

OCBC Credit (Hong Kong) Limited

Example of Early Settlement Calculation of General Unsecured Loan

A 12-month loan of HK\$100,000 at a monthly flat rate of 0.35%

Average Monthly Interest = HK\$100,000 x 0.35% = HK\$350

Interest for the full term = HK\$350 x 12(instalments) = HK\$4,200

Monthly repayment amount = (HK\$100,000 + HK\$4,200) / 12(monthly payments) = HK\$8,684

Annualized Percentage Rate (APR)[#] = 10.00% (including 1% up-front handling fee)

Early settlement calculation method in total and the details are as follows:

* Assuming the early settlement will be made on the 6th monthly instalment due day

(i) the outstanding principal of the Loan and accrued interest up to the repayment date, both recalculated or calculated at the interest rate of monthly effective rate of the Loan on a monthly basis;

(ii) all other monies, fees, charges, costs and expenses payable under the Loan;

(iii) interest calculated at the aforesaid monthly effective rate for the period commencing from the day after the repayment date to the next monthly instalment payment date (both days inclusive); and

(iv) early repayment handling fee equal to 3% on the original loan amount.

Provided always that (iv) shall be not less than HK\$1,500.

The monthly effective rate can be solved by the following equation

Equation	$PV = \sum_{t=1}^n \frac{PMT}{(1+r)^t}$	PV = Loan Amount PMT = Monthly Instalment Amount t = No. of Instalment n = Loan Tenor r = Monthly Effective Rate
Example	$\$100,000 = \sum_{t=1}^{12} \frac{\$8,684}{(1+r)^t}$	By solving the equation, r = 0.6399022%

The early settlement amount

Monthly Effective Rate = 0.6399022%

The early settlement amounts are as follows:

Nth of Instalment	Monthly Instalment	Interest		Principal Repaid		Outstanding Principal		Early Settlement Amount with Monthly instalment Amount	
							\$ 100,000.00		
1	\$ 8,684	$\$100,000 \times 0.6399022\%$	\$ 639.90	$\$8,684 - \639.90	\$ 8,044.10	$\$100,000 - \$8,044.10$	\$ 91,955.90		
2	\$ 8,684	$\$91,955.90 \times 0.6399022\%$	\$ 588.43	$\$8,684 - \588.43	\$ 8,095.57	$\$91,955.90 - \$8,095.57$	\$ 83,860.33		
3	\$ 8,684	$\$83,860.33 \times 0.6399022\%$	\$ 536.62	$\$8,684 - \536.62	\$ 8,147.38	$\$83,860.33 - \$8,147.38$	\$ 75,712.95		
4	\$ 8,684	$\$75,712.95 \times 0.6399022\%$	\$ 484.49	$\$8,684 - \484.49	\$ 8,199.51	$\$75,712.95 - \$8,199.51$	\$ 67,513.44		
5	\$ 8,684	$\$67,513.44 \times 0.6399022\%$	\$ 432.02	$\$8,684 - \432.02	\$ 8,251.98	$\$67,513.44 - \$8,251.98$	\$ 59,261.46		
6	\$ 8,684	$\$59,261.46 \times 0.6399022\%$	\$ 379.22	$\$8,684 - \379.22	\$ 8,304.78	$\$59,261.46 - \$8,304.78$	\$ 50,956.68	$\$50,956.68 + (\$100,000 \times 3\%) + \$8,684$	\$62,640.68

The annualized Percentage Rate ("APR") is calculated according to the standard of Hong Kong Association of Banks and rounded to 2 decimal places. An APR is a reference rate which includes the basic interest rates and other applicable fees and charges of the product expressed as an annualized rate.

*** As the early settlement is made on the 6th monthly instalment due day, the corresponding monthly instalment amount will be included in the early settlement amount.**

The above example is for reference only.