Effective Date: 01/08/2025

KBANK HOME LOAN: INTEREST RATE CALCULATION

How to Calculate Interest

Interest Calculation Formula

$$\text{Interest Amount} = \frac{\text{Loan Outstanding Balance} \times \text{Interest Rate per annum} \times \text{Number of Day(s)}}{\text{Number of days in a year (365 days)}}$$

Late Charge Formula for **Overdue Principal**

$$\text{Late charge on Overdue Principal} = \frac{\text{Overdue Principal} \times \text{Late Charge of } \textbf{Overdue Principal} \times \text{Number of Day(s)}}{\text{Number of days in a year (365 days)}}$$

Late Charge Formula for **Overdue Interest**

$$\text{Late charge on Overdue Interest} = \frac{\text{Overdue Principal} \times \text{Late Charge of } \textbf{Overdue Interest} \times \text{Number of Day(s)}}{\text{Number of days in a year (365 days)}}$$

Example of Calculation

- Loan disbursement 2,000,000,000 VND
- Loan tenor 30 years
- 1st year interest rate 5.75%
- Monthly installment 19,400,000 VND

Late Charge
- 150% of the interest rate applied on the overdue principal amount for the overdue period.
- 10% per annum applied on the overdue interest amount for the overdue period.

Customer MISSED the 3rd installment

Customer make repayment

2 Jan → 15 Feb → 15 Mar → 15 Apr → 15 May

Interest Amount = 14,178,082.19 VND

$$= \frac{2.000.000.000 \text{ VND} \times 5.75\% \times 45 \text{ days}}{365 \text{ days}}$$

Principal Amount = 5,221,917.81 VND

Interest Amount = 8,798,884.14 VND
Principal Amount = 10,601,115.86 VND

Interest Amount = 9,689,850.53 VND
Principal Amount = 9,710,149.47 VND

Late Charge Amount on Overdue Principal

13,002.29 VND = $\frac{9,710,149.47 \times (5.75\% \times 50\%) \times 17 \text{ Days}}{365 \text{ days}}$

Late Charge Amount on Overdue Interest

45,130.81 VND = $\frac{9,689,850.53 \times 10\% \times 17 \text{ Days}}{365 \text{ days}}$

Total Repayment Amount on 2 May
Principal Amount = **9,710,149.47**
Interest Amount = **9,689,850.53**
Late Charge on Overdue Principal = **13,002.29**
Late Charge on Overdue Interest = **45,130.81**

19,458,133.10 VND

Repayment and Benefits of Equated Monthly Installment (EMI) with Special Interest Rate

- Easy to remember. The installment amount is fixed for every due date of the 15th of each calendar month*.
- The EMI concept usually comes with a lower total interest throughout the loan contract.

Remark : * The interest calculation will start once the loan is fully disbursed to the borrower's deposit account. The Home loan due date is the 15th of each month, beginning from the month following the full disbursement of the loan. If the 15thof month falls on a holiday, the due date will be automatically moved to next business day.

2 Jan	15 Feb	15 Mar	15 Apr	15 May
Loan Disbursement VND 2,000,000,000	Loan Repayment VND 21,600,000	Loan Repayment VND 21,600,000	Loan Repayment VND 21,600,000	Loan Repayment VND 21,600,000

In the beginning, the customer pays more on the interest, and the remaining amount is paid towards the principal.

At the end of the period, as the remaining outstanding balance is small, the customer pays more on the principal and less on the interest.