early settlement at the 48th installment through the means of refinancing. The early settlement charges are not imposed on the Customer. Extract of the payment schedule:

Unearned profit	:	RM41,633.99
Early settlement charges	:	RM0.00
Outstanding selling price	:	RM158,406.36
Installment due but unpaid (48th installment based on PPR)	:	RM10,162.14
Ibra' due to fluctuations of EPR (equivalent to the difference between profits based on PPR & CPR)	:	RM0.00

Formula:

<b>Ibra' at settlement</b>	=	<b>Unearned profit – Early settlement charges</b>
	=	RM41,633.99 – RM0.00
	=	<b>RM41,633.99</b>

<b>Settlement amount</b>	= <b>Outstanding selling price + Installments due + Late payment charges – Adjustment on Ibra' due to fluctuations of PPR (if any) – Ibra' at settlement</b>
	= RM158,406.36 + RM10,162.14 + RM0.00 – RM0.00 – <b>RM41,633.99</b>
	= <b>RM126,934.51</b>

**(ii) Settlement after for closure**

Customer defaulted 11 instalments (from 37<sup>th</sup> to 47<sup>th</sup> instalment). Within the period, the Bank executed foreclosure proceedings and auctioned the asset. Proceeds amounting to RM185,000.00 were received by the Bank from the auction. The Bank determined the amount of early settlement charges (the Bank has approved computation and components of this charge) to be RM300.00 (amount is only for illustrative purposes).

Unearned profit at 48 <sup>th</sup> installment	= RM41,633.99
Outstanding selling price	= RM158,406.36
Late payment charges	= RM1,016.40 (illustrative amount only)
Early settlement charges	= RM300.00
Installment due but unpaid	= 11 installments & 48 <sup>th</sup> installment
	= 12 x RM10,162.14
	= RM121,945.68

Formula:

<b>Ibra'</b>	= <b>Unearned profit – Early settlement charges</b>
	= RM41,633.99 – RM300.00
	= <b>RM41,333.99</b>

<b>Settlement amount</b>	= <b>Outstanding selling price + Installments due + Late payment charges – Ibra'</b>
	= RM158,406.36 + RM121,945.68 + RM1,016.40 – <b>RM41,333.99</b>
	= <b><u>RM240,034.45</u></b>

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

Amount claimed	= RM240,034.45 – RM185,000.00
	= <u>RM55,034.45</u>

**Note:**

- The calculation and amount are for illustration purpose only.
- The computation is based on system/ spreadsheet.

**Illustration for fixed rate financing**

Terms of the financing are as follows:

Selling Price	:	RM608,291.78
Profit Rate (PR)	:	8.00%
Financing Period	:	60 month (5 years)
Principal	:	RM500,000.00
Installment Mode	:	Monthly

**Illustrative Customised Payment Schedule for Fixed Rate**

	No.	Date	Installment	PR	Profit Payment	Principal Payment	Principal Balance	Unearned Profit	Outstanding Selling Price
Year 1	0	-	-	-	-	-	500,000.00	99,999.99	599,999.99
	1	31-Jul-2019	10,138.20	8.00%	3,333.33	6,804.87	493,195.13	104,958.45	598,153.58
	2	30-Aug-2019	10,138.20	8.00%	3,287.97	6,850.23	486,344.90	101,670.48	588,015.38
	3	30-Sep-2019	10,138.20	8.00%	3,242.30	6,895.90	479,449.00	98,428.18	577,877.18
	4	30-Oct-2019	10,138.20	8.00%	3,196.33	6,941.87	472,507.13	95,231.85	567,738.98
	5	30-Nov-2019	10,138.20	8.00%	3,150.05	6,988.15	465,518.98	92,081.80	557,600.78
	6	30-Dec-2019	10,138.20	8.00%	3,103.46	7,034.74	458,484.24	88,978.34	547,462.58
	7	30-Jan-2020	10,138.20	8.00%	3,056.56	7,081.64	451,402.60	85,921.78	537,324.38
	48	30-Jun-2023	10,138.20	8.00%	838.97	9,299.23	116,546.33	5,111.85	121,658.18
	49	30-Jul-2023	10,138.20	8.00%	776.98	9,361.22	107,185.11	4,334.87	111,519.98
	50	30-Aug-2023	10,138.20	8.00%	714.57	9,423.63	97,761.48	3,620.30	101,381.78
	58	30-Apr-2024	10,138.20	8.00%	200.09	9,938.11	20,075.21	200.97	20,276.18
Year 5	59	30-May-2024	10,138.20	8.00%	133.83	10,004.37	10,070.84	67.14	10,137.98
	60	30-Jun-2024	10,138.20	8.00%	67.14	10,070.84	0.00	0.00	0.00

*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.*

**Illustration on the application of formula**

**(i) Early settlement of financing**

Customer approached the Bank for early settlement at the 48th installment. The early settlement charges are not imposed on the Customer.

Unearned profit	:	RM5,111.85
Outstanding selling price	:	RM121,658.18
Installment due but unpaid at 48 <sup>th</sup> installment	:	RM10,138.20
Late payment charges	:	RM0.00
Early settlement charges	:	RM0.00

Formula:

<b>lbra' at settlement</b>	=	<b>Unearned profit – Early settlement charges</b>
	=	RM5,111.85 – RM0.00
	=	<b>RM5,111.85</b>

<b>Settlement amount</b>	=	<b>Outstanding selling price + Installments due + Late payment charges – lbra' at settlement</b>
	=	RM121,658.18 + RM10,138.20 + RM0.00 – <b>RM5,111.85</b>
	=	<b>RM126,684.53</b>

**(ii) Settlement after for closure**

Customer defaulted 11 instalments (from 37<sup>th</sup> to 47<sup>th</sup> instalment). Within the period, the Bank executed foreclosure proceedings and auctioned the asset. Proceeds amounting to RM185,000.00 were received by the Bank from the auction. The Bank determined the amount of early settlement charges (the Bank has approved computation and components of this charge) to be RM300.00 (amount is only for illustrative purposes).

Unearned profit at 48 <sup>th</sup> installment	=	RM5,111.85
Outstanding selling price	=	RM121,658.18
Late payment charges	=	RM1,008.05 (illustrative amount only)
Early settlement charges	=	RM300.00
Installment due but unpaid	=	11 installments & 48 <sup>th</sup> installment
	=	12 x RM10,138.20
	=	121,658.40

Formula:

<b>lbra'</b>	=	<b>Unearned profit – Early settlement charges</b>
	=	RM5,111.85 – RM300.00
	=	<b>RM4,811.85</b>

<b>Settlement amount</b>	=	<b>Outstanding selling price + Installments due + Late payment charges – lbra'</b>
	=	RM121,658.18 + RM121,658.40 + RM1,008.05 – <b>RM4,811.85</b>
	=	<b><u>RM239,512.78</u></b>

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

Amount claimed	=	RM239,512.78 – RM185,000.00
	=	<u>RM54,512.78</u>

## Illustration for flat rate financing

Terms of the financing are as follows:

Selling Price	:	RM599,999.99
Profit Rate (PR)	:	4.00%
Financing Period	:	60 month (5 years)
Principal	:	RM500,000.00
Installment Mode	:	Monthly

### Illustrative Customised Payment Schedule for Flat Rate

	No.	Date	Installment	PR	Profit Payment	Principal Payment	Principal Balance	Unearned Profit	Outstanding Selling Price
Year 1	0	-	-	-	-	-	500,000.00	99,999.99	599,999.99
	1	31-Jul-2019	10,000.00	4.00%	3,278.69	6,721.31	493,278.69	96,721.30	589,999.99
	2	30-Aug-2019	10,000.00	4.00%	3,224.04	6,775.96	486,502.73	93,497.26	579,999.99
	3	30-Sep-2019	10,000.00	4.00%	3,169.40	6,830.60	479,672.13	90,327.86	569,999.99
	4	30-Oct-2019	10,000.00	4.00%	3,114.75	6,885.25	472,786.88	87,213.11	559,999.99
	5	30-Nov-2019	10,000.00	4.00%	3,060.11	6,939.89	465,846.99	84,153.00	549,999.99
	6	30-Dec-2019	10,000.00	4.00%	3,005.46	6,994.54	458,852.45	81,147.54	539,999.99
	7	30-Jan-2020	10,000.00	4.00%	2,950.82	7,049.18	451,803.27	78,196.72	529,999.99
	48	30-Jun-2023	10,000.00	4.00%	710.38	9,289.62	115,737.71	4,262.28	119,999.99
	49	30-Jul-2023	10,000.00	4.00%	655.74	9,344.26	106,393.45	3,606.54	109,999.99
	50	30-Aug-2023	10,000.00	4.00%	601.09	9,398.91	96,994.54	3,005.45	99,999.99
	58	30-Apr-2024	10,000.00	4.00%	163.93	9,836.07	19,836.06	163.93	19,999.99
Year 5	59	30-May-2024	10,000.00	4.00%	109.29	9,890.71	9,945.35	54.64	9,999.99
	60	30-Jun-2024	9,999.99	4.00%	54.64	9,945.35	0.00	0.00	0.00

*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.*

### Illustration on the application of formula

#### (i) Early settlement of financing

Customer approached the Bank for early settlement at the 48th installment through the means of refinancing. The early settlement charges are not imposed on the Customer. Extract of the payment schedule:

Unearned profit	:	RM4,262.28
Outstanding selling price	:	RM119,999.99
Installment due but unpaid at 48 <sup>th</sup> installment	:	RM10,000.00
Late payment charges	:	RM0.00
Early settlement charges	:	RM0.00

Formula:

<b>lbra' at settlement</b> = <b>Unearned profit – Early settlement charges</b> = RM4,262.28 – RM0.00 = <b>RM4,262.28</b>
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<b>Settlement amount</b> = <b>Outstanding selling price + Installments due + Late payment charges – lbra' at settlement</b> = RM119,999.99 + RM10,000.00 + RM0.00 – <b>RM4,262.28</b> = <b>RM125,737.71</b>
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**(ii) Settlement after for closure**

Customer defaulted 11 instalments (from 37<sup>th</sup> to 47<sup>th</sup> instalment). Within the period, the Bank executed foreclosure proceedings and auctioned the asset. Proceeds amounting to RM185,000.00 were received by the Bank from the auction. The Bank determined the amount of early settlement charges (the Bank has approved computation and components of this charge) to be RM300.00 (amount is only for illustrative purposes).

Unearned profit at 48 <sup>th</sup> installment	=	RM4,262.28
Outstanding selling price	=	RM119,999.99
Late payment charges	=	RM980.10 (illustrative amount only)
Early settlement charges	=	RM300.00
Installment due but unpaid	=	11 installments & 48 <sup>th</sup> installment
	=	12 x RM10,000.00
	=	120,000.00

Formula:

<b>lbra'</b>	=	<b>Unearned profit – Early settlement charges</b>
	=	RM4,262.28 – RM300.00
	=	<b>RM3,962.28</b>

<b>Settlement amount</b>	=	<b>Outstanding selling price + Installments due + Late payment charges – lbra'</b>
	=	RM119,999.99 + RM120,000.00 + RM300.00 – <b>RM3,962.80</b>
	=	<b><u>RM236,337.19</u></b>

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

Amount claimed	=	RM236,337.19 – RM185,000.00
	=	<u>RM51,337.19</u>