

EASTWEST CREDIT CARD SAMPLE INTEREST COMPUTATION

A. Retail Transaction

Retail Purchase Amount : Php20,000
 Interest Charge (IC) per Month : 2.00% or 24% annually
 Statement Cut-off Date : Every 1st of the month
 Payment Due Date : Every 25th of the month
 Minimum Payment Due : 3% of the Total Statement Balance or Php200, whichever is higher
 Total Interest and Fees : 4,158.88
 Average Outstanding Balance : 18,923.51
 Monthly Effective Interest Rate : 1.83%, defined as the average monthly interest over the monthly outstanding balance

| STATEMENT MONTH | TOTAL STATEMENT BALANCE | RETAIL PURCHASE | MINIMUM PAYMENT DUE | PAYMENT | INTEREST | OUTSTANDING PRINCIPAL BALANCE | TOTAL OUTSTANDING BALANCE |
|-----------------|-------------------------|-----------------|---------------------|---------|----------|-------------------------------|---------------------------|
| 1 | 0.00 | 20,000.00 | | | | 20,000.00 | 20,000.00 |
| 2 | 20,000.00 | | 600.00 | 600.00 | 397.60 | 19,400.00 | 19,797.60 |
| 3 | 19,797.60 | | 593.93 | 593.93 | 393.58 | 19,203.67 | 19,597.25 |
| 4 | 19,597.25 | | 587.92 | 587.92 | 389.59 | 19,009.33 | 19,398.92 |
| 5 | 19,398.92 | | 581.97 | 581.97 | 385.65 | 18,816.96 | 19,202.61 |
| 6 | 19,202.61 | | 576.08 | 576.08 | 381.75 | 18,626.53 | 19,008.28 |
| 7 | 19,008.28 | | 570.25 | 570.25 | 377.88 | 18,438.03 | 18,815.91 |
| 8 | 18,815.91 | | 564.48 | 564.48 | 374.06 | 18,251.44 | 18,625.50 |
| 9 | 18,625.50 | | 558.76 | 558.76 | 370.27 | 18,066.73 | 18,437.01 |
| 10 | 18,437.01 | | 553.11 | 553.11 | 366.53 | 17,883.90 | 18,250.42 |
| 11 | 18,250.42 | | 547.51 | 547.51 | 362.82 | 17,702.91 | 18,065.73 |
| 12 | 18,065.73 | | 541.97 | 541.97 | 359.15 | 17,523.76 | 17,882.90 |

Assumptions:

- a. Retail purchases made on the day after statement cycle date
- b. No other purchases/cash advance/installment transactions made for 12 months
- c. No other charges/fees incurred during the 12 months
- d. Cardholder pays minimum payment due only

B. Cash Advance Transaction

Cash Advance Amount : Php20,000
 Cash Advance Service Fee : Php200 per cash advance availment
 Interest Charge (IC) per month : 2.00% which shall accrue from the date of availment until full settlement or payment using 30 days per month
 Statement Cut-off Date : Every 1st of the month
 Payment Due Date : Every 25th of the month
 Minimum Payment Due : 3% of the Total Statement Balance or Php200, whichever is higher
 Total Interest and Fees : 4,865.20
 Average Outstanding Balance : 19,453.16
 Monthly Effective Interest Rate : 2.08%, defined as the average monthly interest over the monthly outstanding balance inclusive of the Cash Advance Service Fee

| STATEMENT MONTH | TOTAL STATEMENT BALANCE | CASH ADVANCE AMOUNT | CASH ADVANCE SERVICE FEE | PAYMENT | INTEREST | OUTSTANDING PRINCIPAL BALANCE | TOTAL OUTSTANDING BALANCE |
|-----------------|-------------------------|---------------------|--------------------------|---------|----------|-------------------------------|---------------------------|
| 1 | 0.00 | 20,000.00 | 200.00 | | | 20,000.00 | 20,200.00 |
| 2 | 20,200.00 | | | 606.00 | 792.11 | 19,594.00 | 20,386.11 |
| 3 | 20,386.11 | | | 611.58 | 405.28 | 19,774.53 | 20,179.80 |
| 4 | 20,179.80 | | | 605.39 | 401.17 | 19,574.41 | 19,975.58 |
| 5 | 19,975.58 | | | 599.27 | 397.11 | 19,376.31 | 19,773.43 |
| 6 | 19,773.43 | | | 593.20 | 393.10 | 19,180.23 | 19,573.32 |
| 7 | 19,573.32 | | | 587.20 | 389.12 | 18,986.12 | 19,375.24 |
| 8 | 19,375.24 | | | 581.26 | 385.18 | 18,793.98 | 19,179.16 |
| 9 | 19,179.16 | | | 575.37 | 381.28 | 18,603.79 | 18,985.07 |
| 10 | 18,985.07 | | | 569.55 | 377.42 | 18,415.52 | 18,792.94 |
| 11 | 18,792.94 | | | 563.79 | 373.60 | 18,229.15 | 18,602.76 |
| 12 | 18,602.76 | | | 558.08 | 369.82 | 18,044.67 | 18,414.50 |

Assumptions:

- a. Cash advance made on the day after statement cycle date
- b. No other purchases/cash advance/installment transactions made for 12 months
- c. No other charges/fees incurred during the 12 months
- d. Customer pays minimum due only

C. Installment Loan

The computation/schedule uses the diminishing balance method, where the interest per installment period shall be computed based on the outstanding balance of the installment loan at the beginning of each installment period. This means that the interest portion of the monthly amortization will be higher during the early part of the installment term and lower towards the end of the installment term.

Installment Loan Amount : Php10,000 Factor Rate Formula:
 Installment Term : 12 months Factor Rate = $\frac{\text{Rate} \times \text{Term} + 1}{\text{Term}}$
 Monthly Add-on Rate : 1.00% = $\frac{(0.01 \times 12) + 1}{12}$
 Monthly Effective Interest Rate : 1.79%
 Monthly Factor Rate : 0.0933333 Factor Rate = 0.0933333

| STATEMENT MONTH | PAYMENT | PRINCIPAL | INTEREST | OUTSTANDING PRINCIPAL BALANCE |
|-----------------|---------|-----------|----------|-------------------------------|
| | | | | 10,000.00 |
| 1 | 933.33 | 754.52 | 178.81 | 9,245.48 |
| 2 | 933.33 | 768.02 | 165.32 | 8,477.46 |
| 3 | 933.33 | 781.75 | 151.59 | 7,695.71 |
| 4 | 933.33 | 795.73 | 137.61 | 6,899.99 |
| 5 | 933.33 | 809.95 | 123.38 | 6,090.03 |
| 6 | 933.33 | 824.44 | 108.90 | 5,265.59 |
| 7 | 933.33 | 839.18 | 94.15 | 4,426.42 |
| 8 | 933.33 | 854.18 | 79.15 | 3,572.23 |
| 9 | 933.33 | 869.46 | 63.88 | 2,702.77 |
| 10 | 933.33 | 885.01 | 48.33 | 1,817.77 |
| 11 | 933.33 | 900.83 | 32.50 | 916.94 |
| 12 | 933.33 | 916.94 | 16.40 | 0.00 |