

# EASTWEST EVERYDAY MASTERCARD SAMPLE INTEREST COMPUTATION

## A. Retail Transaction

Retail Purchase Amount : Php20,000  
 Interest Charge per Month : 3.50% computed based on average daily balance using 30 days per month (or 42% annually)  
 Monthly Effective Interest Rate : 3.47%  
 Statement Cut-off Date : Every 1<sup>st</sup> of the month  
 Payment Due Date : Every 25<sup>th</sup> of the month  
 Minimum Payment Due : 4% of the Total Statement Balance or Php500, whichever is higher

STATEMENT MONTH	RETAIL PURCHASE	PAYMENT	INTEREST	OUTSTANDING PRINCIPAL BALANCE	TOTAL STATEMENT BALANCE
1	20,000.00			20,000.00	20,000.00
2		800.00	694.40	19,200.00	19,894.40
3		795.78	690.73	19,098.62	19,789.36
4		791.57	687.09	18,997.78	19,684.87
5		787.39	683.46	18,897.47	19,580.93
6		783.24	679.85	18,797.70	19,477.55
7		779.10	676.26	18,698.44	19,374.70
8		774.99	672.69	18,599.72	19,272.41
9		770.90	669.14	18,501.51	19,170.65
10		766.83	665.60	18,403.82	19,069.43
11		762.78	662.09	18,306.65	18,968.74
12		758.75	658.59	18,209.99	18,868.59

Assumptions :

- a. Retail purchase made on the 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.

## B. Cash Advance Transaction

Cash Advance Amount : Php20,000  
 Cash Advance Service Fee : 3% of the Cash Advance amount or Php600, whichever is higher  
 Interest Charge per Month : 3.50% which shall accrue from the date of availment until full settlement or payment using 30 days per month  
 Monthly Effective Interest Rate : 3.47%  
 Statement Cut-off Date : Every 1<sup>st</sup> of the month  
 Payment Due Date : Every 25<sup>th</sup> of the month  
 Minimum Payment Due : 4% of the Total Statement Balance or Php500, whichever is higher

STATEMENT MONTH	CASH ADVANCE AMOUNT	PAYMENT	INTEREST	CASH ADVANCE FEE	OUTSTANDING PRINCIPAL BALANCE	TOTAL STATEMENT BALANCE
1	20,000.00			600.00	20,000.00	20,600.00
2		824.00	715.23		19,776.00	20,491.23
3		819.65	711.46		19,671.58	20,383.04
4		815.32	707.70		19,567.72	20,275.42
5		811.02	703.96		19,464.40	20,168.36
6		806.73	700.25		19,361.63	20,061.87
7		802.47	696.55		19,259.40	19,955.95
8		798.24	692.87		19,157.71	19,850.58
9		794.02	689.21		19,056.56	19,745.77
10		789.83	685.57		18,955.94	19,641.51
11		785.66	681.95		18,855.85	19,537.80
12		781.51	678.35		18,756.29	19,434.64

Assumptions :

- a. Cash Advance made on the 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. Initial payment is sufficient to pay-off the Cash Advance Fee.

## 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 : 1.50%      =  $\frac{(0.015 \times 12) + 1}{12}$   
 Monthly Effective Interest Rate : 2.6433%  
 Monthly Factor Rate : 0.0983333      Factor Rate = 0.0983333

STATEMENT MONTH	PAYMENT	PRINCIPAL	INTEREST	OUTSTANDING PRINCIPAL BALANCE
				10,000.00
1	983.33	719.03	264.30	9,280.97
2	983.33	738.03	245.30	8,542.94
3	983.33	757.54	225.79	7,785.40
4	983.33	777.56	205.77	7,007.84
5	983.33	798.11	185.22	6,209.73
6	983.33	819.20	164.13	5,390.53
7	983.33	840.86	142.47	4,549.67
8	983.33	863.08	120.25	3,686.59
9	983.33	885.89	97.44	2,800.70
10	983.33	909.31	74.02	1,891.39
11	983.33	933.34	49.99	958.05
12	983.33	958.05	25.28	(0.00)