



INFORMATION MEMORANDUM
Issue No. 03, Series of 2009

TO: ALL CONCERNED LENDING INSTITUTIONS

**SUBJECT: TERM AND CONDITIONS OF SB CORPORATION PREFERRED SHARES –
ALTERNATIVE COMPLIANCE TO MANDATORY ALLOCATION (ACMA)**

The following are the guidelines for the purchase of Preferred Shares – ACMA:

Priority shall be given to applications received by SB Corporation not later than 10 working days prior to the end of every calendar quarter in the following order:

1. Existing holder or have availed of the MSME Notes for the immediately preceding year,
2. At the same time availing of MSME Notes equivalent to at least 50% of preferred shares to be subscribed (subject to availability), e.g. for the minimum subscription of preferred shares equivalent to Php200,000, availment of MSME Note is at least PhP100,000.

Subscription to Preferred Shares ACMA is subject to a Processing Fee of PhP500.00 and the submission of the following basic documentary requirements:

1. Application to Purchase
2. Letter of Intent
 - a. Addressed to Mr. Benel P. Laguna, President and COO
 - b. Attention to Ms. Josefina Flores, Head - Fund Sourcing and Management Group
3. Board Resolution authorizing the bank to engage in MSME compliance facilities of SB Corporation and specifying authorized signatories/representatives.
4. Two copies of duly executed Form for Specimen Signature attached to the Application to Purchase by the authorized signatories/representatives mentioned in the Board Resolution. In the event that there are changes in the authorized signatories/representatives, a new Board Resolution must be submitted to SB Corporation together with the updated signature cards.
5. Latest Report on Mandatory Allocation of Credit Resources duly-received by BSP.
6. If claiming tax-exempt status,
 - a. a certified true copy of the original tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue on file with the applicant as certified by its duly authorized officer, and
 - b. other documentary requirements as may be required by the Issuer as proof of the applicants' tax-exempt status.

Attached is the Summary of Terms and Conditions for your reference. For further inquiries and other concerns please contact the Fund Sourcing and Management Group of Small Business Corporation at 751-1888 local 1711 to 1715 or email to compliancehelpdesk@sbgfc.org.ph.

VIRGILIO R. ANGELO
Chairman and Chief Executive Officer



Summary of Terms and Conditions

Issuer	Small Business Corporation
Offer Shares	16,000,000 Preferred Shares – ACMA (Alternative Compliance to Mandatory Allocation)
Manner of Issue	Private Placement
Issue Size	One Billion, Six Hundred Million Pesos (Php1,600,000,000)
Par Value	Php 100.00
Issue Price	Php 100.00
Offer Period	29 May 2009 onwards
Minimum Subscription	2,000 shares; additional shares shall be in multiple of 1,000 shares
Eligible Investors	All under-complied lending institutions as defined by Bangko Sentral ng Pilipinas rules
Features	Non-voting, non-participating, non-convertible, no right of preemption and cumulative as to dividends
Dividend Rate	The Offer Shares are entitled to receive a fixed annual dividend of 4%.
Dividend Payment	Dividends shall be in form of cash and payable if declared by the SB Corporation's Board of Directors based on the Issue Date and Issue Price of the issued and outstanding shares.
Redemption	The Offer Shares are redeemable, as and if declared by the Issuer's Board, on the fifth anniversary from the Issue Date (Optional Redemption Date) or on any Dividend Payment Date thereafter. Redemption shall be in whole, at a price equal to the Issue Price plus accrued and/or accumulated dividends up to the Redemption Date. SB Corporation shall provide written notice to Preferred Shareholders at least 30 calendar days prior to redemption.
Pre-termination Clause	<p>The Preferred Shareholder is allowed to pre-terminate in part or in whole on any Issue Date anniversary subject to the pre-termination penalty of 100 BPS of the par value of the preferred shares. However, at the end of the third year from Issue Date and on any Issue Date anniversary thereafter, the Preferred Shareholder may terminate or sell to the Issuer the preferred shares without penalty and at a price equivalent to 100% of Issue Price plus all accrued and unpaid dividends.</p> <p>The Preferred Shareholder shall provide written notice to the Issuer not less than thirty (30) calendar days prior to the intended date of pre-termination or sale of the preferred shares to the Issuer. The pre-termination value shall be equal to the sum of 100% of Issue Price less pre-termination penalty. In addition, all accrued and unpaid dividends shall also be paid upon pre-termination.</p>
Taxes	All documentary stamp taxes (DST) applicable to the issuance of the Offer Shares shall be for the sole account of the Applicant of Preferred Shares ACMA.
Transferability	Negotiation or transfer of the Preferred Shares ACMA to one other than the Issuer is prohibited.
Refund	In the event that the number of Offer Shares to be received by an applicant, as confirmed by SB Corporation, is less than the number indicated in the Application to Purchase, or if the Application to Purchase is rejected, then the Company shall refund, without interest, within five Banking Days from the intended Issue Date, all, or a portion of the payment corresponding to the number of Offer Shares wholly or partially rejected. A refund check will be made in favor of the respective Applicant and crossed "Payee's Account Only" and mailed or delivered, at the Applicant's risk, to the address specified in the Letter of Intent.
Sinking Fund	Beginning on the issue date, 20% of the proceeds of the issued shares shall be set aside and may be increased periodically to cover redemption or pre-termination of the outstanding shares and dividend in arrears, if there is any.

The above summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information found elsewhere in the Prospectus regarding the issuance of preferred shares. The purchaser should read the entire Prospectus and the Terms and Conditions fully and carefully. In case of any inconsistency between this summary and the more detailed information in the Prospectus, then the more detailed provision and/or Terms and Conditions, as the case may be, shall at all times prevail.