Republic of the Philippines
Department of Education
CARAGA REGION
J. Rosales Avenue, Butuan City,
Agusan del Norte, Philippines, 8600

DEPARTMENT OF EDUCATION
RELEASED
DATE: 18 JAN 2019
SIGNATURE
CARAGA REGION

January 18, 2019

MEMORANDUM

TO : All Schools Division Superintendents
This Region

Attention: Division HRMO and Division Accountant

SUBJECT : Revised Implementing Guidelines for the DepEd Provident Fund

Enclosed is a copy of DepEd Order No. 037 s. 2018 dated September 10, 2018 which provides for the Revised Implementing Guidelines for the DepEd Provident Fund.

The pertinent provisions thereof were discussed in October, 2018 during the meeting in this Regional Office called by the Chief Administrative Officer of the Administrative Services Division with Division HRMOs and Division Accountants.

As stated in No. 5 of said DepEd Order, "strict compliance . . . . is directed".

FRANCIS CESAR B. BRINGAS, CESO V
OIC-Regional Director

ASD/CAO/rlo
01/18/2019

10 SEP 2018

DepEd ORDER
No. 037 s. 2018

AMENDMENTS AND ADDITIONAL PROVISIONS TO DEPED ORDER NOS. 12, S. 2004; 36, S. 2007; AND 52, S. 2017
(Revised Implementing Guidelines for the DepEd Provident Fund)

To: Undersecretaries
Assistant Secretaries
Bureau and Service Directors
Regional Directors
Schools Division Superintendents
Public and Private Elementary and Secondary School Heads
All Others Concerned

1. Pursuant to Resolution No. 1, s. 2018 of the Department of Education (DepEd) Provident Fund (PF) National Board of Trustees (NBT), the pertinent provisions of DepEd Order (DO) Nos. 12, s. 2004; 36, s. 2007; and 52, s. 2017 on the Revised Implementing Guidelines for the DepEd are amended as follows:

a. Item 1.a of DO 36, s. 2007 (Section X.4 of DO 12, s. 2014)

Existing Provision	Amendment
The loan shall be used for emergency needs of the teacher/employee, or immediate and other members of his/her family up to the fourth degree of civil consanguinity or affinity: i. Hospitalization and/or medical expenses resulting from an accident/illness; ii. Death of immediate and/or other members of his/her family up to the fourth degree of consanguinity or affinity; iii. Educational loans; iv. Minor but immediately needed repair of the house of the teacher/employee; and v. Other emergency expenses to be specified by the teacher/ employee-applicant.	**The following are the types of PF loans that may be applied for by a DepEd personnel:** **a. Multi-Purpose Loan (MPL), whether for educational, medical, or emergency needs of the teacher/employee, or the immediate and other members of his/her family, major and minor house repairs/improvements, payment of loans from other private lending institutions (PLIs) and/or government financial institutions (GFIs), livelihood, and for other legal purposes; and** **b. Additional Loan, which shall be for extreme emergency cases only.**

b. Item 2.iii of DO 36, s. 2007

Existing Provision	Amendment
Examples of extreme emergency cases are: (1) Payment for hospital bills of the teacher/employee or member of his/her family within the third civil degree of consanguinity/affinity; (2) Death of a member of the borrower's family within the third degree of consanguinity/affinity; or (3) Borrower is a direct victim of a natural or man-made calamity, such as typhoons, fire, robbery, armed conflict, etc.; The loan requirements are as follows: i. Accomplished application form, stating among others, the specific purpose for which the loan will be used, including the appropriate supporting documents; ii. Latest pay slip/payroll indicating monthly salary deductions; iii. Casual employee-borrowers shall also submit a copy of his/her latest appointment, in additional to the above requirements.	**Applications for Additional Loans at the Regional and Schools Division PF Chapters shall be approved by the DepEd PF Regional Board of Trustees, which will then be reported to the DepEd NBT for confirmation, while the DepEd Central Office Chapter shall be approved by the DepEd NBT.** **Additional loans shall be justified by the DepEd borrower by citing extreme emergency cases, such as:** **a. Payment of hospital bills of DepEd personnel or member of his/her family within the third civil degree of consanguinity/affinity; or** **b. Death of a member of the borrower's family within the third civil degree of consanguinity/affinity; or** **c. Borrower is a direct victim of a natural or man-made calamity, such as typhoons, fire, robbery, armed conflict, and others.** **The documentary requirements are as follows:** **i. Accomplished application form, stating among others, the specific purpose for which the loan will be used. Refer to the enclosure for the Revised Loan Application Form; and** **ii. Latest pay slip/payroll indicating monthly salary deductions.**

c. Item 1.e of DO 36, s. 2007

Existing Provision	Amendment
The National/Regional Boards may allow renewal of loan provided that fifty percent (50%) of the previous loan has been paid, there are no pending applications for new loans, and the balance of the principal amount shall be deducted from the new loan.	**The National/Regional Boards may allow renewal of loan provided that at least thirty percent (30%) of the existing loan has been paid, there are no pending applications for new loans, and the balance of the principal amount shall be deducted from the new loan.**

d. Part VI, Item 3 (Enclosure) of DO 12, s. 2004—Secretariat of the Board

Existing Provision	Amendment
The Regional Board shall create its own respective Secretariat, determine its specific functions, organization and compensation for overtime services rendered by its clerical staff. It shall also create secretariats in the division offices to administer the operations of the Fund in the division level.	**The Regional Board shall create its own respective Secretariat composed of selected staff from the Administrative Services Division (focal office), Finance Division and Legal Section. The Secretariat shall determine its specific functions, organization and compensation for overtime services rendered by its clerical staff. It shall also create Secretariats in the schools division offices, with similar/parallel composition as in the Regional Board, to administer the operations of the Fund in the schools division level.** **The Regional Board shall regularly update the National Board through the National Board Secretariat with compositions of the Regional and Schools Division Boards Secretariats, for records and monitoring purposes.**

e. Item 1.b of DO 52, s. 2017

Existing Provision	Amendment
All types of loans shall have a contractual interest rate of six percent (6%) per annum, computed using the diminishing/ declining balance method, wherein the interest per installment period is calculated based on the outstanding balance of the PF	**Effective November 2017, all types of loans shall have a contractual interest rate of six percent (6%) per annum, with no grace period on the start of payment of loan, computed using the diminishing/declining balance method, wherein the**

loan at the beginning of each installment period. Total amount due, inclusive of principal and interest, will be payable in equal monthly amortizations. The borrower may opt for a repayment period from 12 up to 60 months, subject to his/her capacity to pay. In all cases, repayment of loans shall be through automatic payroll deductions. For guidance, refer to Illustrations 1 to 5, for terms of loan of 1 to 5 years, respectively and the corresponding notes.	**interest per installment period is calculated based on the outstanding balance of the PF loan at the beginning of each installment period.** **Total amount due, inclusive of principal and interest, will be payable in equal monthly amortizations. The borrower may opt for a repayment period from 12 up to 60 months, subject to his/her capacity to pay. In all cases, repayment of loans shall be through automatic payroll deductions and over-the-counter payment in case of dislodged PF deductions in the payroll.** **The amount of loan amortization of the borrowers with outstanding PF loan balance as of November 2017 shall be maintained in the payroll until full payment. The PF Secretariat shall make necessary adjustments in the posting of the borrowers' respective accounts in the Subsidiary Ledgers, and any excess payments for fully paid loans using the new method of loan computation shall be refunded to the concerned borrowers.** **For guidance, refer to Illustrations 1 to 5, for terms of loan of 1 to 5 years, respectively.**

2. The following are the additional provisions to DO 12, s. 2004:

   a. Newly hired teachers are allowed to avail of PF loan with the following terms:

Maximum Loanable Amount	**One month basic salary**
Term	**Six months**
Interest	**6% per annum or 0.5% per month, computed using the diminishing balance method**

b. The outstanding principal PF loan balance of a DepEd borrower who transferred from one station to another shall be transferred to the recipient station through proper recording in their books of accounts. The PF loan account transferred shall still be subject to imposition of interest.

c. Provision of bad debts for deceased borrowers shall be allowed at 1% of the total outstanding loans receivables for each PF chapter starting year 2018, subject to the usual accounting and auditing rules and regulations.

3. Provisions in the implementing guidelines as contained in DO 12, s. 2004; 36, s. 2007; and 52, s. 2017, which are inconsistent with the aforementioned amendments and additional provisions are rescinded while those that are not affected shall continue to be observed.

4. This Order shall take effect upon its approval.

5. Immediate dissemination of and strict compliance with this Order is directed.

LEONOR MAGTOLIS BRIONES
Secretary

Encl.:
As stated

References:
DepEd Order: (Nos. 12, s. 2004; 36, 2007; and 52, s. 2017)

To be indicated in the Perpetual Index
under the following subjects:

AMENDMENT
BENEFITS
CHANGE
EMPLOYEES
FUNDS
OFFICIALS
POLICY
SALARY
TEACHERS

SMMA/DJP – DO Amendments and Additional Provisions to...
0446/June 2/4/8, 2018

Republic of the Philippines
Department of Education
Provident Fund

Date Submitted: ____________ Loan Application No. ____________

Loan Amount: PhP ____________

Type of Loan: Term: ____ year/s
- ☐ Multi-purpose
  - ☐ New
  - ☐ Renewal
- ☐ Additional

Purpose:
- ☐ Educational
- ☐ Hospitalization/Medical
- ☐ Long Medication/Rehabilitation
- ☐ House Arrears/Equity
- ☐ House Repair - Major
- ☐ House Repair - Minor
- ☐ Payment of Loans from Private Institution
- ☐ Calamity
- ☐ Others (specify): ____________

Borrower's Information	Co-Maker's Information
(Surname) (First Name) (M.I.)	(Surname) (First Name) (M.I.)
Home Address: ____________	Home Address: ____________
Position: ____________	Position: ____________
Employee No.: ______ Employment Status: ______	Employee No.: ______ Employment Status: ______
Office: ____________	Office: ____________
Date of Birth: ______ Age: ______	Date of Birth: ______ Age: ______
Monthly Salary: PhP ______ Office tel. no. ______	Monthly Salary: PhP ______ Office tel. no. ______
Years in Service: ______ Mobile no. ______	Years in Service: ______ Mobile no. ______
DepEd E-mail address: ____________	
Specimen Signatures:	Specimen Signatures:

LOAN AGREEMENT

I hereby apply for a Provident Fund Loan in the amount of PESOS: ____________ (P ______). In consideration of the grant thereof, I promise to pay all installments due based on the attached amortization schedule and bind myself with the terms and conditions of the loan as stipulated in the applicable guidelines of the DepEd Provident Fund. This document also serves as the Promissory Note upon approval of this loan.

Accordingly, I hereby authorize the deductions of the monthly amortization from my salary. Should I be separated from the service, I also hereby agree to settle my outstanding loan balance before the date of my retirement/separation from the service, either through full payment in cash or through the execution of a notarized Promissory Note.

____________ Signature of Borrower over Printed Name ______ Date

I hereby agree to assume all the outstanding obligations for the grant of this loan should the principal borrower be separated from the service, and either retirement or separation benefits due to him/her is not received or is insufficient to settle the borrower's outstanding loan, and upon proper notification by the Provident Fund Secretariat.

Accordingly, I hereby authorize the monthly deduction from my salary of the amortizations for the outstanding obligation of the principal borrower until his/her loan is fully paid.

____________ Signature of Co-Maker over Printed Name ______ Date

CERTIFICATE OF EMPLOYMENT AND CREDIBILITY

Personnel Division/Unit:

This is to certify that the above loan applicant/borrower:
(1) is a ___ permanent/___ co-terminus employee of this Office and is not on leave of absence without pay;
(2) has net pay of PhP__________ for the payroll month & year of ______________; and
(3) has given the true and correct information on the Loan Application Form.

____
Signature over Printed Name
Designation: Administrative Officer V
Date: ____________

Legal Service/Unit:

This is to certify that the above loan applicant/borrower has no pending administrative nor civil case charge against him/her based on records on file with DepEd.

____
Signature over Printed Name
Designation: Attorney IV
Date: ____________

ANNEX "A"

SECRETARIAT'S ASSESSMENT/EVALUATION

A. Documents Submitted: (Two copies of each)

- ☐ Loan Application Form (LAF)
- ☐ Authorization to Deduct
- ☐ Latest copy of pay slip
- ☐ Photocopy of DepEd ID
- ☐ Approved Appointment *(for FIRST TIME borrowers and Co-terminus employees only)*
- ☐ Document showing proof that the co-terminus employee has rendered at least 2 years service in DepEd, e.g. Notarized Contract of Service
- ☐ Others (specify): ____________________

- ☐ Additional documents for Additional Loan:
  - ☐ Letter request
  - ☐ Hospitalization/Medical Expenses
  - ☐ Medical Abstract/Certificate/Prescription/Diagnosis
  - ☐ Barangay/LGU certificate/resolution declaring the borrower's place under State of Calamity

Reviewed by:	Date:

B. Completeness and Veracity of Submitted Documents:

- ☐ Signed and completely filled out LAF
- ☐ Complete supporting documents for type of loan applied for
- ☐ Signatures on LAF are by authorized signatories

Reviewed by:	Date:

C. Eligibility of the Borrower and Co-Maker

- ☐ Borrower will not reach the mandatory age retirement on or before the maturity of his/her loan. Age:
- ☐ Co-Maker will not reach the mandatory age retirement on or before the maturity of his/her loan. Age:
- ☐ Borrower has Outstanding PF Loan Balance:
  - ☐ Current Loan Balance Amount: PhP
  - ☐ Past-Due Loans Amount: PhP
    - ☐ No. of Years/Months Past-Due: Year/s: Month/s:
- ☐ Borrower's Net Take-Home Pay after deduction of monthly amortization of the loan being applied for is equal to or higher than the required threshold for the current year.
- ☐ For renewal of loans: Borrower has paid at least 30% of the principal of the existing loan.
  Percentage of principal paid: %

Verified by:	Date:

D. Computation of Loan:

Principal Amount of Loan PhP ____________

Less: Outstanding Balance of Loan to be Renewed

Principal PhP ____________

Interest ____________

Net Proceeds PhP ____________

Net Take Home Pay after Deduction PhP ____________

Monthly Amortization PhP ____________

Period of Loan (mm/yy - mm/yy) ____________

Date Processed: ____________

Processed by: ____________________
Signature over Printed Name
(PF Secretariat)

Reviewed by: ____________________
Signature over Printed Name
(Head, PF Secretariat)

Remarks:

ACTION TAKEN:

Recommending Approval:

____
Head, PF Secretariat
Signature over Printed Name
Date: ____________

- ☐ **Approved**
- ☐ **Disapproved**

____
Chairperson of the Board
Signature over Printed Name
Date: ____________

ANNEX "A"

Authorization for Salary Deduction

Personnel Division
DepED , Meralco Ave., Pasig City

I hereby authorize the deduction of ______________________________ PESOS (P__________) from my salary for ______ months, starting in __________________. 20___ to __________________, 20 ___ or until my total outstanding loan of ______________________________ PESOS (P______________) has been fully paid. Amount deducted shall be **credited to the account** of the **DepED Provident Fund** as receivables on the said loans.

Signature over Printer Name

Employee No. __________ Status: ______ Designation: __________
Division: __________ Code: ______ Service: __________

Notes to Illustrations 1 to 5

DEFINITION OF TERMS (For the purpose of this issuance only):

1. **Principal Amount** - The gross amount of the loan.
2. **Loan Term** - The number of years over which a loan should be repaid, reckoned from the month when the first installment becomes due. For the purposes of this DepEd Order, loan term is exclusive of the grace period.
3. **No. of Installments** - The total number of payments to be made to fully pay the total amount due (expressed in number of months).
4. **Grace Period** - The number of months before the first payment for the loan, reckoned from the month of loan release.
5. **Monthly Installment** - The total amount due every month, inclusive of principal and interest.
6. **Contractual Interest Rate (CIR)** - The advertised or stated interest rate on a loan, without taking into account any fees or compounding of interest.
7. **Nominal Interest Rate (NIR)** - The yearly cost of borrowing over the term of a loan. Also known as "annual percentage rate."
8. **Effective Interest Rate (EIR)** - The rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. Also the rate paid due to the result of compounding over a given time period.

FORMULAS:

a. **Monthly Installment**

$$= \frac{(\text{Principal Amount} \times \text{NIR} \times \text{Loan Term}) + \text{Principal Amount}}{\text{No. of Installments}}$$

Using the Microsoft Excel function, PMT:

= PMT(CIR per month,No. of Installments,-Principal Amount)

b. **CIR per Month** = CIR ÷ 12 months

c. **NIR** $= \frac{\text{Total Interest} \div \text{Principal Amount}}{\text{Loan Term}}$

To check: Total Interest = NIR x Principal Amount x Loan Term

d. **EIR per Month**

Using the Microsoft Excel function, IRR:

= IRR(Cash flows from the first to the last installment period)

For Illustration 1: =IRR(F10:F22)

e. **EIR per Annum** = ((1+EIR per Month)^12)-1

Illustration 1

EFFECTIVE INTEREST CALCULATION MODEL FOR A ONE (1)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		**Contractual Interest Rate**		
2	Loan Term (in years)		1			**Per Annum**	= **6.000%**
3	No. of installments (in months)		12			Per Month	= 0.500%
4	Grace period (in months)		2		**Nominal Interest Rate**		= **3.280%**
5	No. of periods (in months)		14		**Effective Interest Rate (EIR)**		
6	Other Charges		0.000%			**Per Annum**	= **6.168%**
7	Monthly Installment		**PhP 8,606.65**			Per Month	= 0.500%
8							
9	***Installment Period***	***Gross Loan***	***Principal***	***Interest***	***Other Charges***	***NET PROCEEDS Cash Flows***	***Outstanding Balance***
10	0	100,000.00				100,000.00	100,000.00
11	1		8,106.65	500.00		(8,606.65)	91,893.35
12	2		8,147.18	459.47		(8,606.65)	83,746.17
13	3		8,187.92	418.73		(8,606.65)	75,558.25
14	4		8,228.86	377.79		(8,606.65)	67,329.39
15	5		8,270.00	336.65		(8,606.65)	59,059.39
16	6		8,311.35	295.30		(8,606.65)	50,748.04
17	7		8,352.91	253.74		(8,606.65)	42,395.13
18	8		8,394.67	211.98		(8,606.65)	34,000.46
19	9		8,436.65	170.00		(8,606.65)	25,563.81
20	10		8,478.83	127.82		(8,606.65)	17,084.98
21	11		8,521.23	85.42		(8,606.65)	8,563.75
22	12		8,563.75	42.82		(8,606.57)	0.00
23	**Total**		**100,000.00**	**3,279.72**	**-**		

Illustration 2

EFFECTIVE INTEREST CALCULATION MODEL FOR A TWO (2)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		**Contractual Interest Rate**		
2	Loan Term (in years)		2			**Per Annum**	**= 6.000%**
3	No. of installments (in months)		24			Per Month	= 0.500%
4	Grace period (in months)		2		**Nominal Interest Rate**		**= 3.185%**
5	No. of periods (in months)		26		**Effective Interest Rate (EIR)**		
6	Other Charges		0.000%			**Per Annum**	**= 6.168%**
7	Monthly Installment		**PhP 4,432.07**			Per Month	= 0.500%
8							
9	***Installment Period***	***Gross Loan***	***Principal***	***Interest***	***Other Charges***	***NET PROCEEDS Cash Flows***	***Outstanding Balance***
10	0	100,000.00				100,000.00	100,000.00
11	1		3,932.07	500.00		(4,432.07)	96,067.93
12	2		3,951.73	480.34		(4,432.07)	92,116.20
13	3		3,971.49	460.58		(4,432.07)	88,144.71
14	4		3,991.35	440.72		(4,432.07)	84,153.36
15	5		4,011.30	420.77		(4,432.07)	80,142.06
16	6		4,031.36	400.71		(4,432.07)	76,110.70
17	7		4,051.52	380.55		(4,432.07)	72,059.18
18	8		4,071.77	360.30		(4,432.07)	67,987.41
19	9		4,092.13	339.94		(4,432.07)	63,895.28
20	10		4,112.59	319.48		(4,432.07)	59,782.69
21	11		4,133.16	298.91		(4,432.07)	55,649.53
22	12		4,153.82	278.25		(4,432.07)	51,495.71
23	13		4,174.59	257.48		(4,432.07)	47,321.12
24	14		4,195.46	236.61		(4,432.07)	43,125.66
25	15		4,216.44	215.63		(4,432.07)	38,909.22
26	16		4,237.52	194.55		(4,432.07)	34,671.70
27	17		4,258.71	173.36		(4,432.07)	30,412.99
28	18		4,280.01	152.06		(4,432.07)	26,132.98
29	19		4,301.41	130.66		(4,432.07)	21,831.57
30	20		4,322.91	109.16		(4,432.07)	17,508.66
31	21		4,344.53	87.54		(4,432.07)	13,164.13
32	22		4,366.25	65.82		(4,432.07)	8,797.88
33	23		4,388.08	43.99		(4,432.07)	4,409.80
34	24		4,409.80	22.05		(4,431.85)	(0.00)
35	**Total**		**100,000.00**	**6,369.46**	**-**		

Illustration 3

EFFECTIVE INTEREST CALCULATION MODEL FOR A THREE (3)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		3			Per Annum	= 6.000%
3	No. of installments (in months)		36			Per Month	= 0.500%
4	Grace period (in months)		2		Nominal Interest Rate		= 3.173%
5	No. of periods (in months)		38		Effective Interest Rate (EIR)		
6	Other Charges		0.000%			Per Annum	= 6.168%
7	Monthly Installment		PhP 3,042.20			Per Month	= 0.500%
8							
9	***Installment Period***	***Gross Loan***	***Principal***	***Interest***	***Other Charges***	***NET PROCEEDS Cash Flows***	***Outstanding Balance***
10	0	100,000.00				100,000.00	100,000.00
11	1		2,542.20	500.00		(3,042.20)	97,457.80
12	2		2,554.91	487.29		(3,042.20)	94,902.89
13	3		2,567.69	474.51		(3,042.20)	92,335.20
14	4		2,580.52	461.68		(3,042.20)	89,754.68
15	5		2,593.43	448.77		(3,042.20)	87,161.25
16	6		2,606.39	435.81		(3,042.20)	84,554.86
17	7		2,619.43	422.77		(3,042.20)	81,935.43
18	8		2,632.52	409.68		(3,042.20)	79,302.91
19	9		2,645.69	396.51		(3,042.20)	76,657.22
20	10		2,658.91	383.29		(3,042.20)	73,998.31
21	11		2,672.21	369.99		(3,042.20)	71,326.10
22	12		2,685.57	356.63		(3,042.20)	68,640.53
23	13		2,699.00	343.20		(3,042.20)	65,941.53
24	14		2,712.49	329.71		(3,042.20)	63,229.04
25	15		2,726.05	316.15		(3,042.20)	60,502.99
26	16		2,739.69	302.51		(3,042.20)	57,763.30
27	17		2,753.38	288.82		(3,042.20)	55,009.92
28	18		2,767.15	275.05		(3,042.20)	52,242.77
29	19		2,780.99	261.21		(3,042.20)	49,461.78
30	20		2,794.89	247.31		(3,042.20)	46,666.89
31	21		2,808.87	233.33		(3,042.20)	43,858.02
32	22		2,822.91	219.29		(3,042.20)	41,035.11
33	23		2,837.02	205.18		(3,042.20)	38,198.09
34	24		2,851.21	190.99		(3,042.20)	35,346.88
35	25		2,865.47	176.73		(3,042.20)	32,481.41
36	26		2,879.79	162.41		(3,042.20)	29,601.62
37	27		2,894.19	148.01		(3,042.20)	26,707.43
38	28		2,908.66	133.54		(3,042.20)	23,798.77
39	29		2,923.21	118.99		(3,042.20)	20,875.56
40	30		2,937.82	104.38		(3,042.20)	17,937.74
41	31		2,952.51	89.69		(3,042.20)	14,985.23
42	32		2,967.27	74.93		(3,042.20)	12,017.96
43	33		2,982.11	60.09		(3,042.20)	9,035.85
44	34		2,997.02	45.18		(3,042.20)	6,038.83
45	35		3,012.01	30.19		(3,042.20)	3,026.82
46	36		3,026.82	15.13		(3,041.95)	0.00
47	**Total**		**100,000.00**	**9,518.95**	-		

Illustration 4

EFFECTIVE INTEREST CALCULATION MODEL FOR A FOUR (4)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		**Contractual Interest Rate**		
2	Loan Term (in years)		4			**Per Annum**	**= 6.000%**
3	No. of installments (in months)		48			Per Month	= 0.500%
4	Grace period (in months)		2		**Nominal Interest Rate**		**= 3.182%**
5	No. of periods (in months)		50		**Effective Interest Rate (EIR)**		
6	Other Charges		0.000%			**Per Annum**	**= 6.168%**
7	Monthly Installment		**PhP 2,348.51**			Per Month	= 0.500%
8							
9	***Installment Period***	***Gross Loan***	***Principal***	***Interest***	***Other Charges***	***NET PROCEEDS Cash Flows***	***Outstanding Balance***
10	0	100,000.00				100,000.00	100,000.00
11	1		1,848.51	500.00		(2,348.51)	98,151.49
12	2		1,857.75	490.76		(2,348.51)	96,293.74
13	3		1,867.04	481.47		(2,348.51)	94,426.70
14	4		1,876.38	472.13		(2,348.51)	92,550.32
15	5		1,885.76	462.75		(2,348.51)	90,664.56
16	6		1,895.19	453.32		(2,348.51)	88,769.37
17	7		1,904.66	443.85		(2,348.51)	86,864.71
18	8		1,914.19	434.32		(2,348.51)	84,950.52
19	9		1,923.76	424.75		(2,348.51)	83,026.76
20	10		1,933.38	415.13		(2,348.51)	81,093.38
21	11		1,943.04	405.47		(2,348.51)	79,150.34
22	12		1,952.76	395.75		(2,348.51)	77,197.58
23	13		1,962.52	385.99		(2,348.51)	75,235.06
24	14		1,972.33	376.18		(2,348.51)	73,262.73
25	15		1,982.20	366.31		(2,348.51)	71,280.53
26	16		1,992.11	356.40		(2,348.51)	69,288.42
27	17		2,002.07	346.44		(2,348.51)	67,286.35
28	18		2,012.08	336.43		(2,348.51)	65,274.27
29	19		2,022.14	326.37		(2,348.51)	63,252.13
30	20		2,032.25	316.26		(2,348.51)	61,219.88
31	21		2,042.41	306.10		(2,348.51)	59,177.47
32	22		2,052.62	295.89		(2,348.51)	57,124.85
33	23		2,062.89	285.62		(2,348.51)	55,061.96
34	24		2,073.20	275.31		(2,348.51)	52,988.76
35	25		2,083.57	264.94		(2,348.51)	50,905.19
36	26		2,093.98	254.53		(2,348.51)	48,811.21
37	27		2,104.45	244.06		(2,348.51)	46,706.76
38	28		2,114.98	233.53		(2,348.51)	44,591.78
39	29		2,125.55	222.96		(2,348.51)	42,466.23
40	30		2,136.18	212.33		(2,348.51)	40,330.05
41	31		2,146.86	201.65		(2,348.51)	38,183.19
42	32		2,157.59	190.92		(2,348.51)	36,025.60
43	33		2,168.38	180.13		(2,348.51)	33,857.22
44	34		2,179.22	169.29		(2,348.51)	31,678.00
45	35		2,190.12	158.39		(2,348.51)	29,487.88
46	36		2,201.07	147.44		(2,348.51)	27,286.81
47	37		2,212.08	136.43		(2,348.51)	25,074.73
48	38		2,223.14	125.37		(2,348.51)	22,851.59
49	39		2,234.25	114.26		(2,348.51)	20,617.34
50	40		2,245.42	103.09		(2,348.51)	18,371.92
51	41		2,256.65	91.86		(2,348.51)	16,115.27
52	42		2,267.93	80.58		(2,348.51)	13,847.34
53	43		2,279.27	69.24		(2,348.51)	11,568.07
54	44		2,290.67	57.84		(2,348.51)	9,277.40
55	45		2,302.12	46.39		(2,348.51)	6,975.28
56	46		2,313.63	34.88		(2,348.51)	4,661.65
57	47		2,325.20	23.31		(2,348.51)	2,336.45
58	48		2,336.45	11.68		(2,348.13)	(0.00)
59	**Total**		**100,000.00**	**12,728.10**	-		

Illustration 5

EFFECTIVE INTEREST CALCULATION MODEL FOR A FIVE (5)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		**Contractual Interest Rate**		
2	Loan Term (in years)		5			**Per Annum**	**= 6.000%**
3	No. of installments (in months)		60			Per Month	= 0.500%
4	Grace period (in months)		2		**Nominal Interest Rate**		**= 3.199%**
5	No. of periods (in months)		62		**Effective Interest Rate (EIR)**		
6	Other Charges		0.000%			**Per Annum**	**= 6.168%**
7	Monthly Installment		**PhP 1,933.29**			Per Month	= 0.500%
8							
9	***Installment Period***	***Gross Loan***	***Principal***	***Interest***	***Other Charges***	***NET PROCEEDS Cash Flows***	***Outstanding Balance***
10	0	100,000.00				100,000.00	100,000.00
11	1		1,433.29	500.00		(1,933.29)	98,566.71
12	2		1,440.46	492.83		(1,933.29)	97,126.25
13	3		1,447.66	485.63		(1,933.29)	95,678.59
14	4		1,454.90	478.39		(1,933.29)	94,223.69
15	5		1,462.17	471.12		(1,933.29)	92,761.52
16	6		1,469.48	463.81		(1,933.29)	91,292.04
17	7		1,476.83	456.46		(1,933.29)	89,815.21
18	8		1,484.21	449.08		(1,933.29)	88,331.00
19	9		1,491.63	441.66		(1,933.29)	86,839.37
20	10		1,499.09	434.20		(1,933.29)	85,340.28
21	11		1,506.59	426.70		(1,933.29)	83,833.69
22	12		1,514.12	419.17		(1,933.29)	82,319.57
23	13		1,521.69	411.60		(1,933.29)	80,797.88
24	14		1,529.30	403.99		(1,933.29)	79,268.58
25	15		1,536.95	396.34		(1,933.29)	77,731.63
26	16		1,544.63	388.66		(1,933.29)	76,187.00
27	17		1,552.35	380.94		(1,933.29)	74,634.65
28	18		1,560.12	373.17		(1,933.29)	73,074.53
29	19		1,567.92	365.37		(1,933.29)	71,506.61
30	20		1,575.76	357.53		(1,933.29)	69,930.85
31	21		1,583.64	349.65		(1,933.29)	68,347.21
32	22		1,591.55	341.74		(1,933.29)	66,755.66
33	23		1,599.51	333.78		(1,933.29)	65,156.15
34	24		1,607.51	325.78		(1,933.29)	63,548.64
35	25		1,615.55	317.74		(1,933.29)	61,933.09
36	26		1,623.62	309.67		(1,933.29)	60,309.47
37	27		1,631.74	301.55		(1,933.29)	58,677.73
38	28		1,639.90	293.39		(1,933.29)	57,037.83
39	29		1,648.10	285.19		(1,933.29)	55,389.73
40	30		1,656.34	276.95		(1,933.29)	53,733.39
41	31		1,664.62	268.67		(1,933.29)	52,068.77
42	32		1,672.95	260.34		(1,933.29)	50,395.82
43	33		1,681.31	251.98		(1,933.29)	48,714.51
44	34		1,689.72	243.57		(1,933.29)	47,024.79
45	35		1,698.17	235.12		(1,933.29)	45,326.62
46	36		1,706.66	226.63		(1,933.29)	43,619.96
47	37		1,715.19	218.10		(1,933.29)	41,904.77
48	38		1,723.77	209.52		(1,933.29)	40,181.00
49	39		1,732.38	200.91		(1,933.29)	38,448.62
50	40		1,741.05	192.24		(1,933.29)	36,707.57
51	41		1,749.75	183.54		(1,933.29)	34,957.82
52	42		1,758.50	174.79		(1,933.29)	33,199.32
53	43		1,767.29	166.00		(1,933.29)	31,432.03
54	44		1,776.13	157.16		(1,933.29)	29,655.90
55	45		1,785.01	148.28		(1,933.29)	27,870.89
56	46		1,793.94	139.35		(1,933.29)	26,076.95
57	47		1,802.91	130.38		(1,933.29)	24,274.04
58	48		1,811.92	121.37		(1,933.29)	22,462.12
59	49		1,820.98	112.31		(1,933.29)	20,641.14
60	50		1,830.08	103.21		(1,933.29)	18,811.06
61	51		1,839.23	94.06		(1,933.29)	16,971.83
62	52		1,848.43	84.86		(1,933.29)	15,123.40
63	53		1,857.67	75.62		(1,933.29)	13,265.73
64	54		1,866.96	66.33		(1,933.29)	11,398.77
65	55		1,876.30	56.99		(1,933.29)	9,522.47
66	56		1,885.68	47.61		(1,933.29)	7,636.79
67	57		1,895.11	38.18		(1,933.29)	5,741.68
68	58		1,904.58	28.71		(1,933.29)	3,837.10
69	59		1,914.10	19.19		(1,933.29)	1,923.00
70	60		1,923.00	9.62		(1,932.62)	0.00
71	**Total**		**100,000.00**	**15,996.73**	-		