

Frequently Asked Questions for Personal Loan

- 1) What is the difference between Tax Loan / Personal Loan and Personal Overdraft?
- 2) What should I consider before applying for personal loan besides interest rates?
- 3) Is it necessary to have a bank account of Public Bank (HK) Limited (“PBHK”) before applying for personal loan?
- 4) What documents are required for personal loan application?
- 5) Will PBHK check my personal credit records in other banks through Credit Reference Agencies (CRA) upon applying for a loan?
- 6) What kind of fees and charges are involved in personal loan application?
- 7) What are monthly flat rate and annualised percentage rate?
- 8) Is it permissible to repay the personal loan earlier?

- 1) What is the difference between Tax Loan / Personal Loan and Personal Overdraft?

Tax Loan / Personal Loan requires you to repay by instalments (including principal and interest) monthly in a fixed amount. Interest payment is subject to the loan amount and loan tenor you selected. Tax Loan is a personal loan for tax payment purpose.

Personal Overdraft is the credit limit linked to your current account. You can withdraw whenever you need. Interest is calculated on the drawn amount on a daily basis.

- 2) What should I consider before applying for personal loan besides interest rates?

Besides interest rates, you should take the following factors for your consideration:

- Financial needs
- Affordability of the repayment
- Fees and charges

3) Is it necessary to have a bank account of Public Bank (Hong Kong) Limited (“PBHK”) before applying for personal loan?

A PBHK’s bank account is not a prerequisite for applying for personal loan. Once the loan application is success, the applicant is required to open a PBHK Hong Kong dollar savings account for loan disbursement.

4) What documents are required for personal loan application?

Generally speaking, the following documents are required to support the application:

- HKID Card of applicant
- Address Proof within last 3 months
- Income Proof
 - Applicable to Low Interest Personal Loan: Latest 2 months’ income proof for regular income applicant / latest 3 months’ income proof for irregular income applicant (e.g. payroll slips)
 - Applicable to Simple Loan: Latest 1 month’s income proof for all applicants, MPF statement issued within 12 months for regular income applicant / MPF Statement showing at least 3 month’s MPF contribution records within latest 6 months for irregular income applicant
- Any other documents or certificates deemed appropriate

PBHK may request additional documents in the course of processing your application.

5) Will PBHK check my personal credit records in other banks through Credit Reference Agencies (CRA) upon applying for a loan?

In normal circumstances, PBHK will request a credit report of applicant from the CRA to collect the information about his/her credit history and indebtedness. Applicant who wants to acquire the credit report, please contact PBHK and the bank will provide the contact detail of relevant CRA.

6) What kind of fees and charges are involved in personal loan application?

General fees and charges include:

- Handling Fee
- Late Payment Fee and Charge
- Returned Cheque / Rejected Autopay Charge
- Prepayment / Early Settlement Charge

7) What are Monthly Flat Rate and Annualised Percentage Rate (“APR”)?

Monthly Flat Rate is a calculation method adopted to calculate the monthly instalment amount. The calculations are as follow:

Total Interest Amount = Loan Amount x Monthly Flat Rate x Repayment Tenor (months)

Monthly Instalment Amount = (Loan Amount + Total Interest Amount) / Repayment Tenor

APR is calculated in compliance with the relevant guidelines as stipulated in the Code of Banking Practice. The APR is an annualised reference rate that includes the basic interest rate and other related fees and charges of the banking products.

8) Is it permissible to repay the personal loan earlier?

Early repayment of the Loan is permissible subject to repayment of the outstanding principal amount of the Loan, the interest that would otherwise have been payable on the next monthly repayment date and early repayment charges (calculated at 2% of the original Loan amount if repayment is made within the first year, and 2% of outstanding Loan amount thereafter). The amount payment upon early repayment will also be subject to the Bank’s determination of the allocation of prior payments between principal and interest (the Loan is calculated on the basis of the formula known as the “Rule of 78”). Please [click here](#) to view the explanation of “Rule of 78” with early repayment charges explanation.

In accordance with “Rule of 78”, even though the monthly repayment amount is the same through the loan tenor, more interest will, in general, be included in earlier repayments, and less on principal. In other words, where a borrower has been making repayments as scheduled for some time, the amount of outstanding interest is likely to be small. If the borrower chooses to pay off the loan early at this point of time, the loss may outweigh the gain as the amount of interest saved may not be enough to cover the relevant charges for early repayment.