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2017-BC-0014468

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT

GENERAL SOLANO STREET, SAN MIGUEL, MANILA

ACKNOWLEDGEMENT RECEIPT

The **DEPARTMENT OF BUDGET AND MANAGEMENT** hereby acknowledges the receipt of your letter/request which has been uploaded to the DBM-Document Management System and routed to the appropriate office/s with the following information:

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SECRETARY'S CERTIFICATE

I, **JESSIE R. REOTUTAR**, acting in my capacity as Corporate Board Secretary of the Small Business Corporation, a government-owned and controlled corporation created by virtue of R.A. 6977, as amended by R.A. 8289 and further amended by R.A. 9501, after being duly sworn to in accordance with law, hereby certify that in the 284th Meeting of the Board of Directors of the Corporation held on 02 February 2017 at the SB Corporation Board Room, 18/F 139 Corporate Center, 139 Valero St., Salcedo Village, Makati City and at which a quorum was present, the following Resolution was duly passed, approved and confirmed:

BOARD RESOLUTION NO. 2017-02-2365

2017 CORPORATE OPERATING BUDGET

"RESOLVED: That as favorably recommended by Management, the 2017 Corporate Operating Budget of Small Business Corporation, a copy of which is attached as Annex "A" and made an integral part hereof be, as it is hereby approved and confirmed."

APPROVED.

Makati City, 02 February 2017.



JESSIE R. REOTUTAR
Corporate Board Secretary

O A T H

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this 03 FEB 2017 at Makati City, affiant exhibited to me his UMID No. CRN-006-0083-3539-9.

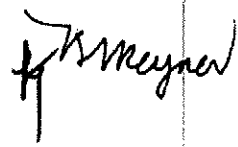
Doc. No. 289
Page No. 59
Book No. 10
Series of 2017.


BUENAVENTURA U. MENDOZA
Notary Public
Until December 31, 2018
PTR No. 5910014 Makati City - 1/03/17
IBP No. 1050787 10-28-16 Roll No. 31206
500-A Madrigal Bldg., Ayala Ave. Makati City

MEMORANDUM

FOR : **THE BOARD OF DIRECTORS**

FROM : **BARTHOLOMEW BRILLO L. REYNES**
President/CEO



DATE : January 31, 2017

SUBJECT : **SBC's PROPOSED 2017 CORPORATE OPERATING BUDGET**

In its meeting dated 15 December 2016, the Board of Directors, per BR No. 2016-12-2351, approved the proposed 2017 Corporate Operating Budget with the condition that expenses as presented are based on plantilla that has been approved.

As favorably endorsed by the Management Committee per MR No. 2016-12-12-046 dated December 12, 2016, this is to resubmit for Board's reconsideration SBC's proposed CY 2017 Corporate Operating Budget. Summary of major changes are presented in Exhibit A. Highlights of the proposed budget are as follows:

(In Thousand Pesos)

	2016		2017	Variance	
	Estimated	Board Approved	Proposal	Increase/ (Decrease)	%
REVENUES					
Lending Operations					
SME Wholesale	10,139	8,111	12,268	2,129	21%
Micro Wholesale	69,958	93,379	89,780	19,822	28%
Retail	112,035	164,757	255,373	143,339	128%
ERF	30,417	35,486	24,333	(6,083)	-20%
<i>Sub-Total</i>	222,549	301,733	381,755	159,206	72%
Guarantee Operations	1,050	6,300	1,260	210	20%
Equity Financing Operations	1,064	6,299	2,100	1,036	97%
Income from P3 Program	-	-	7,708	7,708	
Treasury Operations	65,063	51,716	53,126	(11,937)	-18%
Total Revenues	289,726	366,048	445,948	156,222	54%
FINANCING COST					
Interest Expense	33,469	30,030	58,923	25,454	76%
Guarantee Fee Expense	12,278	11,179	11,042	(1,237)	-10%
<i>Sub-Total</i>	45,747	41,210	69,965	24,218	53%
GROSS OPERATING INCOME	243,978	324,839	375,983	132,004	54%
NON-INTEREST INCOME					
Subsidy from National Gov't	9,352	-	3,774	(5,577)	-60%
Other Operating Income	15,400	15,400	21,964	6,564	43%
Gain on sale of Acquired Assets	12,000	15,000	14,000	2,000	17%
Gain/(Loss) On Foreign Exchange	(3,083)	-	-	3,083	-100%
Management Fee - CRGF	-	-	7,500	7,500	7,500
Miscellaneous Income	4,200	4,200	5,040	840	20%
<i>Sub-Total</i>	37,869	34,600	52,278	14,409	38%

NON-INTEREST EXPENSE					
Administrative Cost					
Personal Services	116,628	134,217	155,032	38,404	33%
MOOE	77,479	101,907	111,445	33,966	44%
MOOE- ERF	2,288	-	-	(2,288)	
Capacity Building Expense	5,749	10,800	3,818	(1,931)	-34%
<i>Sub-Total</i>	202,144	246,924	270,295	68,151	34%
Other Expenses					
Acquired Assets Expense	2,055	2,055	2,363	308	15%
Litigation Expense	500	1,103	1,600	1,100	220%
<i>Sub-Total</i>	2,555	3,157	3,963	1,408	55%
PROVISION FOR PROBABLE LOSSES	54,213	58,700	62,107	7,894	15%
Regular	44,500	54,950	55,402	10,902	24%
ROPA	3,150	3,750	6,705	3,555	113%
ERF	6,563	-	-	(6,563)	-100%
NET INCOME BEFORE TAXES AND EXTRA-ORDINARY ITEMS	22,935	50,658	91,896	68,960	301%
INCOME TAXES	2,506	-	-	(2,506)	
EXTRAORDINARY ITEMS					
Change in Derivative Valuation	(36,835)	(33,537)	(33,125)	3,710	-10%
<i>Total Extraordinary Items</i>	(36,835)	(33,537)	(33,125)	3,710	-10%
NET INCOME FROM CONTINUING OPERATION	(16,405)	17,120	58,771	75,176	-458%
NET OPERATING INCOME (NOI)	15,523	38,365	76,024	60,501	390%
OPERATIONAL SELF-SUFFICIENCY RATIO (OSSR)	83%	96%	103%	158%	24%
Return on Assets (ROA)	0.5%	0.3%	1.5%		
Return on Equity (ROE)	1.0%	0.7%	4.2%		

PONDO SA PAGBABAGO AT PAG-ASENSO PROGRAM (P3) PROGRAM
(In Thousand Pesos)

Support from National Government	1,000,000
Less: MOOE	
Microfinance on Lending	841,500
Cost of Credit Risk	148,500
Mobilization and Monitoring	10,000

YOLANDA COMPREHENSIVE REHABILITATION AND RECOVERY PLAN (YCRRP)
(In Thousand Pesos)

Support from National Government	750,001
Less: MOOE	
Credit Risk Guarantee Fund	750,001

The detailed budget proposal with the corresponding notes and assumptions used are attached herewith for your perusal.

For Board consideration and approval.

Small Business Corporation
2017 Corporate Operating Budget
 Notes and Assumptions Used

1. Loans Portfolio for the Year, Average Lending rates and Distribution per Program (in Million Pesos)

Annex G

	Rate 2017	2017 OB, End	Distribution per Program	2016 Estimated OB, end	Distribution per Program	Percent Increase (Decrease)	Rate 2016
SME Wholesale	5.50%	220.0	6%	200.0	7%	10%	5.00%
Micro Wholesale	7.00%	1,265.0	32%	1,150.0	43%	10%	6.00%
Retail/Structured Finance	12.50%	2,015.0	52%	850.0	31%	137%	13.00%
Retail- ERF	6.00%	400.0	10%	500.0	19%	-20%	6.00%
		3,900.0	100%	2,700.0	100%	144%	

2. Investment Portfolio for the Year (In Million Pesos)

Annex E

Investment Portfolio	2017			2016			
	Ave. Investment Rate 2017	OB, end	Distributi on	OB, end	Distributi on	Percent Inc.(Dec)	Ave. Investment Rate 2016
Short-term	0.75%	102.24	8%	95.43	6%	7%	0.74%
Long-term	4.20%	1,246.64	92%	1,496.64	94%	-17%	4.30%
		1,348.87	100%	1,592.06	100%	-15%	

3. Borrowings and Finance Cost (In Million Pesos)

Annex F

	Borrowings for 2017	Rate (Gross of FXRC)	Finance Cost	2017 OB, end	2016 OB, end
ODA Funds		4.75%	19.4	1,152.1	1,277.6
MSME Notes	700.0	1.50%	34.6	2,273.6	1,503.6
Bank Loans	350.0	4.50%	16.0	350.0	-
	1,050.0		70.0	3,775.7	2,781.2

4. Administrative and Other Expenses (*Regular*)

(In Millions)

Personnel Services	155.0
MOOE	111.4
	<u>Php 238.3 M</u>

Schedule 1

5. Provision for Probable Losses, were based on the following

• SME Wholesale	2.2
• Micro Wholesale	12.7
• Retail	40.3
• Guarantees	.3
Total	<u>62.8 M</u>
• ROPA	<u>6.7 M</u>

Annex G

6. Proceeds from Disposal of Acquired Assets 50.0 M

7. Capacity Building Program 3.8 M

8. Additional Hiring (*no. of personnel*) 46

9. Promotions (*no. of personnel*) 43

10. Capital Expenditures - PPE	15.0 M
- Loans Outlay	<u>3,660.6 M</u>

Schedule 2

Total Capital Outlay **3,675.6 M**

Annex A	-	<i>Projected Income Statement</i>
Annex A -1	-	<i>Projected Income Statement (CRGF & P3 Program)</i>
Annex B	-	<i>Projected Balance Sheet</i>
Annex C	-	<i>Projected Cash Flows</i>
Annex C -1	-	<i>Projected Cash Flows (CRGF & P3 Program)</i>
Annex D	-	<i>Loans Target and Income Projections</i>
Annex E	-	<i>Treasury Income Projections</i>
Annex F	-	<i>Projected Foreign & Domestic Borrowings</i>
Annex G	-	<i>Loan Portfolio Targets</i>
Schedule 1	-	<i>Personnel & MOOE Expenses</i>
Schedule 2	-	<i>Capital Outlay</i>

**Summary of Major Changes from the Approved Provisional COB for 2017
(BR No. 2016-12-2351)**

1. Substantial decrease in Personal Services (PS) due to the decrease in the proposed number of hirings from 63 to 46
2. Decrease in the number of Account Officers generating loan portfolio.
3. Decrease in each Account Officer's borrower load from 70 accounts to 65 accounts.
4. Local borrowing of Php 350 million

The impact of these changes resulted to adjustments in the level of loan portfolio target as well as its corresponding income.

Changes from Provisional COB to Resubmitted COB

Particulars	Provisional	Updated	Variance	% Chg
Lending Portfolio	4.265 B	3.900 B	365 M	-8.5
Lending Revenues	428.0 M	381.7 M	46.3 M	-10.8
No. of Account Officers	34	31	3	-8.8
AO Borrower Load	70	65	5	-7.1
Administrative Cost				
Personal Services	190.8 M	155.0 M	35.8 M	-18.8
No. of Hirings	63	46	17	-27.0
MOOE	104.5 M	111.4 M	6.9 M	6.6

Small Business Corporation
 Projected Income Statement FY 2017
 In Thousands

Annex A

	2016		2017	Variance	
	2016	Board Approved	Proposal	Increase/ (Decrease)	%
REVENUES					
Lending Operations					
SME Wholesale	10,139	8,111	12,268	2,129	21%
Micro Wholesale	69,958	93,379	89,780	19,822	28%
Retail	112,035	164,757	255,373	143,339	128%
ERF	30,417	35,486	24,333	(6,083)	-20%
<i>Sub-Total</i>	222,549	301,733	381,755	159,206	72%
Guarantee Operations	1,050	6,300	1,260	210	20%
Equity Financing Operations	1,064	6,299	2,100	1,036	97%
Income from P3 Program	-	-	7,708	7,708	
Treasury Operations	65,063	51,716	53,126	(11,937)	-18%
Total Revenues	289,726	366,048	445,948	156,222	54%
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Interest Expense	33,469	30,030	58,923	25,454	76%
Guarantee Fee Expense	12,278	11,179	11,042	(1,237)	-10%
<i>Sub-Total</i>	45,747	41,210	69,965	24,218	53%
GROSS OPERATING INCOME	243,978	324,839	375,983	132,004	54%
NON-INTEREST INCOME					
Subsidy from National Gov't	9,352	-	3,774	(5,577)	-60%
Other Operating Income	15,400	15,400	21,964	6,564	43%
Gain on sale of Acquired Assets	12,000	15,000	14,000	2,000	17%
Gain/(Loss) On Foreign Exchange	(3,083)	-	-	3,083	-100%
Management Fee - CRGF	-	-	7,500	7,500	7,500
Miscellaneous Income	4,200	4,200	5,040	840	20%
<i>Sub-Total</i>	37,869	34,600	52,278	14,409	38%
NON-INTEREST EXPENSE					
Administrative Cost					
Personal Services	116,628	134,217	155,032	38,404	33%
MOOE	77,479	101,907	111,445	33,966	44%
MOOE- ERF	2,288	-	-	(2,288)	
Capacity Building Expense	5,749	10,800	3,818	(1,931)	-34%
<i>Sub-Total</i>	202,144	246,924	270,295	68,151	34%
Other Expenses					
Acquired Assets Expense	2,055	2,055	2,363	308	15%
Litigation Expense	500	1,103	1,600	1,100	220%
<i>Sub-Total</i>	2,555	3,157	3,963	1,408	55%
PROVISION FOR PROBABLE LOSSES	54,213	58,700	62,107	7,894	15%
Regular	44,500	54,950	55,402	10,902	24%
ROPA	3,150	3,750	6,705	3,555	113%
ERF	6,563	-	-	(6,563)	-100%
NET INCOME BEFORE TAXES AND EXTRA-ORDINARY ITEMS	22,935	50,658	91,896	68,960	301%
INCOME TAXES	2,506	-	-	(2,506)	
EXTRAORDINARY ITEMS					
Change in Derivative Valuation	(36,835)	(33,537)	(33,125)	3,710	-10%
<i>Total Extraordinary Items</i>	(36,835)	(33,537)	(33,125)	3,710	-10%
NET INCOME FROM CONTINUING OPERATION	(16,405)	17,120	58,771	75,176	-458%
NET OPERATING INCOME (NOI)	15,523	38,365	76,024	60,501	390%
OPERATIONAL SELF-SUFFICIENCY RATIO (OSSR)	83%	96%	103%	158%	24%

Small Business Corporation (CRGF & P3 PROGRAM)
Projected Income Statement FY 2017

Annex A-1

In Thousands

	<u>2017</u>
	<u>PROPOSAL</u>
INCOME	
Subsidy from National Gov't	1,750,001
Interest Income from P3 Program	4,830
Total Income	<u>1,754,831</u>
EXPENSES	
MOOE	
Microfinance on Lending	(841,500)
Credit Risk Guarantee Fund	(750,001)
Mobilization & Monitoring	(158,500)
NET INCOME	<u><u>4,830</u></u>

Small Business Corporation
Projected Balance Sheet FY 2017
In Thousands

Annex B

	Estimated	Proposal	Variance	
	2016	2017	Increase/ (Decrease)	%
ASSETS				
Current Assets				
Cash and Cash Equivalents	95,428	102,236	6,809	7%
Investment in Gov't Securities	100,000	100,000	-	0%
Interest Receivable on Investments	29,933	18,700	(11,233)	-38%
Interest Receivable on Loans	56,356	81,665	25,309	45%
Loans Receivable, Net	2,817,782	4,083,230	1,265,448	45%
	3,099,498	4,385,830	1,286,332	42%
Non-Current Assets				
Long-term Investment - GS	1,396,637	1,146,637	(250,000)	-18%
Equity Investment in Joint Venture	14,473	35,000	20,528	142%
Investment Property, net	105,167	94,650	(10,517)	-10%
Property and Equipment, net	77,616	83,355	5,738	7%
Deferred Tax Asset	132,023	118,821	(13,202)	-10%
Other Assets	196,535	216,189	19,654	10%
	1,922,451	1,694,651	(227,800)	-12%
			-	
Total Assets	5,021,949	6,080,481	1,058,533	21%
			-	
LIABILITIES				
Current Liabilities				
Notes Payable	1,264,096	2,010,147	746,051	59%
Bank Loan	-	350,000	350,000	0%
Long-term Liabilities	116,412	116,412	-	0%
Interest Payable	12,387	15,463	3,076	25%
Other Current Liabilities	70,228	73,740	3,511	5%
	1,463,124	2,565,762	1,102,638	75%
Non-Current Liabilities				
Long-term Liabilities	1,161,203	1,035,650	(125,552)	-11%
Notes Payable	239,495	263,444	23,949	10%
Derivative with Negative Fair Value	21,941	20,668	(1,273)	-6%
	1,422,639	1,319,762	(102,876)	-7%
			-	
Total Liabilities	2,885,763	3,885,524	999,762	35%
			-	
EQUITY				
Capital Stock	1,919,902	1,919,902	-	0%
Paid in Capital in Excess of Par Value	79,510	79,510	-	0%
Unappropriated Retained Earnings	(93,899)	(35,129)	58,771	-63%
Appropriated Retained Earnings	230,673	230,673	-	0%
Total Equity	2,136,186	2,194,957	58,771	3%
			-	
Total Liabilities and Equity	5,021,949	6,080,481	1,058,533	21%

Small Business Corporation
 Projected Statement of Cash Flows FY 2017
 In Thousands

Annex C

	Estimated 2016	Proposal 2017
Cash Flows from Operating Activities:		
Cash Inflows:		
Interest on Loans	263,611	305,404
Interest on Investments	42,820	14,799
Guarantee Fees	1,050	1,260
Other Income	15,400	21,964
Collections from loans to employee	7,000	4,000
Advances from suppliers and creditors	28,714	22,971
Collection of Loans	2,400,000	2,340,000
Total Cash Inflows	2,758,595	2,710,398
Cash Outflows:		
Loans granted to employees	6,770	6,093
Advances to suppliers and creditors	28,643	25,779
Payment of Operating Expenses	139,899	189,206
Loan Releases	2,619,286	3,660,598
Total Cash Outflows	2,794,598	3,881,676
Net Cash Provided by (Used in) Operating Activities	(36,003)	(1,171,279)
Cash Flows from Investing Activities:		
Cash Inflows:		
Proceeds from Held-To-Maturity Investment	550,000	350,000
Proceeds from Disposal of Acquired Properties (ROPA)	50,000	50,000
Proceeds from Disposal of Property and Equipment	15,000	15,000
Total Cash Inflow	615,000	415,000
Cash Outflows:		
Placements of Held-To-Maturity Investment	628,214	100,000
Purchase of Property and Equipment	15,000	15,000
Investment in Equity Venture Capital	-	20,528
Costs relative to foreclosed properties (ROPA)	1,774	-
Total Cash Outflows	644,988	135,528
Net Cash Provided by Investing Activities	(29,988)	279,473
Cash Flows from Financing Activities:		
Cash Inflows:		
Proceeds from Issuance of mSME Notes	1,400,000	2,100,000
Proceeds from Foreign Loans	-	350,000
Proceeds from Bank Loans	-	-
Total Cash Inflows	1,400,000	2,450,000
Cash Outflows:		
Payment of Foreign Loans	118,296	118,296
Payment of Interest on Loans and Other Finance Costs	58,173	68,512
Payment of Matured mSME Notes	1,374,409	1,364,578
Payment of Bank Loans	-	-
Total Cash Outflows	1,550,878	1,551,385
Net Cash Used in Financing Activities	(150,878)	898,615
Net increase (decrease) in cash and cash equivalents	(216,869)	6,809
Add: Cash and Cash Equivalents, Beginning	312,296	95,428
Cash and Cash Equivalents, Ending	95,428	102,236

Small Business Corporation (CRGF & P3 PROGRAM)
Projected Statement of Cash Flows FY 2017
In Thousands

Annex C-1

	<u>2017</u>
	<u>PROPOSAL</u>
<i>Cash flows from operating activities</i>	
Receipt of government subsidy	1,750,001
Loans Granted	(841,500)
Payment of Guarantee	(712,501)
Other inflows/(outflows)	(196,000)

SMALL BUSINESS CORPORATION
2017 LOANS TARGET & INCOME PROJECTIONS
In Millions

Annex D

Period	2016, end	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Average	%
Loan Portfolio	2,700.00	3,250.00	3,550.00	3,499.50	3,650.00	4,149.10	4,000.00	3,833.00	4,230.00	4,280.20	4,500.00	4,360.00	4,534.00		
Breakdown															
Wholesale	200.00	250.00	250.00	250.00	250.00	249.10	200.00	200.00	200.00	200.00	200.00	200.00	200.00	219.16	7%
Micro	1,150.00	1,300.00	1,300.00	1,300.00	1,500.00	1,500.00	1,400.00	1,233.00	1,230.00	1,230.00	1,200.00	1,000.00	900.00	1,249.46	43%
Retail	850.00	1,200.00	1,500.00	1,500.00	1,500.00	2,000.00	2,000.00	2,000.00	2,400.00	2,500.00	2,800.00	2,860.00	3,100.00	2,016.15	31%
Retail-ERF	500.00	500.00	500.00	449.50	400.00	400.00	400.00	400.00	400.00	350.20	300.00	300.00	334.00	402.59	19%
Total	2,700.00	3,250.00	3,550.00	3,499.50	3,650.00	4,149.10	4,000.00	3,833.00	4,230.00	4,280.20	4,500.00	4,360.00	4,534.00	3,887.37	100%
Income															
SME Wholesale	12,268	1,07	1,07	1,18	1,15	1,18	1,03	0,95	0,95	0,92	0,95	0,92	0,92	0,92	5,50%
Micro Wholesale	89,780	7,38	7,08	7,84	8,17	9,04	8,46	7,94	7,42	7,18	7,32	6,42	5,54	5,54	7,00%
Retail/Structured Finance	255,373	11,03	13,13	16,15	15,63	18,84	20,83	21,53	23,68	25,52	28,52	29,48	31,04	31,04	12,50%
Retail-ERF	24,333	2,58	2,33	2,45	2,12	2,07	2,00	2,07	2,07	1,88	1,68	1,50	1,59	1,59	6,00%
Total	381,755	22,07	23,61	27,62	27,06	31,13	32,32	32,48	34,12	35,49	38,47	38,31	39,09	39,09	25,00%

Small Business Corporation
Treasury Income Projection FY 2017 to 2021
In Thousands

<i>Annex E</i>

	<u>Estimated 2016</u>	<u>Proposal 2017</u>
Income from Short-term Deposits		
SDAs/HYSA/Up to 90-day T-Bills	95,428	102,236
Projected Portfolio Rate, net	0.74%	0.75%
Income from Short-term Deposits	<u>707</u>	<u>767</u>
Investment Income		
Investment in GS	1,496,637	1,246,637
Projected Portfolio Rate, net	4.30%	4.20%
Income from Investments	<u>64,356</u>	<u>52,359</u>
Treasury Gross Income	<u><u>65,063</u></u>	<u><u>53,126</u></u>

Small Business Corporation

Annex F

Projected Foreign and Domestic Borrowings FY 2017

In Thousands

Creditor	Int. Rate	Estimated 2016	Proposal 2017
Outstanding Balance			
Foreign Loans			
ADB	4.40%	638,650	535,652
KfW	4.75%	609,765	589,095
IFAD	4.75%	29,199	27,315
Total		1,277,615	1,152,062
Domestic Borrowings			
MSME Notes	1.50%	1,453,591	1,503,591
MSME Notes Maturities		(1,350,000)	(1,330,000)
Projected Issuance	1.50%	1,400,000	2,100,000
Total mSME Notes		1,503,591	2,273,591
Bank Loan		-	-
Loan repayment		-	-
Loan availment		-	350,000
Total Bank Loan	4.5%	-	350,000
FXRC Fee			
ADB	3.00%	18,387	15,297
KfW	3.00%	18,448	17,828
Total		36,835	33,125
Guarantee Fee			
ADB	1.00%	6,129	5,099
KfW	1.00%	6,149	5,943
Total		12,278	11,042
Interest Expense			
ADB	0.40%	3,077	2,600
KfW	0.75%	4,573	4,457
IFAD	4.75%	1,409	1,320
MSME Notes	1.50%	24,409	34,578
Bank Loan	4.50%	-	15,969
Total		33,469	58,923
Total Finance Costs		82,582	103,090

Small Business Corporation
Loan Portfolio Targets (In Million Pesos)
FY 2017

Annex G

	Estimated 2016	Proposal 2017
Loan Portfolio Distribution (Earning OB)		
Wholesale Lending for SMEs	200.0	220.0
Wholesale Lending for Micros	1,150.0	1,265.0
Retail	1,350.0	2,415.0
Retail - Regular	850.0	2,015.0
Retail - ERF	500.0	400.0
Total	2,700.0	3,900.0

Growth Rates

Wholesale Lending for SMEs	10.0%
Wholesale Lending for Micros	10.0%
Retail	78.9%
Regular	137.1%
ERF	-20.0%
Total Portfolio	44%

Guarantee Loan Portfolio	250.0	300.0
Contingent Liability Portfolio	35.0	42.0
Equity Financing Portfolio	18.7	35.0

Interest Rates

Wholesale	5.00%	5.50%
Micro	6.00%	7.00%
Retail		
Regular	13.00%	12.50%
ERF	6.00%	6.00%

Revenue from Loans

Wholesale	10.1	12.3
Micro	70.0	89.8
Retail	142.5	279.7
Regular	112.0	255.4
ERF	30.4	24.3
Total	222.5	381.8

Average Earning Loan Size

Retail	500,000	1,000,000
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CLIENT BASE

No. of FIs/SME Borrowers from Lending	2,280	2,495
Wholesale Lending	80	80
Direct Financing (Retail & EF)	2,200	2,415
Retail - Regular	1,700	2,015
Retail - ERF	500	400
No. of SMEs from Equity Financing	20	30
Total FIs/SMEs	2,300	2,525

Normal Risk AO Borrower-Load	94	65
Number of Normal-Risk AO & Desk Officer	18	31
New AO's		9
DO's performing AO role		4

Small Business Corporation
Loan Portfolio Targets (In Million Pesos)
FY 2017

Annex G

	Estimated 2016	Proposal 2017
Cost of Credit Risk		
Assumed Rate of Provisioning		
Wholesale Lending for SMEs	1.0%	1.0%
Wholesale Lending for Micros	1.0%	1.0%
Retail	2.0%	2.0%
Guarantee	3.0%	3.0%
ROPA	0.3%	0.3%
Total	<u>4.0%</u>	<u>4.0%</u>
Provision for Losses		
Wholesale Lending for SMEs	2.0	2.2
Wholesale Lending for Micros	11.5	12.7
Retail	17.0	40.3
Guarantee	0.2	0.3
ROPA	3.2	6.7
Total	<u>33.9</u>	<u>62.1</u>
Income from P3 Program		
Micro (Mgt Fees)	0.0	3.7
Retail (Direct Lending)	0.0	4.0
Total	<u>0.0</u>	<u>7.7</u>

Schedule of Personnel & MOOE Expenses for CY 2017

In Million Php

	Estimated 2016	Proposal 2017
Personnel Services		
Salaries, Wages & Bonuses	94.28	125.43
Employee Benefits	14.40	17.26
GSIS/HDMF/PHILHEALTH & EC	7.27	9.80
Board Fees/PBI for Board/Per Diem	0.68	2.53
	116.63	155.03
Maintenance & Other Operating Expenses- Regular		
Taxes & Licenses	12.39	13.63
Depreciation Expense *	7.01	9.60
Contractual and Other Admin. Services	9.12	19.25
Promotion and Entertainment Expenses	4.25	5.07
Year-end Expense	2.64	3.98
Other Operating Expenses	3.65	0.40
Communication Expenses	3.62	5.75
Auditing Services	3.22	4.10
Power, Light and Water	2.63	4.01
Repairs & Maint.	2.62	4.68
Rental Expenses	3.37	6.68
Condominium Dues	2.21	2.50
Travelling Expenses	3.15	5.47
Insurance Expenses and Premiums	1.55	1.69
Security & Janitorial Services	1.52	2.19
Supplies & Materials	1.22	2.60
Training & Seminar	1.77	3.54
Fuel, Oil & Lubricants	0.78	2.29
Business Dev't. Cost	0.81	2.12
Board & Committee Expenses	0.49	0.86
Management and Other Professional Fees	6.64	4.34
Advertising and Publicity	0.35	1.21
Printing and Binding	0.52	0.93
Business Promotion	0.43	2.51
Subscriptions and Periodicals	0.05	0.19
Membership Fees & Dues	0.02	0.15
Grant, Aids & Donations	-	0.01
Mgm't. Comm. Expense	0.03	0.17
Miscellaneous Expenses	1.42	1.55
Total	77.48	111.45
Capacity Building Expense	5.75	3.82

* non-cash expense

SMALL BUSINESS CORPORATION
PROPOSED CAPEX PER LINE ITEM (SUMMARY)
 FY 2017

Schedule 2

		NLG	SLG	VG	MG	CLLU	HO	Grand Total
219000	Leasehold Improvement, Bldgs	120,000	600,000	300,000	800,000			1,820,000
221000	Office Equipment	15,000	178,000	119,000		30,000	488,000	830,000
222000	Furniture & Fixtures	60,500	392,000	208,000	475,000	148,000	1,412,000	2,695,500
223000	IT Equipment	95,000	1,046,000	377,000	670,000	315,000	2,742,000	5,245,000
250000	Other PPE - Miscellaneous	70,500	456,000	304,500	542,000	15,500	721,000	2,109,500
219005	Building Improvements						2,300,000	2,300,000
Total - PPE		361,000	2,672,000	1,308,500	2,487,000	508,500	7,663,000	15,000,000

With major & substantial requests:

New & Replacement of Desktop Computers (56) & Laptops (4)	2,400,000
Warehouse /Office Enhancement/Improvement	-
SLG's provision for transfer of office	2,135,000
HO additional workstation, chairs & tables, pedestal,	530,000
MG's provision for additional office space	111,500
PTG's upgrading of Unified Threat Mgt Appliance, Server & License	65,000
Maintenance (Server and License, UTM Appliance)	
Provision for opening of new Desk Offices (CLLU- Bataan,	401,000
CLLU- Tarlac, NLG- Vigan, MG-Kidapawan	
BCP Equipment	230,000

Loans Outlay	3,660,598,000
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Total Capital Outlay	3,675,598,000
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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GENERAL SOLANO STREET, SAN MIGUEL, MANILA

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