



Bayanihan



Contents

IFC	Contents / About the Cover
01	Vision & Mission
02	About the Corporation
03	Secretary's Message
04	Message from the Chairman
05	Operational Highlights
10	Corporate Governance
19	Risk Management
21	2019 to 2020 Go Green Report
22	Commission on Audit
24	Statement of Management's Responsibility for Financial Statements
25	Statements of Financial Positions
26	Statements of Comprehensive Income
27	Statements of Changes in Equity
28	Statements of Cash Flows
29	Notes to Financial Statements
46	Board of Directors
50	Management Committee
52	Key Officers
54	GRI Index
56	Directory of Offices

About the cover

There is strength in community

In the last couple of years, we were thrust into an era of worry and uncertainties. The COVID-19 pandemic has left us with missed opportunities and losses that were personal to every Filipino. But with every problem that arises, there is the power of community to hold the country together.

Each person and their contributions hold significant and equal value to the entire country, from the fruit stands to the small hardware shops. That's what it means to empower the spirit of Bayanihan, where no one is left behind, and every Filipino is given a voice as they band together to uplift the community.

When the pandemic began, Small Business Corporation built the Bayanihan Cares Program to extend a helping hand to the countless SMEs in the country. With many affected by the pandemic and the constant challenges that persist, it became SBC's mission to establish the foundations of Bayanihan and re-awaken the Filipino spirit.

The cover depicts a beautifully drawn artwork of a visual representation of a community, where each one has an important role in society. A tight-knit town with both consumers and producers taking part in the circular economy is what will get us back on track and what will keep us together during such turbulent times. It is a reminder that we are all in this together, that there will be no Filipino left behind.





Essential Statements of Small Business Corporation

Vision Statement

By 2025, we will be the leader in building financing alternatives for Philippine MSMEs, putting them at the forefront of inclusive economic growth.

Mission Statement

Our Mission is to relentlessly champion the neglected business segments of the country to get them to access the capital needed to grow successfully.

In the delivery of our mission, we commit not to contribute to the cycle of debt poverty and to ensure no pilferage in the use of NG investment. We also commit not to duplicate already existing interventions in the financing industry especially those mainstreamed among private industry players.



Social outcome objective

To cause prosperity among MSME segments traditionally considered unfinanceable, thereby increasing economic diversity and inclusion

(we define unfinanceable segments as enterprises which despite their being an on-going business are not able to access finance at non-usurious rates).

7 Target MSME Segments

- Micro and small agri and aqua enterprises
- Micro retailers
- Small island economies
- MSMEs requiring rehabilitation arising from disaster
- Islamic MSMEs
- Indigenous people (IP) - owned enterprises
- First-time small businesses

Service Philosophy

Ferocity in the mission, Kindness towards each other.

Core Values

Matapat sa Bayan (faithful and trustworthy service to the country)
Magaling at Maabilidad (competent and innovative)
Bayanihan (community in unity)

Corporate Logo



SMALL BUSINESS CORPORATION

WHERE MSMEs GO TO GROW

After 30 years, the SBCorp identity gets a timely refresh with the utmost respect to the legacy of impact the institution has brought to Philippine MSMEs. With bolder, retrofitted elements adapted for a digital world, the new logo introduces SBCorp as the government agency "Where Philippine MSMEs Go to Grow."

True to SBCorp's history, the logo stands for Bayanihan among the Philippine MSMEs, the Government, and SBCorp itself, represented by the three figureheads interlinked in a circle.

The color black represents Government and its authorities, power and strength in providing MSMEs with the level playing field they deserve. Green represents SBCorp and its mandate to fight for the neglected business segments of Philippine MSMEs by building effective financing alternatives. Orange represents the MSMEs - who are creative, hardworking and continuously aspiring to serve their family, their community and the country.



About the Corporation

Small Business Corporation (SBCorp) is the result of the merger between the Small Business Guarantee and Finance Corporation (SBGFC) and the Guarantee Fund for SMEs (GFSME), under Executive Order No. 98 issued in November 2001. SBCorp's focus is to provide micro, small and medium enterprises (MSMEs) with much needed access to finance to help them grow their businesses. It has several programs for the MSME market: wholesale lending to smaller financial institutions, cooperatives and foundations and retail or direct lending to MSMEs.

Programs and Program Beneficiaries

Corporate Funded Programs

Using its own corporate funds, SBCorp is engaged in a) Regular Retail Lending for duly registered MSMEs and b) Venture Capital for selected start-up MSMEs.

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

National Government- Supported Programs

Program: Enterprise Rehabilitation Financing

Priority Beneficiaries: MSMEs who suffered business reversal from calamity

The program was initially funded by corporate funds when it started in January 2014. SBCorp allotted around PhP600.0 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 or their families, MSMEs affected by the temporary closure of Boracay Island and MEs affected by earthquake in Batanes.

Program: Bayanihan CARES

The Bayanihan CARES is a government program that aims to assist micro, small, and medium enterprises (MSMEs) recover from the adverse effects of the pandemic.

The Bayanihan to Recover as One Act or Bayanihan 2 Act has directed SBCorp to expand its existing loan programs for MSMEs, cooperatives, hospitals, tourism, and OFWs affected by Covid-19 pandemic and by other socio-economic reversals.

Ownership and Legal Status

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. SBGFC is under the policy program and administrative supervision of the Small and Medium Enterprise Development (SMED) Council of the Department of Trade and Industry (DTI), the primary agency responsible for small and medium enterprises in the country.



Secretary's Message

For three decades now, SBCorp has been reliable partner of DTI in ensuring the collective growth of our nation as you provide financial support to our countrymen that empower them to live productive and meaningful lives. As DTI's financing arm, you have provided Micro, Small and Medium Enterprises (MSMEs) access to much-needed financial assistance that enable them to realize their potential as vital contributors to the economy.

The growth and development of the MSME sector has always been among the Departments priorities. That is why even before the pandemic, DTI has been providing assistance such as training, mentorships, microfinancing, digitalization, equipment support, and market development for enterprises to become competitive.

Among these program is the **Pondo sa Pagbabago at Pag-asenso (P3)** managed by SBCorp, which has been the banner program of President Rodrigo Roa Duterte's administration to provide MSMEs access to much-needed finance. And when the pandemic struck, you have been at the forefront of helping business get back on their feet through the launch of the **COVID 19 Assistance to Restart Enterprises (CARES)** program, which offers loans with no collateral requirement and at zero interest rate to MSMEs. The program also includes microfinancing for businesses in the tourism sector, as well as displaced, repatriated, or returning Overseas Filipino Workers (OFW) affected by the pandemic that wish to rebuild their lives here in the Philippines.



Just recently, the Php5.0 billion microfinancing allotted for the Bayanihan CARES bis nearing full utilization of its funds and as assisted more than 30,000 businesses. This great feat would not have been possible without the tireless service and dedication of the men and women of SBCorp, who have embodied DTI's mantra of *Serbisyong Higit pa sa Inaasahan* in this time of change and uncertainty.

As we face the challenges ahead, let us remain steadfast in our shared aspirations to build back a better, more prosperous, and more inclusive post-pandemic future for all Filipinos.

Again, congratulations and *mabuhay!*


Ramon M. Lopez
Secretary



Message from the **Chairman**



SBCorp has always been at the forefront of helping the Filipino MSMEs grow. Its inclusive financing programs help micro and small enterprises not only during normal times but also during calamities and disasters.

It supported the recovery small businesses devastated by typhoon Yolanda in 2013. In 2017, SBCorp launched the Pondo sa Pagbabago at Pag-Asenso or P3 program to provide micro - enterprises with a more affordable alternative to the usurious 5/6 financing scheme.

At nitong panahon ng pandemya, mas naramdaman pa ang tunay na malasakit ng SBCorp para sa mga maliliit na negosyante.

Through its CARES Program or Covid - 19 Assistance to Restart Enterprises, SBCorp extends zero interest and collateral-free loan with extended grace period to MSMEs and tourism enterprises affected by the Covid - 19 pandemic, including repatriated OFWs who want establish start-up livelihoods.

We salute the Management Team under the leadership of President and CEO Luna Cacanando for inspiring the men and women of SBCorp to give their best to serve the financing needs of the Filipino MSMEs.

Usec. Blesila A. Lantayona
Undersecretary, Regional Operations Group
Department of Trade and Industry
and Acting Chairperson, Small Business Corporation



Operational Highlights

Small Business Corporation 2020 Corporate Accomplishments

In the past three (3) decades, SBCorp has remained a silent but steady player in the MSME sector, championing the government’s developmental finance agenda. The Corporation has and continue to deliver on its vision of providing financing alternatives to micro, small, and medium enterprises (MSMEs), putting them at the forefront of inclusive economic growth.

The year 2020 began with an enormous challenge that impacted the world in recent history – the COVID-19 pandemic. All sectors of society have been adversely affected and continue to reel from the crippling effects not only to health and safety, but the downward trends for economies around the world. The Philippines has not been spared and arguably may have been one of the worst hit by this global disaster.

The Philippine Statistics Authority reported that the country’s gross domestic product (GDP) contracted by 9.5% in 2020. The Asian Development Bank “Covid-19 Impact on Micro, Small, Medium-Sized Enterprises under the Lockdown: Evidence from A Rapid Survey in the Philippines” (Shinozaki and Rao) provides several insights on the degree of impact that the pandemic and lockdowns have brought to MSMEs in the country. The study showed that SMEs in education, construction, accommodation and food and services including tourism enterprises, and manufacturing were the most affected. Smaller-sized firms such as microenterprises were hardest hit with a greater percentage of them not being able to adjust to the restrictions.

Financing Alternative for Covid-19 Pandemic-affected MSMEs

MSMEs in the country comprises 99.5% of the more than one million registered business enterprises in the country. As such, prioritizing and providing the much-needed funding support to help the MSMEs recover and even grow stronger from these challenging times is necessary. In 2017, government launched the Pondo sa Pagbabago at Pag-asenso (P3) Program, a microfinancing facility which aims to significantly reduce, if not eradicate predatory lending practices such as those engaged in ‘5-6’. The P3 Program has grown to a PhP4.8 billion portfolio by yearend wherein an additional 34,450 unique borrowers for 2020 alone benefited from the program. This has brought the total number of beneficiaries for the P3 Program to 186,603 as of the same period.



SBCorp objective of becoming the leader in providing financing alternatives to Philippine MSMEs is anchored on a clear focus to help those considered unfinanceable. While the Corporation remained vigilant to fulfill this mandate, it was faced with the challenge of sourcing sufficient funds to develop and download the appropriate enterprise rehabilitation programs to targeted MSMEs. This resolve was further strengthened by the desire to provide meaningful contribution to government’s efforts to address the impact of the pandemic.

Capitalization Support for a Revitalized CARES Program Implementation – Bayanihan 2 CARES

While limited funds posed a serious challenge during the initial stages of the pandemic, SBCorp remained steadfast in its resolve to assist MSMEs during the pandemic. Perhaps in recognition of this and the Corporation’s crucial role and proven track record in enterprise rehabilitation financing, Congress approved an



additional capital infusion of PhP10.0 billion into SBCorp under the Bayanihan to Recover as One Act (Bayanihan 2).

The Bayanihan 2 Act was enacted in September 2020 and provides for the continued support to affected MSMEs in terms of easy-to-access and low-priced financing. This government support will significantly contribute to the economic recovery of critical MSME segments of the country that continue to be adversely affected by the COVID-19 pandemic.

In terms of actual funds downloaded, it is important to note that only PhP8.08 billion has been downloaded to SBCorp. Said capital infusion which was downloaded in November 2020 is now the funding source of the Corporation's Bayanihan 2 CARES Program. The roll out of the program in end October 2020 became the launchpad for an improved, more responsive and inclusive financing support for enterprises all over the country.

In terms of funding allocation, around half of the Bayanihan 2 fund or PhP4.0 billion has been earmarked for the tourism industry under the CARES for Tourism Rehabilitation and Vitalization of Enterprises and Livelihood (CARES for TRAVEL) Program. Funding provision for HEROES Program has also been increased to PhP500.00 million to benefit more OFWs wanting to start their own business in the country.

CARES Program Highlights

SBCorp rose to the challenge by developing, rolling out and continuously enhancing its Bayanihan Covid Assistance to Restart Enterprises or Bayanihan CARES Program and work towards fully disbursing the PhP8.08 billion funding. The Small Business Corporation launched the CARES Program. The **COVID-19 Assistance to Restart Enterprise** Program is a special financing window developed by SBCorp to be an integral part of the government's social amelioration measures to mitigate the adverse impact of the Covid 19 Pandemic. As of end 2020, the CARES Program portfolio stood at PhP585.5 million with 17,784 MSMEs being provided the crucial financing assistance.

Special sub-programs targeting worst-hit segments of the socio-economic landscape have been developed as well. The Helping the Economy Recover through OFW Start Ups or the HEROES Program is a financing window available for overseas Filipino workers affected by the COVID-19 pandemic and searching to secure funding support to start their own business. For the tourism-related enterprises, CARES for TRAVEL Program is also now open and in fact identified as one of the priority sectors under the Bayanihan 2 Act. Moving forward, more focused and aggressive marketing and advocacy campaigns were implemented to help improve the loan uptake for these programs.

These innovative financing programs were specifically developed to help MSMEs restart or recover from the pandemic. Concessional features to truly help MSMEs re-establish their business operations such as zero percent interest, longer repayment term and grace period are what sets these financing products from other loans provided by other financing institutions. Furthermore, SBCorp has embarked and continuously enhanced its already established IT-enabled systems and processes and engage with more institutional partners to ensure wider outreach and better service delivery to its MSME borrowers.

Initial funds for the first roll-out of the Program was sourced from the Pondo para sa Pagbabago at Pag-asenso or P3 Program. In the first half of 2020, PhP1.0 billion of the P3 fund allocation was used to fund the CARES 1 Program. With said funding, a total of 14,820 micro and small enterprises benefitted from the Program.

Strategic Approach to Lending

The Corporation engaged in innovative ways of providing financing support to MSMEs in the country. Guided and sustained by its mandate, SBCorp was able to:

- a) Develop and adopt policy-driven loan determination tools in implementing the enterprise stimulus intervention.
- b) Direct loan disbursements through transaction accounts via banks and other electronic payment channels.
- c) Adoption of close monitoring and oversight to immediately assess effectiveness of program guidelines and address implementation issues as quickly as possible. and;
- d) Forging partnerships with key institutions and organizations to maximize synergy for a more effective implementation of its programs

Roll-out of IT-enabled System

The Corporation also continuously worked on improving its services provided to loan applicants and borrowers by employing technology-enabled solutions and processes. While challenges were encountered in the initial roll out of the Program and the attendant IT systems, SBCorp pursued the following:

- a) Streamlining and digitalization of the entire loan origination process from borrower on-boarding to loan



release, with manual processing kept at a minimum. and;

- b) Roll-out of an efficient loan release system utilizing a two-factor authentication system via electronic signature and one-time PIN (OTP) for full roll out in early 2021 to hasten the loan disbursement process.

These innovative strategies allowed the Corporation to successfully implement a high impact COVID-19 pandemic response program for targeted MSMEs

CORPORATE MILESTONES

SBCorp’s commitment to deliver on its mandate is also reflected in its GCG-approved Corporate Scorecard. In 2020, the Corporation was able to receive a total rating of 96.74% (currently subject to GCG validation) which is its 3rd year of breaching the 90% mark.

In terms of total portfolio, the total outstanding balance of all the lending programs of the Corporation stood at PhP7.32 billion. This is a marked increase of PhP1.48 billion or more than a quarter (25.34%) from the previous year OB of PhP5.84 billion. Such an achievement has been achieved despite the worldwide economic reversal and significant challenges to move the funds under the government-imposed restrictions.

The Corporation’s loan assistance benefitted a total of 52,311 qualified MSMEs who accessed both Corporate-funded and NG subsidy-funded programs through wholesale and retail modes. For CARES alone, 17,784 MSMEs affected by the COVID-19 pandemic were provided with loans to help their business recover in 2020.

In terms of the Corporation’s objective to provide meaningful impact for the unfinanceable segments of the Philippine MSMEs, the identified small island economies of 1) Sagada (Mountain Province), 2) San Andres (Catanduanes), 3) Siquijor (Siquijor) and 4) Cagwait (Surigao del Sur) registered a total loan portfolio of P60.15 million. The Corporation’s focus to provide financing assistance to the most in need is greatly highlighted by this continued commitment. More than a third (35.85%) of borrowers surveyed in the small island economies also provided information that they were able to increase sales by at least 10% after being provided with SBCorp financing assistance.

In terms of required financial measures highlighting the Corporation’s commitment to its stakeholders as a government financial institution, SBCorp was able to accomplish a Net Operating Income (NOI) of PhP23.99 million by year end 2020. Past due rate stood at 10.01%. The Corporation however recognize that this accomplishment may have been positively

influenced to a great degree by Bangko Sentral ng Pilipinas regulations on allowing loan payment reprieve or moratorium and provision of substantial grace period for repayment for loans released within the year.

The Corporation was likewise able to maintain its ISO 9001 certification for the head office and secure an ISO certification for the North Luzon Group. These twin accomplishments highlighted SBCorp’s commitment to continuous improvement following internationally established standards.

Finally, it was also in 2020, SBCorp was once again recognized as one of the top performing Government and Controlled Corporation (GOCC) for the year 2019. The Corporation ranked 5th among the list of GOCCs evaluated by the Government Commission for GOCCs’ using their Corporate Governance Scorecard. This ranking is an improvement from the previous year’s ranking of 7th place, and a further reaffirmation of the Corporation’s commitment to deliver quality service to its clients. The Corporation maintains its commitment to excellence anchored on sound and internationally recognized corporate governance practices.



Ma. Luna E. Cacanando
President & CEO

Operational Highlights

Institutional Viability

TRAININGS ATTENDED BY THE BOARD OF DIRECTORS
For CY 2020

Name	Trainings Attended
Dir. Manuel B. Bendigo	none
Dir. Ma. Luna E. Cacanando	none
Dir. Rosalia V. De Leon (DOF 1st Alternate)	none
Reina D. Cuarez (DOF 2nd Alternate)	none
Dir. Joe Jay T. Doctora	<ol style="list-style-type: none"> 1. Finance for Non Finance Manager (FNFM), May 18 to June 11, 2020, 32 hours by Asian Institute of Management, School of Executive Education and Lifelong Learning 2. Transitioning to Digital and How to get Started (TTDHTGS), Sept 21 to 30, 2020, 20 hours by Asian Institute of Management, School of Executive Education and Lifelong Learning 3. Strategic Planning 2021 : Setting the stage for a major comeback, October 24, 2020, 4 hours by W+B Advisory group & Icon Executive Asia
Dir. Arnulfo V. Galdo	<ol style="list-style-type: none"> 1. Corporate Governance Orientation Program, ICD (13- 14 October 2020) 2. PDP Board Oversight, ICD (10-11 November 2020) 3. PDP Accountability, ICD (17-18 November 2020)
Dir. Blesila A. Lantayona	<ol style="list-style-type: none"> 1. International Training on Intrapreneurship and Competitiveness, DAP (11-19 January 2020, Germany) 2. Harnessing Adaptive Leadership in times of Crisis, CESB (12 June 2020)
Dir. Santiago S. Lim	<ol style="list-style-type: none"> 1. Future-Ready Boards a Deep Dive, ICD (28 May 2020) 2. Supply Chain Strategies for Business Continuity in the Pandemic Era, ICD (15 June 2020)
Dir. Ferdinand D. Tolentino	none
Dir. Jacob S. Vasquez	<ol style="list-style-type: none"> 1. Corporate Governance Orientation Program, ICD (13- 14 October 2020)

EMPLOYEE HEALTH, SAFETY AND WELFARE ACTIVITIES FOR CY 2020

Period Covered: January 1 to December 31, 2020

Date of Activity	Name of Activity	Brief Details of Activity	Organizer	No. of Attendees
All year round	Physical Fitness	<p>SBGFC Employees Association Inc. provided half of its designated room with facilities/equipment for exercise and/or other kinds of physical activity which can be used by SB Corp employees before or after office hours.</p> <p>Use of the facility is subject to restrictions and in accordance to the health and safety protocols.</p>	SBGFC Employees Association Inc.	No data available (open to all SB Corp employees)



Small Business Corporation
TRAINING AND DEVELOPMENT PROGRAMS
 Period Covered: January 1 to December 31, 2020
 (attended by Officers and Rank and File employees)

Title	Program Description/Objective	Number of Participants	Date	Number of Training Hours
In-house Programs				
1. Learning Intervention for Salary Grades 25 to 28 including Officer-in-Charge-Department Managers (who are not members of the AdHoc Teams)	Learning Topics: <ul style="list-style-type: none"> • Management versus Leadership: what each one is, why we need them both. • The underlying problem: a social technology that has not evolved. • The future of management. • Management model: an important concept, the guiding framework for the course. 	23	November 20 & 27	N/A
2. Learning Intervention for Salary Grades 10 to 22 (who are not members of the AdHoc Teams)	Learning Objectives: <ul style="list-style-type: none"> • Explain the syntax of basic formulas and functions. • Use formulas and functions to perform simple calculations. 	38		
Individual/External Trainings				
1. Credit and Collection (Rural Bankers Association of the Philippines)	Learning Objectives: <ul style="list-style-type: none"> • Draft or improve existing Credit and Collection Policies, Procedure and Guidelines • Be able to minimize risk in granting credit • What to look at in evaluating credit application • Know the KRAs of Credit and Collection • Avoid loop holes in implementing Legal Remedies • Know the appropriate Legal Remedy for a particular portfolio • Know the Best Practices in Credit and Collection 	1	January 29	8
2. Financial Statement Analysis - a Tool in Credit Decision Making (Rural Bankers Association of the Philippines)	The course objectives are as follows: <ul style="list-style-type: none"> • General concepts on tools and techniques in financial report analysis and their application to specific cases • Recognize the interrelationships among the numbers in the financial statements using spreadsheet template • Draw intelligent conclusions on the results of financial performance. 	2	January 30-31	16
3. Problem Solving and Decision Making Techniques (Philippine Trade Training Center)	The program enables participant to gain insights on the appropriate problem solving skills as well as decision making techniques to assist in corporate planning and policy implementations.	1	February 06 - 07	16
4. People Management Skills Training (BusinessCoach, Inc.)	Objectives: <ul style="list-style-type: none"> • To learn new techniques in managing people • To understand the different motivating 	1	February 12	8
5. Information System Audit Fundamentals (Association of Government Internal Auditors, Inc.)	The course objectives are as follows: <ul style="list-style-type: none"> • Understand the end-to-end process of auditing information systems, how it differs from business process audits, and how to manage the information systems audit function • Be familiar with common activities, risks and internal control concepts relating to information systems and related technologies • Gain basic knowledge of audit procedures to assess adequacy and effectiveness of IS/IT governance, systems and solutions, operations, continuity and security processes 	2	September 22 - 25	16
6. ISO 9001:2015 Quality Management Systems Internal Quality Audit (TUV Rheinland)	The online training will provide orientation and valuable learning that will facilitate organizational ability in planning, conducting and managing internal audit of management system using ISO 9001:2015 requirements and ISO 19011:2018 Guidelines.	3	November 19 - 20	16

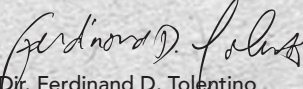
Corporate Governance

CORPORATE GOVERNANCE CONFIRMATION STATEMENT

The Small Business Corporation strictly adheres to the principles of good corporate governance. As one of the government-owned or controlled corporations under the oversight of the Governance Commission for Government-Owned or Controlled Corporations (GCG), SB Corporation, its Governing Board and all of its officials and employees, confirm its full compliance for the Year 2020 with the Code of Corporate Governance issued by the GCG which was made operational through the SB Corporation's Manual of Corporate Governance.

STATEMENT ON REVIEW OF FINANCIAL, OPERATIONAL AND RISK MANAGEMENT SYSTEM

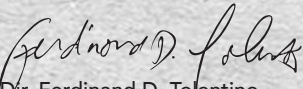
The Small Business Corporation's Board Audit and Compliance Committee (BACC) and Finance and Risk Oversight Committee (FROC) reviewed the recommendations of the Internal Audit Group, Office of the Chief Compliance and the Enterprise Risk Management Group for calendar year 2020 involving Financial, Operational and Risk Management prior to endorsement and approval by the Board.


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


Dir. Joe Jay T. Doctora
Chairman
Finance and
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 2020 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, Small Business Corporation has adopted a Whistleblowing Policy, the details of which may be viewed on its website (<https://www.sbgfc.org.ph/>). 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 (SB CORP WHISTLEBLOWING REPORT FORM) via Small Business Corporation's 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:

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

CORPORATE GOVERNANCE COMMITTEE

Major Initiatives and Accomplishments for 2020

The Corporate Governance Committee convened four (4) meetings in 2020. 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. Reorganization of Board Committees on Finance and Risk Oversight, Venture Capital Review and BACC (in view of the retirement of Director Benel Lagua)
 2. Designation of Full-Pledged Sector Head for Financing
 3. Opening of Sector Head position for Corporate Support
 4. Opening of Group Head position for Planning, Policy Documentation and Communications
 5. Authority to Grant PBB for 2019
 6. Compliance to COA Recommendation on use of Official Corporate Name
 7. Update on 2020 Corporate Scorecard
 8. Designation of SVP Sector Head for Corporate Support
 9. Designation of VP Head for Planning, Policy and Communication
 10. Approving Authorities and Process Flow for Formulation of Policy, of Implementing Guidelines and of Business Process Manual
 11. 2020 Hiring and Promotion Plan
 12. Review of Management-Level Committees
 13. Designation of Atty. Cabrido as OIC for Legal Services Group and as Chief Legal Counsel
 14. Use of Electronic/Digital Signature in Loan Contracts
 15. Proposed Policies and Guidelines in the Imposition of Administrative Sanctions for Non-Compliance to Audit Findings
 16. Proposed Amendments on the Rules of Procedure Governing Administrative Cases Filed Against SB Corp's Officers and Employees
 17. Updated Policy and Procedure Manual of Legal Services Group
- B. Discussed and noted the following:**
1. Grant of 2019 CNA Incentive
 2. GCG Recognition of SB Corp as Part of Top 10 GOCCs in 2018 for Corporate Governance (and Management decision to grant one-time Service Recognition Incentive)
 3. GCG Memo re: Vacancies in the SB Corp Governing Board in view of resignation of Dir. Lagua
 4. Latest Organizational Structure and Manning of SB Corp
 5. Stopgap Measures on CARES Loan Application Backlogs

BOARD AUDIT AND COMPLIANCE COMMITTEE

Major Initiatives and Accomplishments for 2020

The Board Audit and Compliance Committee convened seven (7) meetings in 2020. Its major initiative 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 Audit Plan for CY 2020
 2. Results of P3 Retail Accounts Validation – Northern Samar
 3. Results of Branch Audit on Central Luzon Group
 - Loan Collection
 - High Risk Account Management
 - Loan Collection
 - High Risk Account Management

4. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) Program (7 Partner – MFIs as managed by Central Luzon Group)
5. Results of Audit on Loan Implementation & High-Risk Accounts Management (Visayas Group)
6. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) Program (17 Partner – MFIs as managed by Southern Luzon Group)
7. Results of Audit on Loan Origination System
8. Audit Plan for CY 2020 Status Report with Request for Amendment
9. Results of Operations Audit on Dagupan Desk Office
10. Results of Audit on Collateral Custodianship and Loan Implementation – Central Luzon Group
11. Results of Operations Audit on Batangas Desk Office
12. Results of Audit on E-Collection
13. Results of Follow-up Audit on FS Review As of 31 March 2020
14. Results of Audit on Pondo sa Pagbabago at Pag-Asenso (P3) Program (4 Partner – MFIs as managed by Mindanao Group)

- B. Discussed the following for information and notation:**
1. Annual report on Internal Audit Activities for CY 2019
 2. Summary of Internal Audit Effectiveness Survey Results for CY 2019
 3. Internal Audit Tracking Report
 4. Status of Accomplishment of 2020 Audit Plan

OFFICE OF THE CHIEF COMPLIANCE OFFICER

1. Status of SBCorp's Compliance with PBB Requirements for CY 2019
2. BSP's Response to SBCorp's Queries
3. Summary of the AMLA – Reported covered transactions and results of the Compliance Testing on AMLA - Reported Loan Releases for the 2nd Quarter of 2019
4. BSP's Evaluation of SBCorp's Response to the I.T Advance Report of Examination Findings
5. BSP's Evaluation of SBCorp's Replied to the Advance Report of Examination Findings for various Risk Areas
6. Updates on the Status of SBCorp's Compliance with PBB Requirements for FY 2019
7. 2019 Exit Conference with the Commission on Audit
8. Summary of AMLA Reported Transactions for the Third and Fourth Quarters of 2019
9. Updated on the Responses to the 2019 BSP ROE
10. Updates on the Status of SBCorp's Compliance with PBB Requirements for FY 2019

FINANCE AND RISK OVERSIGHT COMMITTEE

Major Initiatives and Accomplishments for 2020

The Finance and Risk Oversight Committee convened five (5) meetings in 2020. 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. Corporate Operating Budget for 2020 (Including 2020 Hiring and Promotion Plan)
 2. Implementation/Activation of Business Continuity Plan
 3. Adjustment of 2019 Loan Loss Provisioning
 4. Revision of P3 Loan Loss Provisioning
 5. Request for Writing-Off of Accounts
- B. Discussed and noted the following:**
1. Financial Statement as of December 31, 2019 (First Closing)
 2. 2020 Workplan of the Enterprise Risk Management Group (ERMG)
 3. Management Action on Findings Regarding North Samar P3-Retail Lending
 4. Responsibilities of Regional Lending Units vis-à-vis P3-Retail Endorsements of CDPs
 5. Clearance for Mindanao Lending Group to Implement Selective Cash Collection on Defaulted P3-Retail Accounts

6. Management Action on Risk Implications on Non-Compliance re: Handling of Commitment Fee PDCs of Capacitated FIs
7. Financial Statements as of June 30, 2020
8. Interest rate for P3 Wholesale Program
9. Financial Projections on the Additional P10.00B from the Bayanihan Fund
10. Financial Performance as of August 2020
11. Pondo Sa Pagbabago at Pag-Asenso (P3) Annual Financial Performance
12. Small Business Corporation's Financial Performance as of October 2020 with Year-End Projection

BOARD IT AND PLATFORMIFICATION COMMITTEE

Major Initiatives and Accomplishments for 2020

The Board IT and Platformification Committee convened four (4) meetings in 2020. 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. 5-Year Platformification Strategy Map
 2. Term of Reference (TOR) for the Platformification Consultant
 3. Revised TOR for the hiring of a Platformification Consultant/Audit IT
- B. Discussed and noted the following:**
1. BSP Exit Conference Results
 2. CRIF Issues and Concerns
 3. Status on Account Management System (AMS)
 4. Update on the IT Support Systems for the CARES Program
 5. P3 CARES Dashboard System
 6. Update on the Final Stages of the OTP for Launching
 7. Registration of SBCorp's Domain Name from sbgfc.org.ph
 8. Report on the Liability of SBCorp whether to pay the CRIF Service Fee under the Framework Agreement
 9. Bayanihan CARES Online System Implementation
 10. Managed Transition to Electronic Signature and One-Time PIN-Enabled Loan Release Process under Bayanihan CARES

BOARD COMMITTEE ON VENTURE CAPITAL REVIEW

Major Initiatives and Accomplishments for 2020

The Board Committee on Venture Capital Review convened two (2) meetings in 2020. 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. Elbitech, Inc. VC Account – Validation, clarificatory information and recommendations Supplemental Report: Legal Review on Licensing Agent
 2. Recommended Supplement to the Investment Agreements with Elbitech, Inc. and Binhi, Inc.
 3. Revised MOA for the RAPID Growth Supplemental Report: Updates (vis-à-vis Item 3.06 of the Minutes of the 3rd Board Committee Meeting on Venture Capital Review on 26 September 2019)
- B. Discussed and noted the following:**
1. Exit Mechanisms for SBCorp's Investments under the VC Program
 2. Designation of Manager Rebecca Ancanan as Venture Capital Account Officer' and Handling of Other VC Assignments
 3. Nature of Investments in Venture Capital Accounts
 4. Status of Venture Capital Accounts of Binhi, Inc. and Elbitech, Inc.

CORPORATE GOVERNANCE

OVERALL CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

SB Corporation is fully compliant with the provisions of the Code of Corporate Governance. It conforms to the standards of good corporate management and the provisions of the Republic Act No. 6977, as amended by Republic Act No. 8289, and further amended by Republic Act No. 9501 otherwise known as the amended "Magna Carta for Micro, Small and Medium Enterprises", as well as the Philippine laws that are of relevance in this context.

SB Corporation's corporate governance is reflected in its organizational structure that defines a governance hierarchy led from the top by the Board of Directors and its delegated duties and responsibilities through the five Board-level Committees namely, (1) the Corporate Governance Committee, (2) the Board Audit and Compliance Committee, (3) the Finance and Risk Oversight Committee, (4) the IT and Platformification Committee, and (5) the Board Committee on Venture Capital Review. These five committees are ably supported by independent units – Internal Audit Group, Office of the Chief Compliance Officer, Enterprise and Risk Management Group, Management Information System, and Controllership Group – which perform specific functions for the said Committees. These independent units report directly to the Board but are administratively supervised by the President and CEO. The Office of the Board Secretary provides logistical support to the Small Business Corporation Board and Board Committees.

INSTITUTIONAL VIABILITY

As Small Business Corporation adheres to globally accepted governance principles and best practices, it maintains the Board's independence from management such that the Chairman of the Board and the President and CEO are two distinct individuals with clearly delineated duties and responsibilities.

While the Chairman assumes leadership and monitors the Corporation's adherence to good governance policies, as well as the overall performance of the Corporation; the President and CEO, on the other hand, directly manages the day-to-day operations of the Corporation and executes the policies and strategies approved by the Board in pursuit of its institutional goals and objectives.

Specifically, the President and CEO supervises the Corporation's three sectors, namely: (1) Financing Sector, (2) Corporate Support Sector, and (3) Strategy, Systems and Communications Sector. There are units which report directly to the President and CEO, namely, Office of the Executive Vice President, Office of the Chief Finance Officer (Controllership Group), and Office of the Strategy Management. Moreover, there are units which are administratively supervised by the President and CEO, namely, Enterprise Risk Management Group, Internal Audit Group, Office of the Chief Compliance Officer and Office of the Board Secretary.

SELECTION PROCESS FOR THE BOARD

Under Republic Act No. 10149, otherwise known as "An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned and Controlled Corporations (GOCCs) and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes" states that all appointive directors of GOCCs are appointed by the President of the Philippines from a shortlist prepared by the Governance Commission for GOCCs (GCG), which include only nominees who meet the Fit and Proper Rule and such other qualifications which the GCG may determine.

The President and CEO shall be elected by the members of the Board from among its ranks. However, the would-be President and CEO will only be qualified for election if he/she meets

the requirements under the Fit and Proper Rule, and if he/she is appointed by the President of the Philippines into the Governing Board of the GOCC. The President shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.

COMPOSITION OF THE BOARD

As prescribed in the "Magna Carta for Micro, Small and Medium Enterprises" (Republic Act No. 9501), the Board of Directors of SB Corporation shall be composed of eleven (11) members, as follows:

1. The Secretary of Trade and Industry,
2. The Secretary of Finance
3. Nine Appointive Directors to be appointed by the President of the Philippines provided that the common stockholders shall have the right to recommend to the Governance Commission for GOCCs (GCG) 7 of 9 Appointive Directors in proportion to the respective common stockholdings to be among those included in the shortlist to be submitted to the President.

The President of the Philippines shall appoint the Chairman of the Board from among its ranks. The President/CEO shall be elected annually by the members of the Board from among its ranks.

The ex-officio members of the Board of Directors may designate their respective alternates who shall be officials preferably next in rank to them, and whose acts shall be considered as the acts of their principals.

All members of the Board, the CEO and other Officers of the SB Corporation shall be qualified by the Fit and Proper Rule (GCG M.C. No. 2012-05) adopted by the GCG in consultation and coordination with the relevant government agencies, and approved by the President, and which include by reference the qualifications expressly provided for in the SB Corporation Charter and/or By-Laws.

To maintain the quality of management of SB Corporation, the GCG, in coordination with the DTI shall, subject to the approval of the President, prescribe, pass upon and review the qualifications and disqualifications of individuals appointed as Directors, CEO and other Executive Officers of SB Corporation and shall disqualify those found unfit.

In determining whether an individual is fit and proper to hold the position of an Appointive Director, CEO or Officer of SB Corporation, due regard shall be given to one's integrity, experience, education training and competence.

Name of Board Member	Position	Date Assumed
Usec. Blesila A. Lantayona	Acting Chairperson DTI Representative, Ex-Officio	13 September 2019
Dir. Ma. Luna E. Cacanando	Vice-Chairperson of the Board	06 September 2017
Dir. Manuel B. Bendigo	NG Representative	07 July 2017
Treas. Rosalia de Leon	DOF Representative (1st Alternate), Ex-Officio	14 February 2017
Dir. Reina D. Cuarez	DOF Representative (2nd Alternate), Ex-Officio	14 March 2017
Dir. Arnulfo V. Galdo	DBP Representative	11 June 2020
Dir. Santiago S. Lim	Private Sector Representative	26 April 2018
Dir. Joe Jay D. Doctora	NG Representative	27 September 2018
Dir. Ferdinand D. Tolentino	NG Representative	05 April 2016
Dir. Jacob S. Vasquez	NG Representative	04 September 2020
	2 vacant seats	

THE CHAIRMAN OF THE BOARD

The Chairman of the Board shall preside over all meetings of the Board and/or of the stockholders. He/She shall have the powers and duties as the Board may prescribe. His/Her express role in the Corporation is described as follows:

1. The Chairman shall preside over all regular meetings of the Board and stockholders. He/she may also call special meetings of the Board at his/her discretion, to tackle matters requiring urgent Board action.
2. The Chairman, in consultation with the President/CEO and Corporate Secretary, shall approve the agenda for all Board meetings, provided, that all matters requiring Board Approval endorsed by a majority vote of the members of the appropriate Board Committees and of the Management Committee shall be automatically included in the agenda;
3. The Chairman, in consultation with the Corporate Secretary, shall ensure that complete and relevant information are transmitted to the Board within a reasonable time;
4. The Chairman shall perform such other powers and functions as the Board may determine consonant with his/her specific duties and responsibilities.

BOARD OVERALL RESPONSIBILITY

The SB Corporation Board of Directors assumes certain responsibilities to the Corporation's various stakeholders – the Corporation itself, its stockholder, the National Government; its clients, its management and employees, the regulators, and the public at large. These stakeholders have the right to expect that the institution is being managed in a prudent and sound manner. The Board of Directors is primarily responsible for the approval and oversight of the implementation of the Corporation's strategic objectives, risk strategy, corporate governance and corporate values. They are also responsible for the monitoring and oversight of the performance of senior management as the latter manages the day-to-day affairs of SB Corporation.

The SB Corporation Board sets the overall policies and strategic directions of the Corporation, which serve as the guide of management and operating units in the day-to-day operations. Moreover, the SB Corporation Board provides the oversight functions in the Corporation performance, and champion good corporate governance by strong adherence to ethical standards and compliance with legal, institutional

and regulatory requirements. The Board also ensure that the Corporation remains accountable to its various stakeholders.

All Members of the Board of Directors are expected to abide by the following:

1. Conduct fair business transactions with SB Corporation and ensure that personal interest does not bias the Board decisions. A Director should avoid a situation that gives rise to conflict of interest or compromise his/her impartiality. A Director shall not use his/her position to make profit or to acquire benefit or advantage for him/herself and/or his/her related interest;
2. Act always in good faith with the care which an ordinary prudent person would exercise under similar circumstances, with loyalty and in the best interest of SB Corporation and its stakeholders;
3. Devote time and attention necessary to properly discharge his/her duties and responsibilities. A Director shall familiarize him/herself with SB Corporation's business, be aware of the Corporation's conditions, contribute meaningfully to the Board's work, attend and actively participate in Board and committee meetings, request and review meeting materials;
4. Act judiciously. Before deciding on any matter, a Director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary;
5. Exercise independent judgement. A Director shall view each problem or situation objectively. When disagreement with others occurs, he/she shall carefully evaluate the situation and state his/her position, he/she shall not be afraid to take a position even though unpopular, and he/she shall support plans and ideas that he/she thinks will be beneficial to SB Corporation;
6. Have a working knowledge of the statutory and regulatory requirements affecting SB Corporation, including the contents of its Charter and the requirements of government regulatory agencies. A Director shall also keep him/herself informed of the industry developments and business trends in order to safeguard SB Corporation's competitiveness.
7. Observe confidentiality. A Director shall observe the confidentiality of non-public information acquired by reason of his/her position as Director, and shall not disclose such information without authority of the Board;
8. Ensure the continuing soundness, effectiveness and adequacy of SB Corporation's control environment.

CHANGES IN THE BOARD OF DIRECTORS

Mr. Benel D. Laguna of DBP retired from government service effective February 20, 2020. Mr. Arnulfo Galdo replaced Mr. Laguna effective June 11, 2020. Ms. Merly M. Cruz resigned as a Board Member effective August 2020. Mr. Jacob S. Vasquez replaced Ms. Cruz effective September 4, 2020.

BOARD ATTENDANCE For the CY 2020

BOARD MEETINGS

Name	Jan.10, 2020	Feb.07, 2020	Mar.04, 2020	Apr. 27, 2020	Apr. 29, 2019	May 29 & Jun. 09, 2020	Jun. 30, 2020	Jul. 22, 2020	Jul. 24, 2020	Aug. 14, 2020	Aug. 20, 2020
	319th	320th	321st	322nd	323rd	324th	325th	326th	Special	327th	328th
1 MANUEL B. BENDIGO	P	P	P	P	P	P	P	P	P	P	P
2 MA. LUNA E. CACANANDO	P	P	P	P	P	P	P	P	P	P	P
3 MERLY M. CRUZ	P	P	P	P	P	P	P	P	P	P	P
4 REINA D. CUAREZ	P	P	P	P	P	P	P	P	P	P	P
5 ROSALIA V. DE LEON	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	N/A	N/A
6 JOE JAY T. DOCTORA	P	P	A	P	P	P	P	P	P	P	P
7 ARNULFO V. GALDO	N/A	N/A	N/A	N/A	N/A	N/A	P	A	E	P	P
8 BENEL D. LAGUA	P	P	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9 BLESILA A. LANTAYONA	A	P	P	P	P	P	P	P	P	P	P
10 SANTIAGO S. LIM	P	P	P	P	P	P	P	A	P	P	P
11 RAMON M. LOPEZ	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	N/A	N/A
12 FERDINAND D. TOLENTINO	P	P	P	P	P	P	P	P	P	P	P
13 JACOB S. VASQUEZ	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Sept. 11, 2020	Sept. 30, 2020	Oct. 22, 2020	Nov. 26, 2020	Dec. 29, 2020	TOTAL
	329th	Special	330th	331st	332nd	16
1 MANUEL B. BENDIGO	P	P	P	P	P	16
2 MA. LUNA E. CACANANDO	P	P	P	P	P	16
3 MERLY M. CRUZ	N/A	N/A	N/A	N/A	N/A	11
4 REINA D. CUAREZ	P	P	P	P	P	16
5 ROSALIA V. DE LEON	N/A	N/A	N/A	N/A	N/A	1
6 JOE JAY T. DOCTORA	P	P	P	P	P	15
7 ARNULFO V. GALDO	P	P	P	P	P	8
8 BENEL D. LAGUA	N/A	N/A	N/A	N/A	N/A	2
9 BLESILA A. LANTAYONA	P	P	P	P	P	15
10 SANTIAGO S. LIM	P	P	P	P	P	15
11 RAMON M. LOPEZ	N/A	N/A	N/A	P	N/A	2
12 FERDINAND D. TOLENTINO	P	P	P	P	P	16
13 JACOB S. VASQUEZ	P	P	P	P	P	5

BOARD AUDIT AND COMPLIANCE COMMITTEE MEETINGS

Name	May 14, 2020	May 19, 2020	Jun. 18, 2020	Aug. 06, 2020	Oct. 01, 2020	Nov. 06, 2020	Dec. 10, 2020	TOTAL
	75th	76th	77th	78th	79th	80th	81st	7
1 REINA D. CUAREZ	P	P	P	P	P	P	P	7
2 JOE JAY T. DOCTORA	P	P	P	P	P	P	P	7
3 ARNULFO V. GALDO	N/A	N/A	N/A	N/A	P	P	P	3
4 FERDINAND D. TOLENTINO	P	P	P	P	P	P	P	7

FINANCE AND RISK OVERSIGHT COMMITTEE MEETINGS (formerly Risk Oversight Committee)

Name	Feb. 07, 2020	Mar. 05, 2020	Jul. 29, 2020	Sept. 28, 2020	Dec. 14, 2020v	TOTAL
	31st	32nd	33rd	34th	35th	5
1 MA. LUNA E. CACANANDO	P	P	P	P	P	5
2 REINA D. CUAREZ	N/A	N/A	N/A	P	P	2
3 JOE JAY T. DOCTORA	P	P	P	P	P	5
4 ARNULFO V. GALDO	N/A	N/A	P	P	P	3
5 BENEL D. LAGUA	P	N/A	N/A	N/A	N/A]	1
6 SANTIAGO S. LIM	P	P	P	P	P	5

CORPORATE GOVERNANCE COMMITTEE MEETINGS

Name	Jan. 10, 2020	Feb. 07, 2020	Jun. 09, 2020	Dec. 09, 2020	TOTAL
	45th	46th	47th	48th	4
1 MA. LUNA E. CACANANDO	P	P	P	P	4
2 MERLY M. CRUZ	P	P	P	N/A	3
3 JOE JAY T. DOCTORA	P	P	P	P	4
4 ARNULFO V. GALDO	N/A	N/A	N/A	P	1
5 BLESILA A. LANTAYONA	A	P	P	P	3
6 SANTIAGO S. LIM	P	P	P	P	4

BOARD IT AND PLATFORMIFICATION COMMITTEE MEETINGS (formerly Board Oversight Committee on Technology and Information Management)

Name	Mar. 04, 2020	Jul. 30, 2020	Oct. 07, 2020	Dec. 17, 2020	TOTAL
	12th	13th	14th	15th	4
1 MA. LUNA E. CACANANDO	P	P	P	P	4
2 SANTIAGO S. LIM	P	P	P	P	4
3 FERDINAND D. TOLENTINO	P	P	P	P	4
4 JACOB S. VASQUEZ	N/A	N/A	P	P	2

Legend

- P - present
- A - absent
- OB- official business
- E- excused
- N/A - not applicable

BOARD COMMITTEE ON VENTURE CAPITAL REVIEW MEETINGS

Name	Feb. 18, 2020 4th	Sept. 24, 2020 5th	TOTAL 2
1 MA. LUNA E. CACANANDO	P	P	2
2 MERLY M. CRUZ	P	N/A	1
2 JOE JAY T. DOCTORA	P	P	2
4 SANTIAGO S. LIM	P	P	2
5 FERDINAND D. TOLENTINO	P	P	2
6 JACOB S. VASQUEZ	N/A	P	1

Legend
P - present
A - absent
OB- official business
E- excused
N/A - not applicable

SUMMARY OF BOARD ATTENDANCE For the CY 2020

Name	BOARD MEETING	CORPORATE GOVERNANCE	BOARD AUDIT AND COMPLIANCE	FINANCE AND RISK OVERSIGHT	IT GOVERNANCE	VENTURE CAPITAL REVIEW	TOTAL
	16	4	7	5	4	2	38
1 MANUEL B. BENDIGO	16	N/A	N/A	N/A	N/A	N/A	16
2 MA. LUNA E. CACANANDO	16	4	N/A	5	4	2	31
3 MERLY M. CRUZ	11	3	N/A	N/A	N/A	1	15
4 REINA D. CUAREZ	16	N/A	7	2	N/A	N/A	25
5 ROSALIA V. DE LEON	1	N/A	N/A	N/A	N/A	N/A	1
6 JOE JAY T. DOCTORA	15	4	7	5	N/A	2	33
7 ARNULFO V. GALDO	8	1	3	3	N/A	N/A	15
8 BENEL D. LAGUA	2	N/A	N/A	1	N/A	N/A	3
9 BLESILA A. LANTAYONA	15	3	N/A	N/A	N/A	N/A	18
10 SANTIAGO S. LIM	15	4	N/A	5	4	2	30
11 RAMON M. LOPEZ	2	N/A	N/A	N/A	N/A	N/A	2
12 FERDINAND D. TOLENTINO	16	N/A	7	N/A	4	2	29
13 JACOB S. VASQUEZ	5	N/A	N/A	N/A	2	1	8

ANNUAL PERFORMANCE OF THE BOARD

An annual performance evaluation of all members of the Board shall be conducted using the Performance Evaluation for Directors (PED) prescribed by GCG (GCG M.C. 2014-13). The PED shall cover All Appointive Directors as the basis for the determination of whether they shall be recommended for reappointment. It shall also cover the Ex-Officio Directors or their Alternates for purposes of being able to report to the President the performance of such Ex-Officio Directors, as well as to allow the GCG to develop and evolve a good governance system for Ex-Officio Directors in the GOCC Sector.

Another performance tool and in compliance with the requirements of BSP and GCG, the Performance Scorecard of SB Corporation's Governing Board as well as for Board-level Committees were made to measure three Key Performance Indicators: Meetings and Participation, Transparency, and Quality of Governance for Board; and Meetings and Participation, Transparency and Performance of Mandate for Board-level Committees.

The PED and Performance Scorecards are necessary tools in enhancing the Board's professionalism and as a useful incentive for Board Members to devote sufficient time and effort to their duties. The evaluation shall also be instrumental in developing effective and appropriate induction and training programs for new and existing members of the Board.

LIST OF STOCKHOLDERS AND STOCKHOLDINGS

As of 31 December 2020

Stockholders	Paid-Up	No. of Shares	%age
A. PREFERRED STOCKS			
National Government	1,593,179,500.00	15,931,795	16.00%
GSIS	200,000,000.00	2,000,000*	2.00%
SSS	200,000,000.00	2,000,000*	2.00%
TOTAL PREFERRED STOCKS	1,993,179,500.00	19,931,795	20.00%
B. COMMON STOCKS			
GSIS	46,673,100.00	466,731*	0.47%
SSS	16,000,000.00	160,000*	0.16%
LBP	393,611,500.00	3,936,115*	3.95%
DBP	218,673,100.00	2,186,731*	2.19%
National Government	7,254,369,200.00	72,543,692	72.82%
Treasury Stock	40,000,000.00	400,000	0.41%
TOTAL COMMON STOCKS	7,969,326,900.00	79,693,269	80.00%
TOTAL STOCKHOLDINGS	9,962,506,400.00	99,625,064	100.00%

Notes:

- GSIS, SSS, LBP, and DBP are Government Financial Institutions.
- Par value is P100.00 per share.
- Stock certificates issued in the name of the National Government are in custody/safekeeping of the Bureau of Treasury.
- Includes additional capital infusion of National Government pursuant to Republic Act No. 11494 otherwise known as the "Bayanihan to Recover as One Act".
- Buy-back by SB Corporation of the 400,000 common shares of PNB at its par value of P100 per share.

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

DIVIDEND POLICY

Under Section 16 of Republic Act No. 6977, as amended by Republic Act No. 8289, and further amended by Republic Act No. 9501 otherwise known as the amended "Magna Carta for Micro, Small and Medium Enterprises" states that "To allow for capital build-up, SB Corporation shall be given a five (5) year grace period on dividend commitments beginning on the date of effectivity of this amendment. Thereafter, it may only declare as dividend not more than thirty percent (30%) of its net income and the rest withheld as retained earnings."

DOSRI (Directors, Officers, Stockholders and their Related Interests) POLICY GOVERNING LOANS/CREDIT ACCOMMODATIONS TO PARTNER MICRO FINANCIAL INSTITUTIONS (MFIs)

The following policies apply should an SB Corporation Director or Officer have any form of interest and/or hold shares in a Partner MFI:

- i. If the subject Partner MFI wishes to avail of a loan credit accommodation from SB Corporation, the concerned director or officer should immediately inhibit him/herself from participating in the deliberations of the proposed loan or credit accommodation;
- ii. Any transaction between SB Corporation and such Partner MFI, regardless of amount, and other policies of SB Corporation to the contrary notwithstanding, shall be elevated to the Board for approval;
- iii. Any and all of the foregoing policies shall be effective and extend up to one (1) year after the SB Corporation's director or officer has disposed of or has been released from his/her/its shareholdings and/or interests in the Partner MFI.

RENUMERATION POLICY

Board of Directors

The Board of Directors is entitled to the following compensation: (a) Per diems for Board meetings attended, (b) Per diems for Board Committee meetings attended (c) Performance Based Incentives, and (d) Reimbursable Expenses. These compensations are based on GCG Memorandum Circular No. 2016-01 (Compensation Framework for Members of the GOCC Governing Boards).

Senior Management

The Remuneration Policy of Small Business Corporation is aligned with the National Government's Salary Standardization Law.

The compensation package of the Senior Management consists of:

- Basic salaries, standard allowances, benefits and incentives like Personnel Economic and Relief Allowance/Additional Compensation Allowance, Clothing Allowance, Mid-Year Bonus, Year End Bonus, and Cash Gift.
- Specific purpose allowances and benefits, such as, Representation Allowance and Transportation Allowance (RATA), Entertainment and Promotional Expense, Mobile Allowance, and Special Counsel Allowance are also given to Senior Management under specific conditions related to the actual performance of work at prescribed rates.
- Small Business Corporation also provides awards and incentives to its Senior Management through the grant of the annual Performance Based Bonus (PBB), Productivity Enhancement Incentive (PEI), CNA Incentive, and Program on Awards and Incentives for Service Excellence (PRAISE) which are linked to organizational and individual performance.

- Small Business Corporation Remuneration Policy includes indirect compensation like the share to GSIS, PhilHealth, Pag-IBIG, Provident Fund, and various leave benefits authorized by the CSC.

These are in accordance with the issuances from the National Government agencies (Office of the President of the Philippines Administrative/Executive Orders, Memorandum Circulars issued by the Department of Budget and Management (DBM), Civil Service Commission (CSC), and Governance Commission for GOCCs (GCG).

RETIREMENT AGE

Board of Directors: Not Applicable

Senior Management: Under Section 4.2, Republic Act No. 7641, the compulsory retirement age is 65 years old.

SELF-ASSESSMENT FUNCTIONS

Internal Audit Group

The Internal Audit Group (IAG) is in the process of gradually adapting the 2020 revised PGIAM wherein applicable provisions were updated and incorporated herewith for Board Audit and Compliance Committee (BACC) approval.

To ensure its independence, the IAG reports functionally to the BACC and administratively to the President and CEO.

Role

Internal audit is an integral part of the internal control system of public service organizations. Its scope is broad and involves all matters relating to operations audit and management control. Among others, Internal Audit encompasses the evaluation of the degree of compliance of supervision or control with laws, rules and regulations governing the operations of the agency, the appraisal of the adequacy of internal controls and the evaluation of the results of operations, focusing on the effectiveness of controls of operating and support services units/systems in the attainment of agency objectives.

The Internal Audit Group (IAG) is established by the Board of Directors, and its responsibilities are defined by the Board Audit & Compliance Committee (BACC) as part of their oversight function and in adherence with the Revised Philippine Government Internal Audit Manual (PGIAM) 2020. As the assigned unit in the appraisal of the internal control system within the organization, the IAG head is accountable to the BACC for the efficient and effective operation of the internal audit function. Under the Revised PGIAM, the functions of the IAG are as follows:

- a. Advise the BACC, on all matters relating to management control and operations audits;
- b. Conduct management and operations audits of the agency functions, programs, projects, activities with outputs, and determine the degree of compliance with the mandate, policies, government regulations, established objectives, systems and procedures/processes and contractual obligations;
- c. Review and appraise systems and procedures, organizational structures, asset management practices, financial and management records, reports and performance standards;
- d. Analyze and evaluate management deficiencies, and assist the top management (e.g., ManCom) by recommending realistic courses of action; and
- e. Perform such other related duties and responsibilities as may be assigned or delegated by the BACC or as may be required by law.

In the conduct of internal audit work, the internal audit staff shall:

- a. Comply with the government's Code of Conduct and

- b. Possess the knowledge, skills, technical and functional expertise;
- c. Acquire the skills in dealing with people and communicating audit findings and recommendations and related issues effectively;
- d. Regularly improve their technical competence through a program of professional development;
- e. Exercise due professional diligence in performing their duties;
- f. Keep the confidentiality of information; g. Maintain internal audit records; and
- g. Foster teamwork in performing the internal audit function.

Authority

The establishment of the internal audit function is based on the Philippine Constitution, laws and related issuances. Hence, based on the audit objectives and subject to compliance with the internal security policies of public service organizations, internal auditors shall have full, free and unrestricted access to all functions, premises, assets, personnel, records, and other documents and information that the IAG head considers necessary in undertaking internal audit activities.

All records, documentation and information accessed in the course of undertaking internal audit activities shall be used solely for the conduct of these activities. The internal auditor shall respect the confidentiality of information acquired in the course of performing the audit activities and shall not use or disclose any such information without proper and specific authority, unless there is a legal or professional right or duty to disclose.

The IAG head and the individual internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

In case the IAG receives a request for a copy of internal audit plans, reports and other related or supporting documents, the requesting entity, whether an internal or external party, should only be given the same after proper authorization by the BACC. In addition, access to such documents shall be in accordance with agency-specific policies on security of information and disclosure.

Reporting Process

The IAG is an integral part of the agency which provides assistance to and performs functions as provided by law and delegated by the BACC. As such, the IAG shall report to the Board Audit & Compliance Committee of the Governing Board of the corporation.

The audit report sets out the findings in appropriate format; provides the pieces of evidence gathered to arrive at the audit findings; and the recommendations.

Internal Audit shall consider implementing an audit rating system. The rating system facilitates conveying to the Board a consistent and concise assessment of the net risk posed by the area or function audited. All written audit reports should reflect the assigned rating for the areas audited or prioritize the audit findings.

The final audit report shall be presented to the BACC who decides on the distribution of the audit report based on the recommendation of the IAG Head.

In case the BACC decides not to act on the findings of the IAG (e.g., non-distribution of report or non-implementation of recommendations) based on his/her sound discretion, the latter should abide by the decision of its principal.

Subsequently, if the IAG opts to notify authorities outside the agency of its findings which may involve fraud, dishonesty, or misuse of agency resources, the doctrine of exhaustion of administrative remedies must be adopted.

IAG shall conduct follow-up - a monitoring and feedback activity undertaken to ensure the extent and adequacy of preventive/corrective actions taken by the management to address the inadequacies identified during the audit.

In the event of non-implementation of recommendation/inadequate action by auditees/process owners, IAG shall recommend appropriate legal and/or management remedies for non-implementation of recommendations and inadequate preventive/corrective actions.

Results of the audit follow-up shall be recorded and reported in order to apprise the BACC of the status of actions on the approved recommendations.

Office of the Chief Compliance Officer

The Office of the Chief Compliance Officer is another independent unit from the business or operational aspects of the Corporation. It is directly reporting to the Board Audit and Compliance Committee (BACC). This organizational set-up ensures the independence of the Compliance Office from the business or operational aspects of the Corporation.

The function of the office is to oversee and coordinate the implementation of SB Corporation's compliance system on a corporate-wide basis. Its responsibility shall include the identification, assessment, monitoring, reporting and controlling of compliance risks. It is also responsible for the monitoring of SB Corporation's compliance with the Anti-Money Laundering Regulations including the regular reporting to the Anti-Money Laundering Council (AMLC) of both covered and suspicious transactions.

The Office of the Chief Compliance Officer, running parallel with the Internal Audit function, are expected to provide the necessary tools needed by the Board and Management in transforming SB Corporation into a fully-compliant financial institution.

Corporate Compliance Manual

The Compliance Manual documents the compliance structure and the policies and procedures that pertain to the Compliance Program of SB Corporation. It includes a description of the responsibilities, policies and procedures that pertain to the Corporation's Code of Conduct and Compliance Program.

The Compliance Program sets out the planned activities of the compliance function, such as the review and implementation of specific policies and procedure, compliance risk assessment, compliance testing, educating staff on compliance matters, monitoring compliance risk exposures and reporting to the Board through the Board Audit and Compliance Committee. The program espouses a risk-based approach and have appropriate coverage across business and units.

Money Laundering and Terrorism Financing Prevention Program (MTPP)

The Money Laundering and Terrorism Financing Prevention Program (MTPP) of SB Corporation was approved by the Board on August 1, 2019. The MTPP Manual contains the general requirements of the Anti-Money Laundering Act (R.A. 9160) and Terrorism Financing Prevention and Suppression Act of 2019 (R.A. 10168), their respective IRRs, other AMLC and BSP issuances.

As part of SB Corporation's internal policies, controls and procedures on MTPP, the Corporation has the duty to take appropriate steps to identify, assess and understand its Money Laundering and Terrorism Financing (ML/TF) risks. Further, the Corporation shall be responsible for 1) developing sound risk management policies, controls and procedures, to enable them to manage and mitigate the risks that have been identified by the AMLC or BSP; 2) monitor the implementation of those controls and enhance them if necessary; and 3) take enhanced measures to manage and mitigate the risks where higher risks are identified.

The Board of Directors, through the Board Audit and Compliance Committee, exercise oversight in the implementation of the MTPP, with the Office of the Chief Compliance Officer being the lead implementor.

The implementation of policies and measures on Customer Due Diligence, Customer Identification Process (Know Your Customer), Transaction Monitoring and Reporting are vital keys in the prevention of ML/TF risks.

The Office of the Chief Compliance Officer and the Human Resource Management and Development Group are responsible for the formulation of an AML Training Program aimed to provide efficient, adequate and continuous education program for all SB Corporation personnel, including officers and directors.

The Internal Audit Group is responsible for the periodic and comprehensive evaluation of the Anti-Money Laundering and Terrorism Financing Prevention risk management framework.

Record Keeping and Digitalization of Customer Records

A policy on Record Keeping and Retention Requirements and Digitalization of Customer Records, in accordance with the AMLC Regulatory Issues (ARI) A, B, and C No. 2, Series of 2018 is adopted by SB Corporation. Customer identification records and transaction documents of covered persons are maintained and safely stored as long as the account exists. Records shall be retained as originals or copies in such forms that are sufficient and admissible in court pursuant to existing laws, rules and regulations.

a. Digitalization of Customer Records

All customer records shall be digitalized in accordance within the timelines set including those pertaining to accounts existing prior to the implementation period thereof, but excluding customer records of closed accounts beyond the five (5)-year record-keeping requirement of the AMLA, as amended, and its Implementing Rules and Regulations.

b. Development and Access to Central Database

A central database of customer records shall be developed and maintained at the Head Office. The Chief Compliance Officer and/or its duly authorized officer/representative shall have direct, immediate and unimpeded access to the database.

c. Security and Integrity of the Database

SB Corporation shall ensure compliance with prevailing laws related to data privacy, data protection and security in developing the database, and the adoption of retrieval procedures.

Effectiveness and Adequacy of Internal Control System

Through the creation of the different Board committees serving as oversight over specific areas of concern, the effectiveness and adequacy of internal control systems in each of these areas are ensured.

CONSUMER PROTECTION PROGRAM

The issuance of Bangko Sentral ng Pilipinas (BSP) Circular No. 857 Series of 2014 – BSP Regulations on Financial Consumer Protection underscores that financial consumer protection is the fundamental responsibility of BSP - Supervised Financial Institutions' (BSFIs) corporate governance and culture. As such, all banks and covered institutions should be governed by the basic service principles and ethical business practices and observe the Consumer Protection Standards in dealing with their customers.

SB Corporation, as a BSP-supervised Financial Institution and attached agency under the Department of Trade and Industry, fully subscribes to the protection and welfare of its clients/customers in all its business dealings.

Consumer Protection Oversight Function

A. Roles and Responsibilities of the Board Senior Management

Board of Directors

The SB Corporation Board of Directors shall be primarily responsible for approving and overseeing the implementation of policies governing major areas of SB Corporation's consumer protection program, including the mechanism to ensure compliance with the said policies.

The roles of the Board of Directors shall include the following:

- a) Approve the Consumer Protection policies;
- b) Approve risk assessment strategies relating to effective recourse by the consumer;
- c) Provide adequate resources devoted to Consumer Protection;
- d) Review the applicable policies periodically.

Senior Management

The Senior Management, on the other hand, shall be responsible for the proper implementation of the Consumer Protection policies and procedures duly approved by the Board. Its role shall also focus on ensuring effective management of day-to-day consumer protection activities.

B. Consumer Protection Risk Management System

The Consumer Protection Risk Management System (CPRMS) is a means by which SB Corporation identifies, monitors, and controls consumer protection risks inherent in its operations, which include risks to both consumer and SB Corporation itself. The CPRMS shall provide the foundation for ensuring SB Corporation's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations, thus ensuring that SB Corporation's consumer protection practices address and prevent identified risks to the Corporation and the associated risks of financial harm or loss to customers.

Consumer Protection Standards

In all its dealings with its customers, SB Corporation is expected to observe Consumer Protection Standards relative to Disclosure and Transparency, Protection of Client Information, Fair Treatment, Effective Recourse and Financial Education and Awareness. The standards should be embedded into the corporate culture of SB Corporation, enhancing further its defined governance framework while addressing complaints that are inimical to the interests of the customer and which may cause reputation damage to the Corporation.

Consumer Assistance Management System

Customers should be provided with accessible, affordable, independent, fair, accountable, timely, and efficient means for resolving complaints with their financial transactions. In the establishment of an effective Consumer Assistance Management System, SB Corporation is expected to 1) develop internal policies and practices, including time for processing, complaint response, and customer access, 2) maintain an up-to-date log and records of all complaints from customers subject to the complaints procedure, 3) ensure that information on how to make a complaint is clearly visible in the SB Corporation's website, 4) Undertake an analysis of the patterns of complaints from customers on a regular basis, and 5) Provide for adequate resources to handle financial consumer complaints efficiently and effectively.

I. Risk Management Policy

The Small Business Corporation (SB Corporation) pursues adequate and effective risk management systems commensurate to its risk-taking activities. Towards this end, SB Corporation aims to implement best practices in Enterprise Risk Management (ERM) across its systems and processes.

II. Enterprise Risk Management Framework

The ERM Framework of SB Corporation was formally established with the approval by the Governing Board of the ERM Manual through Board Resolution No. 2282, s. 2016 dated 10 March 2016.

Financial institutions are in the business of taking risks. SB Corporation – as the organization charged primarily with the responsibility of implementing comprehensive policies and programs to assist micro, small and medium enterprises (MSMEs) by way of providing access to finance, among others – has risk taking as an integral part of its business. Its ability to manage risks thus allows the institution to live up to its mandate as provided for under Republic Act No. 9501, otherwise known as the Magna Carta for Micro, Small and Medium Enterprises.

As a government-owned and controlled corporation (GOCC) administratively attached to the Department of Trade and Industry (DTI), SB Corporation aligns itself to national goals and objectives for MSME development as outlined in the MSME Development Plan 2017-2022. This provides the context by which the Corporation's ERM Framework operates.

SB Corporation's Governing Board and Senior Management effectively drives its ERM, with the former being charged with approving and overseeing the implementation of the institution's strategic objectives, risk strategies and corporate governance while the latter manages day-to-day affairs. Together, they set the tone for managing risks across its systems and processes which is shared at all levels of the institution.

The engine driving SB Corporation's ERM vehicle is the linkage between its Strategic Planning, Risk Management and Capital Management Processes. This is anchored on four (4) key components, namely: 1) Risk Organization and Governance; 2) Processes and Policies; 3) Data and System Infrastructure; and, 4) Risk Measurements.

These components undergo a continuous cycle of improvement where design translates to implementation and is regularly monitored for enhancement. Thus, ERM is subject of an iterative process and takes on a dynamic form that adjusts to the dynamic risk environment and responds to both internal and external factors and changes in its business model.

III. Enterprise Risk Management Roles and Responsibilities

The following key principles guide SB Corporation's approach to ERM:

Finance and Risk Oversight Committee (Board-level)

The role of the Finance and Risk Oversight Committee (FROC) is to set the direction and overall risk strategies.

It provides oversight to the Management of SB Corporation, led by the President and CEO (P/CEO), ensuring that risks are managed across the Corporation in a timely and appropriate manner.

President and CEO

The President and CEO maintains ultimate accountability for the management of the institution's risks, including issuing directives for their management. The P/CEO likewise authorizes and owns the ERM Policy and issues final approval of the ERM risk appetite statements.

Risk Management Committee (Management-level)

The Risk Management Committee (RMC) refers to the existing Management Committee, with the participation of the Chief Risk Officer (CRO). It is a management-level committee chaired by the P/CEO. It is tasked to oversee the development and implementation of processes used to analyze, prioritize, and address risks across the institution.

These risks include the typical risks faced by a financial institution (e.g., credit, market, and operational risks), along with emerging risks that could impede SB Corporation's ability to achieve its strategic objectives. The RMC is broadly responsible for ensuring that risks are managed to create value and in a manner consistent with established risk appetite and risk tolerance levels.

Group Heads

Group Heads (GHs), collectively called as Middle Management, serves as the ultimate risk owners. Groups will adopt and follow the ERM Framework and the ERM Policy and participate in enterprise-wide risk management efforts and perform risk management activities within their respective offices. GHs are responsible for implementing consistent risk management practices in alignment with this policy.

It is the responsibility of the GHs to disaggregate the enterprise-level risk appetite statements into unit-specific risk limits, where applicable. They will also assist the ERM Unit in creating ad hoc risk analysis teams to serve as subject matter experts during the risk identification and analysis process.

Chief Risk Officer

The Chief Risk Officer serves as the principal advisor to the P/CEO on all risk matters that could impact the institution's ability to perform its mission. The CRO is responsible for the design, development and implementation of the ERM program of SB Corporation. The CRO, in conjunction with the ERM Unit, will lead the institution in conducting regular enterprise risk assessments of business processes or programs at least annually and will oversee the identification, assessment, prioritization, response, and monitoring of enterprise risks. The CRO will take an active role in strategic planning and integration of risk management principles across the enterprise.

ERM Unit

This refers to the existing Enterprise Risk Management Group. The Unit leads ERM activities under the supervision of the CRO. Such activities include developing and maintaining ERM policies, processes, procedures, tools, and information systems; leading efforts to perform enterprise risk identification, assessment, prioritization,

reporting, and monitoring; and, establishing ERM communication at all levels and for gathering data and developing risk reports.

IV. Management of Material Financial Risks

SB 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. This is to adequately assess market circumstances, thereby help avoid adverse financial consequences to the institution.

This is to likewise ensure that SB Corporation performs its developmental mandate as a Non-Bank Financial Institution (NBF) and not merely duplicates what the mainstream players in MSME finance (e.g., private banks and financial institutions, government financial institution, etc.) are already doing. SB Corporation develops and operates its financing programs along these lines, to optimize the utilization of National Government investments by not contributing to the cycle of poverty and debt for small business owners.

Over the years, SB Corporation's understanding of the nature of our unique role in MSME finance has deepened, which can be seen in its innovative and countercyclical product offerings as well as in how it evaluate risks and allocate limited resources.

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

Credit Risk

In view of its mandate to safeguard the interest of the public and contribute to the promotion of stability in the economy, SB Corporation manages credit risk at all relevant levels of the organization. The Corporation defines credit risk as the risk that the loans granted to borrowers and/or other financial institutions will not be paid when due, thereby causing the Corporation to incur financial losses.

SB Corporation therefore exercises prudence in the grant of loans over its exposures to credit risk, taking into consideration the developmental objectives of the Corporation as mandated by the Magna Carta for MSMEs. This is managed through the implementation of the borrower risk rating and monitoring of loan covenants in the loan agreements. The borrower risk rating is being used, among others, as basis for determining credit worthiness of loan applicants. Further, the Corporation mitigates such credit risks through the acceptance of eligible collaterals as secondary form of payment.

Operational Risk

Cognizant that operational risk is inherent in all activities, products and services, and is closely tied in with other types of risks, SB Corporation monitors risks arising from inadequate or failed internal processes, people, and systems or from external events such as natural and man-made disasters. Towards this end, the Corporation conducts a Risk Control Self-Assessment (RCSA) to assess inherent operational risks and the design and effectiveness of mitigating controls, and residual risk.

ERMG validates the RCSA exercise to determine, among others, the completeness and appropriateness of the identified risk events and its potential impact to operations as well as to identify and understand risk triggers.

Business Continuity Risk

Given SB Corporation's developmental mandate and crucial role in the Philippine financial system particularly during a

crisis, it is important to ensure that its operations can withstand the effects of major disruptions. The Corporation therefore delivers its message of commitment, service and integrity towards its mandate as defined under the Magna Carta for MSMEs.

Guided by its vision, mission, service philosophy and core values, SB Corporation acknowledges the need to establish, implement and maintain appropriate procedures for managing the immediate consequences of disruptive incidents with due regard to the welfare of employees, clients, and guests, operational options for responding to incidents, prevention of further loss or unavailability of prioritized activities, and recovery and resumption of business critical and mission essential functions.

At the onset of the COVID-19 pandemic, SB Corporation immediately puts in motion its business continuity plans which revolves around its countercyclical role during a crisis, when private financial institutions become risk-averse and private financing contracts. Nevertheless, the Corporation commits to the attainment of the following business continuity objectives as it delivers its mandate:

- a. To safeguard human life;
- b. To enable effective decision-making and communication during incidents;
- c. To implement a plan to adjust and adapt even if resources are constrained;
- d. To ensure that workplace policies are responsive, equitable, compliant, and adaptable;
- e. To reduce dependency on a specific business critical or mission essential function-holder;
- f. To develop a clear, measurable, fair, and practicable Performance Management System specifically designed for remote work to align with the crisis or pandemic situations and ensure that individual and team performance dovetails into organizational goals; and,
- g. To ensure continuous improvement of the organization through public service continuity management.

Market Risk – Interest Rate Risk and Foreign Exchange Risk

SB Corporation anticipates, measures, and manages its interest rate sensitivity position to ensure its long-run earning power, build-up of its investment portfolio and avoid economic losses. 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 foreign exchange rate fluctuations on its foreign currency denominated borrowings through a Foreign Exchange Risk Cover (FXRC) secured from the Department of Finance 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.

Liquidity Risk

SB 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 and institutes liquidity risk controls. 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.

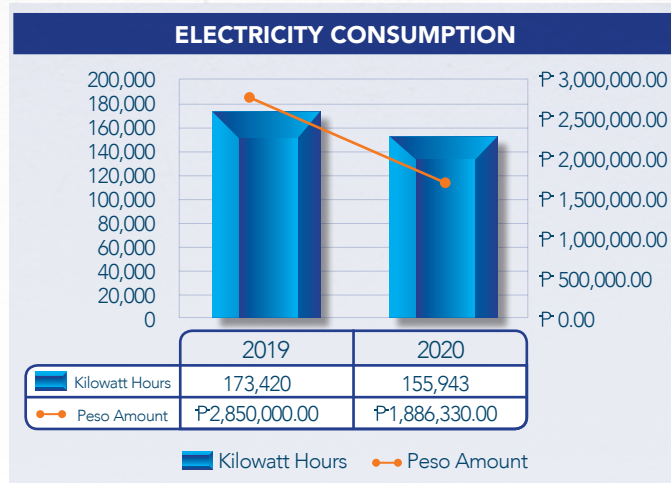
2019 to 2020 Go Green Report

Because of the restrictions brought about by COVID-19 pandemic in 2020, SB Corporation, just like all other business enterprises, was forced to adopt remote work practices which turned out to be a boon as far as green effects are concerned.

For 2020, the following improvements in terms of consumption of natural resources are reported:

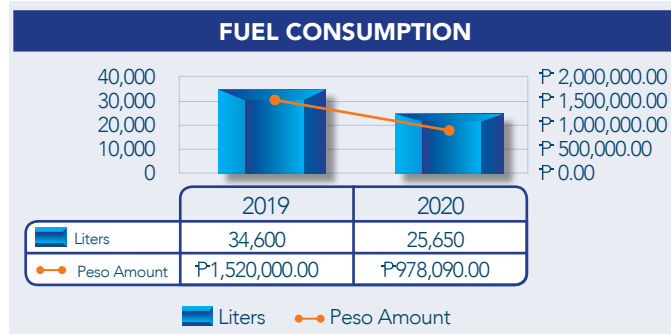
1. ELECTRICITY CONSUMPTION

Due to community quarantine work protocols, SB Corporation was on 100% work from home from March 16 to mid-May. Thereafter, partial work from home arrangements were maintained without sacrificing outreach and productivity. This resulted to a 34% reduction in electricity consumption for the year.



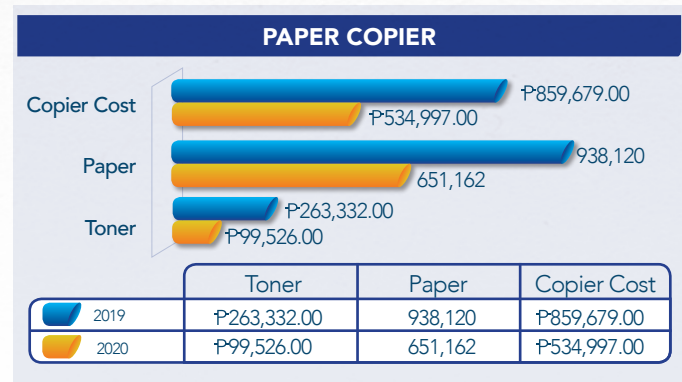
2. FUEL CONSUMPTION

Travel restrictions limited official travels in 2020. However, consistent with best practices, SB Corporation provided shuttle services to its employees starting June 2020, thus the savings on fuel consumption was moderately decreased by 36%.



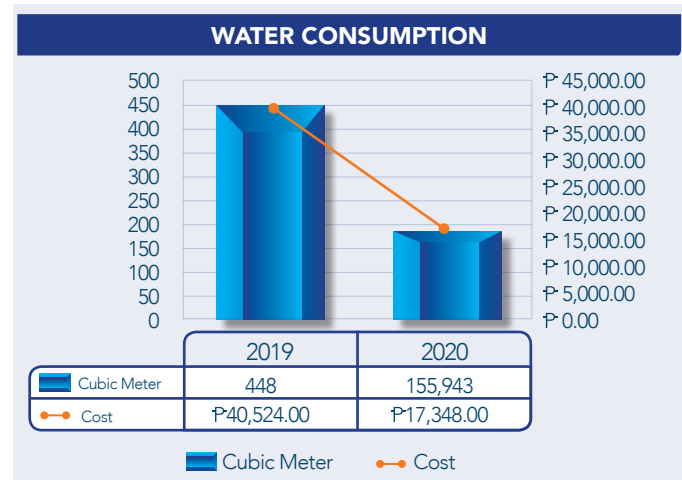
3. PAPER COPIER SERVICES

There was 38% savings in 2020 expenditures for copier services, in addition to 30% reduction in consumption of paper and 62% reduction in consumption of toners. This is due to increasing online business transactions. In addition to monetary savings, paperless transactions save storage space in the long run.



4. WATER CONSUMPTION

Water consumption decreased by 58% in 2020 due not only to partial work from home arrangements but also due to less meetings and less serving of refreshments..





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 the Financial Statements

Opinion

We have audited the financial statements of Small Business Guarantee and Finance Corporation (SB Corporation), which comprise the statements of financial position as at December 31, 2020 and 2019, and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SB Corporation as at December 31, 2020 and 2019, 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 the SB Corporation in accordance with the Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other 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 the Financial Statements

Management is responsible for the preparation and fair presentations of the 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 the SB 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 SB Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SB Corporation's financial reporting process.

Auditors Responsibilities for the Audit of the 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 accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and asses the risk of materials misstatement of the financial statements, whether to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material is misstatement resulting from fraud is higher than for one resulting from error, as a 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 of the effectiveness of the SB Corporation’s internal control;

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure 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 exist related to events or conditions that may cast significant doubt on the SB Corporation’s ability to continue as a going concern. If we conclude that the 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 SB Corporation 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 represents the underlying transactions and events in the 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 the 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 are conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 30 to the financial statements is presented for purposes of filling with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

COMMISSION ON AUDIT

TERESITA B. TITULAR
Acting Supervising Auditor

April 29, 2021



**SMALL BUSINESS
CORPORATION**
WHERE MSMEs GO TO GROW

**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, 2020 and 2019 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. BLESILA A. LANTAYONA
Acting Chairman of the Board


MA. LUNA E. CACANANDO
President/CEO


CORAZON A. DIMAYUGA
Head, Controllership Group

Signed this 29th day of April 2021.

Small Business Corporation

Statements of Financial Position

As at December 31, 2020 and 2019
(Amounts in Philippine Peso)

	Notes	2020	2019 (As restated)
ASSETS			
Current assets			
Cash and cash equivalents	4	7,555,580,765	226,221,155
Investments	5	569,584,074	11,468,965
Receivables	6	2,239,646,332	2,838,004,020
Inventories	7	325,803	133,421
Non-current asset held for sale	8	37,204,960	54,728,782
Other assets	9	5,324,903	11,008,092
		10,407,666,837	3,141,564,435
Non-current assets			
Investments	5	772,747,580	885,594,880
Receivables	6	4,584,289,945	2,195,866,992
Property and equipment	10	63,211,663	68,228,675
Investment property	11	19,880,368	12,816,423
Deferred tax assets	12	185,535,253	159,053,356
Other assets	9	5,257,373	4,281,774
		5,630,922,182	3,325,842,100
TOTAL ASSETS		16,038,589,019	6,467,406,535
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	13	191,326,131	269,202,408
Intra-agency payables	14	244,539,357	17,678,803
Trust liabilities	15	1,767,220	904,220
Deferred credits/Unearned income	16	23,952,288	22,173,275
Other payables	17	63,536,450	41,455,969
		525,121,446	351,414,675
Non-current liabilities			
Financial liabilities	13	879,990,255	998,618,648
Intra-agency payables	14	40,000,000	0
Deferred tax liabilities	23.5	4,101,725	12,149,813
		924,091,980	1,010,768,461
TOTAL LIABILITIES		1,449,213,426	1,362,183,136
Equity			
Share premium	18	79,510,460	79,510,460
Retained earnings	19	4,587,358,733	3,143,304,539
Stockholders' equity	20	9,922,506,400	1,882,408,400
TOTAL EQUITY		14,589,375,593	5,105,223,399
TOTAL LIABILITIES AND EQUITY		16,038,589,019	6,467,406,535

The Notes on pages 9 to 50 form part of these financial statements.

Small Business Corporation Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019
(Amounts in Philippine Peso)

	Notes	2020	2019 (As restated)
INCOME			
Service and business income	21.1a&b	387,969,251	358,495,812
Gains	21.2	155,934,951	210,583,248
Other non-operating income	21.3	6,142,892	4,660,817
		550,047,094	573,739,877
EXPENSES			
Personal services	22.1	224,471,931	206,283,742
Maintenance and other operating expenses	22.2	119,572,101	138,872,603
Financial expenses	22.3	15,243,591	25,163,093
Non-cash expenses	22.4	335,916,847	457,409,554
		695,204,470	827,728,992
Profit/(Loss) Before Tax		(145,157,376)	(253,989,115)
Income tax benefit	23	29,172,346	54,828,738
Profit/(Loss) After Tax		(115,985,030)	(199,160,377)
Subsidy from National Government	24	1,500,000,000	1,500,000,000
TOTAL COMPREHENSIVE INCOME		1,384,014,970	1,300,839,623

The Notes on pages 9 to 50 form part of these financial statements.

Small Business Corporation

Statements of Changes in Equity

As at December 31, 2020 and 2019
(Amounts in Philippine Peso)

	Retained Earnings Note 19	Share Premium Note 18	Stockholders' Equity Note 20	Total
Balance at January 1, 2020	3,143,304,539	79,510,460	1,882,408,400	5,105,223,399
Issuance of share capital	0	0	8,080,098,000	8,080,098,000
Comprehensive income for the year	1,384,014,970	0	0	1,384,014,970
Dividends	(55,524,224)	0	0	(55,524,224)
Treasury shares	0	0	(40,000,000)	(40,000,000)
Other adjustments	115,563,448	0	0	115,563,448
Balance at December 31, 2020	4,587,358,733	79,510,460	9,922,506,400	14,589,375,593
Balance at January 1, 2019 (as restated)	1,868,025,553	79,510,460	1,919,902,000	3,867,438,013
Comprehensive income for the year	1,300,839,623	0	0	1,300,839,623
Dividends	(19,844,511)	0	0	(19,844,511)
Other adjustments	(5,716,126)	0	(37,493,600)	(43,209,726)
Balance at December 31, 2019	3,143,304,539	79,510,460	1,882,408,400	5,105,223,399

The Notes on pages 9 to 50 form part of these financial statements.

Small Business Corporation Statements of Cash Flows

For the years ended December 31, 2020 and 2019
(Amounts in Philippine Peso)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash inflows			
Collection of income/revenue		361,367,499	310,095,725
Receipt of assistance/subsidy		1,500,000,000	1,500,000,000
Collection of receivables		3,461,416,395	2,794,919,195
Other receipts		408,602,191	39,521,506
		5,731,386,085	4,644,536,426
Cash outflows			
Payment of expenses		270,185,998	379,817,097
Grant of cash advances		439,236,616	806,891
Prepayments		5,063,220	17,940,263
Release of loans to financial institutions and MSMEs		5,067,900,906	4,437,424,674
Other disbursement		192,382	6,338,940
		5,782,579,122	4,842,327,865
Net cash used in operating activities		(51,193,037)	(197,791,439.00)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows			
Proceeds from:			
Sale/disposal of investment property		10,757,955	3,039,029
Maturity/redemption of long-term investments/ return on investments		5,577,164,218	4,842,366,934
		5,587,922,173	4,845,405,963
Cash outflows			
Purchase/construction of investment property		628,407	0
Purchase/construction of property and equipment		2,199,676	7,701,044
Purchase of investments		5,978,323,836	4,225,705,953
		5,981,151,919	4,233,406,997
Net cash provided by (used in) investing activities		(393,229,746)	611,998,966
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows			
Contribution from National Government		8,080,098,000	0
Proceeds from issuance of capital stock and other equity securities		4,889,398	0
		8,084,987,398	0
Cash outflows			
Payment of long-term liabilities		221,048,221	896,502,786
Payment for reacquisition of capital stock and other equity securities		40,000,000	0
Payment of interest on loans and other financial charges		17,258,337	58,847,982
Payment of cash dividends		32,865,501	19,844,511
		311,172,059	975,195,279
Net cash provided by (used in) financing activities		7,773,815,339	(975,195,279)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		7,329,392,556	(560,987,752)
Effects of foreign exchange rate changes on cash and cash equivalents		(32,946)	(21,238)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		226,221,155	787,230,145
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	7,555,580,765	226,221,155

The Notes on pages 9 to 50 form part of these financial statements.

Notes to Financial Statements

As at December 31, 2020 and 2019

(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The Small Business Guarantee and Finance Corporation, commonly known as Small Business Corporation (SB Corporation), 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). SB Corporation 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 (Micro, Small and Medium Enterprises) MSMEs 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 SB Corporation's authorized capital stock from P5 billion to P10 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 (SB Corporation), 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."

SB Corporation's mandate 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. SB Corporation, also, provides financial management and capacity building for rural banks with its Borrower Risk Rating System program.

However, on July 23, 2018, Executive Order (EO) No. 58 was issued mandating the creation of a single entity handling the government guarantee system. Under the said EO, within one year from the effectivity thereof, the guarantee-related functions, programs, funds, assets and liabilities of the SB Corporation, among others, shall be transferred to the Trade and Investment Development Corporation of the Philippines, now known as the Philippine Guarantee Corporation (PHILGUARANTEE). On August 31, 2019, all assets, liabilities, funds and guarantee function of SB Corporation was transferred to PHILGUARANTEE in compliance with EO No. 58.

In November 2020, the National Government (NG) provided additional capital infusion of P8.080 billion to SB Corporation in compliance to the provisions under RA No. 11494, "An Act Providing for COVID-19 Response and Recovery Interventions and Providing Mechanisms to Accelerate the Recovery and Bolster the Resiliency of the Philippine Economy, Providing Funds Therefor, and For Other Purposes". The capital infusion aims to provide additional funds for the COVID-19 Assistance to Restart Enterprises (CARES) Program and the other lending programs of the Corporation to assist in the restart of the MSME industry during the pandemic.

Coping up with the operational effects of the CoVID-19 Pandemic

The pandemic required that SB Corporation responds in ways which may even be considered inconceivable pre-pandemic, given its developmental mandate and crucial countercyclical role in times of crisis. More importantly, the Corporation's pandemic response is fully aligned and adapted to address the unique challenges presented by restricted mobility and following strict health and safety protocols.

The foregoing demanded a dramatic acceleration towards operating norms that allow for enhanced alignment, pace and performance. Outcomes that would have normally taken years to achieve took place within months, sometimes even within weeks. Traditional constructs were dismantled in favor of agility to tackle the unprecedented and unforeseen marketplace disruptions. Towards this end, SB Corporation implemented the following initiatives and early policy actions:

- Developed and implemented a Pandemic Business Continuity Plan (BCP) to protect its employees and keep its core and mission-essential business operations functioning during the pandemic;
- Ensured that its workplace policies during the pandemic are responsive, equitable, adaptable, and compliant to national and local public health recommendations;
- Implemented alternative work arrangements (e.g., work from home, skeleton workforce, etc.) and provided adequate support mechanisms to SB Corporation personnel;
- Identified key business processes and resources required for it to adequately perform its mandate during the pandemic, particularly the immediate processing and disbursement of stimulus financing to pandemic-stricken MSMEs under the CARES Program;
- Created functional Ad Hoc Teams (e.g., Document Verification Team, Business Verification Team, Loan Releasing Team, and Credit Review Team) specifically designed to allow for remote work and adapted to respond to the recovery and rehabilitation needs of the MSME sector; and
- Leveraged on the momentum of the new operating environment to accelerate the organization's platformification plan, including the launch of a fully online loan application system and deliberate shift to digital loan disbursements.

The principal office of SB Corporation is at 17th and 18th Floors, 139 Corporate Center, 139 Valero St., Salcedo Village, Makati City. It has four regional lending offices, 14 desk offices and 60 field/provincial offices within the Philippines. Manpower complement is 166 and 164 regular employees for CYs 2020 and 2019, respectively.

The financial statements of the SB Corporation as at, and for the year ended December 31, 2020 (including the comparative financial statements as at and for the year ended December 31, 2019) were approved and authorized for issue by SB Corporation's Board of Directors (BOD) on April 29, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that are used in the preparation of the 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 SB Corporation for the years ended December 31, 2020 and 2019 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).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

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

Starting January 1, 2019, SB Corporation adopted the guidelines laid down under COA Circular No. 2017-004 dated December 13, 2017 on the preparation of financial statements and other financial reports and implementation of the PFRS by government corporations classified as Commercial Public Sector Entities (CPSEs). Under COA Resolution No. 2020-013 dated January 31, 2020, SB Corporation is classified as a CPSEs. Accordingly, the SB Corporation modified the presentation of the prior years' amounts to conform to current year's presentation.

For the succeeding year and part of the continuing education of finance staff, SB Corporation will commission the services of a consultant 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, and appropriateness of its tax compliance activities. While this was initially scheduled for the year, the COVID-19 pandemic restricted certain activities to be undertaken during the year.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine Peso, SB Corporation's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated. Items included in the financial statements of SB Corporation are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Corporation operates.

2.2 Adoption of new and amended PFRSs

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

(a) Effective in 2020 that are relevant to SB Corporation

(i) 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 PFRS and other pronouncements. They are intended to

improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgment.

(b) Effective in 2020 that is not relevant to SB Corporation

The SB Corporation noted the following amendment to PFRS, which is effective for annual periods beginning on or after January 1, 2020:

(ii) PFRS 16, COVID-19-related Rent Concessions. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

(c) Effective for reporting periods on or after January 1, 2021

The SB Corporation noted the following amendments to PFRS, which are effective for annual periods beginning on or after January 1, 2021, application of which to the Corporation will be determined before implementation:

(iii) Amendment to PFRS 16, COVID-19 Rent-related Concessions beyond 30 June 2021. The amendment provides a one-year extension beyond 30 June 2021 in response to the on-going economic challenges resulting from the COVID-19 pandemic.

(iv) Amendment to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies. The key amendments to PAS 1 includes: (a) to disclose material accounting policies rather than significant accounting policies; (b) clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and need not be disclosed; and (c) clarify that not all accounting policies that relate to material transactions, other events or conditions are themselves material to the financial statements.

(v) Amendments to PAS 8, Definition of Accounting Estimates. The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

(vi) Amendments to PFRS 3, Reference to Conceptual Framework. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, which was issued in March 2018, without significantly changing its requirements.*

(vii) Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use. The amendment would prohibit an entity from deducting from the cost of an item of plant, property and equipment (PPE) any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

(viii) Amendment to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract. The amendment clarifies the standard regarding costs that a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(ix) Amendment to PAS 1, Classification of Liabilities as Current or Non-Current. The amendment intends to clarify that the classification of a liability as either current or

non-current is based on the entity's rights at the end of the reporting period; and make clear the link between the settlement of the liability and the outflow of resources from the entity.

- (x) 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.

(d) Effectivity Deferred Indefinitely

- (xi) 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 of 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

a. Classification and initial measurement

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at Fair Value through Other Comprehensive Income (FVTOCI), or at Fair Value through Profit or Loss (FVTPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics. It is initially measured at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (FVTOCI).

The classification of a financial asset is made at the time it is initially recognized, namely when the Corporation becomes a party to the contractual provisions of the instrument [PFRS 9, paragraph 4.1.1]. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

b. Subsequent measurement

Financial assets are measured at amortized cost if both of the following conditions are met: (i) the asset is held to collect contractual cash flows; and (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

SB Corporation classified cash and cash equivalents, receivables and investments in treasury bills as financial assets at amortized cost.

Financial assets are measured at FVTOCI if both of the following conditions are met: (i) the asset is held, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTOCI are subsequently measured at fair value. Interest income are calculated using the EIR method, and foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

c. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when: (i) the right to receive cash flows from the asset has expired; or (ii) the Corporation has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either SB Corporation has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 Receivables

SB Corporation's receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. These are initially recognized at fair value when cash is advanced for direct loans to participating financial institutions (conduits) and individual borrowers. 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 SCI. The losses arising from impairment/allowance for doubtful accounts are recognized in the SCI.

2.6 Inventories

Inventories are tangible items with cost below the capitalization threshold for property and equipment and are initially recorded at cost. These items are recognized as expense in full upon issuance to end users. Unissued inventories are regularly presented in the Monthly Inventory report for monitoring purposes.

2.7 Non-current asset held for sale (NCAHFS)

NCAHFS are booked initially at the outstanding balance of the loan less allowance for impairment plus transaction costs incurred upon acquisition. After classification as Non-current assets held for sale, they are measured at the lower of carrying amount and fair value less costs to sell and shall be tested for impairment.

2.8 Investment Properties

Investment properties are acquired assets or real and other properties acquired (ROPA) by the SB Corporation through dacion en pago or foreclosure in settlement of loans under the various lending facilities of the Corporation.

Investment properties are initially recorded at cost, which includes directly attributable costs incurred. Subsequent to initial recognition, investment properties except land are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Investment properties are appraised every two years to determine whether impairment exists. Immediate reappraisal may be undertaken if there is evidence of material decline in value. If the recoverable amount/appraised value is less than its carrying amount, the difference is recognized in the SCI as impairment loss.

An investment property is derecognized upon disposal or when no future economic benefits are expected from its disposal. Any gains or losses from the retirement or disposal of an investment are recognized in profit or loss in the period of retirement or disposal.

2.9 Investments in joint ventures

Investments in joint ventures are investments 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. SB Corporation does not take operational, controlling, or strategic positions with its investees.

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.

2.10 Other investments

SB Corporation's other investments are similarly recognized initially at cost when investment is made. Periodic assessment is made to determine if impairment losses are incurred. The process in determining impairment losses in joint ventures is applied. Losses arising from impairments/allowance for impairment are recognized in the SCI.

2.11 Property and equipment

SB 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 P15,000 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 inventories.

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 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 that the carrying value may not be recoverable. If any of such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the SCI.

2.12 Financial liabilities

a. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, either as: (i) financial liabilities at FVTPL; (ii) loans and borrowings; (iii) payables; or (iv) derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b. Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings, accounts payable and accrued expenses.

On the other hand, after initial recognition, financial guarantee contracts are subsequently measured at the higher of: (i) the amount of the loss allowance determined in accordance with PFRS 9; and (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of PFRS 15.

c. De-recognition

A financial liability is removed when it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. [PFRS 9] Where there has been an exchange between parties of debt instruments with substantially

different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss. [PFRS 9].

2.13 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 maybe 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 assets not held at FVTPL (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 EIR. The carrying amount of the asset shall be reduced either directly or through the use of allowance account. The allowance recognized for expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that SB Corporation expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of loss, on the other hand, 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.

SB Corporation implemented beginning 1 January 2020 simple loan loss methodologies fundamentally anchored on the principle of recognizing expected credit loss (ECL). As such, SB Corporation adopted the ECL model in measuring credit impairment/allowance for credit losses even before an objective evidence of impairment becomes apparent. Further, in compliance with the requirements of PFRS 9, SB Corporation considered past events, current conditions and forecasts of future economic conditions in assessing impairment.

Revision to this policy in Loan-Loss Estimation Methodology was proposed in December 2020. The revision, among others, take into consideration the applicable loan loss provisioning guidelines considering the pandemic related regulatory issuances of the BSP, its supervisory expectations per BSP Memorandum No. 2020-061 and the "Bayanihan Act".

(b) Impairment of non-financial assets

Where an indicator of impairment exists, SB 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 other 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.

2.14 De-recognition 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;
- SB 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
- SB 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 SB 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 SB 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.

2.15 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, SB 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.

2.16 Intangible assets

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

2.17 Borrowing costs

Borrowing costs represent interest and other pertinent financial charges and costs incurred in connection with 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.

2.18 Revenue and cost recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow 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 and similar income derived from financial instruments measured at amortized cost and interest-bearing financial instruments is recorded at the EIR method. EIR is a measurement technique whose purpose is to calculate amortised cost and allocate interest revenue over the relevant time period. SB Corporation uses the expected credit loss impairment model based on the Bangko Sentral ng Pilipinas (BSP) Circular No. 1011 on loan classification.

Interest income, processing fees and penalties due on delayed payment are recognized upon collection.

(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) Service Fees

SB Corporation adopted a different income stream in the form of service fees for CY 2020. As part of the Corporation's response to assist the MSMEs during the pandemic, loan facilities aimed to restart businesses were provided with zero-interest rate with minimum service fee which are recognized as an upfront charge.

2.19 Employee benefit plan

SB Corporation has a Provident Fund consisting of contributions made both by its officers and employees. Corporate contribution is vested to the employee after completing five years of service in SB Corporation. Details of the employee benefits are discussed in Note 26.

2.20 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.

2.21 Provisions and contingencies

Provisions are recognized when: (a) SB 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 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.

2.22 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 reporting 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 the end of each reporting period 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 by the end of the reporting period.

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

2.23 Foreign currency transactions

SB Corporation's accounting records are maintained in Philippine Peso. 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.

2.24 Events after the Reporting Period

Subsequent events that provide additional information about SB Corporation's financial position at the end of the reporting 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 PFRS requires SB 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 SB 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

SB 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.

SB Corporation is a party to various legal cases and except for the BIR Final Assessment Notice (FAN), it 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.

On December 20, 2018, the BIR issued a FAN to SB Corporation for deficiency tax amounting to P124 million. On June 4, 2019, SB Corporation counter filed a Manifestation with Motion to Suspend Proceedings before the Department of Justice (DOJ). After almost two years with no resolution from the DOJ, the Corporations' Board of Directors decided to withdraw the petition and resume the reinvestigation with the BIR. The petition for withdrawal was sent on March 19, 2021.

On the other hand, there are Criminal Complaints for Violation of Batas Pambansa Blg. 22 involving two borrowers that if resolved positively in favor of the SB Corporation will result in positive collection of P46 million.

3.2 Financial asset at amortized cost

SB Corporation classifies non-derivative financial assets with fixed or determinable payments and fixed maturity as financial asset at amortized cost. This financial asset is initially measured at fair value plus transaction cost. Contractual cash flows are solely payment of principals and interest and held under a hold to collect model. Subsequent measurement is carried at amortized cost. Classification of financial assets requires significant judgment. In making this judgment, SB 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

SB Corporation reviews its loans and receivables to assess potentially uncollectible receivables annually. In determining the level of allowance, it 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. SB 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

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

4. CASH AND CASH EQUIVALENTS

The account consists of the following:

	2020	2019 (As restated)
Cash on hand	4,491	24,928
Cash in bank-Local Currency	7,554,996,124	220,583,583
Cash in bank-Foreign Currency	580,150	613,095
Cash equivalents	0	4,999,549
	7,555,580,765	226,221,155

Cash in bank pertain to deposits with government banks for payroll and corporate operating fund which earn interest at rates based on average monthly deposit balances. It also includes high yield savings account maturing within 90 days from transaction date with interest ranging from 1.20 to 1.75 per cent per annum for 2020 and 3.11 to 3.85 per cent per annum for 2019 (Note 2.3).

Significant increase of the Corporation's cash in bank pertains to the additional capital infusion made by the National Government (NG) for relending to the MSME sector (Note 20).

Cash equivalents includes short term treasury bills maturing within 90 days from the time of purchase.

5. INVESTMENTS

This account consists of the following:

	2020	2019 (As restated)
Financial Assets at Fair Value through Surplus/Profit or Deficit/Loss	252,535,859	287,084,952
Financial Assets at amortized cost	1,071,436,795	589,859,893
Investments in Joint Ventures	18,212,500	19,972,500
Other investments	146,500	146,500
	1,342,331,654	897,063,845
Short-term	569,584,074	11,468,965
Long-term	772,747,580	885,594,880

Financial Assets at Fair Value through Surplus/Profit or Deficit/Loss (FVTPL)

	2020	2019 (As restated)
Asian Development Bank (ADB)	21,287,560	40,875,025
Kreditanstalt für Wiederaufbau (KfW)	231,248,299	246,209,927
	252,535,859	287,084,952
Current	14,583,986	11,468,965
Non-current	237,951,873	275,615,987

Financial asset at FVTPL represents the fair value of the Foreign Exchange Risk Cover (FXRC) of SB Corporation's borrowings from multilateral agencies amounting to P754.44 million in CY 2020 and P866.62 million in CY2019 which is treated as derivative financial instrument.

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

Financial Assets at amortized cost

Funds which are not yet earmarked for loan releases, operating and other administrative expenses are temporarily invested in government securities consisting of short-term Treasury Bills and HYSAs, Fixed Rate Treasury Notes and Retail Treasury Bonds, Tier 2 Capital Notes with the Land Bank of the Philippines (LBP), Bureau of the Treasury (BTr) and Development Bank of the Philippines (DBP), respectively. These investments which have various maturity dates over three months from transaction date at rates ranging from 1.50 per cent per annum to 6.50 per cent per annum for CY 2020 consist of the following:

	2020	2019 (As restated)
Investments in treasury bills	550,000,000	0
Investments in treasury bonds	416,436,795	484,859,893
Capital Notes	105,000,000	105,000,000
	1,071,436,795	589,859,893
Short-term	555,000,088	0
Long-term	516,436,707	589,859,893

Investments in Joint Ventures

Investments in Joint Ventures represent the Corporation's Joint 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 SB Corporation in selected SME corporations. The amount is presented net of its allowance amounting to P10.485 million and P4.225 for CYs 2020 and 2019, respectively.

SB Corporation, in cooperation with various SME corporations invested P8.760 million in preferred shares and P19.938 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; seaweeds production; micro propagation of planting materials; and commercial production of ACTIcon.

SB Corporation invested in the following companies:

Venture Partners	Amount	Allowance for impairment	Carrying Amount
Agricultural Inoculants Phils.	2,000,000	2,000,000	0
Greentop Seaweeds Production Co., Inc.	725,120	725,120	0
Starlight Homessences Inc.	3,500,000	3,500,000	0
Walls In Motion, Inc.	3,712,500	0	3,712,500
REG Supreme Power Trading, Inc.	3,760,000	3,760,000	0
Epifanie Ventures, Inc.	5,000,000	500,000	4,500,000
Elbitech, Inc.	5,000,000	0	5,000,000
Binhi, Inc.	5,000,000	0	5,000,000
Balance as at December 31, 2020	28,697,620	10,485,120	18,212,500

Venture Partners	Amount	Allowance for impairment	Carrying Amount
Agricultural Inoculants Phils.	2,000,000		2,000,000
Greentop Seaweeds Production Co., Inc.	725,120	725,120	0
Starlight Homessences Inc.	3,500,000	3,500,000	0
Walls In Motion, Inc.	3,712,500	0	3,712,500
REG Supreme Power Trading, Inc.	3,760,000		3,760,000
Epifanie Ventures, Inc.	5,000,000		5,000,000
Elbitech, Inc.	2,500,000	0	2,500,000
Binhi, Inc.	3,000,000	0	3,000,000
Balance as at December 31, 2019	24,197,620	4,225,120	19,972,500

Dividends receivable from joint venture investments are as follows:

	2020	2019 (As restated)
REG Supreme Power Trading, Inc.	0	1,353,600
Epifanie Ventures, Inc.	850,000	1,200,000
	850,000	2,553,600

Other investments pertain to PLDT stocks received upon application of telephone lines amounting to P0.147 million as at December 31, 2020.

6. RECEIVABLES

This account consists of the following:

	2020	2019 (As restated)
Accounts receivable	36,841,442	37,277,704
Notes receivable	7,363,316,815	5,876,952,661
Interest receivable	53,855,812	46,314,163
Intra-agency receivable	223,314,105	3,952,231
Dividends receivable (See Note 5) (Forward)	850,000	2,553,600
Subrogated claims receivable	0	78
Sales contract receivable	14,838,195	17,674,655
Other receivables	2,260,803	2,479,376
	7,695,277,172	5,987,204,468
Allowance for impairment of accounts receivable	(1,864,527)	(895,264)
Allowance for impairment of notes receivable	(869,476,368)	(952,438,114)
Allowance for impairment of subrogated claims receivable	0	(78)
	(871,340,895)	(953,333,456)
Total carrying amount	6,823,936,277	5,033,871,012
Current	2,239,646,332	2,838,004,020
Non-current	4,584,289,945	2,195,866,992

Accounts Receivable (net of allowance) consists of the following:

	2020	2019 (As restated)
Agricultural Credit Policy Council (ACPC) re: Administrative fee for the Comprehensive Agricultural Loan Fund (CALF)	8,930,000	8,504,736
Participating financial institution's share in expenses relative to foreclosure in the management of acquired assets	5,554,820	4,988,754
Lease purchase for officers	16,004,595	17,577,942
Lease purchase - resigned officers	1,500,000	2,067,758
Foreclosure-related expenses	1,282,710	1,194,099
DST remittance for MSME Notes	0	294,150
Advances made for contract-of-service employees	160,607	161,530
Calamity Loan granted to employees	244,183	293,471
Travel Fund as required by the DBM- PhilGeps	1,300,000	1,300,000
	34,976,915	36,382,440

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 SB Corporation) that is the payment of administrative fees. However, when Quedancor was closed, their assets were put under the receivership of the PDIC. To date, the Corporation is still awaiting PDIC's resolution of the payment of Quedancor's creditors.

SB Corporation has a car plan program for officers under a lease purchase arrangement. The amortization is periodically deducted from the payroll based on the preferred amortization period but not to exceed 10 years. Once an officer resigns before the maturity of the lease purchase arrangement, the balance is to be deducted from all payables to the officer. In the event that such payables are not sufficient to fully pay the car plan, the balance may be amortized for a maximum period of five years under the prevailing market interest rate.

Notes receivable refers to loans extended by SB Corporation to banks, other financing institutions and MSME direct borrowers at an interest rate ranging from zero-interest rate to 30 per cent per annum for relending under its special lending programs for MSMEs.

	2020	2019 (As restated)
Regular Wholesale-SME and MICRO	644,660,362	979,933,121
Regular Retail	629,509,959	852,146,106
Enterprise Rehabilitation Facility (ERF) Retail	25,039,604	5,970,957
Bayanihan 2 CARES	581,900,286	0
P3 Wholesale	3,545,878,059	2,923,861,717
P3 Retail	94,118,264	130,918,946
P3 CARES	972,683,213	0
Wounded in Action and Killed in Action (VIA-KIA)	0	31,633,000
Others	50,700	50,700
	6,493,840,447	4,924,514,547

While SB Corporation reviews its notes receivables to assess potentially uncollectible receivables annually, a monthly accrual of allowance for impairment accounts is recognized in the financial statements to cushion the one-time lump sum effect of the yearly provisioning requirement. The said monthly accruals of allowance for impairment has been budgeted and reflected in Department of Budget and Management (DBM) Form No. 3 under the Non-Cash items of the 2020 approved COB of SB Corporation.

The periodic impairment 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 allowances are recognized or reversed in the event a decrease in provisioning requirement is encountered.

Interest receivable represents accrued interest receivable from the following investments in government-issued debt instruments and notes receivable that are still to be collected at the end of the year.

	2020	2019 (As restated)
Short-term investments	6,614,353	146,009
Financial assets at amortized cost	4,041,900	4,085,998
Notes receivable - loans	43,199,559	42,082,156
	53,855,812	46,314,163

Intra-agency receivable

	2020	2019 (As restated)
Due from P3	19,993,490	831,701
Due from SB	203,320,615	3,120,530
	223,314,105	3,952,231

The account pertains to intra-fund receivables/payables between funds representing advances regularly monitored on a periodic basis.

Sales contract receivable are receivables from disposal of ROPA through term amortizations amounting to P14,838,195 and P17,674,655 as of December 31, 2020 and 2019, respectively.

Other receivables include the following:

	2020	2019 (As restated)
Disallowances/Charges	1,018,690	1,113,067
Due from officers and employees	1,242,113	1,366,309
	2,260,803	2,479,376

Disallowances pertain to COA disallowances which are already final and executory, booked as receivables and being collected from responsible officers and employees thru salary deductions.

7. INVENTORIES

This account pertains to office supplies inventory held for consumption awaiting issuance to end-users.

8. NON-CURRENT ASSETS HELD FOR SALE

This account consists of ROPA through foreclosure of mortgaged properties, dacion en pago arrangements, or SCR rescissions, where the foremost objective is immediate disposal generally under cash or term sale transactions. Details are as follows:

	2020	2019 (As restated)
Non-current assets held for sale	46,261,439	66,874,663
Allowance for impairment	(9,056,479)	(12,145,881)
	37,204,960	54,728,782

9. OTHER ASSETS

This account consists of the following:

	2020	2019 (As restated)
Prepayments	5,324,903	11,008,092
Deposits	1,487,188	1,386,589
Others	5,632,462	4,757,462
	12,444,553	17,152,143
Accumulated impairment losses	(1,862,277)	(1,862,277)
Carrying amount	10,582,276	15,289,866
Current	5,324,903	11,008,092
Non-current	5,257,373	4,281,774

Deposits pertain to security and guarantee deposit for rental and other contractual obligations.

Others consist of unserviceable properties with an ongoing implementation of disposal plan.

10. PROPERTY AND EQUIPMENT – NET

This account consists of the following:

	Buildings/ Structures Lease Asset Improvement	Furniture and Other Equipment	Transportation Equipment	Total
Cost				
January 1, 2020	153,699,156	32,848,550	15,108,741	201,656,447
Additions	989,717	1,308,651	0	2,298,368
Adjustments	(77,273)	0	0	(77,273)
Reclassification	2,032,397	0	0	2,032,397
December 31, 2020	156,643,997	34,157,201	15,108,741	205,909,939
Accumulated depreciation				
January 1, 2020	100,615,441	22,163,977	10,648,354	133,427,772
Additions	5,207,406	2,645,578	892,543	8,745,527
Adjustments	(15,647)	(53,835)	0	(69,482)
Reclassification	594,459	0	0	594,459
December 31, 2020	106,401,659	24,755,720	11,540,897	142,698,277
Carrying amount, December 31, 2020	50,242,338	9,401,481	3,567,844	63,211,663

	Buildings/ Structures Lease Asset Improvement	Furniture and Other Equipment	Transportation Equipment	Total
Cost				
January 1, 2019	151,823,926	31,974,446	15,108,741	198,907,113
Additions	1,875,230	3,645,416	0	5,520,646
Disposals	0	(2,771,312)	0	(2,771,312)
December 31, 2019	153,699,156	32,848,550	15,108,741	201,656,447
Accumulated depreciation				
January 1, 2019	95,636,557	21,936,976	9,646,810	127,220,343
Additions	4,978,884	2,687,176	1,001,544	8,667,604
Disposals	0	(2,460,175)	0	(2,460,175)
December 31, 2019	100,615,441	22,163,977	10,648,354	133,427,772
Carrying amount, December 31, 2019	53,083,715	10,684,573	4,460,387	68,228,675

11. INVESTMENT PROPERTY

	2020	2019 (As restated)
Land	18,240,723	13,013,717
Accumulated impairment losses	(941,019)	(440,793)
Net value	17,299,704	12,572,924
Buildings	14,084,099	10,091,386
Accumulated depreciation	(11,503,435)	(9,847,887)
Net value	2,580,664	243,499
	19,880,368	12,816,423

The Corporation's investment properties arise from acquired assets from defaulted accounts. These are assets that are not available for immediate sale as the same include assets under litigation making its sale highly improbable.

12. DEFERRED TAX ASSETS

This account consists of the following:

	2020	2019 (As restated)
Excess minimum corporate income tax	10,262,956	4,905,319
Net operating loss carryover	3,606,314	0
Provision for impairment losses	131,506,701	118,564,635
Unrealized losses on Foreign Exchange (ForEx)	40,159,282	35,583,402
	185,535,253	159,053,356

13. FINANCIAL LIABILITIES

This account consists of the following:

	2020	2019 (As restated)
Payables	57,595,203	131,066,202
Bills/Bonds/Loans payable	776,100,688	890,169,279
Financial liabilities designated at Fair Value through Surplus/Profit or Deficit/Loss	237,620,495	246,585,575
	1,071,316,386	1,267,821,056
Current	191,326,131	269,202,408
Non-current	879,990,255	998,618,648

Payables consist of the following:

	2020	2019 (As restated)
Accounts payable	39,240,866	22,039,295
Notes payable	17,789,448	107,221,186
Interest payable	564,889	1,805,721
	57,595,203	131,066,202

Accounts payable is used to recognize acquisition of goods or services in the normal course of trade and business operation that remains to be unpaid as at the end of the year.

	2020	2019 (As restated)
SB Regular	35,463,804	21,993,630
P3	3,777,062	45,665
	39,240,866	22,039,295

Notes payable represents the obligations of SB Corporation 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 2020.

Details of the account as follows:

	2020	2019 (As restated)
Current portion	589,448	89,431,738
Non-current portion	17,200,000	17,789,448
	17,789,448	107,221,186

Interest Payable represents accrued interest expense on domestic and foreign borrowings as follows:

	2020	2019 (As restated)
Asian Development Bank (ADB)	117,085	148,601
International Fund for Agricultural Development (IFAD)	362,691	394,229
Notes payable - MSME Notes	85,113	1,262,891
	564,889	1,805,721

Bills/Bonds/Loans Payable consists of SB Corporation's borrowings as follows:

	2020	2019 (As restated)
Loans payable – Domestic -IFAD	21,663,961	23,547,784
Loans payable – Foreign		
ADB	181,307,352	288,849,365
KfW	573,129,375	577,772,130
	776,100,688	890,169,279
Current	133,307,647	131,063,982
Non-current	642,793,041	759,105,297

The loan from the International Fund for Agricultural Development (IFAD) is a subsidiary loan from the Republic of the Philippines (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 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. The RuMEPP was completed in December 31, 2014.

The loan from ADB is a US\$25 million (JPY2.746 billion) denominated loan for SME Development Support Project guaranteed by the 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, 2020 was at P0.4658. The loan was fully availed of in 2009.

The loan from the KfW is a €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 is being 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, 2020 is P58.7825. The loan was fully availed of in 2010.

In consideration of the government guarantee and assumption of the foreign exchange risk for both loans, SB Corporation in addition to the guarantee fee of one per cent, shall pay the NG a 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 SB Corporation's operational expense/spread), whichever is higher based on the outstanding principal balance of the loan.

As at December 31, 2020, the outstanding balance of ADB and KfW loans amounted to JPY389.239 million and €9.750 million, respectively.

Financial Liabilities Designated at Fair Value through Surplus/Profit or Deficit/Loss

	2020	2019 (As restated)
Asian Development Bank (ADB)	7,394,298	15,151,108
Kreditanstalt für Wiederaufbau (KfW)	230,226,197	231,434,467
	237,620,495	246,585,575
Current	17,623,281	24,861,672
Non-current	219,997,214	221,723,903

Financial liabilities designated at FVTPL represents the fair value of the FXRC of SB Corporation's borrowings from multilateral agencies amounting to P754.44 million in 2020 and P866.62 million in 2019 which is treated as derivative financial instrument.

Under a MOA between SB Corporation and the NG through the DOF, the latter guarantees and assumes the foreign exchange risk relating to SB Corporation's foreign currency denominated borrowings from the ADB and KfW. In consideration thereof, SB Corporation shall pay the NG 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, 2020, the outstanding notional amount of FXRC amounted to JPY389.239 million and €9.750 million.

As at December 31, 2020 and 2019, the carrying values of SB Corporation's financial assets and liabilities as reflected in the SFP and related notes approximate their respective fair value as at reporting date. Specifically, the financial liability at FVTPL is carried at its Level 1 fair value of P237.620 million and P246.586 million as at December 31, 2020 and 2019, respectively.

14. INTRA-AGENCY PAYABLES

This account comprises obligations or liabilities due to government agencies/institutions relating to current or prior period that are unpaid as at the reporting date, such as payments for statutory and regulatory obligations. It also includes payable to other National Government Agencies (NGA) or to other funds as follows:

	2020	2019 (As restated)
Due to BIR	7,201,218	11,898,600
Due to GSIS	999,259	1,475,427
Due to Pag-ibig	46,848	52,272
Due to PhilHealth	122,356	83,667
Due to NGAs	40,000,000	0
Due to Other Funds	236,169,676	4,168,837
	284,539,357	17,678,803
Current	244,539,357	17,678,803
Non-current	40,000,000	0

The *Due to NGAs* account pertains to the Innovation Fund, a component of the IFAD-funded Rural Agro-Industrial Partnership for Inclusive Development and Growth (RAPID Growth) Project transferred by the Department of Trade and Industry, being the Executing Agency. RAPID is a five-year project which aims to provide strategic enabling conditions for the sustained growth of agriculture-based MSMEs in agricultural commodity value chains with backward linkages to small farmers and job creation effects. The transferred fund to SB Corporation represents the first-year allocation for the Project to be implemented for equity financing in qualified investee SMEs operating in Mindanao.

The *Due to Other Funds* account pertains to intra-fund payables between funds representing advances monitored on a periodic basis.

15. TRUST LIABILITIES

This account pertains to security deposits in the form of performance bonds or cash for guaranty. Said security deposit is issued to SB Corporation by the winning bidder as a guarantee against its failure to meet the obligations in the contract.

16. DEFERRED CREDITS/UNEARNED INCOME

This account refers to unearned income from capitalized interest and charges of a restructured loan. When an account becomes past due and is granted with approved restructuring agreement, accrued interest is recorded with a corresponding set up of the liability account.

	2020	2019 (As restated)
Regular loan agreement	21,325,847	19,376,499
Compromise agreement	2,626,441	2,796,776
	23,952,288	22,173,275

17. OTHER PAYABLES

	2020	2019 (As restated)
Undistributed collections	3,603,884	4,019,925
Dividends payable	22,658,723	0
Other payables	37,273,843	37,436,044
	63,536,450	41,455,969

Undistributed collections account represents the accumulated unidentified inter-branch deposits made to the SB Corporation bank account which remains unidentified. Proper applications of deposits are subsequently taken up in the books when identification and verification processes are duly satisfied.

Dividends payable represents deficiency dividends for dividend years 2014 and 2015 which will be paid in the first quarter of 2021.

Other payables account consists of amount payable to the Originating Financial Institution (OFI) for their share in the proceeds from sale/disposal of foreclosed/acquired properties of SB Corporation wherein OFI has equity. It also includes amount payable for terminated cases wherein the judgment was rendered against the SB Corporation.

18. SHARE PREMIUM

The share premium pertains to the additional paid in capital representing ten per cent excess of par for shares issued by SB Corporation to the NG for the GFSME assets turned over to SB Corporation pursuant to EO 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. RETAINED EARNINGS

	2020	2019 (As restated)
Beginning balance	3,143,304,539	1,868,025,553
Comprehensive income for the year	1,384,014,970	1,300,839,623
Dividends	(55,524,224)	(19,844,511)
Other adjustments	115,563,448	(5,716,126)
Ending balance	4,587,358,733	3,143,304,539

Other adjustments pertain to change in the provisioning policy of the Pondo sa Pagbabago at Pag-asenso (P3) implemented within the year resulting in the reduction in booked provisioning of P125.721 million. The difference amounting to P10.158 million is a result of various adjustments arising from prior year's loan application payment for restructuring and special amnesty program.

The ending balance of Retained Earnings (RE) is composed of Appropriated and Unappropriated RE. Appropriated RE balance for 2020 is P4.643 billion. This is the continuing lending fund balance of the P3 fund and a P30 million appropriated fund for the stock dividends declared in 2005, still for issuance.

While Unappropriated Retained Earnings is deficit, it is composed of accumulated net operating income before extra-ordinary losses amounting to P239.685 million and P234.767 million for 2020 and 2019 respectively, and extra-ordinary losses amounting to P300.639 million and P242.614 million for 2020 and 2019 respectively due to translation adjustments of foreign loans and derivative valuation.

	2020	2019 (As restated)
Appropriated Retained Earnings		
Pondo sa Pagbabago at Pag-Asenso (P3)	4,612,680,084	3,120,478,012
Appropriated for dividend	30,673,100	30,673,100
	4,643,353,184	3,151,151,112
Unappropriated Retained Earnings/(Deficit)		
Accumulated Net income, before extra-ordinary gains/(losses)	239,685,124	234,767,080
Pondo sa Pagbabago at Pag-Asenso (P3)	4,959,207	0
	244,644,331	234,767,080
Extra-Ordinary Gains/(Losses)		
Net Unrealized Gain/(Loss) from Changes in Fair Value of Financial Instruments	(107,079,760)	(65,694,193)
Net Unrealized Gain/(Loss) on Foreign Exchange (FOREX) Translation	(193,559,022)	(176,919,460)
	(300,638,782)	(242,613,653)
	(55,994,451)	(7,846,573)
	4,587,358,733	3,143,304,539

20. STOCKHOLDERS' EQUITY

SB Corporation has an authorized capital stock of P10 billion divided into 80 million common shares and 20 million preferred shares both with a par value of P100 per share.

Details of this account are as follows:

	2020		2019	
	Amount	No. of Shares	Amount	No. of Shares
Capital stock				
<i>Common shares</i>				
National Government	7,254,369,200	72,543,692	767,450,700	7,674,507
LBP	393,611,500	3,936,115	393,611,500	3,936,115
DBP	218,673,100	2,186,731	218,673,100	2,186,731
Philippine National Bank	0	0	40,000,000	400,000
GSIS	46,673,100	466,731	46,673,100	466,731
Social Security System (SSS)	16,000,000	40,000,000	160,000	400,000
Acquired (Treasury)	16,000,000	0	160,000	0
	7,969,326,900	79,693,269	1,482,408,400	14,824,084
<i>Preferred shares</i>				
SSS	200,000,000	2,000,000	200,000,000	2,000,000
GSIS	200,000,000	2,000,000	200,000,000	2,000,000
National Government	1,593,179,500	15,931,795	0	0
	1,993,179,500	19,931,795	400,000,000	4,000,000
	9,962,506,400	99,625,064	1,882,408,400	18,824,084
Less: Treasury Stocks	40,000,000	400,000	0	0
Total Stockholders' Equity	9,922,506,400		1,882,408,400	18,824,084

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 (10) 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 P61.346 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 of P30.673 million in previously appropriated retained earnings were released to GSIS upon presentation of its certificate of acceptance.

On August 5, 2019, BR No. 2019-08-2803 approved the transfer of all guarantee-related functions, programs, funds, assets and liabilities of SB Corporation to the PHILGUARANTEE pursuant to EO 58, series of 2018. Total assets transferred amounted to P37.49 million taken from the equity of the NG.

On November 10, 2020, the NG in compliance with the provisions of RA No. 11494, otherwise known as the Bayanihan Act 2, infused capital in SB Corporation amounting to P8.080 billion aimed as additional funding for its CARES program and other lending facilities of the Corporation.

Treasury stocks were acquired from the redemption of the 400,000 common shares of PNB paid at its par value of P100 per share, net of the penalty for unpaid subscriptions. Payment was made on December 29, 2020 (Note 21.3).

21. INCOME

21.1 Service and Business Income

Being a government-owned and controlled corporation primarily mandated to provide, among others, financing to the MSME sector, income generation is mostly derived from its lending operation, which includes both service and business income.

a. Service Income

	2020	2019
Processing fees	19,807,952	19,578,872
Fees and Commissions income	139,381,825	0
	159,189,777	19,578,872

b. Business Income

	2020	2019
Interest income	219,371,406	307,553,217
Fines and penalties	6,934,605	9,383,216
Dividend income	150,000	500,000
Rent/Lease income	24,000	372,000
Management fees	0	782,069
Guarantee fees	0	660,718
Other business income	2,299,463	19,665,720
	228,779,474	338,916,940

21.2 Gains

This account consists of the following:

	2020	2019
Gain on Foreign Exchange (ForEx)	47,021,198	102,882,578
Gain on Sale of Investment Property	9,717,017	5,740,977
Gain from Changes in Fair Value of Financial Instruments	99,196,736	99,216,248
Gain on Sale/Redemption/Transfer of Investments	0	2,743,445
	155,934,951	210,583,248

Gain on ForEx account includes realized gains amounting to P3.404 million and P0.725 million for 2020 and 2019, respectively. It also includes unrealized gains due to ForEx translation of underlying foreign loans amounting to P43.617 million and P102.157 million for 2020 and 2019, respectively.

Gain from changes in fair value of financial instruments includes realized gains upon payment of ForEx risk cover amounting to P6.997 million for 2019. It also includes unrealized gains due to valuation of derivatives and deferred option premium amounting to P99.197 million and P92.219 million for CY 2020 and 2019, respectively

21.3 Other Non-Operating Income

Miscellaneous income includes penalty for unpaid subscription of PNB in the amount of P5.240 million. This was deducted from the proceeds of the redemption value of its common shares made on December 29, 2020 (Note 20). It also includes income from Baguio Revitalization Actions for a Vibrant Economy – Economic Stimulus Package (BRAVE-ESP) facility and other miscellaneous income.

22. EXPENSES

22.1 Personnel Services

	2020	2019
Salaries and wages	133,905,345	125,793,772
Other compensation	43,830,135	40,081,390
Personnel benefit contributions	36,992,112	34,375,825
Other personnel benefits	9,744,339	6,032,755
	224,471,931	206,283,742

22.2 Maintenance and Other Operating Expenses

	2020	2019
Professional services	59,494,211	59,488,709
Taxes, insurance premiums and other fees	15,049,553	19,831,168
Rent/Lease expenses	9,766,354	10,127,240
Communication	5,244,112	4,862,261
Confidential, intelligence and extraordinary	4,864,498	7,476,910
Repairs and maintenance	4,142,271	4,682,669
Supplies and materials	3,859,957	7,112,365
General services	2,882,432	2,798,233
Utility	2,680,507	3,348,130
Travelling	2,355,644	5,540,139
Representation expenses	1,425,751	3,408,738
Litigation/Acquired assets expenses	1,419,206	1,262,875
Advertising, promotional and marketing	738,342	3,880,737
Printing and publication expenses	311,749	482,544
Membership dues and contributions	111,229	60,433
Subscription expenses	104,843	41,618
Training and scholarship	71,047	1,914,724
Donation	52,241	0
Other maintenance and operating expenses	4,998,154	2,553,110
	119,572,101	138,872,603

Significant decrease in the Maintenance and other operating expenses pertains to savings generated from the decreased mobility and cancelled activities as a result of the COVID-19 pandemic. During the onset of the pandemic, the NCR went into a close to three months lockdown.

22.3 Financial Expenses

	2020	2019
Interest	6,551,980	14,466,602
Guarantee fees	8,054,869	9,647,463
Bank charges	442,198	446,881
Trusteeship fees	68,044	3,693
Other financial charges	126,500	598,454
	15,243,591	25,163,093

Significant decrease in the interest expense pertains to the decrease in the outstanding MSME notes of the Corporation as a result of the expiration of the provision for mandatory allocation to the MSME wherein existing availments are awaiting maturity.

22.4 Non-Cash Expenses

	2020	2019
Losses	202,114,483	317,073,569
Impairment loss	124,661,104	131,269,474
Depreciation	9,141,260	9,066,511
	335,916,847	457,409,554

Losses are further broken down as follows:

	2020	2019
Realized loss on ForEx Translation	584,357	1,965,050
Realized loss on Derivatives	662,497	0
Loss on sale of PPE	0	324,449
Loss on sale/redemption/transfer of investments	28,978	2,974,244
Total realized loss	1,275,832	5,263,743
Unrealized loss due to ForEx Translation	60,256,348	62,222,414
Unrealized loss due to valuation of derivatives and deferred option	140,582,303	249,587,412
Total unrealized loss	200,838,651	311,809,826
	202,114,483	317,073,569

23. INCOME TAX

23.1 Regular Corporate Income Tax (RCIT)

Particulars	2020	2019
Net income before income tax	1,354,842,624	1,246,010,885
Permanent differences		
Non-deductible expenses:		
Maintenance and other operating expenses-P3	70,040,793	52,298,712
Interest arbitrage limitation	6,551,980	14,466,602
Accounts written off	(77,599,047)	0
Non-taxable income		
Subsidy from NG – P3	(1,500,000,000)	(1,500,000,000)
Interest income on government securities	(39,279,441)	(39,952,496)
Interest income on bank deposits	(849,455)	(319,672)
Accounting income subject to tax	(186,292,546)	(227,495,969)
Temporary differences		
Provision for impairment of loans/ acquired properties	124,661,104	131,269,474
Unrealized net loss on ForEx Translation	16,639,561	(39,935,041)
Unrealized net loss on Derivative Valuation	41,385,567	157,368,107
Taxable income	(3,606,314)	21,206,571
Tax rate	27.5%	30%
Tax due	0	6,361,971

23.2 Minimum Corporate Income Tax (MCIT)

Particulars	2020	2019
Gross revenue	405,957,740	374,099,374
Less: Finance charges	15,204,976	25,115,830
Gross income	390,752,764	348,983,544
Reconciling Items:		
Investment in government securities	(39,279,441)	(39,952,496)
Interest income on bank deposits	(849,455)	(319,672)
Interest arbitrage limitations	6,551,981	14,466,602
Taxable gross income	357,175,849	323,177,978
MCIT rate	1.5%	2%
MCIT due	5,357,637	6,463,560
Available tax credits		
Creditable withholding tax	(142,326)	(1,754,756)
Prior year's income tax payments	(5,215,311)	(4,708,804)
Tax due	0	0

23.3 Income Tax Benefit Computation

Particulars	Amount
Deferred tax asset – allowance for impairment accounts (AIA) 2020 provision	124,661,104
Less: Accounts written off	77,599,047
Provision net of accounts written off	47,062,057
Tax rate	27.5%
Income tax benefit– AIA for 2020	12,942,066
Deferred tax asset – AIA, January 1, 2020	118,564,635
Deferred tax asset – AIA, December 31, 2020	131,506,701
Financial asset at FVTPL	14,915,364
Tax rate	27.5%
Deferred tax liability – FA at FVTPL, December 31, 2020	4,101,725

23.4 MCIT Schedule

Minimum corporate income tax						
Year Occurred	Available until	Excess MCIT Prior Years	Excess MCIT Current Year	Excess MCIT over Normal Income Tax	Expired /Used portion of excess MCIT	Balance MCIT still allowable tax credit
2020	2023	0	5,357,637	0	0	5,357,637
2019	2022	101,588	0	0	0	101,588
2018	2021	4,803,731	0	0	0	4,803,731
Total	4,905,319	5,357,637	0	0	0	10,262,956

23.5 Deferred Tax Asset And Liabilities

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

	Statement of Financial Position		Statement of Comprehensive Income	
	2020	2019	2020	2019
Deferred tax assets				
MCIT	10,262,956	4,905,319	0	0
NOLCO	3,606,314	0	3,606,314	0
Provision for impairment	131,506,701	118,564,635	12,942,066	39,380,842
Unrealized losses on forex	40,159,282	35,583,402	4,575,878	(11,980,513)
	185,535,253	159,053,356	21,124,258	27,400,329
Deferred tax liabilities				
Financial asset at FVTPL	4,101,725	12,149,813	(8,048,088)	(33,790,380)
Net deferred tax assets	181,433,528	146,903,543		
Net income tax benefit			29,172,346	61,190,709

24. SUBSIDY FROM NATIONAL GOVERNMENT

Pondo sa Pagbabago at Pag-Asenso (P3)

P3 is the Duterte Administration'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 2020 is P3's fourth year of operation. P3 funding is included as a Tier 1 funding of P1.0 billion with a Tier 2 funding of P500 million. The mobilization fund for the year was still five per cent of the subsidy.

Presented below is the two-year comparative fund balance withbreakdown of expenses incurred for the program implementation:

	2020	2019
Receipts	1,500,000,000	1,500,000,000
Expenses		
Maintenance and other operating expenses		
Security, janitorial and other contracted services	45,160,593	28,731,108
Taxes and licenses-DST-P3	4,492,568	2,131,876
Rental expense	4,492,061	3,266,442
Communication	3,448,541	2,117,039
Repairs and maintenance	2,320,028	1,621,818
Consultancy	1,719,200	0
Supplies and materials	1,634,110	4,115,458
Condominium dues	1,442,343	1,157,944
Power, light and water	1,426,055	1,404,843

	2020	2019
Travelling expenses- local-P3	1,181,432	2,283,560
Advertising expenses-P3	735,388	2,466,417
Gasoline, oil and lubricants expenses	485,455	482,413
Business development expense-P3	69,519	585,814
Training expenses	24,604	623,072
Litigation expenses	22,950	0
Business promotion-P3	17,917	250,953
Printing and binding expense	1,076	138,895
Management committee expense-P3	691	2,046
Development cost	0	655,087
Miscellaneous expense	1,366,262	263,928
	70,040,793	52,298,713
Provision for probable losses	58,532,569	101,269,474
	128,573,362	153,568,187
Fund balance	1,371,426,638	1,346,431,813

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

25. 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 P300.500 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 SB Corporation, as the Fund Manager of the BMBE Development Fund per MOA dated December 28, 2004. Total remittance of P300.500 million to SB Corporation was invested in government securities and earned net income of P185.856 million as at December 31, 2019. A total of P20.286 million was disbursed to the different beneficiaries identified by the MSMED Council covering the period 2004 to 2019. On September 26, 2019, the Corporation partially remitted to the Bureau of the Treasury (BTr) an amount of P453.617 million as instructed by MSMED Council dated August 15, 2019. Balance as at December 31, 2019 amounts to P30.453 million.

As at December 31, 2020, the BMBE Development Fund was already fully remitted to the BTr, final remittance in the amount of P33.23 million was done on December 10, 2020.

26. EMPLOYEE BENEFITS

26.1 Provident fund

The provident 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 DBM in its letter dated March 13, 2003.

26.2 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

26.3 Terminal leave benefits

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

27. LEASES

SB Corporation leases the premises which serve as its 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.

28. FINANCIAL RISK MANAGEMENT

SB 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 adverse financial consequences. This is to ensure that SB Corporation performs its mandate as a government-owned and controlled corporation (GOCC) and not merely duplicates what the private sector and other GOCCs are already doing. This is to likewise optimize the utilization of NG investments by not contributing to the cycle of poverty and debt for small business owners.

SB Corporation's risk management policies for each financial risk factor are summarized below:

a. Credit Risk

In view of its mandate to safeguard the interest of the public and contribute to the promotion of stability in the economy, SB Corporation manages credit risk at all relevant levels of the organization. It defines credit risk as the risk that the loans granted to borrowers and/or other financial institutions will not be paid when due, thereby, causing incurrence of financial losses.

SB Corporation therefore exercises prudence in the grant of loans over its exposures to credit risk, taking into consideration its developmental objectives as mandated by the Magna Carta for MSMEs. This is managed through the implementation of the borrower risk rating and monitoring of loan covenants in the loan agreements. The borrower risk rating is being used, among others, as basis for determining credit worthiness of loan applicants. Further, SB Corporation mitigates such credit risks through the acceptance of eligible collaterals as secondary form of payment.

b. Market Risk-Interest Rate Risk and Foreign Exchange Risk

SB Corporation anticipates, measures, and manages its interest rate sensitivity position to ensure its long-run earning power, build-up of its investment portfolio and avoid economic losses. 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.

SB Corporation manages its currency risk against foreign exchange rate fluctuations on its foreign currency denominated borrowings through a Foreign Exchange Risk Cover (FXRC) secured from the DOF at a given cost for the term of the loan. SB Corporation's exposure to market risk for changes in interest rates relates primarily to its loans from various financial institutions.

c. Liquidity Risk

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

As part of its liquidity risk management, SB Corporation regularly evaluates its projected and actual cash flows and institutes liquidity risk controls. 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.

29. RESTATEMENT AND RECLASSIFICATION

In 2020, the SB Corporation restated its 2019 financial statements to reflect the comparative amount of receivables, investments, and investment property upon reclassification of various accounts. P3 program, Wounded in Action and Killed in Action (WIA-KIA), were reclassified from investment to receivables while foreclosed property was reclassified to investment property upon assessment of the Management.

The effect of this restatement in the comparative financial statements for December 31, 2019 on the affected asset accounts is shown below.

	As restated	As previously reported	Effects of restatement
Current			
Cash and Cash Equivalents	226,221,155	226,221,155	0
Investments	11,468,965	11,468,965	0
Receivables	2,838,004,020	2,839,192,755	(1,118,735)
Inventories	133,421	133,421	0
Non-Current Assets Held for Sale	54,728,782	54,728,782	0
Other Assets	11,008,092	11,008,092	0
	3,141,564,435	3,142,753,170	(1,118,735)
Non-current			
Investments	885,594,880	917,227,880	(31,633,000)
Receivables	2,195,866,992	2,163,045,257	32,821,735
Property and Equipment	68,228,675	68,228,675	0
Investment Property	12,816,423	0	12,816,423
Deferred Tax Assets	159,053,356	159,053,356	0
Other Assets	4,281,774	17,098,197	(12,816,423)
	3,325,842,100	3,324,653,365	1,118,735
	6,467,406,535	6,467,406,535	0

30. 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.

30.1 Requirements under RR No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year 2020. The taxes and licenses paid/accrued during the year are as follows:

(a) Withholding taxes

	2020	2019
Taxes on compensation and benefits	23,758,414	22,303,507
Value added taxes (VAT)	3,653,030	5,057,155
Expanded withholding taxes	1,156,618	1,823,942
Gross receipt taxes (GRT)	8,401,784	10,887,399
	36,969,846	40,072,003

These taxes, except for taxes on compensation and benefits, were remitted in the SB Corporation's capacity as withholding agent pursuant to RR No. 17-2003 as amended by RR No. 14-2008, with SB Corporation 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

	2020	2019
Local		
Real estate taxes	614,919	598,246
Corporate community tax	10,500	10,500
	625,419	608,746
National		
Capital gains taxes	0	2,339,814
Documentary stamp taxes	33,558,183	33,350,955
BIR annual registration	500	500
	33,558,683	35,691,269
	34,184,102	36,300,015

30.2 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, 2020, SB Corporation reported the following revenues and expenses for income tax purposes.

	2020	2019
Revenues		
Operations	365,828,844	333,827,206
Expenses		
Cost of services	8,652,996	10,649,228
Itemized Deductions		
Salaries and allowances	204,997,927	188,423,390
Bad Debts	77,599,047	0
SSS, GSIS, Philhealth and other contributions	17,940,115	16,506,353
Other services	12,665,123	25,695,246
Taxes and licenses	9,576,619	16,713,342
Depreciation	8,802,108	8,666,566
Representation and entertainment	5,901,799	7,166,995
Communication, light and water	3,205,845	4,688,510
Rental	2,571,358	3,984,014
Miscellaneous	2,116,256	2,401,659
Repairs and maintenance - labor	1,743,359	2,758,450
Director's fees	1,533,889	1,354,000
Management and consultancy services	1,429,952	1,937,143
Transportation and travel	1,233,469	3,256,579
Office supplies	1,233,011	1,715,439
Insurance	980,367	985,950
Janitorial and messenger services	947,519	1,535,844
Fuel and oil	546,844	799,056
Security services	539,188	618,204
Repairs and maintenance-Materials/supplies	78,884	302,400
Charitable contributions	52,241	0
Trainings and seminars	46,444	1,291,651
Advertising and promotions	2,954	1,414,320
Others	5,037,844	9,756,299
	360,782,162	301,971,410



Board of Directors



Usec. Blesila A. Lantayona
Acting Chairperson, SB Corporation
Department of Trade & Industry Representative

Usec. Blesila A. Lantayona is 61 years old. Prior to her appointment as Undersecretary of the Department of Trade and Industry, Usec. Blesila A. Lantayona was the Assistant Secretary of DTI-Regional Operations Group, in-charge of Kapatid Mentor ME, Shared Service facilities, Industry Cluster Enhancement Project, Great Women Project 2, among others. She was conferred with the DTI Innovator Award during the 2017 System on Performance Rewards and Incentives (SPRInts) Huwarang DTI Awards, the annual recognition program for top performing Officials and Employees whose outstanding achievements and exemplary demonstration of the DTI values transformed the organization into the "Agency of Choice".

Usec. Lantayona earned her BS Degree in Agriculture major in Economics (cum laude) from Xavier University (Ateneo de Cagayan), Cagayan de Oro City as scholar of the Filipino Banana Growers and Exporters Foundation, Inc. She was fellow of the European Union-ASEAN Scholarship Programme and holds an MBA Degree in International Business from Ecole Europeenne des Affaires (European School of Management) in Paris, France.

Her career in the civil service started in NEDA Region XI. She then moved to DTI, first in various technical positions, then as Provincial Director of DTI-Davao del Sur, and eventually as Assistant Regional Director of DTI-Region XI. Due to good performance, she was later appointed as Regional Director of DTI-Region III covering the 7 Provincial Offices of Central Luzon and as Luzon Island Coordinator for the 8 Luzon-based DTI Regional Offices.

In September 2019, she was appointed as the Supervising Undersecretary of the DTI-Regional Operations Group in-charge of the 16 Regional Offices, 81 Provincial Offices and Bureau of Small Micro Enterprise Development. She was appointed as Member of the Board representing Department of Trade and Industry as well as Acting Chairperson of SB Corporation on August 19, 2019.



Ma. Luna E. Cacanando
President & CEO, SB Corporation

Ms. Ma. Luna E. Cacanando 59 years old, brings with her more than three decades of MSME development finance experience and industry expertise, mostly as a government executive. Fresh from graduation from the University of the Philippines, Los Banos with a degree of B.S. in Agricultural Economics, Ms. Cacanando joined the then KKK-Livelihood Corporation in August 1983. She joined Guarantee Fund for SMEs (GFSME) in April 1993.

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 SB Corporation, Ms. Cacanando was Credit Manager of Guarantee Fund for SMEs (GFSME) until its merger with Small Business Guarantee and Finance Corporation (SBGFC or SB Corporation) as the surviving entity in November 2001.

Prior to her appointment as SB Corporation Director and to her election as SB Corp President/CEO on September 6, 2017, Ms. 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 Master's 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.



Arnulfo V. Galdo

Development Bank of the Philippines Representative

(vice Mr. Benel D. Laguna)

Arnulfo V. Galdo is 70 years old, married and had 17 long years experience in private commercial and rural banking, with 8 years of managerial experience. A consultant of life and non-life insurance companies, he is also actively involved in organizing and in the management of savings and credit cooperatives. He had been a Pioneering Member and President of the Elders League of the Christian Reformed Church of the Philippines. A graduate of Bachelor of Science in Business Administration, Major in Management, at the University of San Carlos, Cebu City, he earned his Master's degree in Management from Liceo de Cagayan University, Cagayan de Oro City. He was appointed as Board of Director of Small Business Corporation on June 11, 2020.



Mr. Joe Jay T. Doctora

National Government Representative

Mr. Joe Jay T. Doctora is 61 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 SB Corporation on September 27, 2018 representing the National Government.

Currently he sits as Chairman and CEO at Megapharma, Inc., Director/Chief Finance Officer at Healthcare Essentials, Inc, Director



Atty. Ferdinand D. Tolentino

National Government Representative

Atty. Ferdinand Tolentino is 57 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 University 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 appointed as Member of the Board of SB Corporation on March 08, 2016 representing the National Government.

at Specialist Healthcare, Inc., and Director/Chief Finance Officer at HEI Gruppo Pharmaceutica, Inc. He was appointed as Member of the Board of SB Corporation on September 27, 2018 representing the National Government.



Board of Directors



Mr. Santiago S. Lim
Private Sector Representative

Mr. Santiago S. Lim is 57 years old and married. He earned his bachelor's degree in Chemical Engineering from Adamson University in 1985, and his MBA from the Ateneo Graduate School of Business in 1999 and took 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 President and CEO of this big, 300+ employee-strong distribution company with big local and multinational suppliers, a Board Director of Advanced Global Water Technologies Phils. Inc., and Envigor Natural Products Mfg. Inc. 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. He has been the Private Sector Representative to the Board of Directors of SB Corporation since March 20, 2018.



Voltaire B. Magpayo
National Government Representative

He joins SBCorp with over 10 years of experience in strategic business planning, supply and value chain management, furthering SBCorp's mission to champion MSMEs in the country.

Magpayo is an award-winning entrepreneur, a business mentor, and a strong advocate for Filipino MSMEs. He obtained his Bachelor of Science in Accounting in San Beda University, and his Master's Degree in Applied Business Economics from the University of Asia and the Pacific. He is a certified franchise executive, and was previously a consultant on business development at various government agencies.

He was appointed as Board of Director of Small Business Corporation on June 10, 2021 vice a Atty. Ferdinand D. Tolentino.



Manuel B. Bendigo
National Government Representative

Mr. Manuel Bendigo is 72 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 appointed as Member of the Board of SB Corporation on May 10, 2017 representing the National Government.



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

Ms. Rosalia V. De Leon (60 years old) currently serves as Treasurer of the Philippines. 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, Finance Secretary's Chief of Staff, Director for International Finance Group, and Advisor to the Executive Director of the Asian Development Bank.

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 appointed as Member of the Board of SB Corporation on March 23, 2017 as alternate of the Secretary of Finance.



Jacob S. Vasquez
National Government Representative
(vice Ms. Merly M. Cruz)

Mr. Jacob Vasquez is 41 years old, married and a graduate of San Sebastian College. He has served a LGU for 11 years and is a political officer for 18 years. He was appointed as Member of the Board of SB Corporation on September 04, 2020 representing the National Government.

Management
Committee



Melvin B. Abanto
Executive Vice President



Ma. Luna E. Cacanando
President & CEO



Lourdes Rosario M. Baula
Sector Head
Financing



Josefina P. Flores
Sector Head
Strategy, Systems &
Communications



Corazon A. Dimayuga
Chief Financial Officer



Rowena G. Betia
Sector Head
Corporate Support

Key officers



Corazon A. Dimayuga
Chief Financial Officer



Lourdes Rosario M. Baula
OIC - Sector Head
Financing



Josefina P. Flores
OIC-Sector Head
Strategy, Systems &
Communications



Rowena G. Betia
OIC - Sector Head
Corporate Support



Evely Felias
Head
Information Technology Group



Alice L. Sy
Head
Administrative Service Unit



Julieta S. Calimlim
OIC
Credit support & Asset
Recovery Group



Heidi M. Vega
OIC - Head
Internal Audit Group



Angelito B. Acupan
Head
Planning & Policy
Management Group



Atty. Candice Elizabeth A. Cabrido
OIC - Head
Legal Service Group



Jessie R. Reotutar
Head
Office of the Board Secretary



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



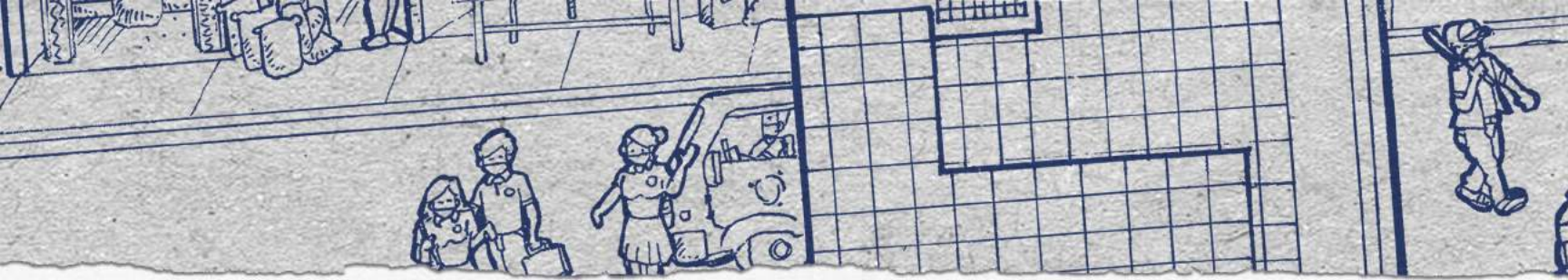
Francisco R. Buenavides
Head
Visayas Group



Arell F. Bañez
Head
North Luzon Group



Caroline Macabenta
OIC-Head
Mindanao 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



1. Strategy and Analysis

- G4 -1 Statement from the most senior decision maker(s) of the organization. ➤ 3, 7
- G4-2 Provide a description of key impacts, risks and opportunities ➤ 19-20



2. Organizational Profile

- G4-3 Name of the Organization ➤ Cover
- G4-4 Primary brands, products, services ➤ 2
- G4-5 Location of Headquarters ➤ Back Cover, 56
- G4-7 Nature of ownership and legal form ➤ 2-41
- G4-8 Market served ➤ 2
- G4-9 Scale of the reporting organization ➤ 5-7
- G4-10 Total workforce by employment type ➤ 8-9
- G4-11 Percentage of total employees covered by CBA ➤ 8-9
- G4-13 Significant changes during the reporting period ➤ 8-9
- G4-15 List of externally developed economic, environmental and social charters, principles, or other initiative ➤ 5-7



3. Stakeholder Engagement

- G4-24 List of stakeholder groups ➤ 1
- G4-25 Basis for identification and selection of stakeholder groups ➤ 1
- G4-26 Organization's approach to stakeholders engagement, frequency of engagement by stakeholder group ➤ 5-7
- G4-27 Key topics and concerns that have been raised through stakeholders engagement ➤ 5-7



4. Report Profile

G4-28	Reporting period	➤ Cover, 5-7
G4-29	Date of most recent previous report	➤ Cover, 5-19
G4-30	Reporting cycle	➤ 5-7
G4-31	Contact point for question about the report and its content	➤ Back Cover
G4-32	GRI content index and in "accordance" option chosen	➤ 54-55
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report	➤ 10,23



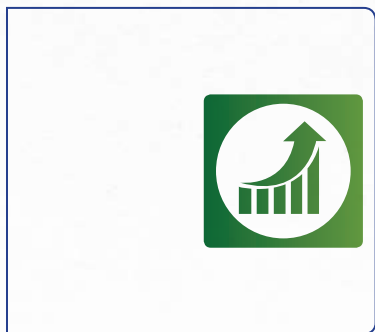
5. Governance

G4-34	Governance structure of the organization	➤ 10-18
G4-38	Composition of the highest governance body and its committees	➤ 46-51



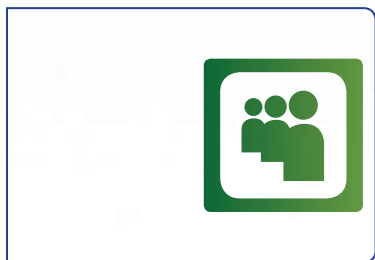
6. Ethics and Integrity

G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and code of ethics	➤ 1
-------	--	-----



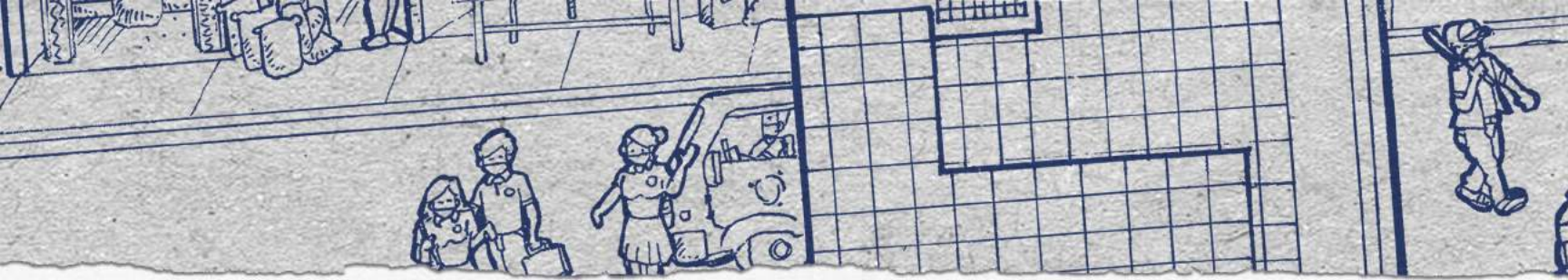
ECONOMIC

Aspect: Economic Performance		
DMA	Generic disclosures on management approach	➤
EC1	Direct Economic Value Generated and Distributed	➤ 23-45
EC2	Financial Implications and other risk and opportunities for the organization's activities due to climate change	➤ 19-20
EC3	Coverage of the organization's defined benefit plan obligations	➤ 5-7
EC4	Financial assistance received from the government	➤ 23-45
EC8	Significant indirect economic impacts, including the extent of impact	➤ 5-7



SOCIAL

DMA	Generic disclosures on management approach	
LA 1	Total number and rates of new employee hires and employees turnover by age group, region and gender	➤ 8-9
LA 9	Average hours of training per year per employee by gender and by employee category	➤ 8-9

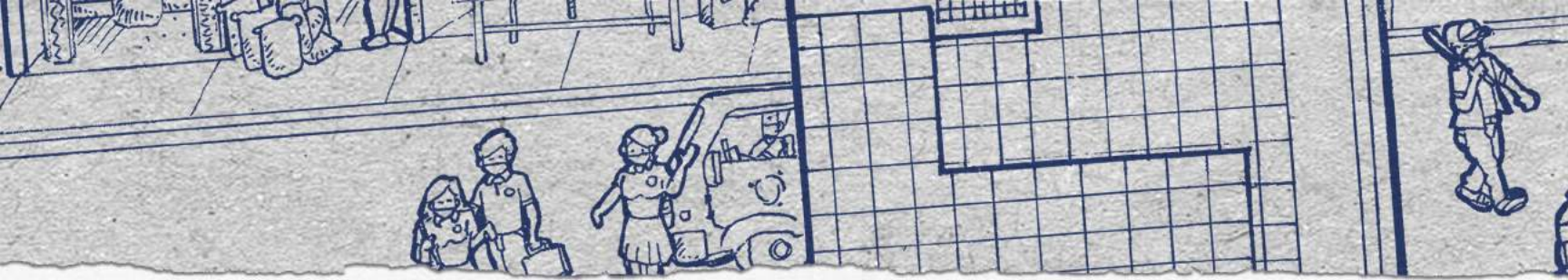


Directory offices

Province	Address	Office	Name	Position	Mobile No.	Office Contact No./ Email
NORTHERN LUZON GROUP						
Baguio City	No. 77 Brentwood Village, M.Roxas Barangay, Baguio City	Northern Luzon Group Area Office	Viado, Reyell P3 Provincial Coordinator	P3 Provincial Coordinator	09453102009	rviado@sbcorp.gov.ph
Benguet	No. 77 Brentwood Village, M.Roxas Barangay, Baguio City	Northern Luzon Group Area Office	Benito, Loly Ann C. P3 Provincial Coordinator	P3 Provincial Coordinator	09914424293	lbenito@sbcorp.gov.ph
Abra	DTI Abra, Ground Floor J&I Highway, Ubbog Lipcan, Bangued, Abra	Field Office	Ola, Darsie O. P3 Provincial Coordinator	P3 Provincial Coordinator	09453102022	dola@sbcorp.gov.ph
Apayao	DTI-Apayao, San Isidro Sur, Luna, Apayao	Field Office	Pangdan, Jessa Lyka D. P3 Provincial Coordinator	P3 Provincial Coordinator	09155274363	jpangdan@sbcorp.gov.ph
Iligan	3rd Floor, Buhong Bldg., Yakal St., Pob. East, Lagawe	Field Office	Biyo, Geraldine. Provincial Coordinator	P3 Provincial Coordinator	09319476465	gbiyo@sbcorp.gov.ph
Kalinga	DTI, 2-3F Lua Annex Bldg., Poblacion, Tabuk City, Kalinga	Field Office	Bagni, Hazel M. P3 Provincial Coordinator	P3 Provincial Coordinator	09453102017	hbagni@sbcorp.gov.ph
Mt. Province	DTI-2F Walter Clapp Centrum, Loc-ong Poblacion, Bontoc, Mt. Province	Field Office	Alawas, Challikis K. P3 Provincial Coordinator	P3 Provincial Coordinator	09453102023	calawas@sbcorp.gov.ph
La Union	AJ Realty Bldg., DTI Provincial Office, Madayegdeg, San Fernando, La Union	Field Office	Quizon, Rein Mike P. P3 Provincial Coordinator	P3 Provincial Coordinator	09274115321	rquizon@sbcorp.gov.ph
Ilocos Norte	DTI-Office, Jomel Bldg., Siazon Rd., cor. Samonte St., Barangay 14, Laoag City, 2900 Ilocos Norte	Area Office	Ruiz, Angeline D. P3 Provincial Coordinator	P3 Provincial Coordinator	09555446678	aruiz@sbcorp.gov.ph
Ilocos Sur	DTI-Judy Chiu Bldg. Mabini St., Barangay 1, Poblacion, Vigan City, Ilocos Sur	Field Office	Torres, Jennifer A. P3 Provincial Coordinator	P3 Provincial Coordinator	09453102018	jtorres@sbcorp.gov.ph
Pangasinan	DTI-Dagupan 2nd Flr. Star Bldg., Arellano, Dagupan City	Field Office	Victorio, Clint Adrian M. P3 Provincial Coordinator	P3 Provincial Coordinator	09274115313	cvictorio@sbcorp.gov.ph
Batanes	Aberilla Bldg., National Road, Basco, Batanes	Field Office	Blanca, Syra B. P3 Provincial Coordinator	P3 Provincial Coordinator	09983558604	sblanca@sbcorp.gov.ph
Cagayan	DTI-Regional Office 2, Reg. Gov't Center Carig Sur, Tuguegarao City, Cagayan	Field Office	Bunagan, Kim Lester T. P3 Provincial Coordinator	P3 Provincial Coordinator	09453102010	kbunagan@sbcorp.gov.ph
Isabela	DTI, NEGOSYO CENTER 4 Lanes, Santiago City, Isabela	Desk Office	Mostoles, Marjorie A. (Desk Officer) James, Christian R. (P3 C.I./Monitoring Staff)	Desk Officer P3 CI/Monitoring Staff	09088133466 09453101966	mmostoles@sbcorp.gov.ph cjames@sbcorp.gov.ph
Nueva Vizcaya	DTI-GF Rosalina L. Lo Bldg., National Highway, Sta. Rosa Bayombong, Nueva Vizcaya	Field Office	Rivera, Rayson W. P3 Provincial Coordinator	P3 Provincial Coordinator	09453102014	rivera@sbcorp.gov.ph
Quirino	Purok 1 Cayetano Arellano St., Andres Bonifacio, Diffun, Quirino	Field Office	Gudoy, Kristel Jane P3 Provincial Coordinator	P3 Provincial Coordinator	09274115323	kgudoy@sbcorp.gov.ph
Aurora	DTI Provincial Office – Aurora Cordial Bldg., Quezon Hi-way, Brgy. Suclayin, Baler, Aurora	Field Office	Asilo, Mary Ann P3 Provincial Coordinator	P3 Provincial Coordinator	09453101981	masilo@sbcorp.gov.ph
Bataan	DTI Negosyo Center Hermosa, Burgos Soliman St., Hermosa, Bataan	Field Office	Cruz, Kathrina Q. P3 Provincial Coordinator	Provincial Coordinator	09178469922	kcruz@sbcorp.gov.ph
Bulacan	4/F Lingkod Pinoy Center, Robinsons Place Malolos, City of Malolos, Bulacan	Field Office	Roxas, Ruth Ann M. P3 Provincial Coordinator	P3 Provincial Coordinator	09178279274	rroxas@sbcorp.gov.ph
Nueva Ecija	3rd Floor Government Service Express DTI Negosyo Center SM Cabanatuan City	Field Office	Dalangin, Grace D. P3 Provincial Coordinator	P3 Provincial Coordinator	09453101986	gdalangin@sbcorp.gov.ph



Province	Address	Office	Name	Position	Mobile No.	Office Contact No./ Email
NORTHERN LUZON GROUP						
Pampanga	2nd Floor, Unit 201-202 Fortune Square Building/Mc Arthur Hi-Way, Brgy. Saguin, City of San Fernando, Pampanga - Area Office	Field Office	Adriano, Leicah Mae D. P3 Provincial Coordinator	P3 Provincial Coordinator	09161730361	ladriano@sbcorp.gov.ph
Tarlac	2nd Floor, Anita Bldg., Zamora St., San Roque, Tarlac City, Tarlac	Field Office	Menese, Paolo DL Provincial P3 Coordinator	Provincial P3 Coordinator	09453101983	pmanese@sbcorp.gov.ph
Zambales	DTI ZAMBALES (Satellite Office) Estrada Bldg. RMTU Road, Zone VI, Iba, Zambales	Field Office	Salamatin, Erson D. Provincial P3 Coordinator	Provincial P3 Coordinator	09453101975	esalamatin@sbcorp.gov.ph
SOUTHERN LUZON GROUP						
NCR	SB Corporation Head Office, 19th Floor, 139 Corporate Center, Valero St., Makati City	Southern Luzon Group Area Office	Novy Rose Umali	Provincial Coordinator	09453101982	numali@sbcorp.gov.ph
Batangas	C/O DTI Batangas Desk Office NACIDA Building B, Morada Ave. Lipa City, Batangas	Desk Office	William B. Makalintal	Desk Officer	09453101980	wmakalintal@sbcorp.gov.ph
CAM Norte	DTI Camarines Norte Provincial Office Merchant Avenue, Central Plaza Complex, Brgy. Lag-on, Daet, Camarines Norte, Region V	Field Office	Sharmaine Krishia O. Perfecto Christian Arvin T. Manalo	Provincial Coordinator	09453101992	soresca@sbcorp.gov.ph ctmanalo@sbcorp.gov.ph
Cavite	Temporary Office: DTI Negosyo Center Dasmariñas, Room 108, Ground Flr. Dasmariñas City Hall Brgy. Zone 4 Poblacion Bayan, Dasmariñas Permanent Office: DTI Provincial Office, 2nd Flr. Government Center Building, Brgy. San Agustin Capitol Road, Trece Martires City, Cavite	Field Office	Jan Michael O. Abarca	Provincial Coordinator	09453101990	jabarca@sbcorp.gov.ph
Laguna	DTI Varimco Building, Brgy. Banca-Banca Victoria, Laguna	Field Office	Rona A. Angulo Benson Sarabia Jr.	Provincial Coordinator	09453102008 09274115309	rangulo@sbcorp.gov.ph bsarabia@sbcorp.gov.ph
Legaspi	Negosyo Center Bicol, Ground Floor, Capitol Annex Building Old Albay District, Brgy. 16 East Washington Legaspi City	Desk Office	Karla D. florendo John Michael Eubion	Desk Officer/Provincial Coordinator	09453101979	kdevilla@sbcorp.gov.ph jeubion@sbcorp.gov.ph
Masbate	DTI Masbate Provincial Office Capitol Drive, Masbate City	Field Office	Renariza Tumblood-Colon Ramil Artiola	Provincial Coordinator	09453101989	rtumblood@sbcorp.gov.ph rartiola@sbcorp.gov.ph
Naga	Unit 204, 2nd Flr. One Magsaysay Corporate Center Magsaysay Avenue, Concepcion Pequena, Naga City	Desk Office	Ma. Edena A. Diez Dave Andrew Clavo	Desk Officer/Provincial Coordinator	09274115308	mdiez@sbcorp.gov.ph dclavo@sbcorp.gov.ph
Occ. Mindoro	DTI SME Center Municipal Compound San Jose, Occidental Mindoro	Field Office	Noli G. Lucero	Provincial Coordinator	09274115307	nlucero@sbcorp.gov.ph
Oriental Mindoro	DTI Provincial Office Negosyo Center Brgy. Ibaba East Calapan City	Field Office	Marvin G. Cenino	Provincial Coordinator	09274115310	mccenino@sbcorp.gov.ph
Palawan	DTI Provincial Office , 4th Flr. ERC Plaza, National Highway, Brgy. San Pedro Puerto Princesa City	Desk Office	Marcelino M. Dile Mark Anthony Dandal	Desk Officer/Provincial Coordinator	09453101988	mdile@sbcorp.gov.ph mdandal@sbcorp.gov.ph
Quezon	DTI 2nd Flr. Lucena Grand Terminal Diversion Road, Brgy. Ilayang Dupay, Lucena City	Field Office	Kevin T. Laroza Edward Orge	Desk Officer/Provincial Coordinator	09453101978	klaroza@sbcorp.gov.ph eorge@sbcorp.gov.ph
Rizal	DTI Rizal Provincial Office 2nd Flr. Altica Arcade #83 Circumferential Road, Cor., Sto. Nino Street, San Jose Antipolo City, Rizal	Field Office	Francis Daniel C. Rebolledo Rolando S. Doringo	Provincial Coordinator	09453101961 09453101964	frebolledo@sbcorp.gov.ph rdoringo@sbcorp.gov.ph

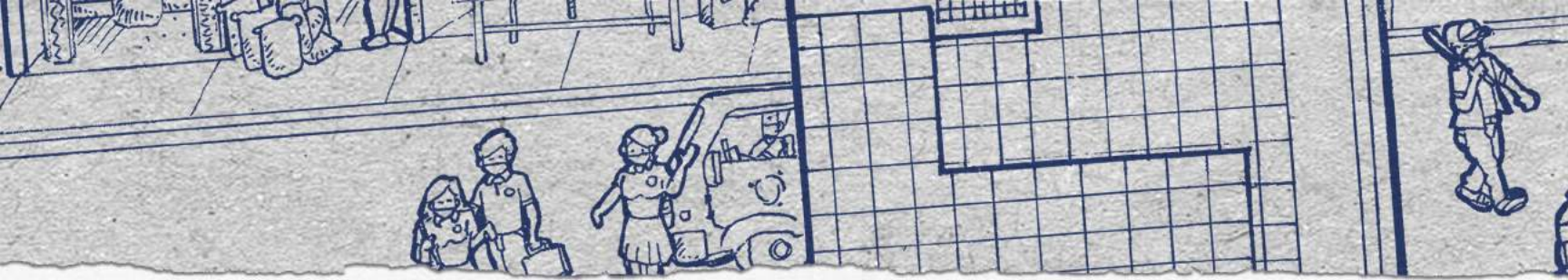


Directory offices

Province	Address	Office	Name	Position	Mobile No.	Office Contact No./ Email
SOUTHERN LUZON GROUP						
Romblon	Tourism Building, Barangay Tabin-Dagat, Odiongan, Romblon	Field Office	Debbie Joy A. Panoy	Provincial Coordinator	09274115311	dpanoy@sbcorp.gov.ph
Sorsogon	DTI Sorsogon Office 2nd Floor, Clemente Bldg. Piot, Sorsogon City	Field Office	Naliza E. Dio	Provincial Coordinator	09274115312	ndio@sbcorp.gov.ph
VISAYAS GROUP						
Cebu	Unit 1003-A Keppel Center, Cebu Business Park, Cebu City	Visayas Group Area Office	Larry Ancero	Provincial Coordinator	09453101963	lancero@mail.sbgfc.org.ph
Aklan	DTI-Aklan, JSM Building, Veterans Avenue, Kalibo Aklan	Field Office	Jecyl Bantigue	Provincial Coordinator	09453102007	jbantigue@mail.sbgfc.org.ph
Antique	2nd Floor Business Park, Governor Villavert Street, San Jose, Antique	Field Office	Gabriel Ebanen	Provincial Coordinator	09453102005	gebanen@mail.sbgfc.org.ph
Capiz	DTI Provincial Office Sacred Heart of Jesus Avenue, Pueblo de Panay, Brgy. Lawa-an, Roxas City, Capiz	Field Office	Mark Paul Serran	Provincial Coordinator	09453102006	mserran@mail.sbgfc.org.ph
Guimaras	DTI Provincial Office 2nd Floor Mavixs Bldg., New Site San Miguel, Jordan, Guimaras	Field Office	Joyce Minierva	Provincial Coordinator	09453102003	jminierva@mail.sbgfc.org.ph
Iloilo	DTI Region 6, corner J.M Basa-Peralta St., Iloilo Cityalta St., Iloilo City	Desk Office	Ivan Duran	Provincial Coordinator	09453466324	iduran@mail.sbgfc.org.ph
Negros Occidental	DTI Provincial Office, 2nd Floor East 2 Corp. Center corner Diola Circumferencial Rd., Brgy. Villamonte, Bacolod City, Negros Occidental	Field Office	Riah Molavin	Provincial Coordinator	09453101969	rmolavin@mail.sbgfc.org.ph
Bohol	DTI Bohol Province Office 2nd Floor, FCB Bldg, Carlos P. Garcia Ave., Tagbilaran City, Bohol	Field Office	Veronee Tocmo	Provincial Coordinator	09453102032	vtocmo@mail.sbgfc.org.ph
Negros Oriental	2nd Floor Uymatiao Bldg., San Jose Street, Dumaguete City, Negros Oriental	Field Office	Barbi Ann Jane	Provincial Coordinator	09453102030	bjane@mail.sbgfc.org.ph
Siquijor	Negosyo Center Portside Area, North Poblacion, Larena, Siquijor	Field Office	John Riel Tan	Provincial Coordinator	09453102031	jtan@mail.sbgfc.org.ph
Biliran	DTI - Provincial Office, 2nd Floor JAC Bldg. Caneja Street, Naval, Biliran	Field Office	Jackielyn Pelayo	Provincial Coordinator	09453102029	jpelayo@mail.sbgfc.org.ph
E. Samar	DTI-Provincial office, Wheeler's Bldg., Baybay 5, Brgy. Songco, Borongan City, Eastern Samar	Field Office	Ma. Joy Abobo	Provincial Coordinator	09453102025	mabobo@mail.sbgfc.org.ph
Leyte	DTI 8, Regional Office (new bldg), Pawing, Palo, Leyte	Desk Office	Christian Tolibas	Provincial Coordinator	09176329243	ctolibas@mail.sbgfc.org.ph
N. Samar	DTI NSPO 2nd Floor Luisa Angley Bldg. Barangay Sampaguita, Catarman, Northern Samar	Field Office	Edana May Esmeña	Provincial Coordinator	09453102024	eesmena@mail.sbgfc.org.ph
So. Leyte	Negosyo Center Sogod, LGU Sogod, Southern Leyte	Field Office	Athurlito Inot	Provincial Coordinator	09453102027	ainot@mail.sbgfc.org.ph
Samar	DTI Provincial Office Del Rosario Extension Poblacion 1 Catbalogan City, Samar	Field Office	John Sandro Cablites	Provincial Coordinator	09453102026	



Province	Address	Office	Name	Position	Mobile No.	Office Contact No./ Email
MINDANAO GROUP						
Davao City	Unit 410 4th Floor Landco Corporate Center, J.P. Laurel Avenue, Bajada Davao City	Mindanao Area Office	Veloso, Jayssabel S.	P3 Program Officer	0915-298-3918 0932-372-9959	(082) 221-0858; 221-1488
Zamboanga City/ Zamboanga del Sur (except Pagadian City)	DTI - Negosyo Center 2nd Floor VH Wee Bldg., Veterans Ave. Zamboanga City	Desk Office	Ellica, Albert B.	Desk Officer/ Reg. 9 P3 Supervisor	0917-802-2110 0917-325-8340	(062) 991 2704 - 05
Zamboanga Sibugay	DTI Negosyo Center 2F Montebello Bldg., National Highway Ipil, Zamboanga Sibugay Province	Field Office	Cape, Analiza D.	P3 Provincial Coordinator	0916-158-7835 0919-084-8378	(062) 955 5054
Zamboanga Del Norte	DTI Zamboanga Del Norte Government Center, Sta. Isabel Dipolog City	Field Office	Sumagang, Jaryl	P3 Provincial Coordinator	0975-741-6489 0912-987-4139	(065) 212 2944
Pagadian City	c/o DTI Provincial Office Nacida Bldg., Capitol Site, Purro St. Sto. niño District, Pagadian City	Field Office	Meijas, Cherry Rose	P3 Provincial Coordinator	0910-682-8102	(062) 945-2085 ; 214-3326
Isabela, Basilan	C/O DTI - Negosyo Center 2nd Floor VH Wee Bldg., Veterans Ave. Zamboanga City	Desk Office	Ellica, Albert B.	Desk Officer/ Reg. 9 P3 Supervisor	0917-802-2110 0917-325-8340	(062) 991 2704 - 05
Cagayan de Oro City/ Misamis Oriental	Dept. Of Trade And Industry Corrales Corner Luna Street Cagayan De Oro City	Desk Office	Montero, Jade M.	Desk Officer/ Reg. 10 P3 Supervisor	0917-801-2569 0907-885-4581	(08822) 722 278 729 291 722 276
Misamis Occidental	DTI Negosyo Center Dajao Building Poblacion I Oroquieta City, Misamis Occidental 7207	Field Office	Salibay, Roger	P3 Provincial Coordinator	0907-288-1975	(088) 530 5276 531 1231
Lanao del Norte	DTI – Lanao Del Norte Provincial Office 0171 Pm Durias Bldg., Quezon Ave. Ext. Pala-O, Iligan City	Field Office	Geronimo, Evelyn	P3 Provincial Coordinator	0997-905-5863	(063) 221 5534 221 5532
Lanao del Sur	c/o DTI – Lanao Del Norte Provincial Office 0171 Pm Durias Bldg., Quezon Ave. Ext. Pala-O, Iligan City	Field Office	Geronimo, Evelyn	P3 Provincial Coordinator	0997-905-5863	(063) 221 5534 221 5532
Camiguin	Negosyo Center, Mambajao Municipal Hall Mambajao, Camiguin	Field Office	Piquero, Emelita	P3 Provincial Coordinator	0909-635-4421	NONE
Bukidnon	DTI Bukidnon Kg Building, Bonifacio Drive Malaybalay City, Bukidnon	Field Office	Calimpusan, Christian	P3 Provincial Coordinator	0977-883-0453	(088) 813 2101
Davao del Sur	DTI Davao Del Sur, Coner Jacinto And Tirad Pass St., Zone 3 Pob., Digos City	Desk Office	Cabarlo, Nelson C.	Desk Officer / P3 Supervisor	0917-187-5679 0928-699-8888 0997-735-8542	0917 311 2857 (Dvo Occ.)
Davao del Norte	Department of Trade and Industry Provincial Office Government Center Brgy. Mankilam, Tagum City	Field Office	Dujali, Nicandro	P3 Provincial Coordinator	0912-704-1367 0919-003-5311 0956-715-0432	(082) 216 3505
Davao Occidental	c/o DTI Davao Occidental Field Office Door 2 Mutya & Matt Bldg., Geverola St. Poblacion Malita, Davao Occidental	Desk Office	Cabarlo, Nelson C.	Desk Officer / P3 Supervisor	0917-187-5679 0928-699-8888 0997-735-8542	0917 311 2857 (Dvo Occ.)



Directory offices

Province	Address	Office	Name	Position	Mobile No.	Office Contact No./ Email
MINDANAO GROUP						
Davao Oriental	3F Valles Bldg., Dti Office Rizal Street, Mati City	Field Office	HIRING ON PROCESS	P3 Provincial Coordinator		(087) 388 3735
Davao de Oro (Compostela Valley)	c/o Department Of Trade And Industry Provincial Office Government Center Brgy. Mankilam, Tagum City	Field Office	Araña, Romeo	P3 Provincial Coordinator	0963-813-3681	(082) 216 3505
North Cotabato/ BARM (except Marawi)	DTI Provincial Office Singao Road, Apo Sandawa Homes Phase 3 Kidapawan City	Desk Office	Aurel, Frederick	Desk Officer/ Reg. 12 P3 Supervisor	0966-684-0611 0950-025-9184	(064) 577 1531 577 1527
Sarangani	Alabel Negosyo Center, Public Market, Poblacion Alabel, Sarangani Province	Field Office	Camia, James L.	P3 Provincial Coordinator	0956-674-0693 0949-712-0780	(083) 508 2014 0917 820 2024 (NC)
Sultan Kudarat	Negosyo Center City Hall Compound Tacurong City	Field Office	Ducallas, Dianalyn G.	P3 Provincial Coordinator	0920-138-3989 0905-094-7114	(064) 200 6542
South Cotabato	2nd Floor R.A. Alajar Realty Bldg. South Osmeña Street, General Santos City	Field Office	Pacia, Ailene May	P3 Provincial Coordinator	0926-712-3440 0905-366-0988 0912-189-7715	(083) 554 2572
Surigao del Norte	DTI – Negosyo Center 2nd Floor Simtoco Business Center Burgos St., Surigao City	Field Office	Gallera, Jayson	P3 Provincial Coordinator	0907-331-3655 0927-028-2686	(086) 826 2373
Surigao del Sur	Dept. Of Trade and Industry 2F JTP Building, Donasco St. Tandag City, Surigao Del Sur	Field Office	Maylon, Jessie	P3 Provincial Coordinator	0930-470-1211	(086) 211 3029
Agusan del Norte	Dept. Of Trade & Industry Rudy Tiu Building li J.c. Aquino Ave., Butuan City	Field Office	Paran, Juniel	P3 Provincial Coordinator	0938-201-3721	(085) 341 5221
Agusan del Sur	DTI – Negosyo Center Municipal Tourism Building Quezon St., Brgy.2 San Francisco, Agusan Del Sur	Field Office	Villagantol, Rene P.	P3 Provincial Coordinator	0921-283-9001 0927-119-8559	NONE
Dinagat Islands	DTI – Negosyo Center 2nd Floor Simtoco Business Center Burgos St., Surigao City	Field Office	Gallera, Jayson	P3 Provincial Coordinator	0907-331-3655 0927-028-2686	(086) 826 2373