EASTWEST 1st MASTERCARD SAMPLE INTEREST COMPUTATION

A. Retail Transaction

Retail Purchase Amount : Php20,000
Interest Charge (IC) per Month : 3.00% or 36% annually
Statement Cut-off Date : Every 1st of the month
Payment Due Date : Every 25th of the month
Minimum Payment Due : 3.5% of the Total Statement Balance or Php200, whichever is higher
Total Interest and Fees : 6,385.71
Average Outstanding Balance : 19,436.74
Monthly Effective Interest Rate : 2.74%, defined as the average monthly interest over the monthly outstanding balance

STATEMENT MONTH	TOTAL STATEMENT BALANCE	RETAIL PURCHASE	MINIMUM AMOUNT 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		700.00	700.00	595.80	19,300.00	19,895.80
3	19,895.80		696.35	696.35	592.70	19,199.45	19,792.14
4	19,792.14		692.73	692.73	589.61	19,099.42	19,689.03
5	19,689.03		689.12	689.12	586.54	18,999.91	19,586.45
6	19,586.45		685.53	685.53	583.48	18,900.92	19,484.40
7	19,484.40		681.95	681.95	580.44	18,802.45	19,382.89
8	19,382.89		678.40	678.40	577.42	18,704.49	19,281.90
9	19,281.90		674.87	674.87	574.41	18,607.04	19,181.44
10	19,181.44		671.35	671.35	571.42	18,510.09	19,081.51
11	19,081.51		667.85	667.85	568.44	18,413.66	18,982.09
12	18,982.09		664.37	664.37	565.48	18,317.72	18,883.20

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. 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
Installment Term : 12 months
Monthly Add-on Rate : 1.00%
Monthly Effective Interest Rate : 1.79%
Monthly Factor Rate : 0.0933333

Factor Rate Formula:

$$\text{Factor Rate} = \frac{\text{Rate} \times \text{Term} + 1}{\text{Term}}$$

$$= \frac{(0.01 \times 12) + 1}{12}$$

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