

## Illustrations for Premature (Broken Period) Certificate Coupon Payment

**A.** Investor invested USD 5,000 on 1-10-2020 in 6-month tenor certificate and requested it's prematurity on 2-12-2020 (i.e. less than three months). In this case, he/she will not be entitled to any return on the investment and only face value will be returned to him/her.

**B.** Investor invested USD 5,000 on 1-10-2020 in 6-month tenor (6.00%) certificate and requested it's prematurity on 1-03-2021 (i.e. five months). In this case he/she will be entitled for rate of three months (5.50%) but only for the period of investment i.e. five months i.e. USD 114.58.

**C.** Investor invested USD 5,000 on 1-10-2020 in 3-year tenor (6.75%) certificate and requested it's prematurity on 1-02-2023 (i.e. 2years and four months). In this case, he/she has already received 4 half-yearly coupons @ 6.75%. While in this case, he/she will be entitled for rate of 12-month certificate (6.50%) for the whole period of investment. His maturity proceed will be calculated as under:

Face value of investment : USD 5,000  
Interest of Broken period @ 6.50% : USD 108  
Total amount due : USD 5,108  
Less Excess Coupon already paid  
4 Coupons paid @ 6.75% USD 675  
Less 4 Coupon @ 6.50% USD 650 (USD 25)  
**Net encashment proceeds : USD 5,083**

*\*For simplicity, the calculations in the above illustrations are done on monthly basis (assuming equal days in all months). However, actual return due/ coupon return will be calculated on daily basis for the actual days of investment.*