



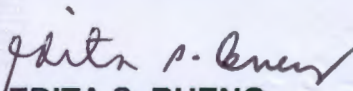
October 14, 2014

MEMORANDUM No. 2014-021 _____

TO : ALL ELECTRIC COOPERATIVES
SUBJECT : Reduction in NEA's Lending Rates

1. As a policy, NEA periodically reviews its lending rate to determine if a revision is warranted.
2. On September 21, 2012, NEA reduced its lending rate from 9% to 8% (3-15 yrs repayment period) and 8% to 7% (2 yrs repayment period).
3. Based on August 20, 2014 Philippine Dealing System-Treasury Fixing Rates (PDSTF), the reference rates are 4.3250% for a ten (10) year tenor and 5.3875% for twenty (20) year tenor.
4. NEA saw the need to study/review its current lending rate to provide an updated loan pricing that is fair, reasonable and competitive with other financing institutions.
5. As a result of the study, the NEA Board of Administrators unanimously approved another cut in NEA's lending rate effective September 23, 2014 on term loan approvals as follows:
 - a. 6.5% interest rate per annum for repayment period of 3-15 years
 - b. 6% interest rate per annum for repayment period of 2 years
6. The NEA Board of Administrators likewise approved the reduction of interest rate on ECs' outstanding loans from 12%/10% to 9% per annum subject to the following conditions:
 - a. Applicable to advance and current ECs;
 - b. Should be supported by a board resolution requesting for the reduction of interest rate;
 - c. Higher penalty rate of 15%; and
 - d. Effectivity shall be on the 3rd quarter of 2014 (September) amortization due.
7. The lowering of NEA's lending rate will also reduce ECs' financing costs which will rebound to the benefit of the member consumers.

For your information and guidance.


EDITA S. BUENO
Administrator

