FREQUENTLY ASKED QUESTIONS ON ACCOMPLISHING THE 2025 IMPACT EVALUATION REPORT SURVEY FORM (2025 IER SURVEY FORM)

Prior to completing the Survey Form, Financing Companies (FCs) and Lending Companies (LCs) must carefully read the instructions provided in the form, as the questions might already be answered. For guidance, please refer to the Frequently Asked Questions (FAQs) and their answers below.

PART I. SUBMISSION REQUIREMENTS

FAQs	Answers
1. What penalties apply for the non-submission of the IER Survey Form?	*Pursuant to SEC Memorandum Circular No. 3, Series of 2022, Section 6(B), non-compliance with the Impact Evaluation Report shall result in the imposition of the following penalties:*

Frequency	*FCs*	*LCs*
1st Offense	*P10,000.00 plus P200.00 daily penalty*	*P10,000.00 plus P100.00 daily penalty*
2nd Offense	*Suspension of Certificate of Authority*	
3rd Offense	*Revocation of Certificate of Authority*	

FCs and LCs who fail to submit the Impact Evaluation Report within the prescribed time, but who do not offer loans covered by the ceiling, shall only be subject to monetary penalties equivalent to the First Offense as stated.

FAQs	Answers
2. What specific accounting periods and fiscal years are covered by the 2025 IER Survey Form, and how should data reporting be applied to companies with recent incorporations, license upgrades, or undergoing of corporate restructuring?	*The current IER Survey Form covers the calendar years from 2019 to 2025. Companies incorporated or registered after 2019 must complete the form using data starting from their date of incorporation. All lending activities from the date of incorporation must be reported, regardless of any license upgrades or corporate restructuring.* *If certain information is missing due to corporate restructuring or system changes, the company may obtain relevant corporate documents from the SEC through https://secexpress.ph/.*

3.	Will FCs/LCs be allowed to resubmit a revised IER before March 31 without penalty if they need to correct an internal error?	*Submission of a revised 2025 IER Survey Form is allowed. However, the content is subject for evaluation as to the substantiality of the first submission.*
		PART II. KEY TERMS
4.	What does the word 'distinct,' as used in the form, mean?	*The word "distinct", as used in the 2025 IER Survey Form, refers to items that are separate, unique, and not duplicative of one another. It means that each entry must represent an independent data point and should not be counted more than once.* *For example:* ➢ *A distinct borrower means one unique borrower, regardless of the number of loans availed, unless the form specifically requires loan-level reporting.* ➢ *A distinct loan product refers to a loan offering that differs in structure, pricing, purpose, or terms from other loan products.* ➢ *A distinct application means a separate and independently submitted loan request.* *In essence, "distinct" is intended to prevent double-counting and to ensure that the data submitted reflects accurate, non-overlapping figures. Companies should rely on how their internal systems uniquely identify borrowers, applications, or products, and report each qualifying item only once unless the form expressly requires transaction-level aggregation.*
5.	What is the definition of 'loans granted'; does it refer to approved loans or booked/actual disbursed loans?	*For purposes of the 2025 IER Survey Form, "Loans Granted" refers to loans that have been approved and actually booked or disbursed, not merely approved in principle.* *A loan is considered "granted" when:* ➢ *The credit application has undergone approval in accordance with the company's underwriting process; and* ➢ *The loan proceeds have been released or made available to the borrower, resulting in a booked loan in the company's records.* *Loans that are approved but not availed; approved but cancelled prior to disbursement; or approved but expired without release of funds should not be counted as "Loans Granted."*

6. Can you please clarify the definition of Nominal Interest Rate (NIR)? Do you mean that NIR is equal to Add-on Rate?	*The NIR refers to the stated or quoted rate of interest applied to the principal amount of the loan, exclusive of fees, charges, penalties, and other costs. It represents the contractual interest rate agreed upon between the lender and the borrower and is typically expressed on a monthly or annual basis.* *The Nominal Interest Rate is not necessarily equal to the Add-on Rate, although in many short-term consumer lending products, the nominal rate is structured using an add-on computation method.* *To clarify:* ➢ *An Add-on Rate is a method of computing interest where the interest is calculated on the original principal for the entire loan term and then divided across installments.* ➢ *The Nominal Interest Rate is the stated rate used in the computation, regardless of whether the method is add-on, diminishing balance, or another structure.* *Thus, if the company uses an add-on method, the NIR may correspond to the stated add-on percentage applied to the principal. However, if the company uses a diminishing balance or other amortization method, the NIR remains the stated contractual rate, even though the computation method differs.* *It is important to distinguish the NIR from the Effective Interest Rate (EIR). The EIR reflects the true cost of borrowing, inclusive of applicable fees and the impact of amortization structure. The NIR, by contrast, refers only to the stated interest component.* *For purposes of the IER, companies should report the Nominal Interest Rate as the contractual interest rate applied to the loan, consistent with their disclosure statement and internal loan computation methodology.*

PART III. DATA FIELDS

7. How should a company complete sections of the survey for years in which it was non-operational or for loan products it did not offer?	*If a company was non-operational for an entire calendar year between 2019 and 2025, all corresponding cells for that year must be left blank.*

		If the company was operational for any part of the year, it must report the applicable data for the period during which it was operational. *For specific loan products or characteristics that were not offered during an operational year, the corresponding cells must be left blank. However, if a product was offered but no transactions were recorded, the company must report zero (0).*
8.	On the Loan Products & Pricing Survey sheet, does 'profit' refer to net profit or gross profit?	*The "profit" field refers to net profit.* *For purposes of the IER Survey Form, net profit is defined as the portion of the interest rate that contributes to the financial institution's earnings after covering all costs and risks associated with lending.* *Other pricing components—such as cost of funds, overhead expenses, taxes, and other risk-related adjustments—must be reported separately in their respective fields.*
9.	If the company does not calculate the percentage for the interest rate components, should it provide an estimate in the Loan Products & Pricing Survey sheet?	*If the company does not currently offer a loan product with the exact amounts and tenors enumerated in the sheet, the respondent should select the most appropriate option from the dropdown menu. If precise calculations are unavailable, they should provide an estimated average percentage (of the principal amount per month) for each Interest Rate Pricing Component—such as profit, overhead, cost of funds, and taxes—as well as for Penalties and the various components of Other Fees and Charges.*
10.	Does the "Risk Profile" under Loan Applicants' Demographic Profile in the "Covered Loan Portfolio" Sheet refer to the Anti-Money Laundering (AML) risk profile or the credit risk profile?	*The "Risk Profile" under the Loan Applicants' Demographic Profile in the Covered Loan Portfolio sheet refers to the credit risk profile, not the AML risk profile.* *For purposes of the IER, "Risk Profile" is intended to reflect the borrower's assessed level of credit risk based on the company's credit evaluation framework (e.g., low risk, medium risk, high risk, prime, subprime, internal scoring categories, or equivalent classifications). It pertains to the likelihood of default or repayment capacity as determined during credit underwriting.* *The AML risk profile, used for purposes of anti-money laundering compliance and customer due diligence, is a separate regulatory classification and is not the subject of this data field, unless expressly stated in the form.*

PART IV. TECHNICAL ISSUES	
11. What should be done if the reasons/options for changes in borrowing trends under the Lending Perception sheet are not included among the available choices?	*The company's perceived reasons/options may not be accurately depicted in the given options. However, the company should rank the available options based on their applicability or appropriateness.*
PART V. PORTFOLIO REPORTING	
12. How should the company report application counts for credit products that are revolving (single application) or disbursed in tranches, with drawdowns sometimes extending into the following year?	*If the company offers a revolving credit facility where the borrower submits a single application and is subsequently granted a reusable credit line, its application count should reflect the number of distinct credit applications received and evaluated, not the number of drawdowns or re-availments. Specifically:* ● *Loan application received: The initial submission for the revolving facility counts as one (1) application received.* ● *Loan application granted: Each approved revolving facility counts as one (1) approved loan, regardless of how many drawdowns occur.* ● *Subsequent drawdowns or utilizations under the same approved credit line should not be counted as new applications, unless the borrower must submit a new credit application or undergo a fresh approval process.*
13. How should the company report write-offs if its existing policy relies on qualitative criteria rather than specific delinquency periods?	*The company may provide the approximate average number of days of delinquency leading to the loan write-off.*
14. How should the company report borrower sex assigned at birth for purposes of loan portfolio disaggregation in the IER?	*For purposes of disaggregating loan data by sex assigned at birth:* *a.* ***Individual Borrower*** *– Indicate the sex assigned at birth of the principal borrower.* *b.* ***Spouses (Co-Borrowers)*** *– Report based on the principal obligor identified in the loan agreement. If both spouses are co-equal borrowers, only the principal obligor shall be recorded. The loan must not be recorded twice, as this will result in double-counting and may trigger data validation errors.*

	c. ***Business or Juridical Borrowers*** *– For loans granted to corporations or juridical entities, report based on the sex assigned at birth of the controlling owner. If no single controlling owner exists, report based on the authorized signatory or principal obligor indicated in the loan agreement.* d. ***Sole Proprietorships*** *– Report based on the sex assigned at birth of the individual proprietor, if the loan is extended to the proprietor as a natural person.* *All reporting must ensure that the sum of disaggregated values matches the total loan portfolio figures reflected in the survey.*
15. In preparing the IER submission, how should a company comply with reporting requirements where its internal systems, KYC records, or data capture practices are incomplete, not fully digitized, insufficiently disaggregated, or not systematically tracked?	*For purposes of IER reporting, companies remain responsible for submitting information that is accurate, verifiable, and consistent with the Survey Form's definitions and reporting logic. Operational or system limitations, whether relating to demographic data, borrower classifications, pricing metrics such as EIR, or application tracking, do not exempt the company from compliance.* *Reporting must be grounded in recorded KYC information, loan documentation, and established product methodologies. Where data is not readily available in digitized or system-generated form, the company is expected to exert reasonable efforts to retrieve, encode, or reconstruct the required information from existing records and standard computations.*
16. How should the company treat those accounts approved in 2024 but were released in January 2025?	*For purposes of the IER reporting, loans should be recognized based on the date of actual booking or disbursement, not merely the date of approval.* *Accordingly:* ➢ *If a loan was approved in 2024 but the proceeds were released and booked in January 2025, it should be reported as part of the 2025 loan origination data, not 2024.* ➢ *Only loans that were actually disbursed within the covered reporting period should be included in the gross loan origination and "loans granted" counts for that period.* ➢

17. What are the reporting and counting rules for loan portfolio breakdowns in the survey?	*In general, data validation rules in both the All Loan Portfolio and Covered Loan Portfolio sheets require that the sum of all disaggregated values for each characteristic is equal to the corresponding totals previously reported in the survey for each reporting period.* *For the breakdown of Gross Loan Origination, each approved or booked loan transaction is counted separately, even if the same borrower has multiple loans.* *For the breakdown of Distinct Loan Applicants and Approved Borrowers, each individual is counted only once per reporting period, regardless of the number of loan applications submitted or loans approved.*
18. Are companies who have a pending petition for lifting their order of revocation / revival required to comply with this survey this year?	*Yes. The company should provide data applicable prior to the revocation/suspension. Filing a Petition to Lift Suspension/Revocation demonstrates the company's intent to revive its corporate status.*
19. With reference to the "Form 1" sheet, specifically regarding the Overall Loan Portfolio, and acknowledging its applicability across all products, could you please clarify whether the term encompasses solely individual loans or if it extends to corporate loans as well?	*This refers to loans both granted to individual and corporate loans.*

PART VI. INTEREST RATE & PRICING

20. Will the NIR and EIR be equal if the company charges only interest and imposes no additional fees (e.g., processing fees)?	*The NIR and EIR are equal only if all of the following conditions are satisfied:* *1. The borrower receives the full principal amount, with no deductions;* *2. No additional fees, charges, or penalties are imposed; and* *3. The interest computation method does not result in compounding or structural adjustments that affect the effective yield.* *If any non-interest charges are imposed or if the loan structure affects the amortization computation, the EIR will differ from the NIR.*

PART VII. MISCELLANEOUS CLARIFICATIONS

21. Will the SEC be publishing a consolidated or anonymized industry-level summary or impact report based on the IER submissions, so FCs and LCs can better understand overall market trends and sector-wide dynamics?	*The SEC may, subject to policy considerations and data governance standards, publish a consolidated and anonymized industry-level summary of the findings from the IER submissions.* *Any such publication, if issued, will present aggregated, non-identifiable data and high-level trends for purposes of regulatory transparency, policy development, and industry guidance. Individual company data, proprietary information, and confidential business details will not be disclosed.*