

# ORACLE FLEXCUBE

Accelerator Pack 14.1.0.0.0 – Product Catalogue



**ORACLE**

FINANCIAL SERVICES



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## Product catalogue – Islamic Financing

### 1. Product Code – WAK1 – Wakala Financing

#### 1.1 Introduction:

Wakala is the agency contract through which the client, who wants to be financed through Murabaha, goes into a Pre-Financing Commitment.

#### 1.2 Business Scenario:

The agreement between Bank and Customer where Bank appoints the customer as agent to buy the assets like Vehicle or Real Estate, for which bank will finance on behalf of the customer.

#### 1.3 Synopsis:

- Wakala period can be maximum of 1month.
- No Profit calculation during Wakala Period.
- Automatic closure of the Wakala agreement, on acquiring asset and then going into the Murabaha sale with spot payment or deferred payment.
- The Wakala agreement, if not converted into Murabaha through sale, can be transferred to other branch.

#### 1.4 Detailed Coverage:

Preferences:

- Disbursement Mode
  - Auto
- Rate
  - Profit Rate : 0(Zero)
- Liquidation
  - Manual Liquidation



- Tenor
  - Minimum Tenor : 3
  - Default : 10
  - Maximum Tenor: 30
  - Units: Days
- Prepayment of Finance
  - Re computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Holiday treatment
  - Ignore Holidays
- Rollover
  - Not Allowed

Principal Component:

- Verify funds enabled.
- Bullet payment schedule for Principal component.

Main Profit Component:

- No Payment Schedule

### 1.5 Events Covered:

BOOK	-	Booking of Contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
TRFR	-	Branch Transfer
MLIQ	-	Manual Liquidation

### 1.6 Advices / Statements:

NA

### 1.7 Additional Information:

NA

## 2. Product Code – WMU1– Wakala to Murabaha Financing (Amortized)

### 2.1 Introduction:

Wakala to Murabaha is a kind of sale where the Wakala agency contract is converted into actual sale and seller discloses its cost and profit charged thereon. The payment in this sale can be both on spot and deferred.

It is a contract wherein the bank, upon request by the customer, purchases an asset from the third party usually a supplier/vendor and resells the same to the customer either against immediate payment or on a deferred payment basis.

### 2.2 Business Scenario:

Banks buys the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the amount immediately while converting the Wakala agreement into Murabaha by booking a finance contract. The amount can be disbursed directly to vendor or customer.

It's an Amortized type of financing where the customer repays the principal and profit in Equity Monthly Installment (EMI).

### 2.3 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Amount financed has to be disbursed with Single Auto disbursement schedule on value date of the contract.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 240 months.
- Collateral can be linked with the bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- 20 days grace period is given for the supplier and 10 days grace period is given for the customer.
- **Repayment is done with equated monthly installments (EMI).**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.

- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On changing the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules since profit amount cannot be changed.
- Murabaha sale contract can be transferred from source branch to any other branch.
- No compensation is applied on prepayment.

## 2.4 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

### Preferences:

- Disbursement Mode
  - Auto
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Grace Period
  - Supplier : 20
  - Frequency : Days
  - Customer : 10
  - Frequency : Days
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

### Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

### Main Profit Component:

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

### Wakala Period Profit Component:

- Calculation for the profit for Wakala duration
- Charge component

- Bullet Schedule

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:

- Provision is calculated based on status of Finance

## 2.5 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 2.6 Advices/ Statements:

NA

## 2.7 Additional Information:

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

### 3. Product Code – WMU2– Wakala to Murabaha Financing (Bearing)

#### 3.1 Business Scenario:

Banks buys the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the amount immediately while converting the Wakala agreement into Murabaha by booking a finance contract. The amount can be disbursed directly to vendor or customer. Customer repays the financed amount with profit either in single or deferred payment.

It's a Normal Bearing type of financing where the customer can repay the Principal or Profit as per his convenience.

#### 3.2 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Amount financed has to be disbursed with Single Auto disbursement schedule on value date of the contract.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 240 months.
- No collateral is required to be furnished with bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- 30 days grace period is given for the supplier and 15 days grace period is given for the customer.
- **Repayment is done with the schedules defined as per customer's convenience.**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Murabaha sale contract can be transferred from source branch to any other branch.

#### 3.3 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

## Preferences:

- Disbursement Mode
  - Auto
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Grace Period
  - Supplier : 30
  - Frequency : Days
  - Customer : 15
  - Frequency : Days
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

### Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

### Main Profit Component:

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

### Wakala Period Profit Component:

- Calculation for the profit for Wakala duration
- Charge component
- Bullet Schedule

### Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

### Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.

- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:

- Provision is calculated based on status of Finance

### 3.4 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 3.5 Advices/ Statements:

NA

### 3.6 Additional Information:

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 4. Product Code – WMU3– Wakala to Murabaha Financing (Bullet Payment)

### 4.1 Business Scenario:

Banks buys the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the amount immediately while converting the Wakala agreement into Murabaha by booking a finance contract. The amount can be disbursed directly to vendor or customer. Customer repays the financed amount with profit either in single or deferred payment.

It's a Normal Bearing type of financing where the customer repays the Profit as per the schedules defined and the full principal repayment only during the final schedule.

### 4.2 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Amount financed has to be disbursed with Single Auto disbursement schedule on value date of the contract.
- Hamish Jiddayah Minimum Percentage is 10%.
- No collateral is required to be furnished with bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- 30 days grace period is given for the supplier and 15 days grace period is given for the customer.
- Maximum repayment period is 20 years.
- Profit is repaid as per the defined schedules.
- **Amount financed is repaid on maturity date of the contract.**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Murabaha sale contract can be transferred from source branch to any other branch.

### 4.3 Detailed Coverage:

Preferences:

- Disbursement Mode
  - Auto
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used



- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Grace Period
  - Supplier : 30
  - Frequency : Days
  - Customer : 15
  - Frequency : Days
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

Main Profit Component:

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

Wakala Period Profit Component:

- Calculation for the profit for Wakala duration
- Charge component
- Bullet Schedule

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:

- Provision is calculated based on status of Finance

#### 4.4 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 4.5 Advices/ Statements:

NA

#### 4.6 Additional Information (UDF) / Special maintenance

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 5. Product Code TAW1 – TAWAROOQ with Auto Disbursement Bearing

### 5.1 Introduction:

An arrangement in which somebody purchases an item from a bank on a deferred payment plan, then sells it immediately to obtain money.

A retail customer wants to buy a commodity from bank and then sell the same immediately to a third party by doing a deferred payment to the bank.

### 5.2 Business Scenario:

Banks gives the commodity like Gold, Precious Stones, Goods or money to a retail customer and disburses it immediately on its own while booking finance contract. Also it provides affordable payment structure to the customer to pay back the financed amount with profit.

### 5.3 Synopsis:

- **Single (Auto) disbursement**
- Auto Liquidation.
- Competitive profit rates that is flexible throughout the tenure.
- Affordable Payment structure.
- Profit only payment for certain pre-defined period.
- Profit Rate change allowed during the rate plan change window period.

### 5.4 Detailed Coverage:

Single disbursement – Finance amount will get disbursed immediately while bank and counterparty enters into an agreement automatically.

Competitive profit rates – We can maintain the pre-agreed profit rates which could be fixed or floating while creating the contract using this product.

Affordable Payment structure – Payment structure defined as monthly once in the product could be changed in account level as per the counterparty and bank convenience.

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

Rate plan change – If the bank decides to change the profit rate then as per this product after each three months period within the first 10 days they can amend the rates like Fixed to Floating, Floating to Fixed, increasing or decreasing the fixed rate or spread, changing the rate code etc.,

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 100
  - Units: Months
- Profit Preference
  - Profit Only Period – 6
  - Units – Months
- Rate Plan Change Frequency
  - Tenor - 3
  - Unit – Months
- Rate Plan Window
  - Tenor - 10
  - Unit – Days
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Holiday treatment
  - Ignore Holidays
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not Applicable.

**Principal Component:**

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 10 days grace period is allowed for this component.

**Main Profit Component:**

- Based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- Profit type can be Fixed or Floating.
- Profit calculation method defaulted from currency definitions.
- 10 days grace period is allowed for this component.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

**Processing charge component:**

- Minimum and maximum charges are maintained.

- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of penalty.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of penalty.

Prepayment Penalty component:

- Penalty is calculated on prepaid amount.
- Separate rate can be maintained for prepayment penalty.

Provision component:

- Provision is calculated based on status of Finance

## 5.5 Events covered

UIDB	-	Upfront Profit Booking
ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 5.6 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CAP  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC

PAYMENT\_ADVICE  
CL\_PAY\_SIM  
CLAMDADV  
CI\_RTPLN\_NOTC

### 5.7 Additional Information:

It's a Bearing type of financing in which we have the facility to add the profit only period schedules and also rate plan change is allowed during the rate plan window period.

## 6. Product Code TAW2 – TAWAROOQ with Manual Disbursement

### 6.1 Business Scenario:

Banks gives the commodity like Gold, Precious Stones, Goods or money to a retail customer and disburses the finance amount either in a current or future value date manually. Also bank provides affordable payment structure to pay back the financed amount with profit.

### 6.2 Synopsis

- **Single (Manual) disbursement.**
- Manual Liquidation.
- Competitive profit rates that is flexible throughout the tenure.
- Affordable Payment structure.
- Profit only payment for certain pre-defined period.
- Rate plan change allowed during the rate plan window period.

### 6.3 Detailed Coverage

Single disbursement – Bank and counterparty will enter in to an agreement in which the disbursement of the amount can happen either on current or future value date.

Competitive profit rates – We can maintain the pre-agreed profit rates which could be fixed or floating while creating the contract using this product.

Affordable Payment structure – Payment structure defined as monthly once in the product could be changed in account level as per the counterparty and bank convenience.

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to one Year, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed one Year.

Rate plan change – If the bank decides to change the profit rate then as per this product after each six months period within the first 5 days they can amend the rates like Fixed to Floating, Floating to Fixed, increasing or decreasing the fixed rate or spread, changing the rate code etc.,

#### Preferences:

- **Disbursement Mode**
  - Manual
- Rate
  - Fixed / Floating rate
- Liquidation
  - Manual liquidation
  - Partial liquidation allowed
- Tenor

- Minimum Tenor : 3
- Default : 12
- Maximum Tenor: 100
- Units: Months
- Profit Preference
  - Profit Only Period – 1
  - Units – Year
- Rate Plan Change Frequency
  - Tenor - 6
  - Unit – Months
- Rate Plan Window
  - Tenor - 5
  - Unit – Days
- Prepayment of Finance
  - Recomputation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Holiday treatment
  - Schedules are cascaded
  - Schedule movement is move forward
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not Applicable.

#### Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 5 days grace period is allowed for this component.

#### Main Profit Component:

- Based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- Profit type can be Fixed or Floating.
- Profit calculation method defaulted from currency definitions.
- 5 days grace period is allowed for this component.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

#### Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

#### Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of penalty.

#### Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of penalty.

Compensation on Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for compensation on prepayment.

Provision component:

- Provision is calculated based on status of Finance

#### 6.4 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 6.5 Advices / Statements

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CAP  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE  
CL\_PAY\_SIM  
CLAMDADV  
CI\_RTPLN\_NOTC

#### 6.6 Additional Information

It's an Amortized type of financing in which we have the facility to add the profit only period by having simple formula during this period and Amortized formula during normal schedules and also rate plan change is allowed during the rate plan window period.



## 7. Product Code – MDA1 – Mudarabah Financing – (Auto Disbursement)

### 7.1 Introduction:

Mudarabah is a kind of partnership where one partner gives money to another for investing it in a commercial enterprise. The investment comes from the first partner who is called “Rabbul maal” (Bank), while the management and work is an exclusive responsibility of the other, who is called “Mudarib” (Customer).

### 7.2 Business Scenario:

Banks invests in business units or projects or shares and Customers uses his expertise to run the business and earn profit, which is shared with the pre agreed ratio. Investment is done by the bank as per the previously agreed schedule. Loss would be borne between the bank and the customer as per capital invested.

The Principal amount would be disbursed automatically while booking a Mudarabah contract and repayment for principal and profit would be done only during the end of the Mudarabah period (Bullet Payment).

### 7.3 Synopsis:

- This product is used for financing working capital (short term finance).
- Customers of both types (retail and corporate customers) covered under this product.
- Bank will act as a partner in the business where the profit sharing ratio is pre-defined.
- The disbursement is automatically done as per pre agreed schedule dates.
- Maturity Date and Principal amount cannot be changed once Bank and Customer enter into the contract.
- Profit Rate can be changed only on Maturity date which is applied for the entire tenor of the contract.
- Bank will get the profit as per the agreed ratio.
- Maximum repayment period is 5 years.
- Payment is done manually with the actual profit earned from the business.
- Mudarabah investment can be transferred from source branch to any other branch.
- Mudarabah finance can be pre closed, no partial prepayment allowed.

### 7.4 Detailed Coverage:

Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Manual liquidation

- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 60
  - Units: Months
- Prepayment of Finance
  - Re computation Basis – Reduce Tenor
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate all component for a date
  - Provisioning Mode is manual
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Bullet repayment schedule.

Main Profit Component:

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

Customer Incentive Component:

- Adhoc Charge
- Credited to the Customer based on the actual profit earned at the end of the contract.

Excess Profit Component:

- Adhoc Charge
- The difference between the notional profit accrued and the actual profit earned from the business at the end of the contract.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

## 7.5 Events Covered:

ACCR	-	Accrual
ADCH	-	ADHOC Charge Application
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning

RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 7.6 **Advices/ Statements:**

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

#### 7.7 **Additional Information:**

NA

## 8. Product Code – MDA2 – Mudarabah Financing (Manual Disbursement)

### 8.1 Business Scenario:

Banks invests in business units or projects or shares and uses customer's expertise to run the business and earn profit, which is shared with the pre agreed ratio. Investment is done manually by the bank when customer approaches, no pre agreed schedule. Loss would be borne between the bank and the customer as per capital invested.

The Principal amount will get disbursed manually as per the customer's convenience. Repayment of principal and profit would be done only during the end of the Mudarabah period (Bullet Payment).

### 8.2 Synopsis:

- This product is used for financing working capital (short term finance).
- Customers of both types (retail and corporate customers) covered under this product.
- Bank will act as a partner in the business where the profit sharing ratio is pre-defined.
- The disbursement is done manually when customer approaches the bank for investment.
- Maturity Date and Principal amount cannot be changed once Bank and Customer enter into the contract.
- Profit Rate can be changed only on Maturity date which is applied for the entire tenor of the contract.
- Bank will get the profit as per the agreed ratio.
- Maximum repayment period is 20 years.
- Insurance details can be captured with this product.
- Payment is done manually with the actual profit earned from the business.
- Mudarabah investment can be transferred from source branch to any other branch.
- Mudarabah finance can be pre closed, no partial prepayment allowed.

### 8.3 Detailed Coverage:

#### Preferences:

- **Disbursement Mode**
  - **Manual**
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Manual liquidation
- Tenor
  - Minimum Tenor : 12
  - Default : 60
  - Maximum Tenor: 240

- Units: Months
- Prepayment of Finance
  - Re computation Basis – Reduce Tenor
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Bullet repayment schedule.

Main Profit Component:

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

Customer Incentive Component:

- Adhoc Charge
- Credited to the Customer based on the actual profit earned at the end of the contract.

Excess Profit Component:


- Adhoc Charge
- The difference between the notional profit accrued and the actual profit earned from the business at the end of the contract.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Events Covered:

ACCR	-	Accrual
ADCH	-	ADHOC Charge Application
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation



TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 8.4 **Advices/ Statements:**

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

#### 8.5 **Additional Information:**

NA

## 9. Product Code – MRH1 – Murabaha Financing (Amortized)

### 9.1 Introduction:

Murabaha is a kind of sale where the seller discloses its cost and profit charged thereon. The payment in this sale can be both on spot and deferred.

It is a contract wherein the bank, upon request by the customer, purchases an asset from the third party usually a supplier/vendor and resells the same to the customer either against immediate payment or on a deferred payment basis.

### 9.2 Business Scenario:

Banks buy the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the amount immediately while booking a finance contract. The amount can be disbursed directly to vendor or to the customer who in turn pays the vendor. Customer repays the financed amount with profit either in single or deferred payment.

It's an Amortized type of financing where the customer repays the principal and profit in Equity Monthly Installment (EMI).

### 9.3 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Sale has to be confirmed before the bank disburses the amount financed.
- Amount financed has to be disbursed with Single Auto disbursement schedule on value date of the contract.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 240 months.
- No collateral is required to be furnished with bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- 20 days grace period is given for the supplier and 10 days grace period is given for the customer.
- **Repayment is done with equated monthly installments (EMI).**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Murabaha sale contract can be transferred from source branch to any other branch.
- No compensation is applied on prepayment.

### 9.4 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate (Cross currency transaction preference)

- Normal variance : 10
- Maximum variance: 20
- Standard Middle rate is used
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Grace Period
  - Supplier : 20
  - Frequency : Days
  - Customer : 10
  - Frequency : Days
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

Main Profit Component:

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:

- Provision is calculated based on status of Finance

## 9.5 Events Covered:

ACCR - Accrual



ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
CONF	-	Sale Confirmation
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 9.6 Advices/ Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

#### 9.7 Additional Information:

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 10. Product Code – MRH2 – Murabaha Financing (Bearing)

### 10.1 Business Scenario:

Banks buys the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the finance amount either in a current or future value date manually. The amount can be disbursed directly to vendor or to the customer who in turn pays the vendor.

It's a Normal Bearing type of financing where the customer can repay the Principal or Profit as per his convenience.

### 10.2 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Raw Material, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Sale has to be confirmed before the bank disburses the amount financed.
- Amount financed has to be disbursed with Single manual disbursement schedule on value date of the contract or future date.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 240 months.
- No collateral is required to be furnished with bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- 30 days grace period is given for the supplier and 15 days grace period is given for the customer.
- **Repayment is done with the schedules defined as per customer's convenience.**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Murabaha sale contract can be transferred from source branch to any other branch.

### 10.3 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

#### Preferences:

- Disbursement Mode
  - Manual
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3

- Default : 24
- Maximum Tenor: 240
- Units: Months
- Grace Period
  - Supplier : 30
  - Frequency : Days
  - Customer : 15
  - Frequency : Days
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

**Principal Component:**

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

**Main Profit Component:**

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

**Savings Component:**

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

**Processing charge component:**

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

**Provision component:**

- Provision is calculated based on status of Finance

**10.4 Events Covered:**

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
CONF	-	Sale Confirmation
DSBR	-	Disbursement
INIT	-	Contract Initiation

NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 10.5 Advices/ Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

### 10.6 Additional Information:

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 11. Product Code – MRH3 – Murabaha Financing – Short Term (Bullet Payment)

### 11.1 Business Scenario:

Banks buys the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the finance amount either in a current or future value date manually. The amount can be disbursed directly to vendor or to the customer who in turn pays the vendor.

It's a Normal Bearing type of financing where the customer repays the Profit as per the schedules defined and the full principal repayment only during the final schedule.

### 11.2 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Raw Material, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Sale has to be confirmed before the bank disburses the amount financed.
- Amount financed has to be disbursed with Single manual disbursement schedule on value date of the contract or future date.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 240 months.
- No collateral is required to be furnished with bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- 30 days grace period is given for the supplier and 15 days grace period is given for the customer.
- **Profit is repaid as per the defined schedules.**
- **Amount financed is repaid on maturity date of the contract.**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Murabaha sale contract can be transferred from source branch to any other branch.

### 11.3 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

#### Preferences:

- Disbursement Mode
  - Manual
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3

- Default : 24
- Maximum Tenor: 240
- Units: Months
- Grace Period
  - Supplier : 30
  - Frequency : Days
  - Customer : 15
  - Frequency : Days
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

**Principal Component:**

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

**Main Profit Component:**

- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be fixed.
- Profit calculation method is Actual / 365.

**Savings Component:**

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

**Processing charge component:**

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

**Provision component:**

- Provision is calculated based on status of Finance

**11.4 Events Covered:**

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
CONF	-	Sale Confirmation
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation

MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 11.5 Advices/ Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

### 11.6 Additional Information:

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 12. Product Code – MSK1 – Diminishing Musharaka Financing – Long Term (Auto Disbursement and Amortized Method)

### 12.1 Introduction:

A joint enterprise or partnership structure where parties come into an arrangement of financing in which parties offer funds, efforts, or/and skills. Profit is shared with the pre agreed ration and loss is shared among them according to the rate investment.

### 12.2 Business Scenario:

This product enables the Islamic bank and corporate to jointly acquire the tangible assets like Home, car, Machinery, Factory/Building and share the profits so earned out of the venture in an agreed manner/ratio. This product can be used for providing capital to a company, project, any kind of asset transaction or home financing.

This product fulfills the long term financial requirement of the retails/corporate customer at the same provides an opportunity for bank to take part in income generating activity in the capacity of equity partner. Profit is divided between the corporate and the bank as per agreement and the loss is divided as per equity invested. Collateral is necessarily required to be furnished by the customer to bank.

It's an Amortized type of financing where the customer repays the principal and profit in Equity Monthly Installment (EMI).

### 12.3 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Profit is shared between the bank and the customer as per the agreed terms.
- Loss is shared as per equity invested.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Musharaka contracts cannot be transferred to another branch.
- Both fixed and floating profit rate are supported.
- **Repayment is done with equated monthly installments (EMI).**
- Multiple disbursements supported.
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.

### 12.4 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

Competitive profit rates – We can maintain the pre-agreed profit rates which could be fixed or floating while creating the contract using this product.

Affordable Payment structure – Payment structure defined as monthly once in the product could be changed in account level as per the counterparty and bank convenience.

Rate plan change – If the bank decides to change the profit rate then as per this product after each six months period within the first 5 days they can amend the rates like Fixed to Floating, Floating to Fixed, increasing or decreasing the fixed rate or spread, changing the rate code etc.,



## Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

## Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 10 days grace period is allowed for this component.

## Main Profit Component:

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

## Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

## Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

## 12.5 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 12.6 Advices/statements

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

## 12.7 Additional Information:

NA

## 13. Product Code – MSK2 – Diminishing Musharaka Financing – Long Term (Manual Disbursement)

### 13.1 Business Scenario:

This product enables the Islamic bank and corporate to jointly acquire the tangible assets like Home, car, Machinery, Factory/Building and share the profits so earned out of the venture in an agreed manner/ratio. This product can be used for providing capital to a company, project, any kind of asset transaction or home financing.

This product fulfills the long term financial requirement of the retails/corporate customer at the same provides an opportunity for bank to take part in income generating activity in the capacity of equity partner. Profit is divided between the corporate and the bank as per agreement and the loss is divided as per equity invested. Collateral is necessarily required to be furnished by the customer to bank.

It's a Normal Bearing type of financing where the customer can repay the Principal or Profit as per his convenience.

### 13.2 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Profit is shared between the bank and the customer as per the agreed terms.
- Loss is shared as per equity invested.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Musharaka contracts cannot be transferred to another branch.
- Multiple Disbursements Supported.
- Both fixed and floating profit rate are supported.
- **Repayment is done with the schedules defined as per customer's convenience.**
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.

### 13.3 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

Competitive profit rates – We can maintain the pre-agreed profit rates which could be fixed or floating while creating the contract using this product.

Affordable Payment structure – Payment structure defined as monthly once in the product could be changed in account level as per the counterparty and bank convenience.

Rate plan change – If the bank decides to change the profit rate then as per this product after each six months period within the first 5 days they can amend the rates like Fixed to Floating, Floating to Fixed, increasing or decreasing the fixed rate or spread, changing the rate code etc.,

#### Preferences:

- **Disbursement Mode**
  - **Manual**
- Rate
  - Fixed / Floating rate

- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 10 days grace period is allowed for this component.

Main Profit Component:

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

#### 13.4 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 13.5 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

#### 13.6 Additional Information:

NA

## 14. Product Code – MCN1 –Musharaka under Construction Financing (Auto Disbursement and Bearing Method)

### 14.1 Introduction:

A joint enterprise or partnership structure where parties come into an arrangement of financing in which parties offer funds, efforts, or/and skills. Profit is shared with the pre agreed ration and loss is shared among them according to the rate investment.

### 14.2 Business Scenario:

This product enables the Islamic bank and corporate to jointly acquire the tangible assets and share the profits so earned out of the venture in an agreed manner/ratio. This product can be used for providing capital to a company, project, any kind of asset transaction or home financing.

This product fulfills the long term financial requirement of the retails/corporate customer at the same provides an opportunity for bank to take part in income generating activity in the capacity of equity partner. Profit is divided between the corporate and the bank as per agreement and the loss is divided as per equity invested. Collateral is necessarily required to be furnished by the corporate to bank.

It's a Normal Bearing type of financing where the customer can repay the Principal or Profit as per his convenience.

### 14.3 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Profit is shared between the bank and the customer as per the agreed terms.
- Loss is shared as per equity invested.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Multiple disbursements supported.
- **Repayment is done with the schedules defined as per customer's convenience.**
- Insurance details can be captured with this product.
- Both fixed and floating profit rate are supported.
- Under construction stage it would be treated as Moratorium Period where there would be no repayment of principal or profit.

### 14.4 Detailed Coverage:

Competitive profit rates – We can maintain the pre-agreed profit rates which could be fixed or floating while creating the contract using this product.

Affordable Payment structure – Payment structure defined as monthly once in the product could be changed in account level as per the counterparty and bank convenience.

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

Rate plan change – If the bank decides to change the profit rate then as per this product after each six months period within the first 5 days they can amend the rates like Fixed to Floating, Floating to Fixed, increasing or decreasing the fixed rate or spread, changing the rate code etc.,

#### Preferences:

- **Disbursement Mode**
  - **Auto**

- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

**Principal Component:**

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 10 days grace period is allowed for this component.

**Construction period profit (Profit A) Component:**

- Calculation based on principal expected balance.
- Daily Accrual
- Profit calculation method is Actual / 365.
- Repayment is done with the first repayment schedule for Main Profit

**Main Profit Component:**

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

**Savings Component:**

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

**Processing charge component:**

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.

- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

#### 14.5 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 14.6 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

#### 14.7 Additional Information:

NA



## 15. Product Code – MCN1 –Musharaka under Construction Financing – Long Term (Manual Disbursement and Amortized)

### 15.1 Business Scenario:

This product enables the Islamic bank and corporate to jointly acquire the tangible assets and share the profits so earned out of the venture in an agreed manner/ratio. This product can be used for providing capital to a company, project, any kind of asset transaction or home financing.

This product fulfills the long term financial requirement of the retails/corporate customer at the same provides an opportunity for bank to take part in income generating activity in the capacity of equity partner. Profit is divided between the corporate and the bank as per agreement and the loss is divided as per equity invested. Collateral is necessarily required to be furnished by the corporate to bank.

It's an Amortized type of financing where the customer repays the principal and profit in Equity Monthly Installment (EMI).

### 15.2 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Profit is shared between the bank and the customer as per the agreed terms.
- Loss is shared as per equity invested.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Insurance details can be captured with this product.
- Both fixed and floating profit rate are supported.
- **Repayment is done with equated monthly installments (EMI).**
- Multiple disbursements supported.
- Under construction stage it would be treated as Moratorium Period where there would be no repayment of principal or profit.

### 15.3 Detailed Coverage:

Competitive profit rates – We can maintain the pre-agreed profit rates which could be fixed or floating while creating the contract using this product.

Affordable Payment structure – Payment structure defined as monthly once in the product could be changed in account level as per the counterparty and bank convenience.

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

Rate plan change – If the bank decides to change the profit rate then as per this product after each six months period within the first 5 days they can amend the rates like Fixed to Floating, Floating to Fixed, increasing or decreasing the fixed rate or spread, changing the rate code etc.,

#### Preferences:

- Disbursement Mode
  - Manual
- Rate
  - Fixed / Floating rate
- Liquidation

- Auto liquidation
- Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

#### Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 10 days grace period is allowed for this component.

#### Construction period profit (Profit A) Component:

- Calculation based on principal expected balance.
- Daily Accrual
- Profit calculation method is Actual / 365.
- Repayment is done with the first repayment schedule for Main Profit

#### Main Profit Component:

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

#### Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

#### Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

#### 15.4 Events Covered:

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

#### 15.5 Advices / Statements:

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

#### 15.6 Additional Information:

NA

## 16. Product Code – ISN1 – Istisna – Home Financing (Auto Disbursement and Amortized Method)

### 16.1 Introduction:

Istisna is a sale transaction where a commodity is transacted before it is manufactured. It is an order to a manufacturer to manufacture a specific commodity for a purchaser. The manufacturer uses own material to manufacture the required goods. In this mode of financing, price must be fixed with consent of all parties involved.

### 16.2 Business Scenario:

This product is used to finance medium term financial requirements of retail and corporate customers for construction of building and machineries, etc. Repayment period of the finance is 20 years. Since it is a progressive finance, this product facilitates calculation of Profit A till the construction end date and after that calculation of Profit B with the same or different rate. Repayment schedule (Principal and Profit) would be on EMI Payment Method. This product is a long term in nature.

### 16.3 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Finance with bearing profit type can be booked.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Insurance details can be captured with this product.
- Both fixed and floating profit rate are supported.
- **Construction period profit is apportioned to all the payment schedules.**
- **Upfront profit booking can be done during disbursement.(UIDB)**
- **Profit calculation is based on principal expected and is amortized based on frequencies.**
- Overdue compensation calculation based on principal schedule overdue and profit schedule overdue.
- Assigning status to finances based on overdue days.
- Income recognition is stopped based on status movement.
- Unrecognized profit is reversed based on status movement.
- Reporting assets in different heads based on status movement.
- Automatic reverse status movements and rebooking reversed profit amounts based on payments.

### 16.4 Detailed Coverage

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment

- Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

Construction period profit (Profit A) Component:

- Calculation based on principal expected balance.
- Daily Accrual
- Profit calculation method is Actual / 365.
- Repayment is done with the first repayment schedule for Main Profit

Main Profit Component:

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.

- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

## 16.5 Events Covered

ACCR	-	Accrual
ALIQ	-	Auto Liquidation
ARVN	-	Automatic Rate Revision
BADJ	-	Back Dated Adjustments
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
ISTM	-	Profit Statement Event
MLIQ	-	Manual Liquidation
NOVA	-	Novation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REVN	-	Rate Revision
REVP	-	Reversal of payment
REOP	-	ReOpening of Account
RNOG	-	Renegotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 16.6 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

## 16.7 Additional Information:

NA

## 17. Product Code – ISN2 – Istisna – Home Financing (Manual Disbursement and Bearing Method)

### 17.1 Business Scenario

This product is used to finance medium term financial requirements of retail and corporate customers for construction of building and machineries, etc. Repayment period of the finance is 20 years. Since it is a progressive finance, this product facilitates calculation of Profit A till the construction end date and after that calculation of Profit B with same or different profit rate. Repayment schedule (Principal and Profit) would be defined as per the customer's convenience. This product is a long term in nature.

### 17.2 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- **Finance with bearing profit type can be booked.**
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Insurance details can be captured with this product.
- Both fixed and floating profit rate are supported.
- **Construction period profit is apportioned to all the payment schedules.**
- Upfront profit booking can be done during disbursement.
- Overdue compensation calculation based on principal schedule overdue and profit schedule overdue.
- Assigning status to finances based on overdue days.
- Income recognition is stopped based on status movement.
- Unrecognized profit is reversed based on status movement.
- Reporting assets in different heads based on status movement.
- Automatic reverse status movements and rebooking reversed profit amounts based on payments.

### 17.3 Detailed Coverage

#### Preferences:

- **Disbursement Mode**
  - **Manual**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed

- Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- 10 days grace period is allowed for this component.

Construction period profit (Profit A) Component:

- Calculation based on principal expected balance.
- Daily Accrual
- Profit calculation method is Actual / 365.
- Repayment is done with the first repayment schedule for Main Profit

Main Profit Component:

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

## 17.4 Events Covered

ACCR	-	Accrual
ALIQ	-	Auto Liquidation



ARVN	-	Automatic Rate Revision
BADJ	-	Back Dated Adjustments
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
ISTM	-	Profit Statement Event
MLIQ	-	Manual Liquidation
NOVA	-	Novation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REVN	-	Rate Revision
REVP	-	Reversal of payment
REOP	-	ReOpening of Account
RNOG	-	Renegotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 17.5 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

### 17.6 Additional Information:

NA

## 18. Product Code – ISN3 – Istisna – Home Financing – Long Term (Nominal Disbursement and Bearing Method)

### 18.1 Business Scenario:

“IST3” is used to finance medium term financial requirements of retail and corporate customers for construction of building and machineries, etc. Repayment period of the finance is 20 years. Since it is a progressive finance, this product facilitates calculation of Profit A till the construction end date and after that calculation of Profit B with the same or different profit rate. Repayment schedule (Principal and Profit) as per the customer's convenience. This product is a long term in nature. The manual disbursement schedules needs to be pre-defined.

### 18.2 Synopsis

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Finance with bearing profit type can be booked.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Insurance details can be captured with this product.
- Both fixed and floating profit rate are supported.
- **Disbursement as well as repayment of schedules would be defined as per the customer's convenience.**
- **Construction period profit is added to the first payment schedule.**
- **Upfront profit booking can be done during disbursement.(UIDB)**
- Overdue compensation calculation based on principal schedule overdue and profit schedule overdue.
- Assigning status to finances based on overdue days.
- Income recognition is stopped based on status movement.
- Unrecognized profit is reversed based on status movement.
- Reporting assets in different heads based on status movement.
- Automatic reverse status movements and rebooking reversed profit amounts based on payments.

### 18.3 Detailed Coverage:

#### Preferences:

- **Disbursement Mode**
  - **Nominal Manual Disbursement**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Prepayment of Finance
  - Re-computation Basis – Change Installment
  - Prepayment Effective from – Value Date
  - Prepay EMI type – Single Installment

- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

Construction period profit (Profit A) Component:

- Calculation based on principal expected balance.
- Daily Accrual
- Profit calculation method is Actual / 365.
- Repayment is done with the first repayment schedule for Main Profit

Main Profit Component:

- Calculation based on principal expected balance.
- Daily Accrual and Monthly liquidation.
- Profit type can be fixed or floating.
- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of compensation.

Compensation for Prepayment component:

- Compensation is calculated on prepaid amount.
- Separate rate can be maintained for prepayment compensation.

Provision component:

- Provision is calculated based on status of Finance.

## 18.4 Events Covered

ACCR	-	Accrual
ALIQ	-	Auto Liquidation
ARVN	-	Automatic Rate Revision
BADJ	-	Back Dated Adjustments
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
ISTM	-	Profit Statement Event
MLIQ	-	Manual Liquidation
NOVA	-	Novation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REVN	-	Rate Revision
REVP	-	Reversal of payment
REOP	-	ReOpening of Account
RNOG	-	Renegotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 18.5 Advices / Statements:

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

## 18.6 Additional Information:

NA

## 19. Product Code – ARH1– Ar-Rahnu Financing – Medium to Long Term (Auto Disbursement and Amortized Method)

### 19.1 Introduction:

Ar-Rahnu is a transaction that represents collateral based financing. The customer provides collateral against which financing is provided at no profit. Periodic charges are collected towards safekeeping of collateral.

### 19.2 Business Scenario:

Bank keeps Gold and other valuable metal as collateral and finances the Customer. And charge the customer's towards safekeeping of collateral.

### 19.3 Synopsis:

- This product is a medium to long term finance for safe keeping of the collaterals like gold and other valuable metal.
- Customers of both types (retail and corporate customers) covered under this product.
- Amount financed has to be disbursed with Single Auto disbursement schedule on value date of the contract.
- Hamish Jiddayah is not applicable for this product.
- Maximum repayment period is 240 months.
- Collateral has to be linked with the bank by the customers.
- Insurance details can be captured with this product.
- **Repayment is done with equated monthly installments (EMI).**
- The tenor of the contract can be extended. Extensions have to be manually done.
- Repayment has to be done manually for Ar-rahnu contract.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Ar-Rahnu contract cannot be transferred from source branch to any other branch.

### 19.4 Detailed Coverage:

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Manual liquidation
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed

- Liquidate back value dated schedules allowed
- Liquidate all component for a date
- Rollover
  - Manual Rollover allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

Main Profit Component:

- Calculation based on ARRAHNU.
- No Accrual.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:

- Provision is calculated based on status of Finance

## 19.5 Events Covered:

ACCR	-	Accrual
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
ROLL	-	Rollover
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 19.6 Advices/ Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED

CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

### **19.7 Additional Information:**

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 20. Product Code – ARH2– Ar-Rahnu Financing – Medium to Long Term (Manual Disbursement and Bearing Method)

### 20.1 Business Scenario:

Banks keeps Gold and other valuable metal as collateral and finances the Customer. Bank charges customers towards safekeeping of collateral

It's a Manual Disbursement and Normal Bearing type of financing where the customer can repay the Principal or Profit as per his convenience.

### 20.2 Synopsis:

- This product is a medium to long term finance for safe keeping of the collaterals like gold and other valuable metal.
- Customers of both types (retail and corporate customers) covered under this product.
- **Amount financed has to be disbursed with Single Manual disbursement schedule on value date of the contract.**
- Hamish Jiddayah is not applicable for this product.
- **Repayment schedules could be defined as per the customer's convenience.**
- Maximum repayment period is 240 months.
- Collateral has to be linked with the bank by the customers.
- Insurance details can be captured with this product.
- The tenor of the contract can be extended. Extensions have to be manually done.
- Repayment has to be done manually for Ar-rahnu contract.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Ar-Rahnu contract cannot be transferred from source branch to any other branch.

### 20.3 Detailed Coverage:

#### Preferences:

- **Disbursement Mode**
  - **Manual**
- Rate (Cross currency transaction preference)
  - Normal variance : 10
  - Maximum variance: 20
  - Standard Middle rate is used
- Liquidation
  - Manual liquidation
- Grace Period
  - Supplier : 20
  - Frequency : Days
  - Customer : 10
  - Frequency : Days
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Account preferences



- Profit statement is enabled
- Back period entry allowed
- Liquidate back value dated schedules allowed
- Liquidate all component for a date
- Rollover
  - Manual Rollover allowed

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

Main Profit Component:

- Calculation based on ARRAHNU.
- No Accrual.

Savings Component:

- Calculation based on customer account balance.
- Accrued Daily.
- No repayment schedule.
- The debit settlement account for this component should be without overdraft facility.

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:


- Provision is calculated based on status of Finance

## 20.4 Events Covered:

ACCR	-	Accrual
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
ROLL	-	Rollover
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 20.5 Advices/ Statements:

DR\_ADV  
CL\_CONT\_ADV



CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

## 20.6 Additional Information

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 21. Product Code IJ99 – Operational Ijarah (Arrear)

### 21.1 Introduction

Operating Ijarah is a lease that does not include a promise that the legal title in the leased asset will pass to the lessee at the end of the lease.

### 21.2 Business Scenario

Bank buys the asset from a vendor and leases the same to any retail or corporate customer. This lease should be treated like finance with no principal and the entire Lease amount as a special profit which is paid in installments. The rental amount which is treated as an Income to the bank would be calculated based on the principal amount divided by the number of profit schedules. The lessee will pay the profit amount during the end of the profit schedule period.

### 21.3 Synopsis

- Auto Liquidation.
- Pre-defined rent which remains same throughout the tenure.

### 21.4 Detailed Coverage

Repayment – The profit rate needs to be zero as the rent would be derived based on the financed amount divided by the number of repayment schedules.

#### Preferences:

- Disbursement Mode
  - Manual
- Rate
  - Profit Rate needs to be maintained as 0.
- Liquidation
  - Auto liquidation
- Tenor
  - Minimum Tenor : 6
  - Default : 24
  - Maximum Tenor: 60
  - Units: Months
- Holiday treatment
  - Ignore holidays
- **Lease Payment Mode**
  - **Payment in Arrear**
- **Lease Type**
  - **Operational**
- Prepayment of Finance
  - Recomputation Basis – Change Installment
  - Prepayment Effective from – Next Installment
  - Prepay EMI type – Multiple Installment
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not Applicable.

Principal Component:

- No Principal Schedules needs to be defined.

Main Profit Component and Special Component:

- Based on Finance amount and the number of repayment schedules.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- 10 days grace period is allowed for this component.

## 21.5 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 21.6 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

## 21.7 Additional Information:

NA

## 22. Product Code IJ02 - Operating Ijarah (Advance)

### 22.1 Business Scenario

Bank buys the asset from a vendor and leases the same to any retail or corporate customer. This lease should be treated like finance with no principal and the entire Lease amount as a special profit which is paid in installments. The rental amount which is treated as an Income to the bank would be calculated based on the principal amount divided by the number of profit schedules. The lessee will pay the profit amount during the beginning of the profit schedule period.

### 22.2 Synopsis

- Manual Liquidation.
- Pre-defined rent which remains same throughout the tenure.

### 22.3 Detailed Coverage

Single disbursement – Finance amount will get disbursed to the Vendor as the bank will buy asset from the vendor and owns the title of the asset.

Repayment – The profit rate needs to be zero as the rent would be derived based on the financed amount divided by the number of repayment schedules.

#### Preferences:

- Disbursement Mode
  - Manual
- Rate
  - Profit Rate needs to be maintained as 0.
- Liquidation
  - Manual liquidation
- Tenor
  - Minimum Tenor : 6
  - Default : 24
  - Maximum Tenor: 60
  - Units: Months
- Holiday treatment
  - Ignore holidays
- **Lease Payment Mode**
  - **Payment in Advance**
- **Lease Type**
  - **Operational**
- Prepayment of Finance
  - Recomputation Basis – Change Installment
  - Prepayment Effective from – Next Installment
  - Prepay EMI type – Multiple Installment
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not Applicable.

Principal Component:

- No Principal Schedules needs to be defined.

Main Profit Component and Special Component:

- Based on Finance amount and the number of repayment schedules.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- 10 days grace period is allowed for this component.

## 22.4 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 22.5 Advices / Statements

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

## 22.6 Additional Information

NA

## 23. Product Code IJAD – Advance Financial Ijarah with Pre-Defined Profit amount.

### 23.1 Introduction

It is a lease that concludes with the legal title in the asset passing to the lessee after Ijarah.

### 23.2 Business Scenario

In this product the rental could be determined at the time of contract for the whole period of lease. It is permissible that different amounts of rent are fixed for different phases during the lease period, provided that the amount of rent for each phase is specifically agreed upon at the time of affecting a lease. The lessee will pay the rent in advance that is during the beginning of the profit schedule.

### 23.3 Synopsis

- Manual disbursement (Single) and Auto Liquidation.
- Repayment of rent with periodic increase needs to be defined upfront.

### 23.4 Detailed Coverage

Single disbursement – Finance amount will get disbursed to the Vendor as the bank will buy asset from the vendor and owns the title of the asset.

Repayment – The rent would be collected as per the amount defined in UDE PROFIT\_AMOUNT for different effective dates. Bearing method would be used to repay the principal and profit.

#### Preferences:

- **Disbursement Mode**
  - **Manual**
- Rate
  - Profit Rate needs to be maintained as 0.
- Liquidation
  - Auto liquidation
- Tenor
  - Minimum Tenor : 6
  - Default : 24
  - Maximum Tenor: 60
  - Units: Months
- Holiday treatment
  - Ignore holidays
- **Lease Payment Mode**
  - **Payment in Advance**
- **Lease Type**
  - **Financing**
- Prepayment of Finance
  - Recomputation Basis – Change Installment
  - Prepayment Effective from – Next Installment
  - Prepay EMI type – Multiple Installment
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed

- Liquidate all component for a date
- Rollover
  - Not Applicable.

Principal Component:

- One bullet Principal Schedules needs to be defined.

Main Profit Component and Special Component:

- Rent amount would be collected as per the PROFIT\_AMOUNT UDE maintained.
- The periodic rent revision could be achieved by maintaining the agreed amount for different effective date.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- 10 days grace period is allowed for this component.

### 23.5 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	Re Open of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 23.6 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE

### 23.7 Additional Information:

NA



## 24. Product Code IJAR –Arrear Financial Ijarah with pre-defined Profit Rate.

### 24.1 Business Scenario

The bank buys an asset from vendor and leases it to the customer with pre-defined rental repayment schedule which is an income to the bank. The lessee will pay the rent in arrear as agreed upon till the end of the lease period.

If the customer wishes to buy the asset he needs to pay some residual amount during the maturity of the lease or after the maturity of the lease which would be some % of the financed amount.

### 24.2 Synopsis

- Auto disbursement (Single) and Auto Liquidation.
- Repayment of Principal and Profit along with some **residual amount** in the end.

### 24.3 Detailed Coverage

Single disbursement – Finance amount will get disbursed to the Vendor as the bank will buy asset from the vendor and owns the title of the asset till the end of the lease period.

Repayment – Principal and Profit would be repaid as per the agreed terms, residual amount maintained could be collected either during the end of the lease or after the maturity date of the lease.

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 60
  - Units: Months
- **Lease Payment Mode**
  - **Payment in Arrear**
- **Lease Type**
  - **Financing**
- Prepayment of Finance
  - Recomputation Basis – Reduce Tenor
  - Prepayment Effective from – Next Installment
  - Prepay EMI type – Multiple Installment
- Holiday treatment
  - Schedules are cascaded
  - Schedule movement is move forward
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not Applicable.

#### Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

#### Main Profit Component:

- Based on principal expected balance.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- Profit type can be Fixed or Floating.
- Profit calculation method defaulted from currency definitions.
- 10 days grace period is allowed for this component.

#### Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of penalty.

#### Compensation on overdue principal component:


- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of penalty.

### 24.4 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 24.5 Advices / Statements:

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY  
CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV



CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

**24.6 Additional Information:**  
NA

## 25. Product Code IJF2 –Forward Ijarah with Moratorium Period. (Advance)

### 1.1 Business Scenario

Bank will agree to construct an asset and lease the same to the customer once it is ready. The initial period of construction would be considered as moratorium period where there is no repayment of profit and principal. Profit computation would be happening from the moratorium period and the same would be collected apportioning it to the repayment schedules after the moratorium period.

### 25.1 Synopsis

- Manual disbursement (Multiple) and Auto Liquidation.
- Repayment of Principal and Profit along with some residual amount in the end.

### 25.2 Detailed Coverage

Multiple disbursement – Finance amount will get disbursed to the Vendor during each stage of the construction as the bank will buy asset from the vendor and owns the title of the asset till the end of the lease period.

Repayment – Principal and Profit would be repaid using EMI method, residual amount maintained could be collected either during the end of the lease or after the maturity date of the lease

#### Preferences:

- Disbursement Mode
  - Manual
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 60
  - Units: Months
- **Lease Payment Mode**
  - **Payment in Advance**
- **Lease Type**
  - **Financing**
- Prepayment of Finance
  - Recomputation Basis – Reduce Tenor
  - Prepayment Effective from – Next Installment
  - Prepay EMI type – Multiple Installment
- Holiday treatment
  - Schedules are cascaded
  - Schedule movement is move forward
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
- Rollover
  - Not Applicable.

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

#### Main Profit Component:

- Based on principal expected balance.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- Profit type can be Fixed or Floating.
- Profit calculation method defaulted from currency definitions.
- 10 days grace period is allowed for this component.

#### Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of penalty.

#### Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of penalty.

### 25.3 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

### 25.4 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV

BILNOTC  
PAYMENT\_ADVICE

**25.5 Additional Information:**  
NA

## 26. Product Code IJF3 –Financial Ijarah with Asset (Arrear).

### 26.1 Business Scenario

The bank buying an asset for leasing would be tracked along with the leasing agreement. Fixed asset contract would get booked automatically while booking the “Financial Ijarah with asset” contract. Whenever the principal is realized in financing the Depreciation of the Asset will be triggered in the fixed asset contract.

### 26.2 Synopsis

- Auto disbursement (Single) and Auto Liquidation.
- Repayment of Principal and Profit along with some residual amount in the end.
- Asset tracking along with financing
- Depreciation of the asset gets calculated based on the principal accruals.
- Payment of Principal and profit in Arrear

### 26.3 Detailed Coverage

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate
  - Fixed / Floating rate
- Liquidation
  - Auto liquidation
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 60
  - Units: Months
- **Lease Payment Mode**
  - **Payment in Arrear**
- **Lease Type**
  - **Financing**
- Prepayment of Finance
  - Recomputation Basis – Reduce Tenor
  - Prepayment Effective from – Next Installment
  - Prepay EMI type – Multiple Installment
- Additional Preference – Fixed asset product
- Holiday treatment
  - Schedules are cascaded
  - Schedule movement is move forward
- Account preferences
  - Liquidate back value dated schedules allowed
  - Back period entry allowed
  - Liquidate all component for a date
  - Lease asset booking
  - Principal accrual
- Rollover
  - Not Applicable.

#### Principal Component:

- Verify funds enabled.

- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- 10 days grace period is allowed for this component.

#### Main Profit Component:

- Based on principal expected balance.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Daily Accrual and Monthly liquidation.
- Verify funds enabled.
- Profit type can be Fixed or Floating.
- Profit calculation method defaulted from currency definitions.
- 10 days grace period is allowed for this component.

#### Compensation on overdue profit component:

- Compensation is calculated based on main profit schedule overdue.
- Separate rate can be maintained for calculation of penalty.

#### Compensation on overdue principal component:

- Compensation is calculated based on principal schedule overdue.
- Separate rate can be maintained for calculation of penalty.

## 26.4 Events covered

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
MLIQ	-	Manual Liquidation
NOVA	-	Novation (Customer change)
PROV	-	Provisioning
RACR	-	Reversal Accrual
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 26.5 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY  
 CL\_CONT\_ADV  
 CL\_INIT\_ADV  
 BILNOTC  
 PAYMENT\_ADVICE





**26.6 Additional Information:**  
NA

## 27. Product Code – MRFB – Murabaha with Balloon Payment (Flat Method with XIRR) -

### 27.1 Introduction:

Murabaha is a kind of sale where the seller discloses its cost and profit charged thereon. The payment in this sale can be both on spot and deferred.

It is a contract wherein the bank, upon request by the customer, purchases an asset from the third party usually a supplier/vendor and resells the same to the customer either against immediate payment or on a deferred payment basis.

### 27.2 Business Scenario:

Banks buys the asset like Goods, Equipments, Vehicle or Real Estate on behalf of customer and disburses the amount immediately while booking a finance contract. The amount can be disbursed directly to vendor or to the customer who in turn pays the vendor. Customer repays the financed amount with profit either in single or deferred payment.

### 27.3 Synopsis:

- This product is a medium to long term finance for acquisition of Goods, Equipments, Vehicle or Real Estate by customers.
- Customers of both types (retail and corporate customers) covered under this product.
- Sale has to be confirmed before the bank disburses the amount financed.
- Amount financed has to be disbursed with Single Auto disbursement schedule on value date of the contract.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 240 months.
- No collateral is required to be furnished with bank by the customers.
- Insurance details can be captured with this product.
- Multiple assets can be financed using the same Murabaha contract.
- Customer can opt for Balloon Payment at the time of Booking Contract.
- Profit is arrived on Flat Rate basis.
- Payment Schedule redistribution is done based on XIRR.
- Once Contract is Saved and Authorized, Balloon details cannot be modified.
- Upfront profit booking can be done during disbursement.(UIDB)
- By linking the customer's savings account to financing account, customer can save considerable amount in profit paid.
- Principal amount, Profit rate and total profit amount cannot be changed once Bank and Customer enter into the contract.
- On checking the Maturity date, the pre calculated profit amount is redistributed to the redefined schedules.
- Murabaha sale contract can be transferred from source branch to any other branch.
- No compensation is applied on prepayment.

### 27.4 Detailed Coverage:

Profit only payment – If the bank decides to give holiday period for principal then as per this product up to six months, anytime within the financing period the counterparty can pay only profit. The total schedules maintained for only profit should not exceed six months.

#### Preferences:

- **Disbursement Mode**
  - **Auto**
- Rate (Cross currency transaction preference)
  - Normal variance : 03
  - Maximum variance: 100
  - Standard Middle rate is used
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
- Grace Period
- Tenor
  - Minimum Tenor : 3
  - Default : 24
  - Maximum Tenor: 240
  - Units: Months
- Holiday treatment
  - Move forward
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
- Rollover
  - Not allowed
- Accrual Preference
  - Balloon Required Flag is checked
  - Recomputed Schedule On IRR is checked

**SDE:**

SDE by value 'BALLOON\_IRR\_RATE' needs to be maintained for balloon profit rate based on the IRR

**Components:**

Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and scheduled frequency is monthly.
- Internal Rate of Return Applicable Flag should be selected

Main Profit Component:

- Verify funds enabled.
- Calculation based on principal expected balance.
- Accrued Daily.
- Profit type has to be Flat.
- Profit calculation method is Actual / 365.
- Internal Rate of Return Applicable Flag should be selected

Balloon Profit Component:

- Verify funds enabled.
- Calculation based on Balloon Amount.
- Accrued Daily.
- Profit type has to be Flat.
- Profit calculation method is Actual / 365.

- Internal Rate of Return Applicable Flag should be selected

**Balloon Principal Component:**

- Verify funds enabled.
- Repayment schedule starts after Main Principal Schedule end date.
- Internal Rate of Return Applicable Flag should be selected

**Balloon Rollover Profit Component:**

- Verify funds enabled.
- Calculation based on Balloon Amount.
- Accrued Daily.
- Profit type has to be Flat.
- Profit calculation method is Actual / 365.
- Internal Rate of Return Applicable Flag should be selected

**Processing charge component:**

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

**Provision component:**

- Provision is calculated based on status of Finance

**27.5 Events Covered:**

ACCR	-	Accrual
ALIQ	-	Automatic Liquidation
BOOK	-	Booking of contract
CONF	-	Sale Confirmation
DSBR	-	Disbursement
INIT	-	Contract Initiation
NOVA	-	Novation
MLIQ	-	Manual Liquidation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REOP	-	ReOpen of Loan Account
RNOG	-	Re-Negotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

**27.6 Advices/ Statements:**

DR\_ADV  
CL\_CONT\_ADV  
CL\_ENQUIRY

CLST\_DETAILED  
CLST\_SUMMARY  
CR\_ADV  
PAYMENT\_MESSAGE  
CLST\_SUMMARY  
CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

### 27.7 Additional Information:

The amount financed can be disbursed into the Customer's account which in turn will be paid to the vendor, by changing the settlement account for Disbursement.

## 28. Product Code – ISRX – Istisna – Home Financing (Reducing Balance method with XIRR)

### 28.1 Introduction:

Istisna is a sale transaction where a commodity is transacted before it is manufactured. It is an order to a manufacturer to manufacture a specific commodity for a purchaser. The manufacturer uses own material to manufacture the required goods. In this mode of financing, price must be fixed with consent of all parties involved.

### 28.2 Business Scenario:

This product is used to finance medium term financial requirements of retail and corporate customers for construction of building and machineries, etc. Repayment period of the finance is 20 years. Since it is a progressive finance, this product facilitates calculation of Profit A till the construction end date and after that calculation of Profit B with the same or different rate. Repayment schedule (Principal and Profit) would be on EMI Payment Method. This product is a long term in nature.

### 28.3 Synopsis:

- This product is used for financing in the long running projects.
- Customers of both types (retail and corporate customers) covered under this product.
- Finance with bearing profit type can be booked.
- Hamish Jiddayah Minimum Percentage is 10%.
- Maximum repayment period is 20 years.
- Insurance details can be captured with this product.
- Both fixed and floating profit rate are supported.
- Construction period profit is apportioned to all the payment schedules.
- Upfront profit booking can be done during disbursement.(UIDB)
- Profit calculation is based on principal expected on Reducing Balance method.
- Payment Schedule redistribution is done based on XIRR.
- Overdue compensation calculation based on principal schedule overdue and profit schedule overdue.
- Assigning status to finances based on overdue days.
- Income recognition is stopped based on status movement.
- Unrecognized profit is reversed based on status movement.
- Reporting assets in different heads based on status movement.
- Automatic reverse status movements and rebooking reversed profit amounts based on payments.

## 28.4 Detailed Coverage

### Preferences:

- Disbursement Mode
  - Auto
  
- Rate (Cross currency transaction preference)
  - Normal variance : 03
  - Maximum variance: 100
  - Standard Middle rate is used
  
- Liquidation
  - Auto liquidation
  - Partial liquidation allowed
  
- Grace Period
  - Supplier : 20
  - Frequency : Days
  - Customer : 20
  - Frequency : Days
  
- Tenor
  - Minimum Tenor : 3
  - Default : 12
  - Maximum Tenor: 240
  - Units: Months
  
- Holiday treatment
  - Move forward
  
- Account preferences
  - Profit statement is enabled
  - Back period entry allowed
  - Liquidate back value dated schedules allowed
  - Liquidate all component for a date
  
- Rollover
  - Not allowed
  
- Accrual Preference
  - Recomputed Schedule On IRR is checked

### Components:

#### Principal Component:

- Verify funds enabled.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Internal Rate of Return Applicable Flag should be selected.

#### Construction period profit (Profit A) Component:

- Calculation based on principal expected balance.
- Verify funds enabled
- Daily Accrual
- Profit calculation method is Actual / Actual.
- Repayment is done with the first repayment schedule for Main Profit

#### Main Profit Component:

- Calculation is based on principal expected balance using Simple Average method.
- Daily Accrual and Monthly liquidation.
- Profit type - should be User Defined (as Construction Period and Grace Period Profit is calculated along with Main Profit).

- Profit calculation method is Actual / 365.
- Verify funds enabled.
- Profit calculation method defaulted from currency definitions.
- Repayment schedule starts from value date of contract and schedule frequency is monthly.
- Internal Rate of Return Applicable Flag should be selected

Processing charge component:

- Minimum and maximum charges are maintained.
- Any amount can be input during booking of contract.
- If calculated charge is less than minimum charge, then minimum charge is collected.
- If calculated charge is more than maximum charge, then maximum charge is collected.

Provision component:


- Provision is calculated based on status of Finance.

## 28.5 Events Covered

ACCR	-	Accrual
ALIQ	-	Auto Liquidation
ARVN	-	Automatic Rate Revision
BADJ	-	Back Dated Adjustments
BOOK	-	Booking of contract
DSBR	-	Disbursement
INIT	-	Contract Initiation
ISTM	-	Profit Statement Event
MLIQ	-	Manual Liquidation
NOVA	-	Novation
PROV	-	Provisioning
RACR	-	Reversal of Accr
REVC	-	Reversal of contract
REVD	-	Reversal of Disbursement
REVN	-	Rate Revision
REVP	-	Reversal of payment
REOP	-	ReOpening of Account
RNOG	-	Renegotiation
TRFR	-	Branch Transfer
TADJ	-	Transfer Adjustments
UIDB	-	Upfront Profit Booking
UIDR	-	Reversal Of Upfront Profit Booked
VAMB	-	Value Dated Amendment Booking
VAMI	-	Value Dated Amendment Initiation

## 28.6 Advices / Statements:

DR\_ADV  
 CL\_CONT\_ADV  
 CL\_ENQUIRY  
 CLST\_DETAILED  
 CLST\_SUMMARY  
 CR\_ADV  
 PAYMENT\_MESSAGE  
 CLST\_SUMMARY



CL\_CONT\_ADV  
CL\_INIT\_ADV  
BILNOTC  
PAYMENT\_ADVICE

**28.7 Additional Information:**

NA





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