

# KBANK HOME LOAN: INTEREST RATE CALCULATION

## Loan and Interest Repayment

### Declining Balance Installment

- Fixed monthly principal repayment
- Interest on remaining loan balance
- Less interest as principal drops
- Lower monthly payments over time

### Loan Repayment Over Time



## How to Calculate Interest

### Normal Interest Payable Calculation

$$\text{Interest Payable} = \frac{\text{Loan Outstanding Balance} \times \text{Interest Rate per Annum} \times \text{Number of Day(s)}}{\text{Number of Days in a Year (365 days)}}$$

### Late Charge on Overdue Principal Calculation

$$\text{Late Charge on Overdue Principal (OP)} = \frac{\text{Overdue Principal} \times (\text{Late Interest Rate Charge on OP} - \text{Normal Interest Rate}) \times \text{Number of Day(s) Overdue}}{\text{Number of Days in a Year (365 days)}}$$

### Late Charge on Overdue Interest Calculation

$$\text{Late Charge on Overdue Interest Rate} = \frac{\text{Overdue Interest} \times \text{Late Interest Rate Charge on Overdue Interest} \times \text{Number of Day(s) Overdue}}{\text{Number of Days in a Year (365 days)}}$$

## Example of Calculation

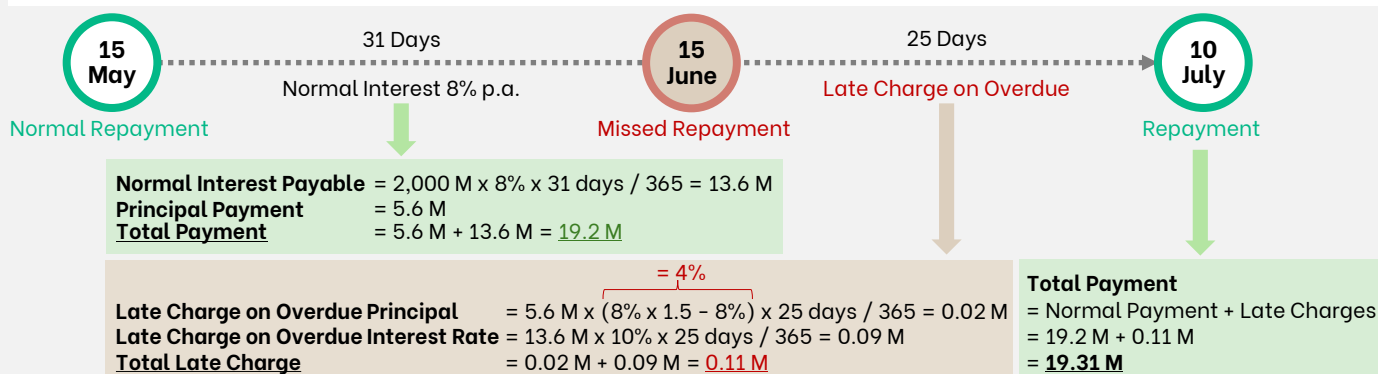
### Normal Interest Payable

Calculated from the outstanding loan amount and the number of days in each period

### Late Charges

- Late Charge on Overdue Principal (OP) = 150% of normal interest rate p.a.
- Late Charge on Overdue Interest = 10% p.a.

**Example:** The customer has a home loan with a 2 billion VND outstanding principal and a loan term of 360 months. Repayments are due on the 15<sup>th</sup> of each month at an annual interest rate of 8%, with late charges as per the table above. The customer paid on time in May but missed the June 15<sup>th</sup> payment of 19.2 million VND (5.6 million principal + 13.6 million interest). Payment was made on July 10<sup>th</sup>, incurring a late interest charge of 0.11 million VND, including 0.02 million on overdue principal and 0.09 million on overdue interest.



## Early Repayment Charge

A penalty fee applies to early repayments made within the first 3 years of the loan term

- 1<sup>st</sup> Year: 2.5%
- 2<sup>nd</sup> Year: 1.5%
- 3<sup>rd</sup> Year: 1.0%
- After 3<sup>rd</sup> Year: No penalty

### Early Prepayment Charge

$$= \text{Prepaid Amount} \times \text{Penalty Rate}$$

### Example of Calculation

**Example:** Customer made loan prepayment of 1,000 million VND in the 2<sup>nd</sup> year of the loan term. The prepayment incurred a penalty charge of 15 million VND.

