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|  | <h1>Processing of Credit Line Application</h1> <h2>Policies and Procedures</h2> | | Document Number: 2P-FIN-03.10 |
| | Department: Finance | Effective Date: July 20, 2023 | Revision No 2 |

Scope

Starts with the requisitioner's submission of a Credit Application Form (properly filled out and with the required documents attached, as specified in the CAF) and concludes with the approval of the credit limit and terms, to transmission to the Business Development Manager (BDM) or Account Manager.

Objective

To be able to act on an application for credit with complete requirements as stated in Credit Application Form (CAF) within 3 to 5 working days upon receipt of duly accomplished CAF.

Definition of Terms

Credit Application Form (CAF) – a request for an extension of credit, following the company's procedures for credit requested.

Ocular Inspection Report (OIR) – investigation report wherein the judgment is based on what have been seen in the area.

Credit Investigation Form – an investigation form for the history, credit standing of customers and the result of interviews to trade and bank references provided by customers.

Business Development Manager (BDM) – secures signed Standard Collection Policy and filled out CAF approval.


Ownership

The Credit & Collection and Sales Department are responsible for ensuring that this document is cascaded and understood by all concerned personnel and that it reflects actual practice.

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Policies

1. Credit Application Form (CAF) must have the following attachments:
 - 1.1. Updated General Information Sheet (GIS)
 - 1.2. Last 2 years Audited Financial Statement with BIR stamp (if any)
 - 1.3. Department of Trade and Industry (DTI) / SEC Registration
 - 1.4. Articles of Incorporation and By Laws
 - 1.5. BIR 2303 Certificate of Registration
2. Only with average monthly revenue of PHP 20,000.00 is entertained to apply for credit.
3. Endorsements should come from Business Development Managers and Account Managers.
4. Processing should be done maximum of 5 days from receipt of duly accomplished CAF.
5. No competitor credit trade references should be included in the CAF.
6. Finance should conduct credit investigation before approval.
7. Trial or initial shipment of a customer with an ongoing credit investigation will only be permitted if approved by the Chairman, President & CEO.
8. Business Development Manager/Account Manager/Sales in-charge should discuss and secure signed Standard Collection Policy upon CAF approval.

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Procedures


AR Analyst/Credit & Collection Supervisor

1. Receives from BDM/Account Managers the complete and signed Credit Application Form (properly filled out) together with required supporting documents such as the following:
 - a. Updated General Information Sheet (GIS)
 - b. Last 2 years Audited Financial Statement with BIR stamp (if any)
 - c. DTI/SEC registration
 - d. Articles of Incorporation
 - e. BIR 2303 Certificate of Registration
2. Examines the completeness of the Credit Application Form (CAF) and the required supporting documents.
3. Checks the legality of the customer seeking for credit by checking if it is DTI/SEC registered.
4. Analyzes customer's Audited Financial Statement and conducts a credit analysis in order to determine customer's financial capacity.
5. Secures Data Privacy consent from customer's credit references prior to Credit Investigation (CI) thru SMS or email.
6. Commence Credit Investigation (CI) by contacting the credit references (*trade, banks, and affiliated/associated companies*) provided by the credit applicant thru phone. Examine the credit references and asks the guide questions indicated in Credit Investigation Form.

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7. Arranges a site visit or tour to confirm the company address's existence. Takes images of the area around the business address to use as supporting documents.
8. Submits accomplished CAF, Credit Investigation, Credit/Financial Analysis and Ocular Inspection to Credit & Collection Manager.

Credit & Collection Manager


9. Reviews submitted documents for initial approval of AVP Finance and Chief Finance Officer (CFO).
10. Finalizes the recommendation to Management (*Chairman, President & CEO*) for customer credit limit and terms approval.
11. Sends Credit Application approval/disapproval letter to the customer.
12. Endorses to Business Development Manager/Account Managers/Sales in-charge CAF approval and have them secure from the customer the signed Standard Collection Policy.
13. Receives the signed Standard Collection Policy from BDM/Account Managers/Sales in-charge.

End of Activity

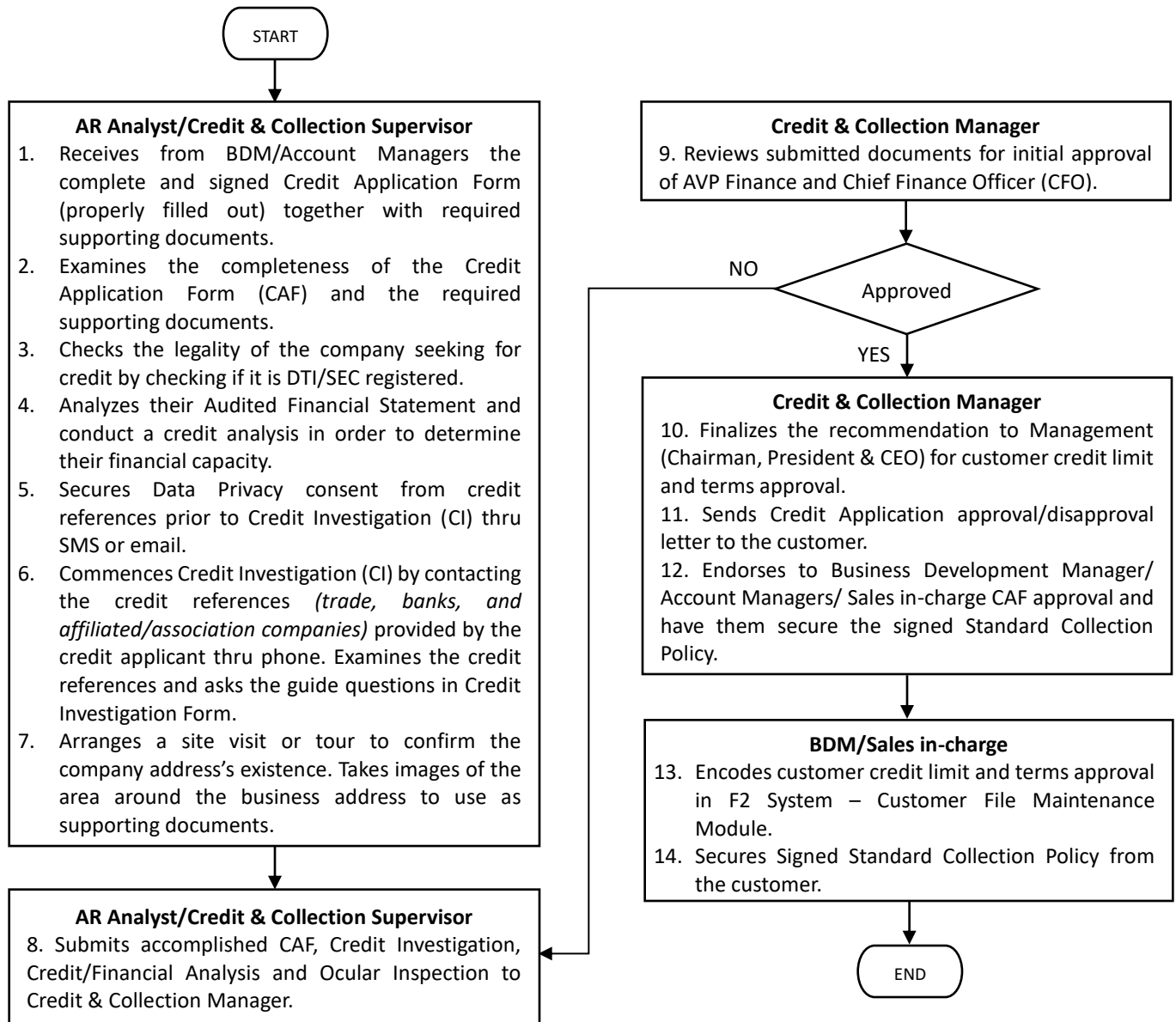
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