



ગાઉડ
Gaod



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2018 Annual Report

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About the Cover

"Gaod" is a less popular Tagalog word for an oar.

It is with an oar that a rower steers his boat to move from one point to another, whether upstream or downstream. Together, the rower and his "gaod" symbolize hard work, strength and perseverance.

An Entrepreneur's journey through the waves of challenges can be linked to rowing a boat. A lot of hard work is needed to remain afloat and follow the water's course, to reach the desired destination. SBCorp, as part of its mandate, plays the role of a "gaod", providing MSMEs with the much-needed tools through its financing and capacity building programs.





Vision

By 2022, we envision Small Business Corporation as the best managed non-bank GOCC for MSME development finance.

Mission

Grow the MSME sector by:

- Developing and implementing financing and capacity building support programs for underserved enterprises and for grassroots MSME organizations; and
- Advocating for measures and policies that will promote a stronger MSME finance industry.

About the Corporation

The Small Business Corporation

SBCorp is a government corporation created on January 24, 1991 by virtue of Section 11 of RA No. 6977, amended on May 6, 1997 by RA 8289, otherwise known as the Magna Carta for Small and Medium Enterprises. SBCorp is under the policy, program and administrative supervision of the Micro Small and Medium Enterprise Development (MSMED) Council of the Department of Trade and Industry (DTI), the primary agency responsible for small and medium enterprises in the country.

On May 23, 2008, RA 9501 or "An Act to Promote Entrepreneurship by Strengthening Development and Assistance Programs for Micro, Small and Medium Scale Enterprises" was signed into law amending for the purpose RA 8289.

Section 11 of RA 9501 states the ... "Creation of Small Business and Guarantee Finance Corporation – There is hereby created a body corporate to be known as the Small Business Guarantee and Finance Corporation, hereinafter referred to as the Small Business Corporation (SBCorp), which shall be charged with the primary responsibility of implementing comprehensive policies and programs to assist Micro Small and Medium Enterprise Development (MSMED) in all areas, including, but not limited to finance and information services, training and marketing."

SBCorp is the result of the merger between the Small Business Guarantee and Finance Corporation (SBCorp) and the Guarantee Fund for SMEs (GFSME), under Executive Order No. 98 issued in November 2001. SBCorp's focus is to provide access to finance, financial management and capacity building to MSMEs. It has several programs for the MSME market: wholesale lending to smaller financial institutions, cooperatives and foundations; retail or direct lending to micro, small and medium enterprises (MSMEs); and guarantee programs for larger banks to cover MSME loans without collateral or with insufficient collateral. SBCorp also provides financial management and capacity building for rural banks (RBs) on its (SBCorp) Borrower Risk Rating (BRR) System program.

LIST OF STOCKHOLDERS AND STOCKHOLDINGS

as of 31 December 2018

Stockholders	Paid-Up	No. of Shares	Percentage
A. PREFERRED STOCKS			
GSIS	200,000,000.00	2,000,000*	10.42%
SSS	200,000,000.00	2,000,000*	10.42%
Total Preferred Stocks	400,000,000.00	4,000,000	
B. COMMON STOCKS			
GSIS	46,673,100.00	466,731*	2.43%
SSS	16,000,000.00	160,000*	0.83%
LBP	393,611,500.00	3,936,115*	20.50%
DBP	218,673,100.00	2,186,731*	11.39%
PNB	40,000,000.00	400,000	2.08%
National Government	804,944,300.00	8,049,443	41.93%
TOTAL COMMON STOCKS	1,519,902,000.00	15,199,020	
Total Stockholdings	1,919,902,000.00	19,199,020	100.00%

Notes:

- GSIS, SSS, LBP, and DBP are Government Financial Institutions. PNB is a private domestic financial institution;
- Par value is Php100.00 per share
- Stock certificates issued in the name of the National Government are in custody/safekeeping of the Bureau of the Treasury.

* Includes stock dividends in the form of common stocks released on 31 October 2005, 09 May 2008 and 08 April 2013.

CORPORATE FUNDED PROGRAMS

Using its own corporate funds, SBCorp is engaged in the following: a) Regular Retail Lending for duly registered MSMEs and, b) Venture capital for selected start-up MSMEs. The two (2) financing programs are consistent with the policy statement that SBCorp shall not duplicate existing financing interventions available in the market.

Program: Regular Retail Lending
Priority Beneficiaries: Targeted Micro and Small Enterprise Markets

Program: Venture Capital Program
Priority Beneficiaries: Selected Start-up MSMEs thru Partner State Universities and Colleges

Program: Capacity Building Programs
Priority Beneficiaries: Targeted Financing Institutions

NATIONAL GOVERNMENT - SUPPORTED PROGRAMS

Program: Enterprise Rehabilitation Financing
Priority Beneficiaries: MSMEs who suffered business reversals from calamities

The program was initially funded by corporate funds when it started in January 2014. SBCorp allotted around Php600 million in support of MSMEs badly affected by Typhoon Yolanda.

In response, the National Government (NG) granted P200 million credit risk subsidy to SBCorp.

Program: Pondo sa Pagbabago at Pag-asenso (P3)
Priority Beneficiaries: Microenterprises who are economically active

The National Government: Implemented its P3 Fund for Microenterprises (MEs) starting 2017 via a GAA allocation for SBCorp.

The strategic objective is to provide all MEs that are economically active in all 81 provinces throughout the country, the opportunity to access credit at more reasonable interest rates capped at 2.5% per month.

Not more than 5% of the P3 fund was allocated to higher risk sectors such as internally displaced persons (IDPs) arising from war in Marawi, killed and wounded in action (KIA/WIA) soldiers and their families, MSMEs affected by the temporary closure of Boracay Island and MEs affected by the earthquake in Batanes.

Secretary's *Message*



In 2017, President Rodrigo Roa Duterte initiated the Pondo sa Pagbabago at Pag-asenso (P3) microfinance program to empower Filipinos through entrepreneurship while also protecting them from usurious “5-6” loans.

The P3 program helps our countrymen gain crucial access to financing without having to pay an inordinate amount in interest payments. More importantly, this program is in fulfillment of the President’s promise of Tapang at Malasakit to help Filipinos attain a better quality of life for themselves.

With the guidance of the President, the Small Business Corporation (SBCorp) stepped up to the plate to facilitate the P3 program to reach even the smallest of entrepreneurs throughout the country. As of 2018, SBCorp has lent a total of Php4.66 billion to entrepreneurs, of which Php1.84 billion was coursed through the P3 Program. This is a big jump from 2017’s total amount of Php2.9 billion loaned to entrepreneurs.

With their accredited 290 conduits that can reach 81 provinces throughout the country, SBCorp has managed to reach 41,351 borrowers whose lives were changed by SBCorp. For example, thanks to SBCorp’s low interest loans, borrowers gained funds to expand their businesses while also leaving them enough resources to send their kids to school.

As the agency mandated to promote and develop Micro, Small, and Medium Enterprises (MSMEs), the Department of Trade and Industry is committed to work with SBCorp to ensure that the P3 program will help our micro-entrepreneurs gain much-needed financing for their businesses. This is our way of fulfilling the President’s promise of Malasakit: By teaching Filipinos how to fish instead of giving them fish, we can effectively reduce poverty while changing our people’s lives for the better.

Again, congratulations to SBCorp for your outstanding performance and keep up the good work.

Thank you and mabuhay!

A handwritten signature in black ink, appearing to read 'RML'.

RAMON M. LOPEZ
Secretary

Message from the *Chairman*



Small Business Corporation started 2018 with a big vision. We aspired to make Filipinos lead enhanced meaningful lives.

Triumphant as we are in 2018 in delivering record worthy results, I say that having a good year is not enough. We need more of this flame to deliver our advocacy of sustainable financing to more MSMEs.

In the past year, we have gained much headway because we joined hands and forged significant ties with partners who shared our advocacy of leveling the playing field for our unbreakable micro and small enterprises. We tested the waters, and in learning by doing we encountered hurdles along the way that compelled us to upgrade the tools of our trade. In the coming year, we believe that we can build on these successes and bring more partners into our journey.

In behalf of the Board of Directors, I would like to express our sincere appreciation for all the trust, support, collaboration and contribution of our stake holders - our clients, partners, national government, oversight agencies - that helped shape SBCorp to what it is today.

Moving forward, we shall remain relentless and steadfast in our search for innovations and resources to push further the boundaries for the efficient delivery of financing to areas where it is most needed and to MSMEs who are most deserving.

A handwritten signature in black ink, appearing to read 'Z. Maglaya'.

USEC. ZENADA C. MAGLAYA
Chairman

Operational *Highlights* Mandate

2018 proved to be another milestone year for the Small Business Corporation (SBCorp) as it continues to fulfill its mandate of providing development finance and other forms of assistance to the country's micro, small, and medium enterprises (MSMEs).

While the year is not short on challenges that tested the resolve, the dedication and the ability to deliver results of the Corporation and all of its employees and officers, SBCorp forged on and worked diligently to implement programs and projects to uplift the MSMEs of the country.

As one of the government's priority programs in putting an end to the "5/6" lending scheme that has been taking advantage of micro and small enterprises, the Pondo sa Pagbabago at Pag-Asenso or P3 program continued to be the banner program of the government for micro enterprises. It has been and continues to be a welcome alternative for accessible and low interest financing assistance.

In its 2nd year implementation, the number of beneficiaries provided with financing assistance by year-end 2018 reached 61,204 distributed among 80 provinces all over the country, including the 4 districts of Metro Manila. Total releases for the P3 program in 2018 is Php1.8 billion. These numbers paint not only the picture of success in the ledgers and accounting entries of the books and journals of the government but provide concrete evidence in terms of the contribution of the program to the microenterprises.

To further enhance the P3 Program and ensure greater outreach and more efficient delivery to target beneficiaries, SBCorp also pursued the Accelerated P3 Program wherein an IT-based loan origination system has been developed. Pilot testing and roll-out of the system with accredited credit delivery partners as well as the development of other allied systems is targeted for 2019.

Looking at the bigger picture and the greater social impact that the programs of SBCorp has made, the year also provided for additional milestones in the area of capacity building. One hundred fifty-one participants (MEs and MFIs) were capacitated through the various programs of the corporation-from Risk-Based Lending for Rural Banks to Enterprise Enhancement Program (EEPro) and the Certification Program for Account Officers (AOs). These various programs aim to equip MSME stakeholders and other beneficiaries with the needed training or capacity building intervention to ensure the success of small and micro businesses in the country.

SBCorp has likewise established the MSME Finance Institute, through which MSMEs will be able to access government's assistance in identifying, assessing/evaluating, and effectively managing their business. An advisory council composed of recognized experts and seasoned professionals in the field of MSMEs such as former National Economic Development Authority Director General Dr. Cielito Habito.



MA. LUNA E. CACANANDO
President & CEO

OUTLOOK

As the Corporation endeavors to continue its momentum in the various programs it has implemented in 2018, it shall likewise position itself to achieve much more.

The initial implementation of the fintech-enabled system for loan origination is seen to commence by the last quarter of 2019. Identified credit delivery partners may be able to roll-out the P3 fund to target beneficiaries more efficiently. SBCorp targets to partner with 1,500 CDPs all over the country to ensure maximum coverage of all the provinces and municipalities in the country. Partnerships with cooperatives and rural banks shall be forged and further strengthened.

The MSME Finance Institute will be systematically developed as a thriving ecosystem for enterprises requiring assistance. Partnering with educational institutions such as the state colleges and universities, the Institute will not only be implementing its regular capacity building program but provide a menu of assistance to partner MSMEs. The MSME Finance Institute will also serve as the platform through which SBCorp shall launch and further develop its revitalized venture capital program.

MSME FINANCING

Building on the momentum in 2017, SBCorp was able to significantly contribute to the government's MSME development finance agenda by implementing various programs, projects and activities.

Lending Portfolio

In terms of fulfilling its mandate in providing financing support to MSMEs in the country, SBCorp was able to register a Php4.66 billion outstanding loan portfolio by end December 2018. This is a marked increase from the 2017 level of Php2.9 billion and is in fact greater than the Corporation's Corporate Scorecard target for the year. Such an accomplishment is another milestone for the Corporation.

For the regular lending programs, total outstanding loan portfolio balance stood at Php2.79 billion with Retail Lending contributing Php1.30 billion. The P3 Outstanding Balance (OB) stood at Php1.84 billion, with the other programs contributing around Php27.29 million.

Portfolio Balance Report by Program, Facility

As of December 31, 2018

PROGRAM	Total Outstanding Portfolio Balance (OPB, in Php)
Regular Program	
Retail Lending	1,296,745,461.96
SME Wholesale	260,123,038.88
Graduating Micro Wholesale	17,019,208.36
Microfinance Wholesale	951,735,561.96
Enterprise Rehabilitation	266,166,829.25
Sub-Total	2,791,790,100.41
Special Program:	
Pondo Sa Pagbabago at Pag-aseenso	
Retail	75,194,601.38
Wholesale	1,765,175,326.70
Sub-Total	1,840,369,928.08
Total	4,632,160,028.49
Other Program:	
FORGE	1,443,655.62
ELP	455,433.88
Compromise Agreement Receivable	7,805,256.94
Loans Receivable Purchased	17,583,316.55
Sub Total	27,287,662.99
Total Portfolio	4,659,447,691.48

Number of Borrowers

The significant increase in its loan portfolio paved the way for a total of 41,351 new unique borrowers provided with the needed financing in 2018. Following breakdown per financial facility:

Financing Facility	No. of New Borrowers (As of December 31, 2018)
SME Wholesale Sub-Borrowers	141
Graduating Micro Wholesale	406
P3 Micro Wholesale	38,514
P3 Retail Borrowers	2,290
Total	41,351

PONDO SA PAGBABAGO AT PAG ASENSO

As of end-2018, SBCorp has accredited 290 FI conduits under the P3 Program. These FIs have a total network of 578 branches in 77 provinces across the country.

As of end December 2018, Php1.8 billion total loan releases have been downloaded to 61,204 MEs nationwide. These MEs are located across 80 provinces, as follows:

Table No. 2 (releases to microenterprises in Php)

Province	Release to Microenterprises	No. of Microenterprises
ABRA	7,110,200	246
AGUSAN DEL NORTE	16,564,900	466
AGUSAN DEL SUR	23,360,253	460
AKLAN	14,768,000	397
ALBAY	26,066,000	994
ANTIQUE	41,285,436	2,817
APAYAO	3,262,000	90
AURORA	34,415,900	826
BATAAN	32,103,725	576
BATANGAS	18,138,442	729
BENGUET	19,714,987	586
BILIRAN	13,607,250	478
BOHOL	32,323,557	988
BUKIDNON	22,550,600	1,141
BULACAN	34,476,829	1,231
CAGAYAN	22,093,881	532
CAMARINES NORTE	4,447,000	60
CAMARINES SUR	27,276,656	1,152
CAMIGUIN	2,000,000	41
CAPIZ	4,912,649	171
CATANDUANES	25,930,371	1,140
CAVITE	6,516,000	288
CEBU	133,477,417	3,373
COMPOSTELA VALLEY	6,740,215	93
DAVAO DEL NORTE	20,200,047	476
DAVAO DEL SUR	23,707,753	480
DAVAO OCCIDENTAL	3,012,011	66
DAVAO ORIENTAL	11,242,799	405
EASTERN SAMAR	9,071,000	578
GUIMARAS	12,398,000	1,003
IFUGAO	17,230,680	587
ILOCOS NORTE	26,380,500	882
ILOCOS SUR	6,016,725	207
ILOILO	34,492,265	1,365
ISABELA	68,390,078	1,317
KALINGA	20,110,900	228
LA UNION	3,790,000	60
LAGUNA	4,994,466	289
LANAO DEL NORTE	14,206,100	334
LANAO DEL SUR	22,802,500	684
LEYTE	80,877,984	4,256
MAGUINDANAO	2,433,000	168
MARINDUQUE	1,574,000	23
MASBATE	11,805,950	451
METRO MANILA (1ST DISTRICT)	11,225,000	128
METRO MANILA (2ND DISTRICT)	45,396,886	1,372
METRO MANILA (3RD DISTRICT)	3,768,155	99
METRO MANILA (4TH DISTRICT)	5,427,208	98
MISAMIS OCCIDENTAL	33,029,606	1,065
MISAMIS ORIENTAL	7,821,480	199
MOUNTAIN PROVINCE	6,669,500	225
NEGROS OCCIDENTAL	22,956,500	1,733
NEGROS ORIENTAL	21,266,890	848
NORTH COTABATO	49,069,900	3,254
NORTHERN SAMAR	6,378,500	224
NUEVA ECIJA	24,716,605	845
NUEVA VIZCAYA	27,181,800	913
OCCIDENTAL MINDORO	133,154,628	4,352
ORIENTAL MINDORO	21,094,000	567
PALAWAN	8,407,000	88
PAMPANGA	21,535,800	348
PANGASINAN	24,906,500	541
QUEZON	10,823,000	695
QUIRINO	15,425,313	538
RIZAL	30,593,418	871
ROMBLON	253,000	12
SARANGANI	33,403,795	592
SIQUIJOR	9,507,000	263
SORSOGON	33,547,248	1,123
SOUTH COTABATO	34,821,553	1,020
SOUTHERN LEYTE	9,444,678	187
SULTAN KUDARAT	11,825,380	332
SURIGAO DEL NORTE	13,520,540	271

Province	Release to Microenterprises	No. of Microenterprises
SURIGAO DEL SUR	9,141,825	485
TARLAC	43,441,600	666
WESTERN SAMAR	8,357,500	362
ZAMBALES	6,364,000	401
ZAMBOANGA DEL NORTE	13,133,848	430
ZAMBOANGA DEL SUR	67,297,506	3,041
ZAMBOANGA SIBUGAY	16,035,145	282
TOTAL	1,808,821,333	61,204

In November 2018, SBCorp also organized the P3 Congress wherein over 250 micro financing institutions and key government officials attended the event to discuss innovative ways to efficiently deliver financing assistance to micro enterprises in the country.

CAPACITY BUILDING PROGRAMS

SBCorp was able to capacitate a total of 487 graduates as of end December 2018, broken down as follows:

Program	No. of Graduates (Cumulative)
Capacity Building Program on Risk-based Lending for RBS	97
Capacity Building Program on Good Governance	50
Credit Risk Management for MFIs	70
Account Officer (AO) Certification Program	167
Enterprise Enhancement Program (EEPro)	103
Financial Management for MSEs Training (FMT)	103
Total	487

CAPACITY BUILDING GROUP Accomplishments for CY 2018

2017 Baseline	2018 Targets	Status as of Dec 2018
1. 77 rural banks trained under the RBL Shared Consultancy Program	Additional 20 RBs (cum. 97)	20 RBs , including CRGF funded RBL (Cum. 97) (Note: The RBL for four RBs in Bicol will be completed in Feb 2019.)
2. 205 MSMEs (155 EEPro + 50 Fin'l Mgt.Training)	50 additional MSMEs trained (Cum. 255)	12 MSMEs (EEPro) 24 MES (FinEdPro – Occ. Mindoro) 27 MEs (est)(FinEdPro – Sarangani) Total: 63 MSMEs (Cum. 268 MSMEs)
3. 52 account officers trained under the AO Certification Program	50 additional account officers (+25 for Module 1 and 25 for Module 2) (Cum. 75)	18 AOs trained under Module 1 (Cum. 70)
	New module on Good Governance for MFIs 50 MFIs trained	9 MFIs/36 pax (NCR) 21 MFIs/58 pax (Bicol) 20 MFIs/50 pax (Pampanga) Total: 50 MFIs
		Grand Total: 151 FIs/MSMEs (Cumulative: 485)

ISO Certification

SBCorp renewed and strengthened its commitment to provide quality and relevant programs and services to its stakeholders. The Corporation successfully obtained its ISO 9001:2015 certification from TUV Rheinland which shall remain valid until 2021.

The certification covers the Corporation's lending and capacity building processes.

ENVIRONMENTAL FRIENDLY VALUE CHAIN SBCorp Go Green Program for CY 2018

Component 1 - Paper Use Reduction Campaign

• Implementation of the following 3R Measures:

Reduce Paper Use

1. Committee secretariats were advised to strictly enforce the "no reproduction of meeting materials" policy. Only one original copy of the materials should be printed for documents requiring signatures. Advance copies of the materials were distributed to the committee members via e-mail, and during the meeting, the materials were projected on screen for discussion purposes.
2. If printing or reproduction is necessary, a two-sided printing mode was encouraged.
3. Electronic communication and document transmittal via e-mail was encouraged for both internal and external clients.
4. Employees were advised to shift from paper-based to an electronic filing system and to keep only a PDF or scanned copy of documents, if originals are not required.

Reuse Paper

1. Employees were encouraged to get the most out of paper by promoting a "two sides are better than one" mindset. "PAPER REUSE" bins were placed in all printing stations to hold single-sided paper for reuse in printing.
2. Reuse of envelopes, folders and other paper products, was encouraged.

Recycle Paper

1. "RECYCLE" bins for paper and paper products were set up in printing stations.

• Reduction on the use of copier/network printer machine in the Head Office

	2017		2018	
	Copies	Cost	Copies	Cost (Php)
Total	756,331	Php 630,635.00	611,079	Php 576,200.00
Total with paper	--	Php 842,408.00	--	Php 747,302.00

- Reduction of 145,252 copies from 2017 to 2018 (↓19%)
- Reduction of cost by Php54,435.00 from 2017 to 2018 (↓9%)

A WOUNDED MARAWI RANGER'S STORY OF SURVIVAL AND RESILIENCE

"Araw-araw gumigising ako sa tunog ng pagsabog, yung iba malayo pero mas madalas nakabibingi sa lapit. Matapos ang ilang sandali maririnig naman ang mga helicopter na nag-papatrol sa bubungan ng gusaling nagsilbi naming kublihan at pahingahan. Mula sa aking kina-uupuan natatanaw ko ang mga kapwa ko sundalo- nakikinig, nakikiramdam at tumatanaw sa malayo. Araw-araw nagdadasal kami na sana'y matapos na ang gulo."

CORPORAL JAFFEE AMISOLA

9th Scout Ranger Company, First Scout Ranger
Regiment of the Philippine Army

Corporal Jaffee Amisola of the 9th Scout Ranger Company, First Scout Ranger Regiment of the Philippine Army was not new to life in the battlefield. A local of Calamba, Laguna Cpl Amisola was assigned in Basilan when war broke in Marawi in May of 2017. In June, he and his team were called upon to fight alongside other government troops fighting to free the City from terrorists. It was a mission he never thought would be his last deployment. In August 14 while trying to secure a large building, he was hit by an M14 rifle bullet. His wounds were near fatal; he never thought he will live.

"Ise-secure sana namin yung building kung saan nagtatago yung mga terorista. Patawid kami ng kalsada ng naramdaman ko na tinamaan ako. Pinilit ko pa rin makatawid. Kahit pagapang pinilit kong marating yung building sa kabila at dun na po ako nawalan ng malay sa garahe," Cpl Amisola related.

The bullet entered his shoulder and passed through his clavicle, shattering it. It went through his mouth, tearing his tongue before exiting through his cheeks. When he was about to lose consciousness, he saw his life and images of his love ones flash before his eyes.

"Kapag nasa deployment kami di ko talaga iniisip ang pamilya ko kasi ayokong panghinaan ng loob. Pero sa oras na yun, na hindi na ako makahinga dahil na-suffocate na ako sa dugo sa bibig ko, nakita ko sila lahat. Yung tatay ko, nanay ko, asawa ko at mga anak ko. Naisip ko, oras ko na talaga ito," Amisola painfully recalled.

Cpl Amisola fought for his life with what was left of his strength and screamed for help to catch his comrades attention. After being unresponsive for 10 minutes, his comrades miraculously revived him and he was flown to a hospital in Cagayan de Oro where he was operated on, he was eventually transferred to V. Luna Hospital in Quezon City.

"Inoperahan po yung balik ko, yung dila ko apat na beses, tapos yung sa lalamunan dalawang beses. Yung huli ay ito lamang pong December. Matagal pong gamutan at therapy. Di po ako nakakapagsalita noong una kaya kailangan ko mag speech therapy." Cpl Amisola said.

"Nasa V. Luna Hospital po ako nang may lumapit sa akin na taga-Small Business Corporation (SBCorp). Nung panahon na yun eh nagbibisita po sila ng mga ward at nangangamusta at tinatanong kami kung anong assistance ang kailangan namin," he remembered.

A number of government agencies have come forward with special assistance programs to the wounded and killed in action(KIA/WIA) soldiers during the Marawi siege. SBCorp as part of its Pondo sa Pagbabago at Pag-asenso (P3) Program opened a special equity investment program for WIA and families of KIA soldiers and policemen. The program provides qualified soldiers or their families with an equity investment of up to Php100,000.00 with a grace period of two years.

*"Napakaganda po ng programa. Nakahiram po ako ng puhunan para sa pag-aalaga ng baboy ng walang interes sa loob ng dalawang taon. Yung Php56,000 na ipinahiram sa akin ng P3 ipinambili ko agad ng biik at ipinagpaayos ng mga kulungan. Yung isang inahin ko nanganak na agad nitong January at balak namin ibalik na ang Php56,000 na puhunan agad upang makahiram kami ulit ng mas malaki,"*Amisola stated.

Cpl Amisola's hog raising business is in Iriga, Camarines Sur where his wife manages it. At present they have two (2) sows who are in their offspring bearing stages. One gave birth this January and another one will give birth in March.

"Lubos ang pasasalamat ko dahil lumaki yung kinikita namin ng asawa ko. Though hindi naman kami kinukulang dahil lumaki ang sahod ng mga sundalo at nabigyan din ng scholarship ang mga bata,

napakalaking tulong po ng may sariling negosyo na mapapangtawid sa pang-araw-araw na pangangailangan ng aking pamilya," he said.

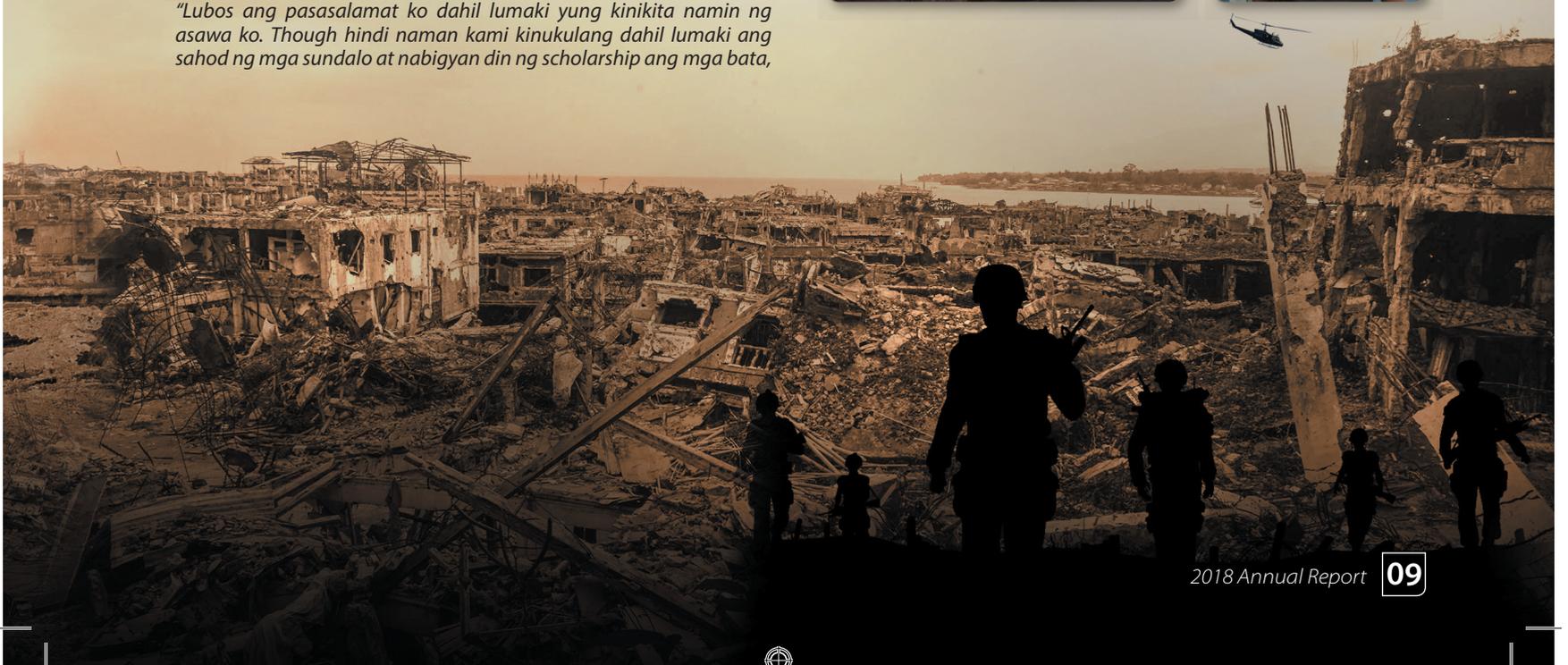
Given a new lease on life, Amisola decides to cut his years of service from 25 years to 20 years to make up for lost time with his family.

"Sa nangyari po sa akin, naisip ko na isang himala po na nabuhay ako. Kaya sa pangalawang buhay kong ito, pamilya naman po ang unahin ko. Tama na po yung 20 years" he proudly said.

Amisola is currently assigned at the headquarters of the First Scout Ranger Regiment of the Philippine Army in Camp Tecson, San Miguel, Bulacan where he is away from the war and to his family's relief, away from danger.

Asked if he regrets going into military service he adamantly replied *"Hindi po. Nasa dugo na po namin ang magsundalo mula pa sa Lolo ko at sa Tatay ko ay nagsilbi sa bayan bilang sundalo."*

He further lays it out plainly: "Sa Basilan at sa Marawi nakita ko po ang larawan ng katapangan, kabutihan ng puso at pati na rin ang kasamaan. Ako po ay nasaktan at nasugatan sa paraang di ko po akalain na ako'y mabubuhay pa. Mahirap pong magpakatao sa gitna ng digmaan pero ito po ang kaibahan naming mga kawal ng bayan sa mga tinutugis naming mga terorista at rebelde. Kami po ay nanatiling naninindigan sa katarungan at nagtatanggol ng kapayapaan. Masarap po yung pakiramdam na kinikilala kami na bayani. Nakaka-proud po. Isang karangalan po na magsuot ng uniporme na may sagisag ng bansa, at magtanggol ng kasarinlan."



Operational Highlights

Institutional Viability

Labor Practice and Decent Work Performance Indicators

Total Number of Employees, 2018

	Male	Female	Total
Permanent	65	103	168
Contractual	49	49	98
Agency-hired	20	19	39
TOTAL	134	171	305

Total Number of Employees, by Regional Lending Group, 2018

	Male	Female	Total
Northern Luzon	12	16	28
Central Luzon	7	18	25
Southern Luzon/NCR	28	21	49
Visayas	25	21	46
Mindanao	20	18	38
TOTAL	92	94	186

Advancing Professional Development

Total hours of training per year, per employee, by sex and employee category

	Male (no. of hours)	Female (no. of hours)	Total Training hours
Support staff	2,184	3,380	5,564
Middle management	360	440	800
Senior management	384	652	1,036
TOTAL	2,928	4,472	7,400

Learning and Growth

Small Business Corporation EMPLOYEE HEALTH, SAFETY AND WELFARE CY 2018

Date of Activity	Name of Activity	Brief Details of Activities	Organizer	No. of Attendees
Jun 01, 2018	Annual Physical Exam (Head Office)	Pursuant to Section 1 of Administrative Order No. 402 series of 1998 and CSC Memorandum Circular No. 33 series of 1997, all employees are required to undergo the following routine check – up: <ul style="list-style-type: none"> • Medical history and physical examination • Chest X-ray • Complete Blood Count (CBC) • Urinalysis • Fecalalysis • ECG – for 35 years old and above, or as required by physician • Papsmear – optional for female employees, 35 years old and above 	SBCorp / ValueCare/ Mayon Clinical Laboratory & Medical Services	All Employees
	Wellness Activity	Free Massage Services <ul style="list-style-type: none"> • 10 to 15 minutes free massage service for all employees Wellness Talk <ul style="list-style-type: none"> • Discussion of important health related-topics conducted by medical specialist. 		
Sep 03, 2018	CSC Fun Run	SBCorp management approved participation of employees' in the CSC Fun Run which aims to raise funds for families of state workers who died in their line of duties, at the same time raise the consciousness of fitness and health among civil servants and the general public.	SBCorp / CSC	19
Nov 22, 29, Dec 06, 2018	Bowling Tournament	In line with the Corporation's goal to promote the importance of physical and mental well-being of employees through sports, a bowling tournament was held in November 2017.	SBCorp / SBGFC Employees Association, Inc.	220
All year round	Physical Fitness	SBGFC Employees Association, Inc. provided half of its designated room with facilities/equipment for exercise and/or other kinds of physical activities/training which can be used by SBCorp employees before or after office hours.	SBGFC Employees Association, Inc.	No data available (open to all SBCorp employees)

Small Business Corporation
TRAINING AND DEVELOPMENT PROGRAMS
 Period Covered: January 01 to December 31, 2018

Title	Program Description / Objectives	Number of Participants	Date	Number of Training Hours
In-house Programs				
1. Supervisory & Leadership Skills Training (Basic Level)	Learn and apply the management cycle (Planning, Organizing, Leading, Controlling); identify and apply good working knowledge on the roles and functions of a supervisor to become more effective at influencing others to accomplish goals and control outcomes when dealing with staff, peers, management and other departments; recognize the values and skills needed to become a good supervisor such as developing interpersonal skills in communicating, listening, handling conflicts, and performance discussions that result in changed behavior and enhanced productivity; and analyze own style of behavior and recognize strengths/weaknesses.	34	January 10-11, 2018	16
2. Supervisory & Leadership Skills Training (Advanced Level)		29	January 12, 2018	8
3. Briefing on Risk Management	Enhance knowledge and techniques necessary to identify, assess, manage and control applicable risk while striving to achieve work objectives	15	January 15, 2018	4
4. Training on Business Regulations	Enhance knowledge on the regulatory environment that participants operate and will lead to better management of work and people.	17	January 25, 2018	8
5. Gender and Development Program: Film Showing & Discussion	Enable the participants to be aware on the protection and promotion of children's rights; know how the issues in the families and communities affect child's welfare and upbringing; know matters concerning women such as migration and girl child abuse; and instill support on the advocacy on the campaign to end violence against women and children.	87	March 27, 2018	-
6. Defensive and Better Driving Course	Enhance participant's driving skills; instill proper driver decorum; develop awareness on their duties and responsibilities as company drivers; and measure their knowledge and attitude for road safety.	9	May 26, 2018	8
7. Good Governance Seminar	Enhance corporate competency by educating SBCorp senior officers on corporate governance for GOCCs; achieve organizational alignment through a better understanding of performance governance; and compliance of new Board members with GCG requirement under MC No. 2012-05 (Fit and Proper Rule for Appointive Directors and CEOs of GOCCs)	24	June 25, 2018	8
8. Seminar on Integrity and Accountability for Development Finance Managers	Learn strategies on how to integrate corporate values to business operations; enhance competency of senior officers in preparing their teams to handle larger responsibilities by cultivating a culture marked by excellence, integrity and accountability; encourage right mindset and behavior to achieve corporate goals; and foster awareness on the role of integrity and accountability in driving performance.	34	July 10, 2018	8
9. Economic Briefing Session	Provide a perspective of how the economy and industries are going; discuss analysis of specific sector growth in identifying winners and challenges faced by businesses; instill awareness regarding MSMEs contribution to economy; and present impacts of economic policies on businesses and to society.	193	August 07, 2018 (Baguio) August 13, 2018 (Makati) August 14, 2018 (Davao) August 15, 2018 (Cebu)	4
10. Management of Records based on R.A. 9470	Inform the participants on the salient provisions and requirements of the Republic Act No. 9470, otherwise known as the "National Archives of the Philippines Act of 2007" an facilitate compliance thereof, and provide participants the knowledge and skills on standar policies on recor creation, maintenance, use, control and disposition.	39	September 20-21, 2018	16
11. Training on Government Procurement Reform Act (R.A. 9184) & its Revised IRR & Updates	Provide the participants knowledge on the law's policy declaration, governing principles, scope and application on procurement of goods, infrastructure and consulting services and discuss the alternative modes of procurement, rules governing the conditions and requirements, use of other modes of procurement provided under RA. 9184 and its IRR as well as updates on the rules including additional illustration and/or explanation as provided by the latest resolutions, guidelines, opinions, and similar issuances.	25	October 03-04, 2018	16
12. Training/Workshop on Creative Problem Solving (for Supervisors and Managers)	Know the importance of critical and creative thinking; develop critical and creative thinking skills; overcome obstacles to critical thinking and problem solving; minimize the impact of job pressures on their thinking processes; use methods of framing problems and thinking critically to implement solutions; and apply critical and creative thinking strategies to solve work-related problems.	25	October 26, 2018	8
13. Training/Workshop on Critical Thinking		31	October 29 & 30, 2018	16
14. Managing and Cascading Organizational Competencies (for Officers)	Understand the definitions, differentiation between/among competencies and gathering data or behavioral evidences to rate oneself and others on competencies.	44	November 23, 27, 28, 29, December 03, 05, 2018	4
15. Competency Model and Profiling Cascading		187		4
16. Training Cooperative Standards (for Northern Luzon Group)	Explain the concepts and purpose of the prescribed Cooperative Standards as well as the indicators and the accounts in relation to the operation and services of the cooperative, and analyze the operation of the cooperative based on the standards.	26	December 11, 2018	8

External / Individual Programs

1.	Basic Risk Management Course	The participants are expected to understand Risk Management discipline - its history and frameworks, appreciate the value of Risk Management tools for different types of financial institutions, explore the use of Risk Management Tools in an actual/scenario risk events, learn the recent significant BSP regulations and how they are applied in rural banking, and comprehend personal risk appetite and capacity.	2	January 17-18, 2018	16
2.	1st PAGBA Quarterly Seminar: ASEAN Integration and Public Financial Management Reforms Towards Sustainable Shared Growth	The participants are expected to keep pace with the guidelines in the release of funds for 2018 and to be updated on the salient features of the 2019 Budget Call which will implement the cash-based budgeting for government instrumentalities starting this 2019.	1	February 07-10, 2018	32
3.	PhilGEPS Training for Phase 1	The participants are expected to revisit the new system developments, be familiar with the use of PhilGEPS and keep pace with the upgrades.	1 2	February 08-09, 2018 August 02-03, 2018	16 16
4.	The International Farmers Summit Philippines 2018: International Practitioners School of Swine and Poultry Medicine Curriculum	The participants are expected to gain learning and information with regards to the swine and poultry industry since it is one of the profitable industry in Central Luzon; acquire knowledge on swine and broiler industry forecasts, trends and latest production targets as well as on future of poultry production and housing management; and build networks and relationship with prospect clients/contacts.	1	February 21-22, 2018	16
5.	Enhanced Corporate Governance Guidelines (BSP Cir. Nos. 969, 970, 971 & 972)	The participants are expected to develop and recommend new policies and enhance, if not amend, existing policies and their implementing guidelines relative to the compliance with the BSP requirements.	2	March 16, 2018	8
6.	Seminar-Workshop on Crisis Communication	The participants are expected to understand the concept and importance of crisis communication, develop a crisis communication plan, communicate with both internal and external stakeholders and manage potential damage to the organization including the company's brand.	1	March 20-21, 2018	16
7.	BSP Circular No. 706 as Amended by BSP Circular No. 950, AMLA Law and the AML Risk Rating System	The participants are expected to be familiar with the following: Philippine Regulatory Framework (RA 9160, RA 10167, RA 10168, RA 10365); BSP Circular No. 706 as amended by BSP Cir. No. 950; and AML Risk Rating System.	1	April 13, 2018	8
8.	Analytics for Business: Discovering Insights From Data	The participants are expected to apply appropriate methods in analyzing, presenting, and using relevant data; learn how to translate applicable data into the appropriate visual representation; and effectively communicate and present the most relevant information.	1	April 13-14, 2018	16
9.	40th Annual National Convention and Seminar	The participants are expected to gain knowledge on data analytics, internal audit standards, ASEAN integration of Accountants, issues on good governance, updates on TRAIN Law and overview on salient features of the 2016 revised IRR of RA 9184.	2	May 23-26, 2018	32
10.	RA 10173: Data Privacy Act - Aligning Information Security Compliance to ISO 27001:2013	The participants are expected to know the overview of the Data Privacy Act and its compliance requirements as well as aligning with the information security to ISO 27001:2013.	2	May 25, 2018	8
11.	eGovernment Enterprise Architecture and eServices Strategic Planning Seminar	The framework provides for an approach in governing information technology architecture.	1	May 28 - June 01, 2018	40
12.	Data Privacy Act of 2012	The participants are expected to gain knowledge on the Data Privacy Act, its scope of application, general data privacy principles, among others.	1	June 26, 2018	8
13.	Green Thumbs Up: Urban Gardening and Natural Farming for Beginners	Allow participants to learn natural farming and the basics of using medicinal herbs/plants and its applications as well as make organic fertilizer and varieties of ornamental plants to preserve the environment and promote healthy living.	2	June 29, 2018	8
14.	New Leadership Style for the 21st Century	This program provides foundational grounding on self-mastery, emotional intelligence and relating EQ skills to effective leadership and success. Participants also learn how to use these skills in coaching, conflict resolution and in handling difficult employees	1	July 18-20, 2018	24
15.	Operational and Functional Planning: from Strategy to Successful Execution	Develop an integrated approach that will ensure implementation of the organization's strategic thrusts, mandates and priorities; assess the current state of the organization with respect to the internal environment; identify and overcome the barriers to strategy execution; formulate departmental/unit objectives that align with corporate/top management objectives; review/establish key performance scorecards; come up with programs of action to address the obstacles and meet these objectives; ensure the buy-in and alignment of people across the functions and locations; achieve expected results by effectively enabling leaders to monitor, assess and undertake contingent measures; and anticipate and implement improvements for consistency and greater performance.	1	July 24-25, 2018	16
16.	Seminar on GAD Planning, Budgeting and Auditing	The participants are expected to know and use various gender analysis tools for GAD planning, budgeting and auditing and aid the designated representatives of the GAD Focal Point System Technical Working Group in the preparations and submissions of the Annual GAD Plan & Budget for 2019, GAD Accomplishment Report for 2018, and the Harmonized Gender & Development Guidelines checklists per sector/group.	4	August 07-09, 2018	24

17. Understanding Depression	Participants are expected to understand the state of being known as depression; learn how to identify if a co-worker is in a state of depression and support him/her; and discover how to get over profound feelings of sadness and despair and create a life of thriving and happiness	1	August 24, 2018	2
18. Know Your Money (Philippine Peso) Briefing	This half-day briefing aims to educate cash handlers on the proper identification and handling of unfit, mutilated, and counterfeit banknotes and coins as well as cover detailed discussions on security features of the New Generation Currency banknotes and relevant provisions of the BSP Clean Note and Coin Policy.	2	August 07, 2018	4
		2	September 04, 2018	4
19. 21st Certified Risk Analyst Program	Gain new comprehensive knowledge of risk assessment and mapping; learn the most recent and effective methodologies, tools and techniques that can be applied at work to improve effectiveness and performance; enhance leadership and risk decision-making skills by learning how to identify, analyze and optimize Risks and Opportunities; and build network with risk professionals and learn from direct industry experience in managing risks.	1	September 20-21, 2018	8
20. 28th ACSIC Training Program	The training program focuses on strengthening the collaborative relationship among member-institutions and their mutual cooperation in achieving the goals and developing future directions to support SMEs and ultimately contribute to the economic growth in the region.	5	September 23-27, 2018	40
21. Cash Management and its Internal Control System	Promote proper control measures in handling cash; learn and apply laws, rules and regulations surrounding the collections and disbursements of cash and its pertinent documents; learn the systems and preparation of reports; and strengthen the knowledge on internal control system in cash management.	1	October 02-04, 2018	24
22. Technical Compliance Workshop	Topics include credit reporting, overview of the role of CIC and submitting entities, interactions between CIC and submitting entities, and introduction to the creation and submission of file.	1	October 05, 2018	8
23. RA 9184 and its Revised IRR	Provide the participants knowledge on the law's policy declaration, governing principles, scope and application on procurement of goods, infrastructure and consulting services and discuss the alternative modes of procurement, rules governing the conditions and requirements, use of other modes of procurement provided under R.A. 9184 and its IRR as well as updates on the rules including additional illustration and/or explanation as provided by the latest resolutions, guidelines, opinions, and similar issuances.	1	October 15-17, 2018	24
24. Coaching: Raising Performance to the Next Level	This program provides participants the basics of high impact coaching and to gain insights, clarity and focus on how leaders can help subordinates improve performance results over time. It gives the participants an opportunity to experience how coaching is done using a proven framework. It also provides a mechanism to continuously apply the coaching framework in the workplace.	1	October 18-19, 2018	16
25. Sales Training Program: Sales Probing, Negotiations and Closing	Learn how to prospect and qualify sales leads; find ways to track clients and sales transactions; understand how to apply sales techniques in probing, negotiations and closing; know how to deal with objections and even rejections; and improve and increase sales performance.	1	October 25, 2018	8
26. Strategic Decision Making	In this program, participants will learn how to decide, recommend decisions, how to analyze and manage risks such as prevention and contingencies should these happen. In analyzing problems, they learn how to pinpoint through causes and make decisions either to correct or adapt. They also learn to analyze complex situations by indicating what actions are needed, prioritize, and identify responsibilities for actions.	1	October 25-26, 2018	16
27. 17th Leadership and Management of Change for Development Managers: The Bridging Leadership Approach	The participants are expected to achieve an in-depth understanding of social, political, ecological, and cultural dimensions of development including emerging trends and issues; to enhance skills and capabilities in developing strategies for managing and leading organizations, systems and structures for the implementation of development initiatives and institutions; and to be able to formulate strategies for long-term viability and sustainability of development initiatives and institutions.	1	November 05-09, 2018	40
28. Comprehensive Property Appraisal Seminar	Provide participants the required knowledge and the skills to perform property valuations in line with internationally accepted standards and best practices; provide solid foundation in basic appraisal principles; learn the three main approaches to value and other methods of valuation in reaching a sound opinion of value; and provide information on Site Inspection and Analysis.	1	November 23-24, 2018	16
29. Risk-Based Compliance Program	Learn the importance of a Risk-Based Compliance Management; understand the Compliance Risk Management Framework; identify the key activities in Compliance Risk Management Cycle; and know how to prepare a Risk-Based Compliance Program and Testing.	2	December 07-08, 2018	16

Small Business Corporation
TRAINING AND DEVELOPMENT PROGRAMS
 Period Covered: January 01 to December 31, 2017

Title	Program Description / Objective	Number of Participant	Date	Number of Training Hours
In-house Programs				
1. Training on Business Regulations	Enhance knowledge on the regulatory environment that participants operate and will lead to better management of work and people.	113	June 27, 28, 29, August 01, 03, 2017	8
2. Raters' Training on Strategic Performance Management System	Regularize the implementation of the SPMS and re-orient raters of the SPMS cycle and schedule as well as the required forms and associated activities.	33	August 18, 2017	8
3. Training/Workshop on Planning and Organizing Skills	Teach SBCorp employees to efficiently make the most of their work time.	29	October 24-25, 2017	16
4. Seminar/Workshop on Managing Performance & Coaching for Results	Set performance goals and measures, increase awareness as the moderation body which has the critical role of ensuring standardization, consistency, transparency and fairness of the performance management system and provide tools and techniques.	27	November 28-29, 2017	16
5. Re-Orientation on Various Features of the Oracle Modules	Provide retooling for maximizing use of the Oracle Module, appreciation of user's role in the process and familiarize employees in the various features of the module as aid in facilitating loan processing and administration.	33	December 20, 2017	4

External / Individual Programs

1. PhilGEPS Training	Improve participant's skills and knowledge in procurement process.	2	January 26-27, 2017	16
		2	February 08-09, 2017	16
		2	September 26-27, 2017	16
		2	September 28-29, 2017	16
2. PFRS and RCA for Government Corporations Classified as Government Business Enterprises	Improve participants' skills and knowledge in the adaptation of the Philippine Financial Reporting Standards (PFRS) for the government corporations classified as Government Business Entities.	1	January 23-27, 2017	40
		1	February 6-14, 2017	56
3. Leadership Essentials for Supervisors	Enhance leadership skills such as delegation, planning, organizing, decision making and handling people.	1	February 28, 2017	8
4. Jewelry Appraisal Seminar	Conduct jewelry appraisal on potential clients offering this kind of collateral/security.	2	February 20-25, 27-28, March 01, 2017	72
5. Comprehensive Property Appraisal Training/ Workshop	Provide skills in the recovery of company's exposure thru ROPA disposal, better knowledge on the available ROPA appraisal, understanding the strengths and weaknesses of the property to be disposed, gain actual and factual lessons in determining marketability of the property for disposal, and know the technical know-how of the appraisal report by understanding its limitation.	1	March 17-18, 2017	16
6. Corporate Governance Orientation Program for GOCCs (Class II)	Improve the knowledge of participants with regards to corporate governance under GCG standards wherein governance is an area covered by compliance functions.	1	March 22, 2017	8
7. Best Tax Practices	Gain knowledge on the latest development and pronouncements in taxation including withholding taxes which are applicable in the withholding of taxes, among others, in the disbursement transactions.	1	March 24, 2017	8
8. Introduction to Oracle PL/SQL Training	Enhance participants' programming and systems development skills.	1	March 18 - April 22, 2017	40
9. Guiding Principles on the Management of Government Funds and Properties	Familiarize participants' with the laws, rules and regulations to comply with.	1	April 05-07, 2017	24
10. Engaging and Retaining Talent Workshop	The course provides model to determine what drives each individual's engagement, as well as methods for proactive engagement and talent retention.	1	May 16, 2017	8
11. PFRS Updates and Tax Updates	Gain knowledge on the latest development and pronouncements in taxation and Philippine Financial Reporting Standards (PFRS) updates.	1	May 25-26, 2017	16
12. Best Practices and Remedies to Avoid COA Disallowances	Enhance knowledge in handling COA findings, provide best practices solutions and feature the common findings of COA, Supreme Court rulings, as well as remedies and defenses on cases that may be deemed as disbursements which are illegal, irregular, extravagant, unnecessary and unconscionable.	1	June 02, 2017	8

External / Individual Programs

13.	PHP and MySQL Fundamentals Training	Enhance participants' skills in SQL programming using PHP Technology, use the principles of database design including normalization and use of forms and use MySQL to create rational databases, perform searches on those databases.	3	June 24, July 01, 08, 15 & 22, 2017	40
14.	Strategic Human Resource Management Seminar	In preparation for compliance with the requirement of BSP Circular 900, s. 2016 "Guidelines on Operational Risk Management," participation in this seminar will equip participants to establish and implement the mechanism needed for compliance.	1	July 28-29, 2017	16
15.	Master Negotiations	Equip participants with negotiation skills which they can apply in dealing with internal and external clients	1	August 01-03, 2017	24
16.	Delivering Dynamic Presentations	Design actual training programs that are relevant, efficient and lively; evaluate and select most appropriate and best methodologies suited to the program and participants; prepare interesting and thorough presentation, and deliver a presentation with self-confidence and credibility.	1	August 08-11, 2017	32
17.	Financial Statement and Analysis	Develop the participants' ability to understand and apply knowledge in financial statement analysis that might help to determine cost-benefit proposals to improve the process and services to achieve goals and growth of SBCorp.	3	August 11, 2017	8
18.	Best Practices Guide to Compliance with the Anti-Money Laundering Law & its IRR	This seminar is necessary for continuing education and for updating all recent government policies.	2	August 24, 2017	8
19.	Basic MS Excel 2013	Address participant's competency gap in Technology Orientation and for enhancement of said competency.	1	August 24, 2017	8
20.	Remedial Management Seminar	Apply the knowledge learned and be more conscious in conducting credit investigation to see early signs of deteriorating accounts during the credit evaluation process and risk identification.	6	August 24-25, 2017	16
21.	Effective Credit Management and Collection Strategies	Enhance skills in credit collection of past due accounts and learn effective techniques and useful approach in dealing with day to day challenges of credit and collection operation.	1	August 31, 2017	8
22.	Seminar-Workshop on Communication Planning	The seminar is necessary for the participant to be equipped with timely information on how to craft effective communication plan and effectively apply the step-by-step process in developing strategic communication plan.	1	September 04-05, 2017	16
23.	Records and Information Management	Acquired knowledge will be used in effective and creative ways of filing and keeping the right records to ensure easy access with confidentiality and security of the records and its information.	3	September 06-07, 2017	16
24.	IT Security and Auditing	This is necessary in performing functions and will likewise enhance competency in risk management.	1	September 23, 2017	8
25.	Communication Assertiveness	Increase work productivity, improve understanding of others, better relationships with internal and external clients and even greater confidence in spoken communication.	1	September 26-27, 2017	16
26.	Effective Leadership	Enable participant to more effectively plan and implement the steps necessary to achieve goals and improve processes and focus on the essential elements in providing strong and effective leadership to employees.	2	September 21, 2017	8
27.	Supervisory Effectiveness for Improved Quality & Productivity	Part of personnel development and skills acquisition for future higher responsibility and likewise enhance competency gaps in Judgment and Decision Making.	1	October 10-12, 2017	24
28.	Financial Statement Analysis	Learn how to read and interpret financial statements and understand the basic accounting and finance terms.	1	December 20, 2017	8

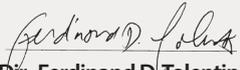
Corporate Governance

CORPORATE GOVERNANCE CONFIRMATION STATEMENT

SBCorp strictly adheres to the principles of good corporate governance. As a government-owned or controlled corporation (GOCC) under the oversight of the Governance Commission for Government-Owned or Controlled Corporations (GCG), SBCorp, its Governing Board and all officials and employees, fully comply with the Code of Corporate Governance issued by the GCG. This was made operational through the SBCorp Manual of Corporate Governance.

STATEMENT ON REVIEW OF FINANCIAL, OPERATIONAL AND RISK MANAGEMENT SYSTEM

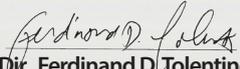
The Small Business Corporation Board Audit and Compliance Committee (BACC) and Board Risk Oversight Committee (ROC) reviewed the recommendations of the Internal Audit Group, Office of the Chief Compliance Officer and the Enterprise Risk Management Group for calendar year 2018 involving Financial, Operational and Risk Management prior to endorsement and approval by the Board.


Dir. Ferdinand D. Tolentino
 Chairman,
 Board Audit and Compliance Committee


Dir. Benel P. Laguna
 Chairman,
 Risk Oversight Committee

STATEMENT CONFIRMING ADEQUACY OF INTERNAL CONTROLS

The findings, observations and recommendations of the Internal Audit Group and the Office of the Chief Compliance Officer for Calendar Year 2018 were reviewed by the Small Business Corporation's Board Audit and Compliance Committee (BACC) and found as adequate.


Dir. Ferdinand D. Tolentino
 Chairman,
 Board Audit and Compliance Committee

WHISTLEBLOWING POLICY

In its efforts to carry out its governance in a transparent, responsible and accountable manner and with utmost degree of professionalism and effectiveness, SBCorp has adopted a Whistleblowing Policy, the details of which may be viewed on its website. The Policy applies to its Directors, Officers and employees including workers under contract of services and consultancy agreements. The policy contains the reportable conditions, reporting channels, the process for handling whistleblowing reports, confidentiality and protection of the whistleblower against retaliation.

Whistleblowers are encouraged to utilize the online reporting channel (SBCORP WHISTLEBLOWING REPORT FORM) via SBCorp website to submit reports electronically while at the same time ensuring their anonymity and the confidentiality of their reports. Alternatively, reports may also be submitted via mail to:

SBCorp Integrity Monitoring Committee (SIMC)
 Small Business Corporation
 18/F 139 Corporate Center, 139 Valero St., Salcedo Village
 Makati City, Philippines 1227

Small Business Corporation Board Committee Membership For the Year 2018

CORPORATE GOVERNANCE COMMITTEE

Chairperson : Dir. Zenaida C. Maglaya
Member : Dir. Ma. Luna E. Cacanando
 Dir. Merly M. Cruz
 Dir. Joe Jay T. Doctora
 Dir. Santiago S. Lim

RISK OVERSIGHT COMMITTEE

Chairperson : Dir. Benel D. Laguna
Member : Dir. Zenaida C. Maglaya
 Dir. Ma. Luna E. Cacanando
 Dir. Joe Jay T. Doctora

BOARD AUDIT AND COMPLIANCE COMMITTEE

Chairperson : Dir. Ferdinand D. Tolentino
Member : Dir. Zenaida C. Maglaya
 Dir. Benel D. Laguna

BOARD OVERSIGHT COMMITTEE ON TECHNOLOGY AND INFORMATION MANAGEMENT

Chairperson : Dir. Santiago S. Lim
Member : Dir. Ma. Luna E. Cacanando
 Dir. Ferdinand D. Tolentino

Corporate Governance Committee

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR 2018

The Corporate Governance Committee convened four (4) meetings in 2018. Its major initiatives and accomplishments for the year are as follows:

- A. Discussed and endorsed to the Governing Board for approval/consideration the following:
1. For post-GCG submission confirmation: Streamlined Strategy Map and Corporate Scorecard
 2. Designation of Sector Head Melvin Abanto as Head for Financing and Guarantees
 3. Designation of Group Head Peter Pizarro as Chief Compliance Officer
 4. Designation of Evelyn Felias as Concurrent Head of Administration Services Unit
 5. Recomposition of Management Committees
 6. Creation of P3 Mobilization Fund Steering Committee, to supersede the PMO
 7. Hiring plan for 2018
 - a. Plantilla positions
 - b. P3 program-based staff
 8. Recommendation for EVP and SVP designations in SBCorp
 9. Rationalization of Promotion and Entertainment Allowance budget per Officer
 10. GCG instruction to submit formal report on matters of reported anomalous disbursement from the SBCorp
 11. SBCorp Governing Board Scorecard
 12. Leadership Continuity Plan
 13. Rules of Procedure governing disciplinary administrative cases filed against SBCorp's officers and employees
 14. Opening of senior management positions (Sector Head for Corporate Support, Group Head for Treasury and Group Head for Northern Luzon)
 15. Designation of OIC/Sector Head for Strategy, Systems and Communications Sector
 16. Work reassignment of officers and staff

B. Discussed and noted the following:

1. Status report on the SBCorp Capacity Building Programs and the SME Finance Institute
2. Clarification on the implementation of the Interim Compensation Framework under EO 36, series of 2017
3. Complaint against SBCorp Office of the President and Staff arising from Application for Financial Assistance by Divina Borral Manuel
4. Complaint Against P/CEO Ma. Luna E. Cacanando
5. Incidence reports on calls allegedly from NPA persons
6. Reply letter to GCG re: Report of an Anomalous Disbursement from the Small Business Corporation
7. Incident report – emails sent to Rural Bank of Marilag, Inc. using SBCorp's name

Board Audit & Compliance Committee

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR 2018

The Board Audit and Compliance Committee convened four (4) meetings in 2018. Its major initiatives and accomplishments for the year are as follows:

INTERNAL AUDIT GROUP

A. Discussed and endorsed the following for approval and/or for consideration:

1. Annual Report on Internal Audit Activities for CY 2017
2. Results of Internal Audit Effectiveness Survey
3. Annual Audit Plan for CY 2018
4. Results of Operations Audit on Central Luzon Group
 - o Wholesale & Retail Lending
 - o High Risk Account Management
 - o Collateral Verification
 - o Validation of First Time Borrowers and
 - o Profiling of Retail Past Due Accounts
5. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) **Program – 1st report**
(17 Partner-MFIs as managed by South Luzon and Central Luzon Groups)
6. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) **Program – 2nd report**
(13 Partner-MFIs as managed by North Luzon Group)
7. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) **Program – 3rd report**
(12 Partner-MFIs as managed by Mindanao Group)
8. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) **Program – 4th report**
(15 Partner-MFIs as managed by Visayas Group)
9. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) **Program – 5th report**
(9 branches of Taytay sa Kauswagan, Inc. located in 5 provinces)
10. Proposed Guidelines and Policies in Handling Violations of MFIs
11. Request for Audit Prioritization

B. Discussed the following for information and notation:

1. Accomplishment report - Loan Recovery Task Force
2. Actions Taken on Audited P3 Microfinance Institutions – South Luzon Group
3. ManCom Resolution No. 2018-06-210 re: Instructions on the Results of the P3 Audit for NLG & MG
4. P3 Committee Directives and Actions Plans Relative to ManCom's Instructions per MR No. 2018-06-210
5. ManCom Resolution No. 2018-09-267 Re: Reply to P3 Audit Findings
6. Internal Audit Tracking Report
7. Status Report on Compliance to Audit on Leave Administration

OFFICE OF THE CHIEF COMPLIANCE OFFICER

1. Results of Compliance Testing on AMLA-Reported Accounts for the 4th Quarter of 2017
2. Results of Compliance Testing on AMLA-Reported Accounts for the 1st Quarter of 2018
3. Results of Compliance Testing on AMLA-Reported Accounts for the 2nd Quarter of 2018
4. Matrix of Regulatory Requirements for Compliance
5. BSP's Report of Examination (ROE) of Small Business Corporation
(Examination Completed on 10 October 2017)

Risk Oversight Committee

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR 2018

The Risk Oversight Committee convened three (3) meetings (including the joint meeting with BACC) in 2018. Its major initiatives and accomplishments for the year are as follows:

A. Discussed and endorsed to the Governing Board for approval/consideration the following:

1. Loan classification and provisioning as of June 2018
2. Write-off policies
3. Handling of minor amendments on Board-approved loan accounts and minor policy deviation in loan approval

B. Discussed and noted the following:

1. Past due rate analysis (net of full provisioning)
2. Analysis on technical past due for regional lending group
Joint meeting with BACC
3. BSP's Report of Examination (ROE) of Small Business Corporation
(Examination completed on 10 October 2017)
4. Executive Summary – Results of Audit on Pondo sa Pagbabago at Pag-asenso (P3) Program (Part 1)
5. BRR Review and Assessment Report

Board Oversight Committee on Technology and Information Management

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR 2018

The Board Oversight Committee on Technology and Information Management convened seven (7) meetings in 2018. Its major initiatives and accomplishments for the year are as follows:

A. Discussed and endorsed to the Governing Board for approval/consideration the following:

1. Charter of IT Oversight Committee
2. ICT platform for new P3 strategy
3. Proposal for the expansion of the LOS to the Regular Retail Program
4. Accreditation of CIS Bayad Center Inc. as the initial partner for the P3 Collection System
5. Status of partnership with DBP for the e-Disbursement System
6. SBCorp's Information Systems Strategic Plan (2018-2020)

B. Discussed and noted the following:

1. IT Assessment Report
2. Status of the feasibility study for an automated data registration system through conduits
3. CRIF presentation
4. P3 pilot testing timeline
5. Status of the Loan Origination System of the P3 Program
6. Updates on ICT Projects and Activities

A SOLDIER'S DREAM: A NATION'S TRIBUTE

Widow of Marine Technical Sergeant Aldrin Cadiz Dinglasan and investment financing beneficiary under the Killed in Action/Wounded in Action (KIA/WIA) Program of the Pondo sa Pagbabago at Pag-asenso (P3) Program

"Mahirap, siyempre iniisip ko pa rin siya. Pero tuloy lang ang buhay."

"Nawalan po ako ng kabiyak dahil sa pagseserbisyo nya para sa bayan at kaming kanyang naiwan ay hindi naman pinabayaan ng bayang kanyang ipinaglaban."

LIPA, BATANGAS – No one is really ever prepared to cope with the loss of a loved one, but for military wives every assignment and every deployment may mean the last time they will see their husbands alive.

For the last time Leah Dinglasan bid goodbye to her husband who received orders to join the troops in Marawi City. It was supposed to be Marine Technical Sergeant Aldrin Cadiz Dinglasan's, then 41 years old, last deployment as he had plans of retiring upon return. But that did not happen.

What was supposed to be a very happy homecoming and retirement turned into Leah's worst nightmare.

Tech. Sgt. Dinglasan, was already three days into the siege when a sniper bullet struck his cheek on that fateful morning of May 31, 2018.

After receiving a call and hearing the news of her husband's demise from his commander, Leah was at first in disbelief. She argued that he just called moments before. A few hours before his death, he called Leah and they talked about his return from his tour of duty, his retirement and how they will manage together the small sari-sari store business they had started.

Leah narrated how Tech. Sgt. Dinglasan's body can't be recovered due to heavy firing from enemy snipers. His body was recovered three days after his death.

"Mahirap, siyempre iniisip ko pa rin siya. Pero tuloy lang ang buhay," Leah said, adding that she was left to care for their three children.

A soldier's dream

Back in March 2017, the couple started a small variety store business for their family's additional upkeep and to finance their children's school expenses.

With Php20,000 in hand, Tech. Sgt. Dinglasan started the small variety store before leaving for his tour of duty and Leah was left to manage the business, while her husband is in Marawi City.

Sgt. Dinglasan hoped that soon, once he retires, he and Leah could expand the business into a mini-grocery store.

A dream Leah was able to fulfill in memory and celebration of her husband's life and their family's sacrifice.

The Nation's tribute

After her husband's death, Leah received assistance from the government and private sector in various forms.

In March 2018, Leah received a Php100,000 investment fund assistance from the Small Business Corporation (SBCorp.) under its special lending program for Wounded-and-Killed in Action (KIA/WIA), an offshoot program from the Pondo sa Pagbabago at Pag-asenso (P3) program designed to assist soldiers and policemen who were wounded in action, or the families of those killed in action during the Marawi siege.

"Mayroon ding pension from the Armed Forces of the Philippines, Philippine Veterans Affairs Office, Employees Compensation Commission, financial and educational assistance para sa mga anak namin, at mayroon din galing sa private sector," Leah added.

With the P3 investment fund she received, Leah made a few changes in the store, expanding it and adding more stocks.

Five months after she received the financial assistance, the store is now worth almost double.

"Malaking tulong po talaga lalo pa at wala itong interest sa unang dalawang taon, at ang buwanang hulog ay magsisimula lamang matapos ang dalawang taon," she related.

She also hopes that after she completes the payment for the Php100,000 loan from SBCorp., she can borrow money from the P3 program to further expand her business.

On a regular day, Leah earns as much as Php8,000 a day.

Leah explained that it was Tech. Sgt. Dinglasan's dream for the business to grow.

"Ang sabi niya sa akin, "Ma, gusto ko yung tindahan natin na kahit ganyang nagsimula sa maliit, mapalaki natin," she said, holding back tears.

According to Leah, it was like some premonition that he invested on a small sari-sari store months before he left for Marawi. It was as if he has provided his family a means to survive on their own.

"Nawalan ako ng kabiyak dahil sa pagseserbisyo nya sa bayan at kaming kanyang naiwan ay di naman pinabayaang ng kanyang bayang pinagsilbihan. Sayang lang at di na nya makikita ang katuparan ng pangarap nya. Nagpapasalamat po ako sa Programang P3 na naging instrumento sa pagsasakatuparan ko ng pangarap ng aking asawa, at sa patuloy na pagsisikap maitataguyod ko ang kinabukasan ng aming mga anak.

Asked what her most unforgettable memory of her husband is, Leah said that the memory of her husband's return in a casket, draped with the Philippine flag will remain with her forever.

"Habang papalapit ako, unti-unting nabubuo sa isip ko na sya talaga yun. Hindi na talaga sya babalik".

While she understands that her husband is gone, Leah is grateful and proud of him.

"Gusto kong alalahanin ang aking asawa bilang kawal. Hindi lang sya bayani ng bayan, bayani din sya para sa akin at sa kanyang mga anak," Leah said.

"Ang sabi niya sa akin, "Ma, gusto ko yung tindahan natin na kahit ganyang nagsimula sa maliit, mapalaki natin,"



Stakeholders Engagement

Consistent with its mandate, SB Corp acknowledges its stakeholders and its duties and responsibilities towards them.

STAKEHOLDERS	THEIR ATTRIBUTES	OUR ENGAGEMENTS
Micro, small and medium enterprises	<p>MSMEs are the reason for the existence of SBCorp as embodied through its vision and mission statements. SBCorp strongly commits to continuously create and encourage access to financing for them.</p> <p>Sustainability in operations of SBCorp is aimed at providing continued service to the MSME sector -this is the primordial motivation.</p>	<p>Reporting of SBCorp's accomplishments for the MSME sector shall mainly be thru DTI, GCG and DBM. Communication with individual MSMEs, on the other hand, is via regular forums and account-based reports.</p>
Financial Institutions (FIs)	<p>FIs are critical partners in the accomplishment of SBCorp's vision of mainstreaming MSME finance in the country. SBCorp agrees to support and cooperate with FIs where the partnership results to increased access to credit for MSMEs.</p>	<p>SBCorp is duty bound to provide its audited financial reports to its partner FIs and vice versa. Reporting of results of SBCorp partnership with them, on the other hand, shall be thru the bank associations and BSP among Creditors and other funders</p>
Stockholders	<p>SBCorp commits to operate both as a developmental and sustainable agency, consistent with the expectations of the stockholders in exchange of their financial investment. SBCorp shall ensure good governance. Declaration of dividends shall be made based on fully transparent reports.</p>	<p>Accountability for true and accurate reports on SBCorp operations and finances shall be the primary responsibility of Management with the further assurance provided by COA</p>
Legislative and other policy-making bodies	<p>SBCorp commits to support policy advocacy for MSME finance as called for under its mandate, and being a proponent in the development of appropriate MSME financing technologies and strategies</p>	<p>SBCorp shall endeavor to submit its strategic knowledge on MSME finance to these bodies, with the end of creating a more level playing field for small enterprises. Reporting shall be thru DTI and the congressional oversight committees, among others.</p>
Government and regulatory agencies	<p>SBCorp considers Government as its main employer and, thus, commits to fully support its medium-term development agenda and auxiliary thrusts</p>	<p>SBCorp shall endeavor to align its programs for a unified and effective strategy.</p> <p>SBCorp commits to cooperate with all regulatory agencies required by Government to monitor/audit its operations, within the limits and bounds allowed by law.</p>
SB Corporation officers and employees	<p>The agency commits to operate under a clear set of vision, goals and objectives that will provide the proper motivation for its officers and staff in their service delivery for MSME finance. Moreover, SBCorp commits to provide a safe environment for its teams thru good governance and transparent operations.</p> <p>SBCorp also commits to fully provide them a fair, competitive and robust compensation package, rewards and incentive system, career path and working environment.</p>	<p>Reporting on SBCorp's financial condition, corporate scorecard and personnel development is assured thru the conduct of monthly general assemblies.</p>



REPUBLIC OF THE PHILIPPINES

COMMISSION ON AUDIT

COMMONWEALTH AVENUE, QUEZON CITY, PHILIPPINES

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS

Small Business Guarantee and Finance Corporation
17th and 18th Floors, 139 Corporate Center
139 Valero Street, Salcedo Village
Makati City

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Small Business Guarantee and Finance Corporation (SBCorp), which comprise the statements of financial position as of December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the SBCorp as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SBCorp in accordance with the Code of Ethics for Government Auditors in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing SBCorp's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate SBCorp or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SBCorp's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform

audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SBCorp's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SBCorp's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the SBCorp to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2018 required under Revenue Regulation Nos. 15-2010 and 19-2011 as disclosed in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the Management of SBCorp. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT

Teresita B. Titular
OIC-Supervising Auditor

May 6, 2019



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Small Business Guarantee and Finance Corporation** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2018 and 2017 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

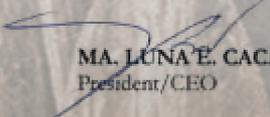
In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Corporation's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stakeholders.

The Commission on Audit, through its authorized representatives, has audited the financial statements of the Corporation pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 28 of the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The audit was conducted in accordance with International Standards of Supreme Audit Institutions, and the auditor, in its report to the Board of Directors, has expressed its opinion upon completion of such audit.


USEC. ZENaida C. MAGLAYA
Acting Chairman of the Board


MA. LUNA E. CACANANDO
President/CEO


CORAZON A. DIMAYUGA
Head, Controllershship Group

Signed this 30th day of April 2019

Small Business Corporation
Statements of financial Position

As at December 31, 2018 and 2017
(In Philippine Peso)

	Note	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	4	787,230,145	1,008,833,048
Short-term held-to-maturity investments	5	210,880,223	755,290,566
Due from banks and other financing institutions - net	6	670,612,277	943,351,712
Loans and receivables - net	7	712,411,894	913,693,704
Other assets	13	23,336,255	27,466,574
		2,404,470,794	3,648,635,604
Non-current assets			
Financial assets at fair value through profit or loss	16	151,549,399	34,417,396
Long-term held-to-maturity investments	5	1,316,398,104	1,383,283,786
Due from banks and other financing institutions - net	6	1,947,489,432	635,608,481
Loans and receivables - net	7	616,976,245	552,024,381
Investment in equity instrument - net	8	35,415,000	14,472,500
Investment property - net	9	23,758,073	22,372,692
Non current assets held for sale - net	10	25,871,087	31,808,013
Property and equipment - net	11	71,686,770	71,241,514
Deferred tax assets	12, 22	132,466,559	113,640,006
Other assets	13	20,347,265	19,764,869
		4,341,957,934	2,878,633,638
TOTAL ASSETS		6,746,428,728	6,527,269,242
LIABILITIES AND EQUITY			
Current liabilities			
Notes payable - current portion	14	800,948,160	1,479,893,000
Long-term liabilities - current portion	15	134,946,847	127,238,960
Other current liabilities	17	902,117,781	883,403,092
		1,838,012,788	2,490,535,052
Non-current liabilities			
Notes payable - net	14	67,893,450	90,357,199
Long-term liabilities - net	15	928,728,860	1,036,881,244
Deferred tax liabilities	22.5	55,790,038	10,325,219
		1,052,412,348	1,137,563,662
TOTAL LIABILITIES		2,890,425,136	3,628,098,714
Equity			
Share capital	18	1,919,902,000	1,919,902,000
Additional paid-in capital		79,510,460	79,510,460
Retained earnings		1,856,591,132	899,758,068
TOTAL EQUITY		3,856,003,592	2,899,170,528
TOTAL LIABILITIES AND EQUITY		6,746,428,728	6,527,269,242

The Notes on pages 27 to 41 form part of these financial statements.

Small Business Corporation

Statements of Comprehensive Income

For the Years Ended December 31, 2018 and 2017
(In Philippine Peso)

	Note	2018	2017
INCOME			
Interest income from loans and receivables	6.7	223,527,285	223,767,445
Investment income	4, 5	70,113,275	61,300,467
Guarantee fees	2.16 (c)	1,530,445	966,069
Other operating income	20	27,762,942	31,869,395
		322,933,947	317,903,376
FINANCE COST			
Interest expense on notes payable and other long-term borrowings	14, 15	49,444,263	38,863,074
		49,444,263	38,863,074
INCOME BEFORE PROVISION FOR IMPAIRMENT OF LOANS			
Provision for impairment of loans and ROPA	3.3	273,489,684	279,040,302
		10,126,282	43,892,997
		263,363,402	235,147,305
OTHER INCOME (LOSS)			
Other income		4,321,101	5,869,836
Realized foreign exchange gain (loss)		13,935,938	15,644,870
		18,257,039	21,514,706
EXPENSES			
Administrative expenses	21	248,999,220	220,316,129
Other expenses			
Litigation expenses		276,826	986,249
Foreclosure and acquired assets expenses		415,714	805,607
		249,691,760	222,107,985
INCOME BEFORE UNREALIZED GAINS (LOSSES)			
		31,928,681	34,554,026
UNREALIZED GAIN (LOSS)			
Unrealized gain (loss) on foreign exchange translation		(35,986,983)	(122,559,398)
Unrealized gain (loss) on derivative valuation		84,086,475	(2,087,222)
		48,099,492	(124,646,620)
INCOME (LOSS) BEFORE INCOME TAX			
INCOME TAX EXPENSE			
Current		(4,992,574)	(12,660,914)
Deferred	22.5	(26,638,266)	37,821,690
		(31,630,840)	25,160,776
NET INCOME (LOSS)			
		48,397,333	(64,931,818)
Subsidy income from National Government			
Enterprise Rehabilitation Financing (ERF)	19.1	-	3,774,432
Credit Risk Guarante Fund (CRGF)	19.2	-	13,293,839
Pondo sa Pagbabago at Pag-asenso (P3)	19.3	1,066,995,964	933,004,036
		1,066,995,964	950,072,307
Expenses			
ERF	19.1	-	3,774,432
CRGF	19.2	-	13,293,839
P3	19.3	48,009,287	10,000,000
		48,009,287	27,068,271
Provision for impairment			
P3	19.3	85,856,744	82,395,770
		85,856,744	82,395,770
NET SUBSIDY			
		933,129,933	840,608,266
NET INCOME INCLUSIVE OF SUBSIDY			
		981,527,266	775,676,448

The Notes on pages 27 to 41 form part of these financial statements.

Small Business Corporation
Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017
(In Philippine Peso)

	CAPITAL STOCK			RETAINED EARNINGS			Total
	Common Shares	Preferred Shares	Additional paid-in capital	Valuation Reserve (FVTPL)	Appropriated	Unappropriated	
Note	18.1	18.1	18.1	18.1	18.1	18.1	18.1
BALANCE AT DECEMBER 31, 2016	1,519,902,000	400,000,000	79,510,460	(5,962,699)	230,673,100	(85,296,882)	2,138,825,979
Reappropriation from guarantee reserved funds to unappropriated retained earnings					(60,000,000)	60,000,000	-
Correction of prior period adjustments	-	-	-	-	-	(3,202,298)	(3,202,298)
Declaration of cash dividend	-	-	-	-	-	(12,129,601)	(12,129,601)
Net change in derivative valuation - 2017	-	-	-	40,380,095	-	(40,380,095)	-
Net income (loss)	-	-	-	-	840,608,266	(64,931,818)	775,676,448
BALANCE AT DECEMBER 31, 2017	1,519,902,000	400,000,000	79,510,460	34,417,396	1,011,281,366	(145,940,694)	2,899,170,528
Reappropriation from guarantee reserved funds to unappropriated retained earnings	-	-	-	-	(105,000,000)	105,000,000	-
Correction of prior period adjustments	-	-	-	-	-	8,817,392	8,817,392
Declaration of cash dividend	-	-	-	-	-	(33,511,594)	(33,511,594)
Net change in derivative valuation - 2018	-	-	-	117,132,003	-	(117,132,003)	-
Net income (loss)	-	-	-	-	933,129,933	48,397,333	981,527,266
BALANCE AT DECEMBER 31, 2018	1,519,902,000	400,000,000	79,510,460	151,549,399	1,839,411,299	(134,369,566)	3,856,003,592

The Notes on pages 27 to 41 form part of these financial statements.

Small Business Corporation

Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017
(In Philippine Peso)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows:			
Interest on loans		190,578,554	212,511,426
Interest on investments		84,941,369	64,088,779
Guarantee fees	2.16 (c)	1,487,968	966,069
Other income		29,864,087	20,471,637
Collections of employees loan		9,070,861	7,823,768
Advances/Refund from suppliers and creditors		50,773,082	17,703,770
Subsidy form national government		1,105,229,629	1,686,920,119
Collection of loans		2,003,298,459	1,799,687,236
Payment received lodged under "Undistributed Collections"	17	2,349,842	1,755,170
		3,477,593,851	3,811,927,974
Cash outflows:			
Payment of operating expenses	21	292,529,155	212,991,935
Income tax paid		-	19,425,708
Advances to suppliers and creditors		39,200,711	11,490,205
Loans granted to employees		9,305,681	14,408,627
Loans granted to borrowers	6, 7	3,145,433,566	2,274,485,558
		3,486,469,113	2,532,802,033
		(8,875,262)	1,279,125,941
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows:			
Proceeds from held-to maturity-investment	5	1,056,547,023	1,027,452,456
Proceeds from disposal of investment property (ROPA)	10	1,981,123	3,148,744
Proceeds from sale of disposed assets (PE)	11	32,672	134,980
		1,058,560,818	1,030,736,180
Cash outflows:			
Placement of held-to maturity-investment	5	345,011,076	1,484,520,698
Purchase of property and equipment (PE)	11	4,327,816	4,470,951
Foreclosed property	9	905,241	1,062,334
		350,244,133	1,490,053,983
		708,316,685	(459,317,803)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows:			
Issuance of MSME Notes to banks and other financial institutions	14	797,273,843	972,183,111
		797,273,843	972,183,111
Cash outflows:			
Payment of foreign loans	15	137,827,379	119,377,433
Payment of interest on loans and other finance costs	14,15	79,907,596	52,778,117
Payment of matured MSME Notes	14	1,500,574,942	862,941,921
		1,718,309,917	1,035,097,471
		(921,036,074)	(62,914,360)
Effects of exchange rate changes on cash on bank and in banks			
		(8,252)	109
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning		1,008,833,048	251,939,161
		787,230,145	1,008,833,048

The Notes on pages 27 to 41 form part of these financial statements.

Small Business Corporation

Notes To financial Statements

December 31, 2018 and 2017

(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The Small Business Guarantee and Finance Corporation, commonly known as Small Business Corporation (SBCorp), is a government corporation created on January 24, 1991 by virtue of Section 11 of Republic Act (RA) No. 6977, amended on May 6, 1997 by RA No. 8289, otherwise known as Magna Carta for Small and Medium Enterprises (SMEs). SBCorp is under the policy, program and administrative supervision of the Micro, Small and Medium Enterprise Development (MSMED) Council of the Department of Trade and Industry (DTI), the primary agency responsible for the promotion and development of SMEs in the country.

On May 23, 2008, the President of the Philippines signed into law RA No. 9501, entitled "An Act to Promote Entrepreneurship by Strengthening Development and Assistance Programs to Micro, Small and Medium Scale Enterprises Amending for the Purpose Republic Act No. 6977, as amended, otherwise known as the 'Magna Carta for Small and Medium Enterprises' and for other purposes". The law, among others, increased the Corporation's authorized capital stock from Php5 billion to Php10 billion. Section 13 thereof, amending Section 11 of RA No. 6977, states that:

"Creation of Small Business Guarantee and Finance Corporation – There is hereby created a body corporate to be known as the Small Business Guarantee and Finance Corporation, hereinafter referred to as the Small Business Corporation (SBCorp), which shall be charged with the primary responsibility of implementing comprehensive policies and programs to assist MSMEs in all areas, including but not limited to finance and information services, training and marketing."

SBCorp's focus is to provide access to finance, financial management and capacity building to MSMEs. It has several programs for the MSME market – wholesale lending to smaller financial institutions, cooperatives and foundations; retail or direct lending to MSMEs; and guarantee programs for larger banks to cover MSME loans without collateral or with insufficient collateral. SBCorp also provides financial management and capacity building for rural banks with its Borrower Risk Rating System program.

On July 23, 2018, EO No. 58 was issued mandating the creation of a single entity handling the government guarantee system. Under the EO, within one year from the effectivity thereof, the guarantee-related functions, programs, funds, assets and liabilities of the SBCorp, among others, shall be transferred to the Trade and Investment Development Corporation of the Philippines.

The principal office of SBCorp is at 139 Corporate Center, 139 Valero St., Salcedo Village, Makati City. It has five area offices and 16 desk offices and 55 Pondo sa Pagbabago at Pag-Asenso (P3) provincial offices within the Philippines and has 155 and 137 regular employees for CYs 2018 and 2017, respectively.

The financial statements of the SBCorp as at and for the year ended December 31, 2018 (including the comparative financial statements as at and for the year ended December 31, 2017) were approved and authorized for issue by the Corporation's Board of Directors (BOD) under Board Resolution No. 2019-04-2747 dated April 30, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that are used in the preparation of these financial statements are summarized below. The policies are consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of financial statements preparation

(a) Statement of Compliance with Philippine Financial Reporting Standards

The accompanying financial statements of SBCorp for the years ended December 31, 2018 and 2017 have been prepared by applying accounting policies in accordance with the Philippine Financial Reporting Standards (PFRS). PFRS are issued by the Financial Reporting Standards Council (FRSC) and approved by the Philippine Board of Accountancy (BOA) based on International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

SBCorp has opted to defer the adoption of PFRS 9 as it planned to hire a consultant from a recognized accounting and auditing firm to provide guidance for its Controllership Group in the formulation of policies/guidelines for the assessment, classification, measurement, and recognition of financial instruments, to include impairment losses.

Further, the Commission on Audit has resolved, under COA Resolution No. 2019-006 dated March 27, 2019, that all Government Corporations (GCs) classified as Government Business Enterprises (GBEs) that have not taken into consideration the early application of the provisions of PFRS 9 shall mandatorily apply the provisions of PFRS 9 effective January 1, 2019.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, Presentation of Financial Statements. The Corporation presents all items of income and expenses in a single Statement of Comprehensive Income (SCI).

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Corporation's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Corporation are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Corporation operates.

(d) Going Concern Basis of Accounting

The financial statements were prepared on a going concern basis which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

2.2. Adoption of new and amended PFRSs

Discussed below are the relevant information about these amendments and improvements.

(a) Effective in 2018 that are relevant to the Corporation

The Corporation adopted the following amendments to PFRS, which are effective for annual periods beginning on or after January 1, 2018:

- (i) **PFRS 9 (2014), Financial Instruments.** This standard replaces PAS 39, *Financial Instruments – Recognition and Measurement*, and PFRS 9 (2009, 2010 and 2013) versions. This standard contains, among others, the following:
- Three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - An expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and
 - A new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through OCI if it meets the Solely Payments of Principal and Interest (SPPI) criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in OCI.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in OCI rather than in profit or loss.

- (ii) **PFRS 15, Revenue from Contract Customers.** The amendment addresses three topics: identifying performance obligations, principal versus agent considerations and licensing. PFRS 15 requires an entity to identify performance obligations on the basis of distinct promised goods or services. When another party is involved in providing goods or services to a customer, it requires an entity to determine whether it is the principal in the transaction or the agent on the basis of whether it controls the goods or services before they are transferred to the customer. When an entity grants

a license to a customer that is distinct from other promised goods or services, the entity has to determine whether the license is transferred at a point in time or over time on the basis of whether the contract requires the entity to undertake activities that significantly affect the intellectual property to which the customer has rights.

- (iii) **Amendment to PAS 40, Transfer of Investment Property.** This amendment provides that an entity's shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property.
- (b) *Effective in 2018 that are not relevant to the Corporation*
- (i) **IFRIC 22, Foreign Currency Transactions and Advance Consideration.** This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- (ii) **Amendments to PFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions.** These amendments clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment transactions, the accounting for shared based payment transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a shared-based payment that changes the classification of the transaction from cash-settled to equity settled.
- (iii) **Amendments to PFRS 4, Insurance Contracts, regarding the implementation of PFRS 9, Financial Instruments.** These amendments provide two options for entities that issue insurance contracts. An option for companies that issue insurance contracts to recognize in OCI, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued; this is the so called overlay approach and an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.
- (iv) **Annual Improvements to PFRS (2014 – 2016 Cycle).** The following improvements are relevant to the Corporation but had no material impact on its financial statements as these merely clarify existing requirements:
- **Amendments to PFRS 1, First-time Adoption of PFRS.** The amendments deleted short-term exemptions for first-time adopters regarding PFRS 7, Financial Instruments – Disclosures, PAS 19, Employee Benefits and PFRS 10.
 - **Amendments to PAS 28, Investments in Associates and Joint Ventures.** The amendments clarify that the election to measure at FVTPL an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

c. *Effective subsequently to 2018 but not adopted early*

The following are the new standards that were issued but are not yet effective as at December 31, 2018. SBCorp intends to adopt the applicable issuances when these become effective.

(i) **PFRS 16, Leases.** The new accounting model under PFRS 16 requires a lessee to recognize a 'right-of-use asset' and a lease liability. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating distinction between operating and finance leases. Lessor accounting however remains unchanged and the distinction between operating and finance lease is retained.

(ii) **Amendments to PFRS 9, Financial Instruments – Prepayment Features with Negative Compensation.** These amendments confirm that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rates.

(iii) **Amendments to PAS 19, Employee Benefits – Plan Amendment, Curtailment or Settlement.** The amendments specify how companies remeasure a defined benefit plan when a change – an amendment, requires entities to use the updated assumptions from this remeasurement to determine current service cost and net interest cost for the remainder of the reporting period after the change to the plan.

(iv) **Amendments to PAS 28, Investment in Associates – Long-term Interests in Associates and Joint Ventures.** These amendments clarify that an entity applies PFRS 9, Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

(v) **IFRIC 23, Uncertainty Over Income Tax Treatments.** This IFRIC clarifies how the recognition and measurement requirements of PAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

(vi) **Annual improvements to PFRS (2015 – 2017 Cycle).** The following improvements are relevant to the Corporation but had no material impact on its financial statements as these merely clarify existing requirements:

- **Amendments to PFRS 3, Business Combinations and PFRS 11, Joint Arrangements –** Remeasurement of Previously Held Interests in a Joint Operation. The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
- **Amendments to PAS 12, Income Taxes – Tax Consequences of Dividends.** The amendments

clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

- **Amendment to PAS 23, Borrowing Costs – Eligibility for Capitalization.** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

Effective for reporting periods beginning on or after January 1, 2020:

(i) **Amendments to PFRS 3, Business Combinations – Definition of a Business.** The amendments clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

(ii) **Amendment to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.** The amendments refine the definition of material in PAS 1 and align the definition used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgment.

Effective for reporting periods beginning on or after January 1, 2021:

PFRS 17, Insurance Contracts. This standard replaces PFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. PFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Effectivity Deferred Indefinitely:

Amendments to PFRS 10, Consolidated Financial Statements, and to PAS 28, Investment in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associates or Joint Venture. The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

2.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks, working funds, demand deposits, with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, having been within three months of maturity when placed or acquired.

2.4. Financial assets

The Corporation classifies its financial assets in the following categories: (a) financial assets at FVTPL; (b) held-to-maturity (HTM) investments; and (c) loans and receivable. Management determines the classification of its investments at initial recognition and where appropriate, re-evaluates such classification at every reporting date. When financial assets are recognized initially, they are measured at fair value, plus directly attributable transaction costs in the case of investments not measured at FVTPL.

(a) HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These investments are carried at amortized cost using the effective interest rate method, less impairment in value. Gains and losses are recognized in the income statement when the HTM are derecognized and impaired, as well as through the amortization process.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially recognized at fair value. After initial measurement, these are subsequently measured at amortized cost using the effective interest method less provision for impairment. The amortization is included under interest income from loans and receivables in the SCl. The losses arising from impairment/allowance for doubtful accounts are recognized in the SCl.

(c) Financial assets at FVTPL

The currency risk of the Corporation on account of its foreign currency denominated borrowings is covered by the National Government through the Department of Finance (DOF) via a foreign exchange risk cover (FXRC) throughout the life of the loan at a cost of three per cent per annum on the outstanding balance. This is recorded in the books as derivative assets with fixed maturities whose value changes in response to the change in specific interest rate, financial instrument price, foreign exchange rate, index of prices of rates.

For valuation purposes, the Corporation adopts the currency option using the Garman Kohlhagen Model as its pricing valuation model. Changes in fair value are recognized in the SCl.

Acquisition and disposal of financial assets are recognized on the transaction date – the date on which the Corporation commits to acquire or dispose of the asset. Loans and receivables are recognized when cash is advanced for direct loans to banks and individual borrowers.

As recommended by the BSP, the valuation model being adopted for the derivative asset is subject to periodic review as to its applicability. The Garman Kohlhagen pricing valuation model was adopted in 2015 and is currently being reviewed by a third party validator.

Significant changes in the valuation of the derivative asset shall be effected in the 2019 financial statements.

2.5. Financial liabilities

Financial liabilities include bank loans, trade and other payables, and due to government agencies/institutions.

Financial liabilities are recognized when the Corporation becomes a party to the contractual agreements of the instrument. All interest and related charges are recognized as an expense in the SCl under the caption "Finance Cost" while the FXRC is capitalized under "Financial Assets at Fair Value through Profit or Loss".

Bank loans are raised for support of short and long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges, including direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes payable are obligations of SBCorp to various financial institutions arising from its issuance of Micro, Small and Medium Enterprise (MSME) Notes in the nature of promissory notes deemed as alternative compliance to the mandatory allocation provision under Section 13 of RA No. 6977 as amended by RA Nos. 8289 and 9501.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividend distributions to the stockholders are recognized as financial liabilities.

2.6. Impairment of assets

Assets are impaired if carrying amount exceeds the amount to be recovered through use or sale of the asset. An assessment is made at each Statement of Financial Position (SFP) date whether there is objective evidence that a specific financial or non-financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the SCl.

(a) Impairment of financial assets

If there is evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of allowance account. The amount of loss is charged to the SCl.

If in subsequent year, the amount of impairment loss decreases because of the event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of the impairment loss is recognized in the SCl.

(b) Impairment of non-financial assets

Where an indicator of impairment exists, the Corporation makes a formal estimate of recoverable amount. An asset's recoverable amount is the higher of an asset's cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from their assets or group of assets. Impairment losses are recognized in the SCl in those expense categories consistent with the function of the impaired assets.

If in subsequent year there is an indication that previously recognized impairment losses may no longer exist or may have decreased, a previously recognized impairment loss is reversed if there has been a change

in estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the SCl.

2.7. Derecognition of financial instruments

(a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Corporation has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Corporation's continuing involvement in the asset.

(b) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or had expired.

2.8. Investment in equity instruments

The Corporation invests in equity instruments for current income, capital appreciation, development impact, or all three. The Corporation does not take operational, controlling, or strategic positions with its investees. Equity investments are acquired through direct ownership of equity instruments of investees and are recorded at cost as at date when the investor entity becomes a party to the contractual provisions of the instrument.

If there is objective evidence that an impairment loss has been incurred on the equity instrument, the amount of impairment is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2.9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (a) in the principal market for the asset or liability, or (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interest.

Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- b. Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and,
- c. Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Corporation determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.10. Investment property

Investment property are booked initially at the carrying amount of the loan (outstanding loan balance less allowance for credit losses computed based on PAS 39, *Financial Instruments: Recognition and Measurement* provisioning requirements, which take into account the fair value of the collateral) plus booked accrued interest less allowance for credit losses (computed based on PAS 39 provisioning requirements) plus transaction costs incurred upon acquisition.

Subsequently, the carrying amount of the acquired assets is subject to depreciation and impairment testing (computed based on PAS 36, *Impairment of Assets*) reckoning from the time of acquisition. Transaction costs including taxes such as capital gains tax and documentary stamp tax paid by the Corporation are capitalized as part of cost. Buildings and other non-financial assets are depreciated over the remaining useful life of the assets, which shall not exceed ten years and three years from the date of acquisition, respectively.

Expenditures incurred to protect and maintain these investment properties, such as real estate taxes, insurance, repairs and maintenance costs, are normally charged against current operation in the period in which cost is incurred.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on retirement or disposal of an investment property are recognized in the SCl in the year of retirement or disposal.

2.11. Non-current assets held for sale (NCAHFS)

NCAHFS consists of real and other properties acquired (ROPA) through foreclosure of mortgaged properties, dacion en pago arrangements, or Sales Contract Receivables (SCR) rescissions, where the foremost objective is immediate disposal generally under cash or term transactions.

Initial carrying amount is computed as the outstanding balance of the loan less allowance for impairment plus transaction costs, where allowance for impairment is set up if the carrying amount exceeds the fair value of the ROPA.

2.12. Property and equipment

The Corporation's depreciable properties are stated at cost less accumulated depreciation and any impairment in value. Pursuant to COA Circular Nos. 2017-004 and 2016-006 dated December 13, 2017 and December 29, 2016, respectively, a capitalization threshold of Php15,000 is applied as the minimum cost of an individual asset to be recognized as property and equipment. Tangible items below the capitalization threshold are accounted for as semi-expendable property.

The initial cost of property and equipment consists of its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance, are charged against operations in the year in which the costs are incurred. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected as income or loss in the SCI.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (cost less residual value over useful life). Leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives of the improvements.

The estimated useful lives of the Corporation's depreciable assets follow:

Item of property and equipment	Estimated useful life
Condominium unit and leasehold improvements	10 to 30 years
Office furniture and fixtures	10 years
Business machines and equipment	5 years
Transportation equipment	7 years

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the SCI.

2.13. Semi-expendable property

Semi-expendable property or those tangible items with cost below the capitalization threshold for property and equipment are initially recorded at cost. These items are recognized as expense in full upon issuance to end users but recorded under the Report on the Physical Count of Inventories for monitoring purposes.

2.14. Intangible asset

Intangible assets are stated in the financial statements at cost less accumulated amortization and any impairment in value.

2.15. Borrowing costs

Borrowing costs represent interest and other pertinent financial charges and costs incurred in connection with the availments of domestic and foreign borrowings. In compliance with PAS 23, Borrowing Costs which prescribes the accounting treatment for borrowing costs, such costs are generally recognized and accrued as an expense in the period in which they are incurred.

2.16. Revenue and cost recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(a) Interest on loans

Interest income on loans is recorded as income on an accrual basis. Loan origination costs are expensed as incurred. Loan origination fees and other processing fees are recognized as income when received. The Corporation does not recognize income on loans

when collectability is in doubt or payments of interest or principal are past due in accordance with the Bangko Sentral ng Pilipinas (BSP) guidelines unless Management anticipates that collection of interest will occur in the near future.

Any interest accrued on a loan placed in non-accrual status is reversed out of income and is thereafter recognized as income only when the actual payment is received. Interest not previously recognized but capitalized as part of a debt restructuring is recorded as deferred income included in the balance sheet in payables and other liabilities, and credited to income only when the related principal is received.

(b) Investment income

Interest on interest-bearing placements and securities are recognized as the interest accrues, taking into account the effective yield on such assets. This includes gains and losses from fair value measurements.

(c) Guarantee fees

The Corporation extends financial guarantee facilities to its clients to provide credit enhancement for their debt securities and trade obligations. Under the terms of the guarantee, the Corporation agrees to assume responsibility for the client's financial obligations in the event of default by the client (i.e. failure to pay when payment is due). Guarantees are regarded as issued when the Corporation commits to the guarantee. This date is also the "inception" of the guarantee contract. Guarantees are regarded as outstanding when the underlying financial obligation of the client is incurred and called when the Corporation's obligation under the guarantee has been invoked.

When the guarantees are called, the amount disbursed is recorded as a guarantee paid account, and specific reserves are established based on the estimated probable loss. These reserves are included in the reserve against losses on loans in the SFP. Guarantee fees are recorded as income as the stand-ready obligation to perform is fulfilled.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

2.17. Employee benefit plan

The Corporation has a Provident Fund consisting of contributions made both by its officers and employees and the Corporation. Corporate contribution is vested to the employee after completing five years of service in the Corporation. Details of the employee benefits are discussed in Note 25.

2.18. Leases

Finance leases, which transfer to/from the Corporation substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included as interest expense in the SCI.

Capital leased assets are depreciated over the shorter of the estimated useful lives of the assets or the respective lease terms.

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating lease. Operating lease payments are recognized as an expense in the SCI on a straight-line basis over the lease term.

2.19. Provisions and contingencies

Provisions are recognized when: (a) the Corporation has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized but are disclosed in the financial statements (Note 23) unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

SBCorp is a party to various legal cases. Based on the status of these cases as at December 31, 2018, decisions of some cases are in favor with SB Corporation, however, Management is still in the process of filing of Motion for Writ of Execution in Court and request for skip tracing and property search. Management believes that these have no material impact of the Financial Statements.

2.20. Income taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the SCI.

Deferred tax is provided, using the balance sheet method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the balance sheet method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets which are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the SCI. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities are charged or credited directly to equity.

2.21. Foreign currency transactions

The accounting records of the Corporation are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates (BSP rate) which approximate those prevailing on transaction dates. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the SCI.

2.22. Events after Reporting Period

Subsequent events that provide additional information about the Corporation's position at the Statement of

Financial Position date (adjusting events) are reflected in the financial statements. Subsequent events that are non-adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with PFRSs requires the Corporation to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. While the estimates are based on the most reliable data available, actual results, in the near term, could differ significantly from those estimates depending upon certain events and uncertainties including:

- The extent to which the Corporation can maximize the sale and recoveries from the assets it acquires as foreclosed from borrowers; and
- The probability of recovery through successful lawsuits as appropriate against relevant parties.

3.1. Contingencies

The Corporation is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with counsel handling and monitoring the defense in these matters and is based upon an analysis of potential results.

The Corporation currently does not believe that these proceedings will have a material adverse effect on its financial position. It is possible, however, that future results of operations could be materially affected by the changes in the estimates.

3.2. HTM investments

The Corporation classifies non-derivative financial assets with fixed or determinable payments and fixed maturity as HTM investment. This classification requires significant judgment. In making this judgment, the Corporation evaluates its intention and ability to hold such investments to maturity. If the Corporation fails to keep these investments to maturity other than in certain specific circumstances, it will be required to reclassify the entire portfolio to available-for-sale investments. The investments would, therefore, be measured at fair value and not at amortized cost.

3.3. Allowance for loan impairment/doubtful accounts

The Corporation reviews its loans and receivables to assess potentially uncollectible receivables annually. In determining the level of allowance, the Corporation makes judgments as to whether there are observable development and information indicating a measurable decrease in the estimated future cash flows from the loans and receivables. The Corporation observes BSP criteria and guidelines on the classification of receivables in establishing specific loan loss reserves/provisioning.

3.4. Impairment loss on property and equipment and investment property

The Corporation assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Corporation recognizes an impairment loss/provision for probable loss whenever the carrying amount of an asset exceeds the recoverable amount.

3.5. Estimated useful lives of property and equipment and investment property

The Corporation uses the prescribed estimated useful lives of Property and Equipment as prescribed in COA Circular No. 2017-004 dated December 13, 2017 and ROPA/ Investment Property as prescribed in BSP Circular No. 520 dated March 20, 2006.

4. CASH AND CASH EQUIVALENTS

The account consists of the following:

	2018	2017
Cash in bank	429,987,230	293,833,208
Short-term investments	357,242,915	714,999,840
	787,230,145	1,008,833,048

Cash in bank consists of funds deposited with government banks for payroll and corporate operating fund which earns interest at rates based on average monthly deposit balances.

Short-term investments refer to investments maturing within 90 days from transaction date with interest ranging from 4.21 to 5.13 per cent per annum for 2018 and 0.85 to 2.5 per cent per annum for 2017 (See Note 2.3).

5. HELD-TO-MATURITY INVESTMENTS

Funds which are not yet earmarked for loan releases, operating and other administrative expenses are temporarily invested in government securities consisting of treasury bills, fixed and retail treasury bonds, and dollar time deposits with the Land Bank of the Philippines (LBP), Development Bank of the Philippines (DBP) and the Bureau of the Treasury. These investments which have various maturity dates over three months from transaction date at rates ranging from 3.125 per cent per annum to 7.875 per cent per annum for 2018 consist of the following:

	2018	2017
Investments in treasury bills	1,492,131,538	1,968,990,969
Investments in treasury bills – guarantee reserve fund (GRF)	35,000,000	169,405,003
Investment in bonds	146,789	178,380
	1,527,278,327	2,138,574,352
Short-term	210,880,223	755,290,566
Long-term	1,316,398,104	1,383,283,786

6. DUE FROM BANKS AND OTHER FINANCING INSTITUTIONS – NET

The Corporation extends loans to banks and other financing institutions at an interest rate ranging from 2.0 per cent to 11.50 per cent per annum for relending under SBCorp special lending programs for MSMEs.

Details of the loan portfolio are as follows:

	2018	2017
Wholesale financing	1,231,392,645	1,199,662,347
Allowance for doubtful accounts	(235,476,411)	(235,476,411)
	995,916,234	964,185,936
Wholesale financing – P3	1,765,237,827	692,785,082
Allowance for doubtful accounts	(143,052,352)	(78,010,825)
	1,622,185,475	614,774,257
	2,618,101,709	1,578,960,193
Current	670,612,277	943,351,712
Non-current	1,947,489,432	635,608,481

7. LOANS AND RECEIVABLES – NET

This account consists of the following:

	2018	2017
Loans receivable – retail	1,321,528,699	1,367,373,739
Allowance for doubtful accounts	(265,592,632)	(256,986,141)
	1,055,936,067	1,110,387,598
Loans receivable – ERF	266,149,527	389,158,990
Allowance for doubtful accounts	(163,056,209)	(164,859,750)
	103,093,318	224,299,240
Loans receivable – P3	75,228,680	9,420,172
Allowance for doubtful accounts	(25,200,162)	(4,384,945)
	50,028,518	5,035,227
Loans receivable – others	35,746,171	42,273,906
Interest receivable – loans	47,007,866	44,177,674
Interest receivable on investment	13,167,868	18,759,287
Interest receivable on investment – P3	798,485	-
	96,720,390	105,210,867
Allowance for doubtful accounts	(5,272,245)	(5,272,245)
	91,448,145	99,938,622
Guarantee paid accounts	79,273,189	80,448,441
Allowance for doubtful accounts	(79,189,238)	(79,909,066)
	83,951	539,375
Accounts receivable – others	27,010,060	26,367,316
Allowance for doubtful accounts	(895,264)	(895,264)
	26,114,796	25,472,052
Accounts receivable – others – P3	2,683,344	45,971
	1,329,388,139	1,465,718,085

The current and non-current portions of the account, net of related allowance for doubtful accounts, are broken down below:

	2018	2017
Current		
Loans receivable – retail	523,389,814	673,571,704
Loans receivable – ERF	70,240,417	131,348,650
Loans receivable – P3	50,028,518	5,035,227
Loans receivable and interest receivable – other	60,974,219	99,938,622
Accounts receivable – others	5,095,582	3,753,530
Accounts receivable – others – P3	2,683,344	45,971
	712,411,894	913,693,704
Non-current		
Loans receivable – retail	532,546,253	436,815,894
Loans receivable – ERF	32,852,901	92,950,590
Loans receivable and interest receivable – others	30,473,926	-
Guarantee paid accounts	83,951	539,375
Accounts receivable – others	21,019,214	21,718,522
	616,976,245	552,024,381

Loans receivable – retail carry interest rates ranging from 7.50 per cent to 16.90 per cent per annum as at December 31, 2018.

Loans receivable – Enterprise Rehabilitation Financing (ERF) represents soft loans extended to MSMEs located in calamity-hit area such as those devastated by typhoon Yolanda and carry interest rate ranging from 6.0 per cent to 9.0 per cent per annum.

Interest receivable on investments represents accrued interest receivable from investment in government-issued debt instruments.

Guarantee paid accounts represent the amount paid by SBCorp to banks for the unpaid loans of its SBCorp guaranteed borrowers who defaulted in their regular loan amortizations to the banks concerned.

Accounts receivable – others consist of the following:

	2018	2017
Agricultural Credit Policy Council (ACPC) re: Administrative fee for the Comprehensive Agricultural Loan Fund (CALF)	9,400,000	9,400,000
Participating financial institution's share in expenses relative to foreclosure in the management of acquired assets	2,002,006	1,565,706
All other accounts receivable	15,608,054	15,401,611
	27,010,060	26,367,317

ACPC re: CALF represents unclaimed administrative fees as at June 1, 2001 from ACPC for the CALF which was transferred to Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) on June 18, 2001. Pursuant to Section 5 of Department of Agriculture (DA) Administrative Order No. 10, series of 2001, the transfer of said CALF carries an obligation for QUEDANCOR, attached as a colatilla, to answer for the liability of such fund in accordance with the Memorandum of Agreement (MOA) between DA – ACPC and the Guarantee Fund for Small and Medium Enterprises (GFSME, now SBCorp) that is the payment of administrative fees.

Movements in the allowance for doubtful accounts for the year are as follows:

	Balance, January 1, 2018	Additional Provision	Recovery/ Reversal	Balance, December 31, 2018
Loans receivable – retail	256,986,141	9,711,104	(1,104,613)	265,592,632
Loans receivable – ERF	164,859,750	-	(1,803,541)	163,056,209
Loans receivable – P3	4,384,945	20,815,217	-	25,200,162
Loans receivable and interest receivable – others	5,272,245	-	-	5,272,245
Guarantee paid accounts	79,909,066	-	(719,828)	79,189,238
Accounts receivable – others	895,264	-	-	895,264
	512,307,411	30,526,321	(3,627,982)	539,205,750

While the Corporation reviews its loans and receivables to assess potentially uncollectible receivables annually, a monthly accrual of allowance for doubtful accounts (ADA) is recognized in the financial statements to cushion the one-time lump sum effect of the yearly provisioning requirement. The said monthly accruals of ADA has been budgeted and reflected in DBM Form No. 3 under the Non-Cash items of the 2018 approved COB of the Corporation.

Also, the periodic provisioning complies with the general provisioning requirement of the BSP. Upon review of the annual provisioning requirement, the booked provisioning is adjusted to the required provisioning for the year whereby either additional allowance are recognized or reversed in the event a decrease in provisioning requirement is encountered.

For the current year, a significant increase in the required provisioning was encountered as a result of the policy change in complying with the provisions of the BSP Circular 941 re: loan classification. This resulted to a significant cost implication in the financial statements of the Corporation. Further, there is still a need to review the loan classification system taking into consideration the adjustments made on the glitches encountered in the application of payments which include, among others, the non-capture of collateral cover.

Thus, under Board Resolution No. 2019-03-2707 dated March 13, 2019, as favorably endorsed by the Risk Oversight Committee, it was decided that to allow the Corporation reasonable time to adapt to the policy change brought about by the BSP Circular and to absorb its cost implication, 94% of the provisioning requirement will be booked as of current year equivalent to Php753.707 million, with the remaining six per cent to be recognized in CY 2019.

The Php753.707 million ADA booked for CY 2018 is composed of the following:

- Allowance for Doubtful accounts of Wholesale Regular amounting to Php235.476 million (see Note 6);
- Total retail allowance for doubtful accounts in Note 7 amounting to Php539.206 million less allowance attributable to Loans Receivable P3 amounting to Php25.200 million or a net of Php514.006 million; and
- The allowance reported in Note 8 Investment in Equity Ventures amounting to Php4.225 million.

Corresponding action plan in managing the additional cost to be assumed in CY 2019 has likewise been made.

8. INVESTMENT IN EQUITY INSTRUMENTS – NET

This account represents the Corporation's Equity Ventures Program, an equity financing program for SMEs which calls for the participation of a private sector venture or an equity capital company which will match the investment of the Corporation in selected SME corporations.

The Corporation, in cooperation with various SME corporations invested Php8.760 million in preferred shares and Php9.938 million in common shares holding 11.25 to 43.75 per cent ownership with minor controlling interest and returns to investments through dividends. The nature of businesses under the investment

account were engaged in the manufacture of acoustic and padded fabric wall and ceiling system; Citronella Home Essences and Insect Repellent organic fertilizer manufacturing; fabrication, rental and trading of generator sets, catering and lodging house services and Seaweeds production. Total amount of this account is Php35.415 million and Php14.472 million, net of Php4.225 million impairment provision both as at December 31, 2018 and 2017.

With the implementation of the Pondo sa Pagbabago at Pag-Asenso (P3) another equity/Investment facility for micro entrepreneurs was provided. Named as the "Equity Investment for KIA-WIA Families", the investment facility aims to help the soldiers/police officers who were wounded and families of those who were killed while performing their duties. Specifically, it will provide an investment with liberal terms and conditions for the establishment of a start-up business or expansion of an existing business.

SBCorp has allotted Php50 million from P3 funds to provide microenterprise investments for families of KIA/WIAs with investments ranging from Php50,000 to Php100,000. The investment is interest-free if paid within two years. Otherwise, amortization will start on the third year with an interest of two per cent per annum. As at December 31, 2018, the equity investment from this facility amounted to Php20.942 million.

9. INVESTMENT PROPERTY – NET

This account consists of real and other properties acquired in settlement of receivables and guarantee paid accounts from borrowers. All properties acquired are intended for sale except for those properties being held by the Corporation for its use.

Details of the Investment Property-Net account are as follows:

	2018	2017
Investment property	29,692,115	28,676,500
Allowance for depreciation	(3,181,040)	(3,196,448)
Allowance for impairment	(1,451,978)	(1,604,172)
Equity of originating financial institutions on acquired assets	(1,301,024)	(1,503,188)
	23,758,073	22,372,692

10. NON - CURRENT ASSETS HELD FOR SALE

This account consists of the following:

	2018	2017
Non-current assets held for sale	42,637,499	49,719,465
Allowance for impairment	(15,714,185)	(16,839,335)
Equity of originating financial institutions on acquired assets	(1,052,227)	(1,072,117)
	25,871,087	31,808,013

11. PROPERTY AND EQUIPMENT – NET

This account consists of the following:

	Buildings/ Structures	Furniture and Other Equipment	Transport Equipment	Total
Cost				
January 1, 2018	144,000,608	29,649,361	15,841,599	189,491,568
Additions	1,953,423	2,763,338	-	4,716,761
Reclassification	5,869,895	(52,065)	-	5,817,830
Disposals	-	(386,188)	(732,858)	(1,119,046)
December 31, 2018	151,823,926	31,974,446	15,108,741	198,907,113
Accumulated depreciation				
January 1, 2018	89,296,012	19,921,122	9,032,920	118,250,054
Additions	4,256,700	2,351,710	1,273,462	7,881,872
Reclassification	2,083,845	(7,240)	-	2,076,605
Disposals	-	(328,616)	(659,572)	(988,188)
December 31, 2018	95,636,557	21,936,976	9,646,810	127,220,343
Net book value, December 31, 2018	56,187,369	10,037,470	5,461,931	71,686,770
Net book value, December 31, 2017	54,704,596	9,728,239	6,808,679	71,241,514

12. DEFERRED TAX ASSET

This account consists of the following:

	2018	2017
Minimum corporate income tax	5,718,852	726,278
Provision for impairment losses	79,183,793	76,145,908
Unrealized losses on forex	47,563,914	36,767,820
	132,466,559	113,640,006

13. OTHER ASSETS

This account consists of the following:

	2018	2017
Motor vehicle lease purchase plan	14,490,377	15,757,383
Prepayments	16,076,784	21,601,902
Receivables – officers and employees	2,584,439	1,218,515
Receivables – officers and employees – P3	43,450	-
Guarantee deposit	1,898,679	1,385,753
Office supplies	60,998	512,961
Due from BMBE	190,096	193,013
Due from P3	4,354,375	3,044,536
Other assets	3,984,322	3,517,380
	43,683,520	47,231,443
Current	23,336,255	27,466,574
Non-current	20,347,265	19,764,869

14. NOTES PAYABLE

Notes payable represents the obligations of SBCorp to various financial institutions arising from its issuance of MSME Notes in the nature of promissory notes deemed as alternative compliance to the mandatory allocation provision under Section 13 of RA No. 6977 as amended by RA Nos. 8289 and 9501. The promissory notes carry interest rates that range from 1.50 per cent to 3.10 per cent per annum for 2018.

	2018	2017
Current portion	800,948,160	1,479,893,000
Non-current portion	67,893,450	90,357,199
	868,841,610	1,570,250,199

15. LONG-TERM LIABILITIES

This account consists of the following:

	2018	2017
Foreign currency denominated loans		
Asian Development Bank (ADB)	405,717,530	478,773,219
Kreditanstalt fur Weideraufbau (KfW)	632,526,570	658,031,556
Peso denominated loans		
International Fund for Agricultural Development (IFAD)	25,431,607	27,315,429
	1,063,675,707	1,164,120,204
Current	134,946,847	127,238,960
Non-current	928,728,860	1,036,881,244

The loan from ADB is a US\$25 million (JPY2.746 billion) denominated loan for SME Development Support Project guaranteed by the Republic of the Philippines (ROP). The loan is on a 15-year term payable with a grace period of 36 months and carries an interest rate of JPY LIBOR plus 0.60 per cent per annum and a commitment fee of 0.75 per cent per annum on the unutilized portion of the loan. The conversion rate of JPY to Peso as at December 31, 2018 was at Php0.4790. The loan was fully availed of in 2009.

The loan from the KfW is an €11.7 million denominated loan for the purpose of financing loan for micro, small and medium-sized private enterprises located mainly in Mindanao and Visayas. The loan is guaranteed by the ROP and bears an interest rate of 0.75 per cent per annum plus a commitment fee of 0.25 per cent per annum based on the undisbursed loan amount. The loan shall be amortized on a semi-annual basis for 40 years with a principal grace period of 10 years. The conversion rate of Euro to Peso as at December 31, 2018 was at Php60.0690. The loan was fully availed of in 2010.

In consideration of the government guarantee and assumption of the foreign exchange risk for both loans, SBCorp in addition to the guarantee fee of one per cent, shall pay the National Government an foreign exchange risk cover (FXRC) fee of three per cent or the difference between the weighted average interest rate (WAIR) and total cost of funds (which includes ADB cost, guarantee fee and SBCorp's operational expense/spread), whichever is higher based on the outstanding principal balance of the loan.

As at December 31, 2018, the outstanding balance of ADB and KfW loans amounted to JPY847.009 million and €10.530 million, respectively.

The loan from the International Fund for Agricultural Development (IFAD) is a subsidiary loan from the ROP in peso amount equivalent to 10 million Special Drawing Rights (SDR) to finance the implementation of the Rural Micro-Enterprise Promotion Programme (RuMEPP). The loan is on a 25-year term inclusive of eight years grace period on principal repayment and carries an interest rate of 4.75 per cent per annum payable on a semi-annual basis. As at December 31, 2014, the project was already completed.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial asset at FVTPL represents the fair value of the FXRC of the Corporation's borrowings from multilateral agencies amounting to Php1.038 billion in 2018 and Php1.137 billion in 2017 which is treated as derivative financial instrument.

Under a MOA between SBCorp and the National Government through the DOF, the latter guarantees and assumes the foreign exchange risk relating to SBCorp's foreign currency denominated borrowings from the ADB and KfW. In consideration thereof, SBCorp shall pay the National Government a guarantee fee of one per cent per annum and an FXRC fee of three per cent per annum.

The fair value changes on the FXRC are reported in the SCI. As at December 31, 2018, the outstanding notional amount of FXRC amounted to JPY847.009 million and €10.530 million.

As at December 31, 2018 and 2017, the carrying values of the Corporation's financial assets and liabilities as reflected in the SFP and related notes approximate their respective fair value as of reporting date. Specifically, the financial asset at FVTPL is carried at its Level 1 fair value of Php151.549 million and Php34.417 million as at December 31, 2018 and 2017.

17. OTHER CURRENT LIABILITIES

This account consists of the following:

	2018	2017
Accounts payable and accrued expenses	827,816,366	858,452,608
Deferred interest income	21,171,414	17,213,751
Undistributed collection	1,826,156	1,755,170
Undistributed collection – P3	523,686	-
Accounts payable and accrued expenses – P3	50,780,159	5,981,563
	902,117,781	883,403,092

Accounts payable and accrued expenses pertains to payables to suppliers and those payable to other agencies such as employee/ employer premiums due to the Government Service and Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (HDMF) and taxes due to the Bureau of Internal Revenue (BIR). This account also includes interest payable on MSME notes as well as in foreign and domestic borrowings and payables/accrued expenses under the P3 program.

The significant increase in the account pertains to the Credit Risk Guarantee Fund (CRGF) received from the DTI. The CRGF, a component of the Yolanda Comprehensive Rehabilitation and Recovery Fund (YCRRF), is an initiative by both the DTI and SBCorp to continue to provide a reliable financing support to Yolanda-affected MSMEs that will enhance their capability to build back and recover.

The CRGF is a credit guarantee program that provides assistance to MSMEs affected by typhoon Yolanda in accessing credit from financial institutions (FIs) for the recovery and rehabilitation of their businesses. SBCorp partners with FIs with capacity to provide financing to disaster-affected MSMEs with a guarantee support to cover credit risk. Fund balance as at December 31, 2018 is Php753,315 million (see Note 19.2).

Undistributed collection represents the accumulated unidentified inter-branch deposits made at SBCorp bank account which remains unidentified as at audit date. Proper applications of deposits are subsequently taken up in the books when identification and verification processes are duly satisfied.

18. EQUITY

The Corporation has an authorized capital stock of Php10 billion divided into 80 million common shares and 20 million preferred shares both with a par value of Php100 per share.

Details of its existing capital structure are as follows:

18.1. Capital structure

	2018	2017
Capital stock		
<i>Common shares</i>		
National Government	804,944,300	804,944,300
LBP	393,611,500	393,611,500
DBP	218,673,100	218,673,100
Philippine National Bank	40,000,000	40,000,000
SSS	16,000,000	16,000,000
GSIS	46,673,100	46,673,100
<i>Preferred shares</i>	1,519,902,000	1,519,902,000
SSS	200,000,000	200,000,000
GSIS	200,000,000	200,000,000
	400,000,000	400,000,000
Additional paid-in capital	1,919,902,000	1,919,902,000
Retained earnings	79,510,460	79,510,460
<i>Appropriated retained earnings</i>		
Guarantee Reserve Fund (GRF)		
Pondo sa Pagbabago at Pag-Asenso (P3)	35,000,000	140,000,000
Appropriated for dividend	1,773,738,199	840,608,266
	30,673,100	30,673,100
<i>Unappropriated retained earnings (deficit)</i>	1,839,411,299	1,011,281,366
<i>FVTPL reserve</i>	(134,369,566)	(145,940,694)
	151,549,399	34,417,396
	1,856,591,132	899,758,068
	3,856,003,592	2,899,170,528

On December 13, 1993, the BOD passed Board Resolution (BR) No. 102 which provided the terms and conditions of the preferred stock, to wit: (a) with a fixed annual dividend of eight per cent; (b) with participating rights as to dividends; (c) with voting rights; (d) convertible into common stocks within ten years from date of issue at the option of the holder; and (e) with redemption rights after the lapse of the ten year period from date of issue at the option of the holder. The redemption price shall be based on the adjusted book value of the stock at the time of redemption.

On September 26, 2003, the BOD passed and approved BR No. 1074 which superseded BR No. 102, series of 1993 and ratified during the 10th Annual Stockholders Meeting on January 29, 2005. The approved new features of the preferred stocks are as follows:

- Preference in the payment of dividends in accordance with the principle of equity with common stockholders in the declaration and distribution of corporate dividends;
- Preference in the claim against corporate asset in the event of dissolution or bankruptcy;
- Each share of its outstanding preferred stocks is entitled to a vote during stockholders meeting;
- Entitled to exercise its preemptive right to increase shareholdings through the equivalent unissued common shares;
- Entitled to a Board seat in accordance with Section 11 and 3 of RA No. 6977 as amended by RA No. 8289; and
- The appropriated portion of the retained earnings in the amount of Php61.346 million represents unissued shares corresponding to the cumulative dividends of the preferred shareholders (GSIS and SSS) representing its cumulative dividends from January 2002 to December 31, 2007. In 2013, the amount Php30.673 million in previously appropriated retained earnings was released to GSIS upon presentation of its certificate of acceptance.

18.2. Additional paid-in capital

This account, which first appeared in SBCorp audited financial statements as at December 31, 2002, represents the ten per cent excess of par for shares issued by the Corporation to the National Government for the GFSME assets turned over to SBCorp pursuant to Executive Order No. 28 dated July 30, 2001 which mandated the consolidation of GFSME and Small Business Guarantee Finance Corporation with the latter as the surviving entity.

19. SUBSIDY INCOME FROM NATIONAL GOVERNMENT

19.1. Enterprise Rehabilitation Financing (ERF)

This account which started in 2014 represents the Php200 million fund allocated by the National Government to SBCorp to support the Corporation's ERF, a special credit facility for the rehabilitation of micro and small enterprises located in hard hit calamity areas like those devastated by typhoon Yolanda.

	2018	2017
Receipts		
2017 Release (OR# 164843-A dated 4/11/17)	-	3,774,432
	-	3,774,432
Expenses		
Interest expense subsidy	-	3,774,432
	-	3,774,432
Excess of receipts over expenses	-	-

19.2. Credit Risk Guarantee Fund (CRGF)

In May 2017, a Php750 million fund was transferred to the Corporation from the DTI. The fund pertains to the CRGF release to cover the rehabilitation and recovery programs, projects, and activities in accordance with the Yolanda Comprehensive Rehabilitation and Recovery Plan (YCRRP). Funding source per the Special Allotment Release Order (SARO) came from the National Disaster Risk Reduction and Management Fund (Calamity Fund). The fund was booked as payable to the DTI. However, the fund includes a five per cent mobilization fund for operation. For CY 2018, CRGF enrolled accounts are still being monitored by the Corporation (see Note 23.2 for the related Contingent Liability).

19.3. Pondo sa Pagbabago at Pag-Asenso (P3)

P3 is the Duterte Administrations's flagship program for providing economic and employment opportunities through the encouragement of entrepreneurship. The program aims to provide microenterprises with an alternative source of financing that is easy to access and at a reasonable cost to boost the development of entrepreneurship in the MSME sector.

CY 2018 is P3's second year of operation. P3 funding is included as a Tier 1 funding of Php1.0 billion in the 2018 General Appropriations Act. The fund is inclusive of a five per cent mobilization fund. Further, the unreleased cost of credit risk subsidy in 2017 was likewise released.

In April 2017, the pertinent SARO for the initial Php1.0 billion was released with the following breakdown: Php841.5 million for microfinance on lending, Php148.5 million for cost of credit risk and Php10 million for mobilization and monitoring. Total fund released for 2017 is Php933.004 million, the balance pertains to the unreleased cost of credit risk which was subsequently released in 2018. Presented below is the two-year year-end fund balance with breakdown of expenses incurred for the program implementation:

	2018	2017
Receipts	1,066,995,964	933,004,036
Expenses		
Maintenance and other operating expenses		
Security, janitorial and other contracted services	11,893,373	2,814,607

	2018	2017
Travelling expenses- local-P3	5,467,963	1,920,424
Supplies and materials	4,237,267	964,250
Business development expense-P3	4,145,926	330,956
Advertising expenses-P3	3,560,629	366,776
Repairs and maintenance	3,254,580	321,635
Taxes & licenses-DST-P3	3,020,542	52,658
Rental expense	2,434,726	547,249
Communication	2,198,266	898,456
Training expenses	1,570,815	7,800
Power, light and water	1,551,296	401,188
Consultancy	1,349,500	-
Condominium dues	1,203,644	337,379
Gasoline, oil & lubricants expenses	676,793	231,939
Development cost	614,525	-
Printing and binding expense	229,594	8,000
Business promotion-P3	208,245	255,953
Board & committee expenses	-	12,905
Miscellaneous expense	391,603	527,825
	48,009,287	10,000,000
Provision for probable losses	85,856,744	82,395,770
	133,866,031	92,395,770
Fund balance	933,129,933	840,608,266

The fund balance at year-end forms part of the Appropriated Retained Earnings to ensure continuous delivery of activities under the P3 program.

20. OTHER OPERATING INCOME

This account consists of the following:

	2018	2017
Processing fee-P3	7,828,804	395,625
Other fines and penalties	6,422,982	5,764,967
Evaluation fee	4,923,354	5,579,258
Processing fee	3,830,988	4,448,815
Interest income on acquired asset disposal	1,995,420	2,833,389
Out of town	1,277,762	1,817,000
Evaluation fee-P3	810,000	4,044,500
Other fines and penalties-P3	300,032	6,184
Interest on bank deposit-P3	224,524	227,681
Interest income on bank deposit	173,665	163,725
Rental income on acquired asset	134,900	94,000
Restructuring fee	104,000	109,424
Amendment fee	53,000	62,000
Interest income-car loan	18,324	7,975
Interest income on calamity loan	5,766	9,307
Commitment fee	-	145,850
Dividend income-equity financing	-	851,200
Gain/Loss on Pre-Term	(5,950,209)	-
Miscellaneous income-management fee	5,523,626	5,142,091
Miscellaneous	83,643	166,057
Miscellaneous	2,361	347
Miscellaneous income-P3	27,762,942	31,869,395

21. ADMINISTRATIVE EXPENSES

This account consists of the following:

	2018	2017
Personnel services		
Salaries and wages – basic	109,263,882	91,883,655
Bonus and other incentives	27,233,332	24,741,877
Provident fund employer contribution	14,878,850	12,518,515
GSIS employer contribution	13,096,200	10,483,985
Representation and transportation allowance	6,417,860	4,883,563
Employee benefits – PERA/ACA	3,783,728	3,342,431
Other employee benefits	3,374,871	862,501
Board fees	1,062,000	952,000
PhilHealth employer contribution	941,977	671,949
Salaries and wages – overtime pay	286,570	166,155
HDMF employer contribution	190,300	167,300
	180,529,570	150,673,931

21. ADMINISTRATIVE EXPENSES

This account consists of the following:

	2018	2017
Maintenance and other operating expenses		
Taxes and licenses	12,075,154	12,836,458
Security, janitorial and other contracted services	9,870,883	11,775,498
Depreciation	8,350,562	8,122,621
Auditing services	5,009,948	4,465,379
Extraordinary/miscellaneous expense	4,834,360	4,046,433
Development cost	4,421,391	4,220,703
Rental	2,180,619	2,479,172
Management and other professional fees	2,106,121	1,395,445
Repairs and maintenance	2,033,407	2,355,275
Communication services	1,942,174	2,050,293
Supplies, materials and printing	1,854,637	1,829,681
Travelling expenses	1,851,170	2,077,764
Training and seminars	1,556,880	1,969,801
Power, light and water	1,529,410	1,723,819
Condominium dues	1,319,020	1,617,697
Insurance premiums	963,417	1,024,029
Fuel, oil and lubricants	759,667	442,631
Advertising and business promotion	678,701	250,294
Board and committee expenses	483,909	609,046
Business development expenses	403,372	1,012,213
Subscription and periodicals	48,509	58,830
Others	4,196,339	3,279,116
	68,469,650	69,642,198
	248,999,220	220,316,129

The significant increase in the amount of personnel services expense pertain to the adoption of the 3rd tranche of the Modified Salary System wherein approval was granted by the Governance Commission for GOCCs in June 2018.

22. INCOME TAX

22.1 Regular corporate income tax (RCIT)

Particulars	Amount
Net income(loss) before income tax	80,028,173
<i>Permanent differences</i>	
Non-deductible expenses	
Interest arbitrage limitation	29,085,979
Non-taxable income	
Interest income on investments on government securities	(70,113,275)
Interest income on bank deposits	(398,189)
Accounting income subject to tax	38,602,688
<i>Temporary differences</i>	
Provision for impairment of loans/acquired properties	10,126,282
Unrealized net loss on ForEx Translation	35,986,983
Unrealized net gain on Derivative Valuation	(84,086,475)
Taxable income	(629,478)
Tax rate	30%
Tax still due	188,843

22.2 Minimum corporate income tax (MCIT)

Particulars	Amount
Income before provision for impairment loss	273,489,684
Other income	18,257,039
Gross income	291,746,725
<i>Less: Income subject to final income tax</i>	
Investment in government securities	(70,113,275)
Interest on bank deposits and government bond	(398,189)
Litigation Expense	(276,826)
Acquired asset expense	(415,714)
Interest arbitrage limitations	29,085,979
Taxable gross income	249,628,699
MCIT rate	2%
MCIT due	4,992,574
Available tax credit carried over	
Prior year's income tax payments	(4,992,574)
Tax still due	-

22.3 Income tax benefit computation

Particulars	Amount
Deferred tax asset – allowance for doubtful accounts (ADA)	
2018 provision for probable loss	10,126,282
Tax rate	30%
Income tax benefit– ADA for 2018	3,037,885
Deferred tax asset – ADA, January 1, 2018	76,145,909
Deferred tax asset – ADA, December 31, 2018	79,183,794
Financial asset at FVTPL, December 31, 2018	151,549,399
Tax rate	30%
Deferred tax liability – FA at FVTPL, December 31, 2018	45,464,820

22.4 MCIT schedule

Minimum corporate income tax

Year Occurred	Available until	MCIT	Excess MCIT over Normal Income Tax	Expired/Used portion of excess MCIT	Balance MCIT still allowable tax credit
2018	2021	4,992,574	-	-	4,992,574
2016	2019	726,278	-	-	726,278
Total		5,718,852	-	-	5,718,852

22.5 Deferred tax asset and liabilities schedule

The deferred tax assets relate to the following as at year-end:

	Statement of Financial Position		Profit or Loss	
	2018	2017	2018	2017
Deferred tax assets	5,718,852	726,278	4,992,574	-
MCIT				
Provision for impairment losses	79,183,793	76,145,908	3,037,885	13,167,899
Unrealized losses on forex	47,563,914	36,767,820	10,796,095	36,767,820
Financial liability at FVTPL	-	-	-	(1,788,810)
	132,466,559	113,640,006	18,826,554	48,146,909
Deferred tax liabilities				
Financial asset at FVTPL	55,790,038	10,325,219	(45,464,820)	(10,325,219)
Net deferred tax assets	76,676,521	103,314,787		
Net deferred income tax benefit (expense)			(26,638,266)	37,821,690

23. CONTINGENT LIABILITY

As at December 31, 2018 and 2017, the Corporation's contingent liability arising from outstanding guarantees amounted to Php689,450 million and P599.796 million, respectively, broken down as follows:

	2018	2017
Regular guarantee	76,061,700	61,935,617
CRGF	613,388,752	537,860,752
	689,450,452	599,796,369

23.1. Regular Guarantee Facility

Under the guarantee agreement executed by and between SBCorp and its accredited financial institutions (AFIs), the former guarantees to the latter the payment to the extent of 85 per cent of the loan balance outstanding, including unpaid interest for one repayment period, of loans extended to SMEs in case of non-repayment by the AFIs' borrower in consideration for a two per cent guarantee fee of the outstanding guarantee of the loan.

On May 26, 2006, the BOD passed and approved BR No. 1319, series of 2006 for the setting aside of the amount of Php250 million as GRF to back up the Corporation's guarantee commitments on a 3 to 1 leverage ratio. The said fund was formally established in December 2007 consisting of treasury bills with various maturity dates and interest rates. The fund will be used solely to back-up calls on SBCorp guarantee issued to AFIs. Through the years with the low level of contingent liability, the fund was decreased and by year-end of 2018, the fund balance is at Php35 million with an adjusted 5x leverage ratio.

23.2. Credit Risk Guarantee Fund

The Corporation was able to lend close to Php800.0 million to typhoon Yolanda- affected MSMEs through its Enterprise Rehabilitation Financing (ERF) Program. The loan portfolio was backed up by a Php200.0 million credit risk support fund from the National Government. Given the positive turnout of the ERF, SBCorp was tasked by the National Government to manage a CRGF of Php750.001 million, which is a component of the YCRRP (See Note 19.2). At year-end, contingent liability under the CRGF is at Php613,388,752.

24. RELATED PARTY TRANSACTIONS

Section 10 of RA No. 9178, otherwise known as the “Barangay Micro Business Enterprises (BMBE) Act of 2002” had set up an endowment fund of Php300.5 million from the Philippine Amusement and Gaming Corporation (PAGCOR) and to be administered by the Small and Medium Enterprise Development (SMED) Council and now MSMED Council, an inter-agency body attached to the DTI. The MSMED Council designated SBCorp, as the Fund Manager of the BMBE Development Fund per MOA dated December 28, 2004. Total remittance of Php300.5 million to SBCorp was invested in government securities and earned interest income of Php181.228 million and Php166.741 million as at December 31, 2018 and 2017, respectively. A total of Php19.926 million was disbursed to the different beneficiaries identified by the MSMED Council covering the period 2004 to 2018.

Upon advice of BSP as affirmed by the Commission on Audit that the BMBE account is a trust account that should not be reported in the SBCorp’s books, the Corporation took off from its records said account and set up a separate books of accounts for the BMBE Development Fund effective December 31, 2012.

As at December 31, 2018 and 2017, the BMBE Development Fund showed a balance of Php461.801 million and Php456.764, respectively.

25. EMPLOYEE BENEFITS

25.1. Provident fund

The fund is a defined contribution plan made by both the SB Corporation and its officers and employees. The affairs and business of the fund are directed, managed and administered by its Board of Trustees. Upon retirement, death or resignation, the employee or his heirs will receive from the fund payments equivalent to his contributions, his proportionate share of the corporate contributions and investment earnings thereon.

The creation of the provident fund was authorized by the BOD per BR No. 396, series of 1997 as amended by the Department of Budget and Management in its letter dated March 13, 2003.

25.2. Retirement benefits

Retirement benefits are available to qualified employees under any one of the following laws:

Covering law	Coverage	Available benefits	Paying institution
RA No. 1616	Employees as at May 31, 1977 with 20 years of service (YoS), the last three years of which are continuous	One month basic salary (BS) for the first 20 YoS, 1.5 BS in excess of 20 up to 30 YoS and 2.0 BS in excess of 30 YoS	SB Corporation
RA No. 8291	At least 15 YoS, if below age 60 upon retirement, benefit is payable at age 60	Monthly pension or cash payment	GSIS

25.3. Terminal leave benefits

This represents the cash value of the accumulated vacation and sick leave credits of employees, 50 per cent of which can be monetized.

26. LEASES

The Corporation leases the premises which serve as SBCorp extension offices in Cebu, Davao, Baguio and other desk offices in the different regions of the country for a period of one year and has the option to renew such leases annually under certain terms and conditions.

27. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk. The financial risks are identified, measured and monitored through various control mechanisms to assess adequately the market circumstances to avoid disastrous financial consequences to the Corporation.

The Corporation’s risk management policies for each financial risk factor are summarized below:

27.1. Market risk – interest rate risk and currency risk

The Corporation measures and manages its interest rate sensitivity position to ensure its long-run earning power and build-up of its investment portfolio. Special emphasis is placed on the change in net interest income/expense that will result from possible fluctuations in interest rates, changes in portfolio mix and tenor.

The Corporation manages its currency risk against the foreign exchange rate fluctuations on its foreign currency denominated borrowings through an FXRC secured from the DOF at a given cost for the term of the loan.

The Corporation’s exposure to market risk for changes in interest rates relates primarily to the Corporation’s loans from various financial institutions.

27.2. Credit risk

In view of its mandate to safeguard the interest of the public and contribute in the promotion of stability in the economy, credit risk to the Corporation is the risk that the loans granted to borrowers and/or other financial institutions will not be paid when due.

Therefore, the Corporation exercises prudence in the grant of loans over its exposures to credit risk. This is managed through the implementation of the borrower risk rating and monitoring of the loan covenants in the loan agreements. The Corporation likewise mitigates such risk through the provision of secondary source of payment (collateral).

27.3 Liquidity risk

The Corporation seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Corporation intends to use internally generated funds and available long-term and short-term credit facilities.

As part of its liquidity risk management, the Corporation regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fundraising activities may include bank loans and capital market issues.

28.SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the BIR under its existing Revenue Regulations (RRs) to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

28.1. Requirements under RR No. 15-2010

In compliance with the requirements set forth by Revenue Regulations (RR) No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year 2018. The taxes and licenses paid/accrued during the year are as follows:

(a) Withholding taxes

	2018	2017
Taxes on compensation and benefits	24,222,100	13,176,785
Value added taxes (VAT)	4,506,065	3,432,003
Expanded withholding taxes	1,799,970	1,851,604
Gross receipt taxes (GRT)	11,352,953	12,263,491
	41,881,088	30,723,883

These taxes, except for taxes on compensation and benefits, were remitted in the SBCorp's capacity as withholding agent pursuant to RR No. 17-2003 as amended by RR No. 14-2008, with SBCorp having been determined as one of the top 20,000 corporations and as such, was designated as a withholding agent by the BIR.

(b) Other taxes

	2018	2017
Local	698,925	748,852
Real estate taxes Corporate community tax	10,500	10,500
	709,425	759,352
National		
Capital gains taxes	-	-
Documentary stamp taxes	34,036,461	19,701,463
Transfer taxes	-	-
BIR annual registration	500	500
	34,036,961	19,701,963
	34,746,386	20,461,315

28.2. Requirements under RR No. 19-2011

In addition to the required information under RR No. 15-2010 on December 9, 2011, the BIR RR No. 19-2011 (and as further amended by RR No. 2-2014 dated January 24, 2014) prescribes the new annual income tax reforms that will be used for filing effective taxable year 2011. Specifically, companies are required to disclose certain tax information in their respective notes to financial statements. For the taxable year December 31, 2018, the Corporation reported the following revenues and expenses for income tax purposes.

	2018	2017
Revenues	270,679,525	277,726,209
Operations		
Expenses	21,050,825	15,207,032
Cost of services		
Itemized Deductions	165,239,093	138,398,697
Salaries and Allowances	14,228,477	11,323,234
SSS, GSIS, Philhealth and Other Contributions	13,807,512	15,457,889
Other Services	12,075,154	12,836,458
Taxes and Licenses	8,350,565	8,122,621
Depreciation	5,721,641	1,621,259
Representation and Entertainment	3,471,584	3,774,112
Communication, Light and Water	2,180,619	4,096,869
Rental	2,106,121	1,395,444
Management and Consultancy Services	1,851,170	2,077,764
Transportation and Travel	1,816,273	4,046,433
Miscellaneous	1,786,915	-
Repairs and Maintenance-Labor	1,602,141	1,888,511
Office Supplies	1,556,880	1,969,801
Trainings and Seminars	1,062,000	952,000
Director's Fees	963,417	1,024,029
Insurance	759,667	442,631
Fuel and Oil	678,701	250,294
Advertising and Promotions	605,390	474,685
Janitorial and Messengerial Services	467,929	308,304
Security Services	246,492	2,355,275
Repairs and Maintenance-Materials/Supplies	117,935	-
Charitable Contributions	8,303,544	7,499,819
Others	248,999,220	220,316,129

Board of Directors

Usec. Zenaida Maglaya is 63 years old and married. She started her career in government as a MASICAP Scholar under the then Ministry of Industry. In 1987, she was appointed the Director of the Bureau of Domestic Trade Promotion. In 2012, she was appointed as the Project Manager for One-Town-One-Product (OTOP) Project. She was Assistant Secretary for Regional Operation then. She became Undersecretary for Consumer Welfare and Business Regulation, where she spearheaded the setting up of DTI Direct and the DTI Bagwis Awards. She is currently Undersecretary for Regional Operations supervising 16 regional offices nationwide. She continues to be the Department's anchor in the DTI-ABSCBN consumer advocacy program, "Konsyumer Atbp" which, on its eighth year, was awarded the Catholic Mass Media Awards and KBP Golden Dove Awards. In 2011, Ms. Maglaya obtained the 2011 KBP Golden Dove's Best Public Service Personality for Radio. Undersecretary Maglaya was conferred the Presidential Lingkod Bayan Award in 2007, the highest category of the Civil Service Commission's Honor Awards Program. She is the primary alternate of the Secretary of Trade and Industry to the following board memberships: Home Development Mutual Fund, Laguna Lake Development Authority and Board of Investments. She was first appointed as Member of the Board of SBCorp on March 05, 2014 as alternate of the Secretary of Trade and Industry, and designated as Acting Chairman of SBCorp effective December 1, 2015.

Usec. Zenaida Cuison-Maglaya
Acting Chairman, SB Corporation
Department of Trade and
Industry Representative



Ms. Ma. Luna E. Cacanando (57 years old) brings with her more than three decades of MSME development finance experience and industry expertise, mostly as a government executive. She went on an early retirement from government service in February 2016 as SVP of Small Business Corporation and Head of the agency's Financing and Capacity Building Sector. Immediately prior to SBCorp, Ms. Cacanando was Credit Manager of Guarantee Fund for MSMEs (GFSME) until its merger with Small Business Guarantee and Finance Corporation (SBGFC or SBCorp) as the surviving entity in November 2001.

Fresh from graduation from the University of the Philippines, Los Banos with a degree of B.S. in Agricultural Economics, Cacanando joined the then KKK-Livelihood Corporation in August 1983. She joined GFSME in April 1993.

Prior to her appointment as SBCorp Director and to her election as SBCorp President/CEO on September 6, 2017, Cacanando had the chance to work with the private sector for more than a year, still in the field of MSME finance. She was consultant of Country Builders Bank and of ADA Inclusive Finance, a Luxemburg development organization. She was Director of Negosyong Pinoy (Venture South) Finance Corporation and was eventually elected as its President/CEO in the first quarter of 2017.

Ms. Cacanando is an alumna of the Asian Institute of Management (AIM) where she obtained a Masters degree in Development Management in 1996. She was conferred Career Executive Service Office (CESO) by the Office of the President in 2001 and by the Career Executive Service Board in 1999, and at the same time as Career Service Executive Eligible (CSEE) by the Civil Service Commission

Ms. Ma. Luna E. Cacanando
President and CEO, SB Corporation
Vice Chairman



Mr. Benel P. Laguna is 62 years old, married and holds two post graduate degrees, Master in Public Administration from the Harvard University, Kennedy School of Government in Cambridge, Massachusetts and the 2-year Master in Business Management course at the Asian Institute of Management (AIM) in Makati. He is a graduate of BS in Management Engineering from the Ateneo de Manila. He was a Review Committee Member of the Industrial Guarantee Loan Fund (IGLF), Chairman of the SULONG Finance Committee and from time to time he has served as Officer-In-Charge of the Department of Trade and Industry SME Development Group. Likewise, he is active in the academic community, where he teaches part time at the Ateneo De Manila University and the Graduate School of Business at De La Salle University Professional Schools, Inc. in the areas of Management and Finance. Currently, he is the Executive Vice President of the Development Sector of the Development Bank of the Philippines. He is also member of the Board of the Maritime Industry Authority and LGU Guarantee Corporation. He was first appointed as Member of the Board of SB Corporation on April 11, 2013 representing the Development Bank of the Philippines.

Mr. Benel D. Laguna
*Development Bank of the
Philippines Representative*



An achiever since his youth, Santiago "Santi" Lim has always aimed for the top. He graduated in both his Elementary and High School education as a Valedictorian. He earned his bachelor's degree in Chemical Engineering from Adamson University in 1985 where he was a member of the Dean's List, a National State Scholar, and an officer in three organizations: the Engineering Honor Society, Chemical Engineering Society, and National State Scholar's Association.

He earned his MBA from the Ateneo Graduate School of Business in 1999 and has taken up Entrepreneurial Leadership trainings from the Asian Institute of Management. He has served in various managerial positions in local industry giants such as Union Ajinomoto, Universal Robina Corporation (URC), Filsyn Corporation and PDPC/Magnolia Corporation. Mr. Lim also served as a consultant for Davao Cavendish Banana Growers for their China export market. In 1997, he established the Strawberry Foods Corporation. He now serves as the CEO and the President of this big, 300+ employee-strong distribution company with big local and multinational suppliers. Aside from SFC, he also serves as a Board Director of Advanced Global Water Technologies Phils. Inc., Envigor Natural Products Mfg. Inc. and Small Business Corporation.

He is also active in various socio-civic organizations and has served as District Governor of Lions Clubs International and as President and Vice President of the Adamson University Chemical Engineering Alumni Association and the Adamson University Alumni Association respectively. Currently he serves as the President of the Adamson Falcons Alumni Foundation Inc. He is currently the Private Sector Representative to the Board of Directors of the SBCorp since March 20, 2018.

Mr. Santiago S. Lim
*National Government
Representative*



Board of Directors

Ms. Rosalia V. De Leon is 57 years old and reappointed as Treasurer of the Philippines under the present administration. She directs the formulation of policies on borrowing, investment and capital market development and handles the formulation of adequate operations guidelines for fiscal and financial policies.

Prior to her designation, Ms. De Leon served as the Alternate Executive Director (For the constituency of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, and Trinidad and Tobago) at the World Bank Group, Washington D.C. USA. She also assumed key positions in the Department of Finance, including Undersecretary for International Finance Group from July 2007 to November 2012, Finance Secretary's Chief of Staff from July 2005 to June 2010 and Director for International Finance Group from September 1995 to August 1998.

Ms. De Leon earned her Master of Arts in Development Economics from Williams College Massachusetts. She is the primary alternate of the Secretary of Finance to the following board membership: FSC-Rice Council, National Food Authority, People's Survival Fund, Financial Stability Coordinating Council Steering Committee, Agricultural Credit Policy Council, Agricultural Guarantee Fund Pool, Home Development Mutual Fund, Industrial Guarantee and Loan Fund, Philippine Health Insurance Corporation, Land Bank of the Philippines and Philippine Export-Import Credit Agency. She was first appointed as Member of the Board of SBCorp on March 23, 2017 as alternate of the Secretary of Finance.

Treas. Rosalia V. De Leon
Bureau of the Treasury
Department of Finance Representative

Mr. Manuel Bendigo is 70 years old, married and a graduate of BS in Business Administration from the University of the East. He worked with the Bangko Sentral ng Pilipinas in Davao from 1969 to 2013. He was first appointed as Member of the Board of SBCorp on May 10, 2017 representing the National Government.

Mr. Manuel B. Bendigo
National Government
Representative



Ms. Merly Cruz is 70 years old, married and holds a post graduate degree in Philippine Studies from the University of the Philippines, Masters in Business Administration from the Ateneo de Davao University, Certificate Course in Entrepreneurial Management for Business Advantage from the Asian Institute of Management and Masters in English from the Ramon Magsaysay Memorial College. She is a graduate of BS in Chemical Engineering from the Mapua Institute of Technology. In 2014, she was a Consultant for the United Nations Development Program and International Labour Organization. She has been the Undersecretary for Regional Operations and Development Group of the Department of Trade and Industry from 2008 to 2013. She is a board member of the National Food Corporation. She was first appointed as Member of the Board of SBCorp on October 08, 2014 representing the National Government.

Ms. Merly M. Cruz
National Government
Representative

Mr. Joe Jay T. Doctora is 59 years old, married and a graduate of BS in Business Administration major in Marketing from the University of the Philippines. He obtained his Strategic Business Economics Program at the University of the Asia and the Pacific; Mini Masters in Business Administration –Certificate Program at the University of Buffalo, School of Management; and Masters in Business Administration at the Ateneo de Manila University (32 units). His past work experiences include Senior Management and Leadership positions in various industries. Currently, he sits as Chairman and CEO (Megapharma, Inc.), Director/Chief Finance Officer (Healthcare Essentials, Inc.), Director (Specialist Healthcare, Inc.), and Director/Chief Finance Officer (HEI Gruppo Pharmaceutica, Inc.) He was appointed as Member of the Board of SBCorp on September 27, 2018 representing the National Government.

Mr. Joe Jay T. Doctora
National Government
Representative

Atty. Ferdinand Tolentino is 55 years old, married and has served two consecutive administrations. He was Tariff Commissioner under the Arroyo Administration, and Deputy Executive Director for the PPP Center under the Aquino Administration. He also worked as a tax lawyer for two of the biggest auditing firms in the Philippines. He is a product of the Ateneo de Manila where he earned his AB major in Economics (Honors Course) and his Juris Doctor. He got his Master's Degree in Commercial Law from the London School of Economics (University of London). He was first appointed as Member of the Board of SBCorp on March 08, 2016 representing the National Government.

Atty. Ferdinand D. Tolentino
National Government
Representative



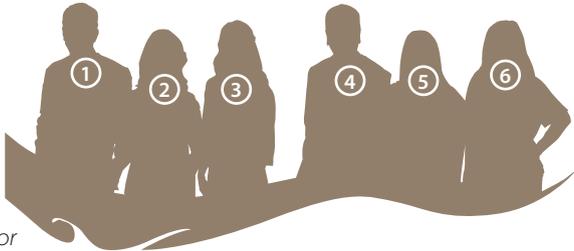
Management Committee

1. **Melvin E. Abanto**
Executive Vice President

2. **Ma. Luna E. Cacanando**
President and CEO

3. **Lourdes Rosario M. Baula**
*OIC - Sector Head
Financing Sector*





4. **Richard B. Dasal**
OIC - Sector Head
Corporate Support Sector

5. **Corazon A. Dimayuga**
Group Head
Controllershship Group

6. **Evelyn P. Felias**
OIC-Sector Head
Strategy, Systems &
Communications Sector



Key Officers

1. **Josefina P. Flores**
Group Head
Capacity Building Group

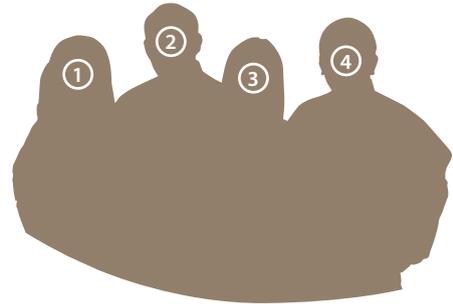
2. **Peter V. Pizarro**
Chief Compliance Officer
Office of the Chief
Compliance Officer

3. **Alice L. Sy**
Group Head
Human Resources
Management &
Development Group

4. **Jessie R. Reotutar**
Corporate Board Secretary
Office of the Corporate,
Board Secretary

Not in Photo:
Venus S. Albay
OIC, Group Head
North Luzon Group

Not in Photo:
Ma. Linda J. Orsos
Head,
Program Monitoring
& Evaluation Unit



1. **Dida M. Delute**
Group Head
Mindanao Group

2. **Rebecca R. Narciso**
Head
Central Luzon Lending Unit

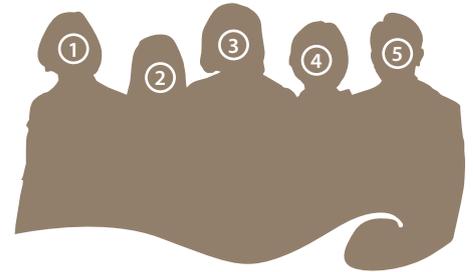
3. **Rowena G. Betia**
Group Head
Internal Audit Group

4. **Julieta S. Calimlim**
OIC - Group Head
Treasury Group

5. **Francisco R. Buenavidez**
Group Head
Visayas Group

Not in Photo:

6. **Ronald A. Inciong**
OIC - Group Head
South Luzon Group



GRI Index



Global Reporting Initiative Profile Indicators

SBCorp reports on its sustainability performance based on the Global Reporting Initiative's (GRI) G4 guidelines that focus mainly on the materiality aspect of sustainability reporting. GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues. www.globalreporting.org



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| G4-4 | Primary brands, products, services | ➤ 2 |
| G4-5 | Location of Headquarters | ➤ Back Cover |
| G4-7 | Nature of ownership and legal form | ➤ 52-54 |
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| G4-9 | Scale of the reporting organization | ➤ 5-19 |
| G4-10 | Total workforce by employment type | ➤ 10 |
| G4-11 | Percentage of total employees covered by CBA | ➤ 10 |
| G4-13 | Significant changes during the reporting period | ➤ 5-7 |
| G4-15 | List of externally developed economic, environmental and social charters, principles, or other initiative | ➤ 5-19 |



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| G4-25 | Basis for identification and selection of stakeholder groups | ➤ 20 |
| G4-26 | Organization's approach to stakeholders engagement, frequency of engagement by stakeholder group | ➤ 20 |
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Directory *Offices*

SOUTHERN LUZON GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
HO	NCR	METRO MANILA	Makati City	17th & 18th Floors 139 Corporate Center, Valero St., Salcedo Village, Makati City
SLG - NCR SOUTH	NCR	METRO MANILA	Makati City	19th Floor 139 Corporate Center, Valero St., Salcedo Village, Makati City
SLG	REGION IV-A	LAGUNA	Calamba City	DTI-Laguna Provincial Office, Varimco Building, Brgy. Banca-Banca Victoria, Laguna
SLG	REGION IV-A	BATANGAS	Batangas City	DTI-Batangas Provincial Office, NACIDA Building B, Morada Ave. Lipa City, Batangas
SLG	REGION IV-A	CAVITE	Trece Martirez City	DTI-Cavite Provincial Office, 2nd Floor, Government Center Building Capitol Compound, Trece Martires City, Cavite
SLG	REGION IV-A	QUEZON	Lucena City	DTI-Quezon Provincial Office, 2/F Lucena Grand Terminal Diversion Road, Brgy. Ilayang Dupay, Lucena City
SLG	REGION IV-A	RIZAL	Antipolo City	2/F Altica Arcade #83 Circumferential Road, Corner Sto. Nino St., San Jose Antipolo City, Rizal
SLG	REGION IV-B	PALAWAN	Puerto Princesa City	DTI-Palawan Provincial Office, 4th flr. ERC Plaza, National Highway, Brgy. San Pedro Puerto Princesa City, 5300 Palawan
SLG	REGION IV-B	OCCIDENTAL MINDORO	Mamburao	DTI-Occidental Mindoro Provincial Office, SME Center, Municipal Compound San Jose, Occidental, Mindoro
SLG	REGION IV-B	ORIENTAL MINDORO	Calapan City	DTI-Oriental Mindoro Provincial Office, Negosyo Center Barangay Ibaba East Calapan City
SLG	REGION V	CAMARINES SUR	Naga City	Unit 204 One Magsaysay Corporate Center Magsaysay Avenue, Concepcion, Pequeña Naga City 4400
SLG	REGION V	ALBAY	Legazpi City	DTI-Albay Provincial Office 2F DBP Building Quezon Avenue, Brgy. Dinagaan, Legaspi City 4500
SLG	REGION V	CAMARINES NORTE	Daet	DTI-Camarines Norte Provincial Office Merchant's Avenue, Central Plaza, Complex, Brgy. Lag-on, Daet Camarines Norte, 4606
SLG	REGION V	MASBATE	Masbate City	DTI-Masbate Provincial Office Capitol Drive, Masbate City

CENTRAL LUZON GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
CLG HO	REGION III	PAMPANGA	San Fernando City	2nd Floor, Unit 201-202 Fortune Square Building Mc Arthur Hi-Way, Brgy. Saguin, City of San Fernando, Pampanga
CLG	REGION III	AURORA	Baler	DTI-Aurora Provincial Office, Cordial Bldg., Quezon Hi-way, Brgy. Suclayin, Baler, Aurora
CLG	REGION III	BATAAN	Balanga City	DTI Bataan Provincial Office 3/F Criselda Marie Bldg., Balanga City, Bataan
CLG	REGION III	BULACAN	Malolos City	4/F Lingkod Pinoy Center, Robinsons Place Malolos, City of Malolos, Bulacan
CLG	REGION III	NUEVA ECIIJA	Palayan City	DTI-Nueva Ecija Provincial Office, 3rd Flr. Cal Bldg. Gen Tinio Ext. Brgy Dimasalang, Cabanatuan City, Nueva Ecija
CLG	REGION III	TARLAC	Tarlac City	2nd Floor, Anita Bldg., Zamora St., San Roque, Tarlac City, Tarlac
CLG	REGION III	ZAMBALES	Iba	DTI-Zambales (Satellite Office) Estrada Bldg. RMTU Road, Zone VI, Iba, Zambales

CENTRAL LUZON GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
CLG	NCR	METRO MANILA	Quezon City	Unit 306 Columbia Gardens, Commonwealth Ave, QC.
CLG	REGION III	QUIRINO	Diffun	Purok 1 Cayetano Arellano St., Andres Bonifacio, Diffun, Quirino
CLG	REGION I	PANGASINAN	Dagupan	DTI-Pangasinan Provincial Office, 2nd Flr. Star Bldg., Arellano, Dagupan City

NORTHERN LUZON GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
NLG HO	CAR	BENGUET	Baguio City	2-A Jesnor Building 1, Cariño St., Corner Otek St., Baguio City
NLG	CAR	ABRA	Bangued	DTI- Abra Provincial Office, Ground Floor J&I Highway, Ubbog Lipcan, Bangued, Abra
NLG	CAR	KALINGA	Tabuk	DTI-Kalinga Provincial Office, 2-3F Lua Annex Bldg., Poblacion, Tabuk City, Kalinga
NLG	CAR	MT. PROVINCE	Bontoc	DTI-Mountain Province Provincial Office, 2F Walter Clapp Centrum, Loc-ong Poblacion, Bontoc, Mt. Province
NLG	REGION I	ILOCOS SUR	Vigan City	DTI-Ilocos Sur Provincial Office, Judy Chiu Bldg. Mabini St. Brgy. 1 Poblacion Vigan, Ilocos Sur
NLG	REGION II	ISABELA	Santiago City	DTI, NEGOSYO CENTER 4 Lanes, Santiago City, Isabela
NLG	REGION II	CAGAYAN	Tuguegarao City	DTI-Regional Office 2, Reg. Gov't Center Carig Sur, Tuguegarao City, Cagayan
NLG	REGION II	NUEVA VIZCAYA	Bayombong City	DTI-Nueva Viscaya Provincial Office, GF Rosalina L. Lo Bldg., National Highway, Sta. Rosa Bayombong, Nueva Vizcaya

VISAYAS GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
VG HO	REGION VII	CEBU	Cebu City	Unit 1003-A, Keppel Center, Cebu Business Park, Cebu City
VG	REGION VII	BOHOL	Tagbilaran City	DTI Bohol Province Office, 2nd Floor, FCB Bldg., Carlos P. Garcia Ave., Tagbilaran City, Bohol
VG	REGION VII	NEGROS ORIENTAL	Dumaguete City	2nd Floor Uymatiao Bldg., San Jose St., Dumaguete City, Negros Oriental
VG	REGION VII	SIQUIJOR	Siquijor	Negosyo Center Portside, North Pob., Larena, Siquijor
VG	REGION VI	ILOILO	Iloilo City	DTI-Region 6 , Iloilo Provincial Office, corner J.M Basa-Peralta St., Iloilo Cityalta St., Iloilo City
VG	REGION VI	AKLAN	Kalibo	Desk Office Boracay, Eurotel Brgy. Balabag, Boracay, Malay, Aklan
VG	REGION VI	ANTIQUÉ	San Jose	2nd Floor Bbusiness Park, Gov. Villavert, San Jose, Antique
VG	REGION VI	CAPIZ	Roxas City	DTI-CapizProvincial Office Sacred Heart of Jesus Ave., Pueblo de Panay, Brgy. Lawa-an Roxas City, Capiz
VG	REGION VI	GUIMARAS	Jordan	2nd Floor Mavikss Bldg., New Site San Miguel, Jordan, Guimaras
VG	REGION VI	NEGROS OCCIDENTAL	Bacolod City	DT-Negros Occidental Provincial Office, 2nd Floor East 2 Corp. Center corner Diola Circumferencial Rd., Brgy. Villamonte, Bacolod City, Negros Occidental
VG	REGION VIII	LEYTE	Tacloban City	DTI Leyte Academic Center, Pawing, Palo, Leyte

Directory *Offices*

VISAYAS GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
VG	REGION VIII	BILIRAN	Naval	DTI-Biliran Provincial Office, 2nd Floor, JAC Bldg., Caneja Street, Naval, Biliran
VG	REGION VIII	EASTERN SAMAR	Borongan City	DTI-East Samar Provincial office, Wheeler's Bldg., Baybay 5, Brgy. Songco, Borongan City, Eastern Samar
VG	REGION VIII	NORTHERN SAMAR	Catarman	DTI-Northern Samar Provincial Office, 2nd Floor Luisa Angley Bldg., Brgy. Sampaguaita, Catarman, Northern Samar
VG	REGION VIII	SOUTHERN LEYTE	Maasin City	Negosyo Center Sogod, LGU Sogod, Southern Leyte
VG	REGION VIII	WESTERN SAMAR (SAMAR)	Catbalogan City	DTI-Western Samar Provincial Office, Del Rosario Extension Pob. 1, Catbalogan City, Samar

MINDANAO GROUP

Area	Region	Province	Capital/City	P3/SB Office Address
MG HO	Region XI	DAVAO DEL SUR	Digos City	4th Floor Unit 410 Landco Corporate Center, JP Laurel Ave., Bajada, Davao City
MG	Region XI	DAVAO OCCIDENTAL	Malita	DTI Davao Occidental Field Office, Door 2 Mutya & Matt Bldg., Geverola St., Poblacion, Malita, Davao Occidental
MG	Region XI	DAVAO ORIENTAL	Mati City	DTI Davao Oriental Provincial Office, 3F Valles Bldg., Rizal St., Mati City, Davao Oriental
MG	REGION IX	ZAMBOANGA DEL SUR	Pagadian City	DTI Negosyo Center, 2nd Floor VH Wee Bldg., Veterans Ave., Zamboanga City 7000
MG	REGION IX	ZAMBOANGA DEL NORTE	Dipolog City	DTI Zamboanga del Norte Provincial Office, Government Center, Sta. Isabel, Dipolog City, Zamboanga Del Norte
MG	REGION IX	ZAMBOANGA SIBUGAY	Ipil	DTI Negosyo Center, 2F Montebello Bldg., National Highway, Ipil, Zamboanga Sibugay
MG	REGION X	MISAMIS ORIENTAL	Cagayan de Oro City	DTI-Region 10 Office, Corales Cor. Luna St. Cagayan De Oro City
MG	REGION X	LANAO DEL NORTE	Tubod	DTI-Lanao Del Norte Provincial Office, 0171 DM Dunas Bldg. Quezon Ave. Ext., Palao Iligan City, Lanao Del Norte
MG	REGION X	MISAMIS OCCIDENTAL	Oroquieta City	DTI Negosyo Center, Dajao Building, corner Rizal-Pastrano Streets, Poblacion I, Oroquieta City, Misamis Occidental 7207
MG	REGION XII	NORTH COTABATO	Kidapawan City	DTI North Cotabato Provincial Office, Singao Road, Apo Sandawa Homes, Phase 3, 9400 Kidapawan City, North Cotabato
MG	REGION XII	SARANGANI	Alabel	DTI Sarangani Provincial Office, 2F NGA Bldg., Capitol Park, Alabel, Sarangani Province
MG	REGION XII	SULTAN KUDARAT	Isulan	Negosyo Center, City Hall Compound, Tacurong City
MG	REGION XIII	AGUSAN DEL NORTE	Butuan	DTI Region 13 - NERBAC 3rd Floor, D&V Plaza Building, J.C. Aquino Ave., Butuan City 8600
MG	REGION XIII	AGUSAN DEL SUR	San Francisco	DTI Negosyo Center, Municipal Tourism Building, Quezon St., Brgy. 2, San Francisco, Agusan del Sur
MG	REGION XIII	SURIGAO DEL SUR	Tandag City	DTI Surigao del Sur Provincial Office, 2F JTP Bldg., Donasco St., Tandag City, Surigao del Sur
MG	REGION XIII	SURIGAO DEL NORTE	Surigao City	DTI Surigao del Norte Provincial Office, 2F Simtoco Business Center, Burgos Street, Surigao City, Surigao del Norte
MG	ARMM REGION	LANAO DEL SUR	Marawi City	DTI-Lanao del Sur Provincial Office, Marawi City, Lanao del Sur