



EDBS/KH/C/70/2019  
4<sup>th</sup> September 2019

**Chief Executive Officer**

All Conventional Retail Banks  
All Financing Companies  
All Payment Service Providers  
Manama  
Kingdom of Bahrain

Dear Sir,

**Interest charge computation on credit cards**

This has reference to the CBB's circular No. EDDBS/KH/C/68/2019, dated 27<sup>th</sup> August 2019, which set forth an example illustrating the computation of interest on credit cards in compliance with paragraph BC-4.15.1 (b) of the CBB's circular No. EDDBS/KH/C/42/2019 dated 13<sup>th</sup> June 2019. Attached, please find an updated example with the changes highlighted.

Should you have any further queries on this matter, please contact your normal supervisory point of contact at the CBB.

Yours faithfully,

  
**Khalid Hamad**

cc: Bahrain Association of Banks  
cc: External Audit Firms

## Appendix to the CBB Circular dated 27<sup>th</sup> August 2019

### Illustration of computation of interest on credit card overdue amounts

Statement date/cycle: 30<sup>th</sup> of each month.

Due date: 25 days from the date of statement.

Date (posting date)	Transaction	Outstanding BD
14/3/2019	Transaction dated 13/3/2019 – BD2,000	
24/3/2019	Transaction dated 22/3/2019 – BD1,500	
<b>30/3/2019</b>	<b>Outstanding balance - Due by 24/4/2019</b>	<b>3,500</b>
4/4/2019	Transaction dated 3/4/2019 – BD750	
24/4/2019	Repayment	(2,000)
30/4/2019	Interest	Interest on BD1,500 from 24/3/2019 till 30/4/2019 (X <sub>1</sub> )
<b>30/4/2019</b>	<b>Outstanding balance - Due by 25/5/2019</b>	<b>750 + 1,500 + X<sub>1</sub></b>
15/5/2019	Transaction dated 14/5/2019 – BD2,000	
24/5/2019	Repayment	
30/5/2019	Interest	(1,000)
<b>30/5/2019</b>	<b>Outstanding balance - Due by 24/6/2019</b>	<b>Interest on BD1,500 from 1/5/2019 to 24/5/2019 + interest on BD 1,500-(1000 – X<sub>1</sub>) from 25/5/2019 to 30/5/2019 + interest on BD750 from 4/4/2019 to 30/5/2019 = (X<sub>2</sub>)</b>
4/6/2019	Transaction dated 3/6/2019 – BD 550	<b>2,000 + 750 + (BD 1,500-(1,000 – X<sub>1</sub>)) + X<sub>2</sub></b>
20/6/2019	Repayment	Full repayment of 30/5/2019 outstanding
<b>30/6/2019</b>	<b>Outstanding balance - Due by 25/7/2019</b>	<b>550</b>

\* Assuming payment is first allocated to the billed interest

Note: As specified in the circular fees and charges must not be subject to interest. Interest must not be computed on interest amounts outstanding.