

[illegible]

Making Early Repayment of CCB(Asia) Credit Card “Insurance Premium Spending Installment Program”

In general, more outstanding interest payments can be saved the earlier the loan is repaid. Nevertheless, the termination fee involved should also be taken into account before deciding whether to make early repayment or not. The Bank uses the Rule of 78 for each monthly repayment of the apportionment of interest and principal in each monthly repayment. Even though the monthly repayment amount is the same throughout the loan tenor, more interest will be included in earlier repayments and less on principal. Where repayments have been made as scheduled for some time, the amount of outstanding interest is likely to be small. If early repayment is to be made at this point of time, the amount of interest saved may not be enough to cover the termination fee. Therefore, before making a decision of repaying early or not, we suggest customers check with us the total amount involved in early repayment (including outstanding loan balance, termination fee and other charges, etc.) and the amount of outstanding interest, and then compare different scenarios and consider carefully. The following illustration of breakdown of principal and interest in the monthly repayment of the loan is for reference only. The details of actual repayment are subject to the Bank’s final approval.

Illustrative Example of the Apportionment of Principal and Interest for each Monthly Repayment:

- A 12-month loan of HK\$30,000 at a monthly flat rate of 0.30 % (APR¹ : 6.78%)
- Monthly repayment amount = HK\$30,000 / 12 (number of monthly repayments) + HK\$30,000 x 0.30% (monthly flat rate) = HK\$2,590
- Total interest = HK\$2,590 x 12 (number of monthly repayments) – HK\$30,000 = HK\$1,080
- Based on the Rule of 78, the amount of interest paid each month

$$= \text{Total interest} \times \frac{\text{Remaining number of monthly repayment}}{\text{Sum of the consecutive numbers from 1 to the number of monthly repayments in this Program}}$$

(For 12 monthly repayments, it will be 12 + 11 + ... + 2 + 1 = 78)

The breakdown of principal and interest in each monthly repayment is as follows.

No. of Repayments	Monthly Repayment Amount (HK\$)	Principal Amount (HK\$) *	Interest Amount (HK\$) *	Outstanding Principal Amount (HK\$) *
1	2,590.00	2,423.85	166.15	27,576.15
2	2,590.00	2,437.69	152.31	25,138.46
3	2,590.00	2,451.54	138.46	22,686.92
4	2,590.00	2,465.38	124.62	20,221.54
5	2,590.00	2,479.23	110.77	17,742.31
6	2,590.00	2,493.08	96.92	15,249.23
7	2,590.00	2,506.92	83.08	12,742.31
8	2,590.00	2,520.77	69.23	10,221.54
9	2,590.00	2,534.62	55.38	7,686.92
10	2,590.00	2,548.46	41.54	5,138.46
11	2,590.00	2,562.31	27.69	2,576.15
12	2,590.00	2,576.15	13.85	0

^The amount of outstanding Interest HK\$498.46

* Rounded to the nearest two decimal places ^ If repayments for the 4th installments have been paid as scheduled and early repayment is made before the 5th installment is posted, the entire outstanding loan principal together with the termination fee will become payable. The amount of interest saved by early repayment (HK\$498.46) will not be enough to cover the termination fee (HK\$1,000).

Remark: 1. The Annualized Percentage Rate (“APR”) is calculated according to the standard of Hong Kong Association of Banks and is rounded to the nearest two 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.