



Pune People's Co-op Bank Ltd., Pune

(Multi-State bank)

HQ: Plot No 477/478, Market Yard, Gultekadi Pune -37

Method of Interest Calculation - Deposits & Loans

Product	Interest Calculation Methods	Formula	Example
FD Monthly Pay Out Scheme	Discounting interest calculation Method	$\text{Deposit Amount} * \text{IR} * \text{Period} / 1200 + \text{IR}$	Deposit amount =100000 Interest Rate=8% , Period =1 Year $(100000 * 8 * 1) / (1200 + 8) = \text{Rs.} 662.25$ Total Interest paid after maturity is =7947
FD Quarterly Pay Out Scheme	Simple monthly calculation method	$\text{Deposit Amount} * \text{IR} * \text{Period} / 1200$	$(100000 * 8 * 1) / 1200 = \text{Rs.} 666.67$ Total Interest paid after maturity is =8000
FD Quarterly Compounding scheme	Quarterly interest compounding method	$\text{Deposit Amount} * \text{IR} * \text{Period} / 1200$	$(100000 * 8 * 1) / 1200 = \text{Rs.} 667$ 1st Quarter Interest $667 * 3$ Month = Rs.2001
		Interest is calculated using this formula on Outstanding balance of calculation period. As interest will be posted quarterly, there will be compounding interest calculation effect on next quarter.	$(102001 * 8 * 1) / 1200 = \text{Rs.} 680$ 2nd st Quarter Interest $680 * 3$ Month = Rs. 2040 $(104041 * 8 * 1) / 1200 = \text{Rs.} 694$ 3rd st Quarter Interest $694 * 3$ Month = Rs. 2082 $(106123 * 8 * 1) / 1200 = \text{Rs.} 694$ 4th Quarter Interest $707 * 3$ Month = Rs. 2121 Total Interest paid after maturity is =8244
Loan Account	Daily product interest calculation method (Daily reducing method)	$\text{Product} * \text{IR} / 36500$	Loan amount =100000 Interest Rate=9% , Day 1 to 30=> $(100000 * 9) / 36500 = 24.66$
		Product = Total of daily balance of account for calculation period.	Total= $24.66 * 30$ days Interest charge loan account on month end is 739.80
CC Accounts	Daily product interest calculation method (Daily reducing method)	$\text{Product} * \text{IR} / 36500$	Day 1 to 10=> $(100000 * 9) / 36500 = 24.66$ Day 10 to 20=> $(99000 * 9) / 36500 = 24.41$
		Product = Total of daily balance of account for calculation period.	Day 21 to 30 => $(98000 * 9) / 36500 = 24.16$ Total= $24.66 * 10$ days + $24.41 * 10$ days + $24.16 * 10$ Days Interest charge on Cash Credit account on month end is 730.80
Saving / Lokseva Deposit	Daily product calculation method	$\text{Product} * \text{IR} / 36500$ Product = Total of daily balance of account for calculation period.	Day 1 to 30=> $(100000 * 3.5) / 36500 = 9.60$ Day 31 to 60=> $(101000 * 3.5) / 36500 = 9.70$ Day 61 to 90 => $(98000 * 3.5) / 36500 = 9.40$ Total= $9.60 * 30$ days + $9.70 * 30$ days + $9.40 * 30$ Days Interest paid on Saving account on Quarter end is 861