

## Customer Loan Deferral payment examples

The following examples are designed to assist customers in understanding the impact of the loan deferral being offered on instalment payments and on how interest is calculated and applies to the loan payments:

### Example Assumptions:

#### **Car Loan:**

- Loan Amount/Amount Borrowed: \$202,000.00
- Interest rate: 4.9%
- Term of Loan: 60 months
  - Start date: January 2020
  - End date: December 2024
- Instalment: \$3,887.36

#### **Mortgage Loan:**

- Loan Amount/Amount Borrowed: \$1,000,000.00
- Interest rate: 6%
- Term of Loan: 20 years
  - Start date: November 2018
  - End date: October 2038
- Instalment: \$7,137.26

In both these examples, the **deferral period** is March to May, 2020. This means that the customer did not pay these three months instalments (March, April and May) and resumed payments towards the loan in June, 2020.

First Citizens approach is that the loan (or mortgage) will continue as normal upon the resumption of payments in June 2020 with the payment term of both loan types being extended by three (3) months to accommodate the deferred payment schedule.

For instalment loans, this means that the interest accrued from the last payment in February to the next payment due June 2020 will be repaid within the first two to three months upon the resumption the monthly payment – See Example Table item 1

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For mortgages, which are governed by an amortisation schedule, upon the resumption of payments in June 2020, payments will be applied as per the amortisation schedule from June 2020. The effect of this is that the loan repayment period will be extended by an additional 3 months – See Example Table item 2.

### Example Table

Item	Loan Type	Current Balance as at <u>2020-03-23</u>	Remaining Term	Original Interest Rate	Accrued Interest (3 month moratoria)	Current Instalment	New Instalment	Notes
1	Car Loan	\$200,442.35	58 months	4.90%	<p>Daily Interest calculation:  <math>\\$200,442.35 * 4.90 / 360 = \mathbf{\\$27.28}</math></p> <p>Total interest accrued over the deferral period, plus the June 2020 interest payable, from March to June 2020 is:  <math>\\$27.28 * 120 = \mathbf{\\$3,273.60}</math></p>	\$3,887.36	\$3,887.36	The interest accrued over the period March to June, of \$3,273.60 will be deducted from the monthly payment of \$3,887.36 and the balance of \$613.76 will be applied towards the loan principal outstanding. There will be no change to the instalment. Payments for the remainder of the loan period will be applied to principal and interest as usual. The effect of this process is to extend the period of repayment of the loan by 3 months, to March 2025 in this example.
2	Mortgage	\$960,401.58	224 months	6.00%	<p>Daily Interest calculation:  <math>\\$960,401.58 * 6.00 / 360 = \mathbf{\\$160.07}</math></p> <p>Total interest accrued over the deferral period, plus the June 2020 interest payable, from March to June 2020 is:  <math>\\$160.07 * 120 = \mathbf{\\$19,208.40}</math></p>	\$7,137.26	\$7,137.26	Regular mortgage instalment payments resume in June 2020, and principal and interest payments are applied to the outstanding balance as per the normal schedule. The effect of this process is to extend the period of repayment of the loan by 3 months, and the interest accrued of \$19,208.40 is paid in November 2038, December 2038 and January 2039, in this example, with no interest on interest being charged.