

# 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

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

### Late Charge Formula for Overdue Interest

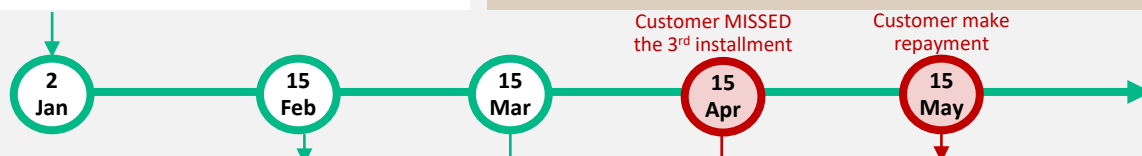
$$\text{Late charge on Overdue Interest} = \frac{\text{Overdue Principal} \times \text{Late Charge of Overdue Interest} \times \text{Number of Day(s)}}{\text{Number of days in a year (365 days)}}$$

### Example of Calculation

- Loan disbursement 2,000,000,000 VND
- Loan tenor 30 years
- 1<sup>st</sup> 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.



$$\begin{aligned} \text{Interest Amount} &= 14,178,082.19 \text{ VND} \\ &= \frac{2,000,000,000 \text{ VND} \times 5.75\% \times 45 \text{ days}}{365 \text{ days}} \end{aligned}$$

$$\text{Principal Amount} = 5,221,917.81 \text{ VND}$$

$$\begin{aligned} \text{Interest Amount} &= 8,798,884.14 \text{ VND} \\ \text{Principal Amount} &= 10,601,115.86 \text{ VND} \end{aligned}$$

$$\begin{aligned} \text{Interest Amount} &= 9,689,850.53 \text{ VND} \\ \text{Principal Amount} &= 9,710,149.47 \text{ VND} \end{aligned}$$

$$\begin{aligned} \text{Late Charge Amount on Overdue Principal} \\ 13,002.29 \text{ VND} &= \frac{9,710,149.47 \times (5.75\% \times 50\%) \times 17 \text{ Days}}{365 \text{ days}} \end{aligned}$$

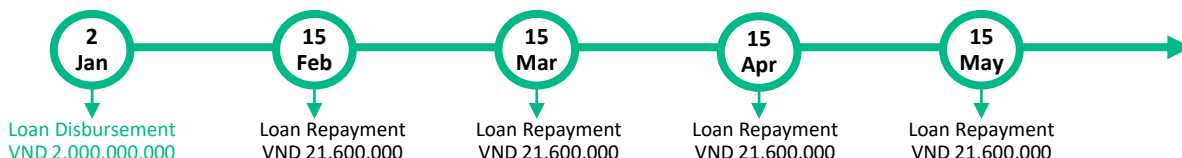
$$\begin{aligned} \text{Late Charge Amount on Overdue Interest} \\ 45,130.81 \text{ VND} &= \frac{9,689,850.53 \times 10\% \times 17 \text{ Days}}{365 \text{ days}} \end{aligned}$$

$$\begin{aligned} \text{Total Repayment Amount on 2 May} \\ \text{Principal Amount} &= 9,710,149.47 \\ \text{Interest Amount} &= 9,689,850.53 \\ \text{Late Charge on Overdue Principal} &= 13,002.29 \\ \text{Late Charge on Overdue Interest} &= 45,130.81 \end{aligned} \quad \left. \vphantom{\begin{aligned} \text{Principal Amount} \\ \text{Interest Amount} \\ \text{Late Charge on Overdue Principal} \\ \text{Late Charge on Overdue Interest} \end{aligned}} \right\} 19,458,133.10 \text{ VND}$$

## 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 15<sup>th</sup> 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 15<sup>th</sup> of each month, beginning from the month following the full disbursement of the loan. If the 15<sup>th</sup> of month falls on a holiday, the due date will be automatically moved to next business day.



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.

