SCHEDULE

Regulation 5

Calculation of the Annual Percentage Rate of Charge

1. The annual percentage rate of charge ("APR") is calculated by means of the equation in paragraph 2 which equates, on an annual basis, the total present value of drawdowns with the total present value of repayments and payments of charges.

2. The equation referred to in paragraph 1 is—

$$\sum_{k=1}^{m} C_k (1+X)^{-t_k} = \sum_{l=1}^{m'} D_l (1+X)^{-S_l}$$

where

X is the APR;

m is the number of the last drawdown;

k is the number of a drawdown, thus $1 \leq k \leq m$;

C_k is the amount of drawdown k;

t_k is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each subsequent drawdown, thus $t_1 = 0$;

m' is the number of the last repayment or payment of charges;

l is the number of a repayment or payment of charges;

D_l is the amount of a repayment or payment of charges;

S_l is the interval, expressed in years and fractions of a year, between the date of the first drawdown and the date of each repayment or payment of charges.

3. For the purposes of paragraph 2—

(a) the amounts paid by both parties at different times shall not necessarily be equal and shall not necessarily be paid at equal intervals;

(b) the starting date shall be that of the first drawdown;

(c) intervals between dates used in the calculations shall be expressed in years or in fractions of a year;

(d) a year is assumed to have 365 days (366 days for leap years), 52 weeks or 12 equal months;

(e) an equal month is assumed to have 30.41666 days (365/12) regardless of whether or not it is a leap year;

(f) the result of the calculation shall be expressed with an accuracy of at least one decimal place; if the figure at the following decimal place is greater than or equal to 5, the figure at that particular decimal place shall be increased by one;

(g) the equation can be rewritten as set out in sub-paragraph (h) using a single sum and the concept of flows (A_k), which will be positive or negative, either paid or received during periods l to n, expressed in years;

(h) the equation referred to in sub-paragraph (g) is—

$$S = \sum_{k=1}^{n} A_k (1+X)^{-t_k}$$

S being the present balance of flows; if the aim is to maintain the equivalence of flows, the value will be zero.