



DISCLOSURE OF EFFECTIVE RATES OF INTEREST



We Build Possibilities.

Dear Valued Client,

In compliance with Section 262 of the Bangko Sentral ng Pilipinas Manual of Regulations for Banks which require banks to disclose to depositors the following information on interest computation and payments, here is an illustration of basis of computing interest on your deposit accounts:

Savings Account for Peso and US Dollars

Type/kind of deposit	Savings Account, for Peso and US Dollars
Nominal rate of interest	0.10%
Manner of interest payment	Computed daily and credited quarterly
Basis of interest payment	Accruals of End of Day Balances for period covered
Effective rate of interest expressed as a simple annual rate	Interest = Sum of Daily Accruals for period covered = Sum of EOD Balances x Interest Rate x Base Year * Base Year = 1/360 for regular year and leap year

For illustration, here is a Savings Account with deposits and withdrawals below :

Date	Withdrawal	Deposit	Balance
January 1, 2020			100,000.00
January 7, 2020	5,000.00		95,000.00
January 15, 2020	7,000.00	80,000.00	168,000.00
January 16, 2020	15,000.00		153,000.00
February 4, 2020	5,000.00		148,000.00
February 15, 2020		80,000.00	228,000.00
February 22, 2020	3,000.00		225,000.00
March 12, 2020	7,000.00		218,000.00
March 15, 2020		80,000.00	298,000.00
March 31, 2020			298,000.00

Here is the interest earned by the account:

Dates Covered	No. of Days	Balance	Interest Earned	Withholding Tax	Net Interest	
01/01/2020	06/01/2020	6	100,000.00	1.67	0.33	1.33
07/01/2020	14/01/2020	8	95,000.00	2.11	0.42	1.69
15/01/2020	15/01/2020	1	168,000.00	0.47	0.09	0.37
16/01/2020	03/02/2020	19	153,000.00	8.08	1.62	6.46
04/02/2020	14/02/2020	11	148,000.00	4.52	0.90	3.62
15/02/2020	21/02/2020	7	228,000.00	4.43	0.89	3.55
22/02/2020	11/03/2020	19	225,000.00	11.88	2.38	9.50
12/03/2020	14/03/2020	3	218,000.00	1.82	0.36	1.45
15/03/2020	31/03/2020	17	298,000.00	14.07	2.81	11.26
		91				39.23

Current Account

Type/kind of deposit	Current Account
Nominal rate of interest	0.10%
Manner of interest payment	Computed daily and credited quarterly
Basis of interest payment	Accruals of End of Day Balances for period covered
Effective rate of interest expressed as a simple annual rate	Interest = Sum of Daily Accruals for period covered = Sum of EOD Balances x Interest Rate x Base Year * Base Year = 1/360 for regular year and leap year

For illustration, here is a Checking Account with deposits and withdrawals below :

Date	Withdrawal	Deposit	Balance
January 1, 2020			200,000.00
January 3, 2020		25,000.00	225,000.00
January 10, 2020	5,000.00		220,000.00
January 15, 2020	3,000.00		217,000.00
January 30, 2020		150,000.00	367,000.00
February 14, 2020	35,000.00	50,000.00	382,000.00
February 25, 2020		30,000.00	412,000.00
March 11, 2020	27,000.00		385,000.00
March 31, 2020			385,000.00

Here is the interest earned by the account:

Dates Covered	No. of Days	Balance	Interest Earned	Withholding Tax	Net Interest	
01/01/2020	02/01/2020	2	200,000.00	1.11	0.22	0.89
03/01/2020	09/01/2020	7	225,000.00	4.38	0.88	3.50
10/01/2020	14/01/2020	5	220,000.00	3.06	0.61	0.61
15/01/2020	29/01/2020	15	217,000.00	9.04	1.81	7.23
30/01/2020	13/02/2020	15	367,000.00	15.29	3.06	12.23
14/02/2020	24/02/2020	11	382,000.00	11.67	2.33	9.34
25/02/2020	10/03/2020	15	412,000.00	17.17	3.43	13.73
11/03/2020	31/03/2020	21	385,000.00	22.46	4.49	17.97
		91				67.34

Peso Time Deposit

Type/kind of deposit	Peso Time Deposit
Nominal rate of interest	0.75%
Manner of interest payment	Upon maturity
Basis of interest payment	Principal Amount
Effective rate of interest expressed as a simple annual rate	Interest = Principal x Interest Rate x Base Year Base Year = 1/360 for regular year and leap year
Principal Amount	1,000,000.00
Term	1 year, 365 days
Computation of Interest	$P1,000,000 \times 0.75\% \times 365/360 = P7,604.17$ (Gross Interest)
Subject to 20% withholding tax	Net Interest will be P6,083.33

*20% For Peso and 15% for US Dollar Time Deposits

BSP MORB Section 262. Disclosure of Effective Rates of Interest. Banks are required to disclose to depositors the following information on interest computation and payments: a. Type/kind of deposit; b. Nominal rate of interest and period covered; c. Manner of interest payment, i.e., whether credited in advance or otherwise; d. Basis of interest payment, i.e., whether based on average daily balance compounded quarterly or otherwise; e. Effective rate of interest expressed as a simple annual rate, on the basis of the information above given and indicating the formula used to arrive at the effective rate of interest; and f. Illustration of basis of computing interest on a hypothetical deposit account. Copies of the abovementioned information shall be made available to each and every depositor by attaching these copies to savings deposit passbooks and time deposit certificates.

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