

EASTWEST 1st MASTERCARD SAMPLE INTEREST COMPUTATION

A. Retail Transaction and Installment Amortization

New Retail Purchase Amount : Php19,000
 Interest Loan Amortization (3/3) : Php 1,000 (Example: Merchant Installment, Insta-Cash, Balance Transfer, or Convert-to-Installment)
 Interest Charge : 3.00% per month or 36% annually
 Statement Cut-off Date : Every 1st of the month
 Payment Due Date : Every 25th of the month
 Minimum Payment Due : 3.50% of the Total Statement Balance or Php200, whichever is higher
 Total Interest Charge : Php 6,385.71
 Average Outstanding Balance : Php 19,436.74
 Monthly Effective Interest Rate : 2.74%, computed as the average monthly interest over the total monthly outstanding balance

STATEMENT MONTH	TOTAL STATEMENT BALANCE	RETAIL PURCHASE	INSTALLMENT AMORTIZATION	MINIMUM PAYMENT DUE	PAYMENT	INTEREST CHARGE	OUTSTANDING PRINCIPAL BALANCE	TOTAL OUTSTANDING BALANCE
1	Php 20,000.00	Php 19,000.00	Php 1,000.00	Php 700.00	Php 0.00	Php 0.00	Php 20,000.00	Php 20,000.00
2	19,895.80			696.35	700.00	595.80	19,300.00	19,895.80
3	19,792.14			692.73	696.35	592.70	19,199.45	19,792.14
4	19,689.03			689.12	692.73	589.61	19,099.42	19,689.03
5	19,586.45			685.53	689.12	586.54	18,999.91	19,586.45
6	19,484.40			681.95	685.53	583.48	18,900.92	19,484.40
7	19,382.89			678.40	681.95	580.44	18,802.45	19,382.89
8	19,281.90			674.87	678.40	577.42	18,704.49	19,281.90
9	19,181.44			671.35	674.87	574.41	18,607.04	19,181.44
10	19,081.51			667.85	671.35	571.42	18,510.09	19,081.51
11	18,982.09			664.37	667.85	568.44	18,413.66	18,982.09
12	18,883.20			660.91	664.37	565.48	18,317.72	18,883.20

Assumptions:

- Previous Total Statement Balance is paid in full on due date.
- New retail purchases are posted on the 1st day of Statement Month 1.
- Last monthly installment amortization is posted on cut-off date in Statement Month 1.
- Except for the Interest Charge, no other charge or fee is posted from Statement Month 1 to Month 12.
- No other purchase, cash advance or installment transaction is posted from Statement Month 2 to Month 12.
- Customer pays Minimum Payment Due on Payment Due Date.

B. Installment Loan Transaction

The computation of the loan amortization uses the diminishing balance method, where the interest is 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.

Principal Loan Amount on Installment : Php10,000
 Installment Loan Term (in months) : 12
 Monthly Add-on Interest Rate : 1.00%
 Monthly Factor Rate : 0.093
 Monthly Installment Loan Amortization : Php 933.33
 Minimum Payment Due : 3.50% of the Total Statement Balance of Php200, whichever is higher
 Monthly Effective Interest Rate : 1.79%

Monthly Factor Rate Computation:

$$\text{Factor Rate} = \frac{\text{Monthly Add-on Interest Rate} \times \text{Term} + 1}{\text{Installment Term}}$$

$$= \frac{(0.01 \times 12) + 1}{12}$$
 Factor Rate = 0.0933333

STATEMENT MONTH	TOTAL STATEMENT BALANCE	MINIMUM PAYMENT DUE	INSTALLMENT AMORTIZATION	PAYMENT	PRINCIPAL	ADD-ON INTEREST	OUTSTANDING PRINCIPAL BALANCE
1	PHP 933.33	PHP 200.00	PHP 933.33	PHP 0.00	PHP 754.52	PHP 178.81	PHP 10,000.00
2	933.33	200.00	933.33	933.33	768.02	165.32	9,245.48
3	933.33	200.00	933.33	933.33	781.75	151.59	8,477.46
4	933.33	200.00	933.33	933.33	795.73	137.61	7,695.71
5	933.33	200.00	933.33	933.33	809.95	123.38	6,899.99
6	933.33	200.00	933.33	933.33	824.44	108.90	6,090.03
7	933.33	200.00	933.33	933.33	839.18	94.15	5,265.59
8	933.33	200.00	933.33	933.33	854.18	79.15	4,426.42
9	933.33	200.00	933.33	933.33	869.46	63.88	3,572.23
10	933.33	200.00	933.33	933.33	885.01	48.33	2,702.77
11	933.33	200.00	933.33	933.33	900.83	32.50	1,817.77
12	933.33	200.00	933.33	933.33	916.94	16.40	916.94
13	-	-	-	933.33	-	-	-

Assumptions:

- Previous Total Statement Balance is paid in full on due date.
- Installment is transacted on the 1st day of Statement Month 1.
- No additional installment transaction is posted from Statement Month 2 to Month 13.
- No retail purchase or cash advance transaction is posted from Statement Month 1 to Month 13.
- Except for the monthly installment due which includes the monthly add-on interest, no other charge/fee is posted from Statement Month 1 to Month 12.
- Payment for the 12th month / last month loan amortization is posted in Statement Month 13.
- Customer pays in full the monthly installment due amount on Payment Due Date.