

# Vision Mission



## Vision

“The financial pillar that supports and promotes Thai SMEs”

## Mission

- ◆ To support the government policies to assist and promote Thai SMEs
- ◆ To provide financial services that respond to Thai SMEs' demands
- ◆ To promote and develop Thai SMEs along with the financial support
- ◆ To develop the information technology system and the organization management to be effective under the concept of the good corporate governance

## Message from the Chairman of the Board of Directors



Year 2010 another year of accomplishment. The Bank continues to grow from 2009 and shows excellent performance in every aspect. The Bank is successful in assisting SMEs in every region across the nation. There are a total of 38,530 loan recipients, an increase of 338.38% from the previous year and the total credit of 58,826.30 million baht which has been the highest amount since the establishment of SME Bank. The loans released this year help maintain and create new jobs of 182,394

Throughout eight years and going into the 9<sup>th</sup> year since SME Bank has been established, we are proud to play a vital role to help Thai SMEs in every situation. The assistance ranges from helping SMEs to have an access to a formal funding source along with developing the potential of SMEs in order for them to survive, sustain, and become a critical root of the Thai economy. It is clear that in the past two years, the government has continued to entrust the Bank to help alleviate SMEs affected by various immediate crisis; from the political unrest, the appreciation of the baht, to the flood crisis in the end of the year 2010. The assistance is through various smePOWER loan schemes i.e. smePOWER for the New Start and smePOWER for the Flood Victims. SME Bank has proved that we are able to respond to the immediate demands of small and mid-sized business operators. With short period of loan approval process and disbursement process, the assistance was sent to rescue many businesses in time and allows them to survive and grow.



Additionally, SME Bank has proactively set a policy that strategically targets special business groups that are critical to the development of the nation, namely: the tourism industry, alternative energy, logistics, gems and jewelry, etc. and small business operators that have difficulties in gaining access to a funding source.

In the year 2010, 71.24% of SME Bank's total credit goes to the governmental loans and loans to help alleviate the immediate financial burden of SMEs. This high percentage, comparing to only 6.26% in the year 2008 confirms the important role of SME Bank in being the main financial institution that assists and supports Thai SMEs as set forth in the company's vision statement.

The other major role of SME Bank is the entrepreneurship development, which the Bank has committed to maintain a continual program that will create a stable future for SMEs. SME Bank has especially helped SMEs to prepare for AEC in 2015 and helped increase their competitiveness through improving the product standard that is consistent with international standards, developing the products that are consistent with the creative economic idea, increasing the management effectiveness, and expanding the clients' marketing opportunities.

Under the management of the Board of Directors, the Bank's executive members, and the dedication of SME Bank's employees, we are proud to mark the year 2010 another year of accomplishment. The Bank continues to grow from 2009 and shows excellent performance in every aspect. The Bank is successful in assisting SMEs in every region across the nation. There are a total of 38,530 loan recipients, an increase of 338.38% from the previous year and the total credit of 58,826.30 million baht which has been the highest amount since the establishment of SME Bank. The loans released this year help maintain and create new jobs of 182,394 individuals, while the Bank manages to decrease its non-performing loans (NPLs) to 20% of the total outstanding loans, comparing to 50% in the past. Therefore, the Bank's total asset has increased 39.43% and the Bank is able to incur the net profit of 128.48 million baht. This year performance allows SME Bank to receive a 4.2180 score from Tris Corporation, which is a higher score than last year and it is the highest score since the Bank has been established. This proves to be another landmark of the distinctive performance in the year 2010.

Owing to the Ministry of Finance and the Ministry of Industry that oversee and directly support SME Bank, we can experience today's success of SME Bank. We also would like to show our appreciation for the collaboration and support we have received from our clients, business allies, and every sector of the Thai society. We promise that we will do business with efficiency and transparency under the practice of the good governance. We would like to declare one more time that we would stand by and continue to play the vital role of major financial institute that helps SMEs grow and become sustainable alongside Thailand.



(Mr. Pongpanu Svetarundra)  
Chairman

# Audit Committee Report


The Audit Committee of SME Bank comprises:

1. Dr. Tanit	Sorat	Chairman
2. Dr. Sakarindr	Bhumiratana	Director
3. Mr. Tee-ra	Witwutisak	Director
4. Mr. Boonsak	Chiempricha	Director
5. Vice President, Internal Audit Department		Secretary

In 2010, the Audit Committee has held 8 meetings to review several issues and agendas and reported each meeting to the SME Bank Board of Directors. The summarized issues are as follows:

1. The Audit Committee has reviewed the adequacy and efficiency of the risk management process and its internal audit with the internal auditors through audit reports that cover the risks involving strategies, credits, markets, liquidity, and operations to ensure that the internal supervision system is adequate and appropriate. They also monitor and follow the attempts to solve the problems and try to maximize the operational effectiveness.
2. The Audit Committee has reviewed the accuracy and credibility of the Periodical and Annual Financial Reports as they follow and monitor the information acquisition and the preparation process. Additionally, they analyze the ratio of critical financial information and voice their opinions and suggestions that benefit the management.
3. The Audit Committee has reviewed and ensured that all the operations are in accordance with the internal rules and regulations, as well as the ones set forth by external authorities.
4. The Audit Committee has reviewed and approved the operational plans and annual plan key performance indicator of the year 2010, The three-year strategic plan from 2011-2013, and the review plan for 2011 as well as human resources and budgets in order to cover issues that need to be monitored and the operations to be done effectively and independently.
5. The Audit Committee has reviewed the charters for the Audit Committee and the Internal Audit Department and review the approval of the internal audit manual.
6. The Audit Committee has reviewed and approved the yearly evaluation and agreed to improve the structure of the Internal Audit Department. Additionally, they have restructured the department organization and appointed new personnel to fill the vacant positions.
7. The Audit Committee has conducted a self-assessment and approved the self-assessment program for the Internal Audit Department.

The Audit Committee performed the duties according to the responsibilities set forth in the charters. They have worked independently and have been encouraged to consult or have a meeting with the management at their discretion. The Audit Committee, therefore, has agreed that SME Bank has prepared and conducted the financial report accurately. The report is credible and is in accordance with the standard upheld in general accounting. It has had an internal control and has exercised the adequate risk management and internal audit that respond to the current business environment.



(Dr. Tanit Sorat)  
Chairman, the Audit Committee

## Background

**In 1964**, the Council of Ministers approved a financing strategy to promote and develop small industries, as proposed by the National Economic and Social Development Board (NESDB). A loan processing office for small industries was established under the Department of Industrial Promotion, Ministry of Industry's supervision to provide financial support to small manufacturing businesses. That office later became the Small Industries Finance Office (SIFO). However, the SIFO's operations and growth were hampered by limited funds, which were dependent on state budget allocations, and cumbersome and inflexible government procedures and regulations.

**In 1991**, the government promulgated the Small Industry Finance Corporation Act and the SIFO became the Small Industry Finance Corporation (SIFC) with registered capital of Bt. 300 million. Its status as a juristic person allowed the SIFC to raise capital domestically and internationally.

**In 2000**, the government initiated policies using the SIFC as a primary mechanism to assist small and medium enterprises, key drivers of the Thai economy. The Ministry of Finance recapitalized the SIFC, increasing its equity to Bt. 2,500 million.

**In 2002**, the Small and Medium Enterprise Development Bank of Thailand Act was enacted, reestablishing the SIFC as the Small and Medium Enterprise Development Bank of Thailand or SME Bank under the supervision of Ministry of Finance and Ministry of Industry. The Bank's mandate was "to conduct business with the aim of developing, promoting and assisting small and medium enterprises to start-up, expand or improve their businesses by providing loans, guarantees, venture capital, counseling and other necessary services as prescribed by the Act."

**In 2004**, the Ministry of Finance decided to add another Bt. 2,000 million to the capital. As a result, the Bank's Share Capital increased to Bt. 4,800 million.

**In 2005**, the Ministry of Finance added another Bt. 2,500 million and the Share Capital increased to Bt. 7,300 million.

**In 2007**, the Ministry of Finance added another Bt. 1,200 million; hence, the Share Capital was up to Bt. 8,500 million.

**In 2008**, another Bt. 600 million was added by the Ministry of Finance and the Share Capital increased to Bt. 9,100 million.

**In 2009**, the Ministry of Finance had added another Bt. 2,500 million and the Share Capital increased to Bt. 11,600 million.

# Board of Directors

**Mr. Poonnis Sakuntanaga\***  
Director

**Mr. Pramode Vidtayasuk**  
Director

**Mr. Pongpanu Svetarundra**  
Chairman

**Dr. Sakarindr Bhumiratana**  
Director



**Mr. Boonsak Chiempricha\***  
Director

**Mr. Vudhibhongse Vibulyawongse**  
Director

**Dr. Tanit Sorat\***  
Director

**Mr. Adul Laohapol\***  
Director

**Mr. Soros Sakornvisava**  
Director & Secretary



Note: \* Independent Director i.e. a knowledgeable individual who does not hold a position within any related sole enterprise or government department.

<sup>1</sup>Dr. Ekniti Nitithanprapas resigned from the Board position on August 31, 2010

<sup>2</sup>Mr. Vichaya Vitheethum resigned from the Board position on March 25, 2010

As at 31 December 2010

# Board of Directors



## Mr. Pongpanu Svetarundra

Director General, The Excise Department

**Chairman**

Age 51

### Education

- ◆ M.A. (Economics), Northwestern University, USA
- ◆ B.Com. (Econ), University of Auckland, New Zealand

### Training

- ◆ National Defence College of Thailand 2005
- ◆ Capital Market Academy
- ◆ Management for High-Level Management, Civil Service Commission
- ◆ Director Certification Program, Thai Institute of Directors Association
- ◆ Advanced Management Program, Harvard Business School

### Other in Positions

- ◆ Director, Mass Rapid Transit Authority of Thailand
- ◆ Director, Bangkok Metro Public Company Limited

### Experience

- ◆ Director General, Comptroller General's Department
- ◆ Director-General, Public Debt Management Office, Ministry of Finance
- ◆ Fiscal Policy Advisor, Ministry of Finance
- ◆ Deputy Director General, Fiscal Policy Office



## Mr. Poornis Sakuntanaga\*

Managing Director,

**IQ Plus and Management Co., Ltd.**

**Director**

Age 52

### Education

- ◆ M.B.A., Finance, Middle Tennessee State University
- ◆ M.B.A., Marketing, University of Wisconsin - Madison
- ◆ B.A., Banking and Finance, Chulalongkorn University

### Training

- ◆ Director Certification Program (Class 113), Thai Institute of Directors Association
- ◆ Asian Banking and Sovereign Conference 2006 by Moody's
- ◆ Regional Workshop "Risk Modeling for Sovereign Debt Portfolio" by World Bank

### Experience

- ◆ Senior Vice President, Commercial Lending, the Bank of Asia Plc.
- ◆ Vice President and Head of Public Sector - Thailand, Vice President of Cash Management & Securities, ABN AMRO Bank N.V., Bangkok Branch
- ◆ Assistant General Manager, Risk Management, Dresdner Bank A.G., Head Office in Frankfurt

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### Mr. Pramode Vidtayasuk

President of the Office of Knowledge Management and Development (Public Organization) : OKMD

Director

Age 61

#### Education

- ◆ M.Sc. (Textile Technology),  
The Georgia Institute of Technology, USA
- ◆ B.Sc. (Mechanical Engineering),  
Prince of Songkla University, Thailand

#### Training

- ◆ National Defence Course for the Joint State-Private Sector (Class 4515), National Defence College

#### Other in Positions

- ◆ Vice President, Thailand Institute of Fashion Research Rajamangala of Technology Krungthep
- ◆ Executive Board, Office of Small and Medium Enterprises Promotion
- ◆ Director of the board, Institute for Small and Medium Enterprises Development

#### Experience

- ◆ Deputy Permanent Secretary, Ministry of Industry
- ◆ Director-General, Department of Industrial Promotion, Ministry of Industry
- ◆ Secretary-General, Office of the Cane and Sugar Board, Ministry of Industry
- ◆ Minister-Counsellor, Royal Thai Embassy, Tokyo, Japan



### Dr. Sakarindr Bhumiratana

President, King Mongkut's University of Technology Thonburi

Director

Age 61

#### Education

- ◆ Postdoctoral Project Associate at University of Wisconsin Madison, USA
- ◆ Ph.D., Chemical Engineering , University of Wisconsin Madison, USA
- ◆ B.S. (Highest honor), Chemical Engineering, University of California Davis, USA
- ◆ B.S. (Highest honor), Chemistry, University of California Davis, USA

#### Training

- ◆ University Governance Program 2<sup>nd</sup>, Knowledge Network Institute of Thailand
- ◆ Audit Committee and Continuing Development Program (ACP 29), Thai Institute of Directors Association
- ◆ Directors Certification Program (DCP 117), Thai Institute of Directors Association

#### Other in Positions

- ◆ Board Member of Office of the National Economics and Social Development Board
- ◆ Member of Scientific Directors, International Life Sciences Institute (ILSI)
- ◆ Board Member of National Institute of Advanced Industrial Science and Technology (AIST) Advisory Board

#### Experience

- ◆ President, National Science and Technology Development Agency (NSTDA)
- ◆ Senior Vice President (Administrative Affairs), King Mongkut's University of Technology Thonburi (KMUTT)
- ◆ Director, BIOTEC, National Science and Technology Development Agency (NSTDA)



### **Mr. Vudhibhongse Vibulyawongse**

**Inspector General,  
Office of the Attorney General  
Director**

Age 59

#### **Education**

- ◆ M.P.A., National Institute of Development Administration (NIDA)
- ◆ Barrister at Laws (The Bar Association)
- ◆ LL.B., Thammasat University

#### **Training**

- ◆ High Level Administrative Officers Training Programme, Session 3, 2004
- ◆ Senior Crisis Management Seminar 2007, the American University, Washington D.C., USA
- ◆ The 7<sup>th</sup> ASEAN Law Ministers Meeting (ALAWMM) 2008, Bandar Seri Begawan, Brunei Darussalam
- ◆ The 4<sup>th</sup> Meeting of Senior Officials on the Treaty on Mutual Legal Assistance in Criminal Matters 2009, Bandar Seri Begawan, Brunei Darussalam

#### **Other in Positions**

- ◆ Expert Committee on National Standard, Committee on National Standard
- ◆ Board of Committee in Bangkok Dock Company 1957 Limited
- ◆ Committee Following the Criminal Procedural Affair of the Southern Provinces Border

#### **Experience**

- ◆ Director General, Department of the Attorney General Commission
- ◆ Director General, Office of Attorney General Region 5
- ◆ Director General, Department of Appellate Litigation Region 5

### **Dr. Tanit Sorat\***

**Vice Chairman, The Federation of Thai Industries  
Director**

Age 60

#### **Education**

- ◆ Honorary doctorate, Faculty of Business Administration Field Logistics Systems, Kamphaeng Phet Rajabhat University
- ◆ Master degree in political economics, Faculty of Economics, Chulalongkorn University
- ◆ Bachelor of Political Science, Ramkhamhaeng University

#### **Training**

- ◆ National Defence College of Thailand 2005
- ◆ Training Course "A new dimension of Thai politicians: Optimizing new politicians", Ramkhamhaeng University
- ◆ Law graduates Course Judge Institute official version of the 20, Judicial Training Institute
- ◆ Managing Business Program, University of Sydney, Australia

#### **Other in Positions**

- ◆ President of V-Serve Group
- ◆ Vice President, Federation of Thai Industries
- ◆ Member of The National Economic and Social Advisory
- ◆ Secretary of Sub-committee on Logistics of The Senate

#### **Experience**

- ◆ Vice General Secretary, Federation of Thai Industries
- ◆ Member of Committee on Communications of The Senate
- ◆ Advisor of Committee on Economics, Commerce and Industry

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**Mr. Adul Laohapol\***

President of Art Business Fair Company

**Director**

Age 52

**Education**

- ◆ Studying DPA at Bangkok Thonburi University
- ◆ M.P.A., Chulalongkorn University
- ◆ B.B.A., Finance & Banking, Assumption University
- ◆ B.A., Political Science, Chulalongkorn University

**Training**

- ◆ Certificate : The Institute of International Education (Reengineering Public Service in City Management)
- ◆ Certificate of Institute of Administration Development
- ◆ Certificate of Top Executive Management Bangkok (Member of Bangkok Metropolitan Assembly)
- ◆ Certificate of Berkeley University Leadership Program

**Other in Positions**

- ◆ Lecturer, Bangkok Thonburi University

**Experience**

- ◆ Advisor to Chairman of Bangkok Assembly
- ◆ Advisor to Committer of Parliament Affairs
- ◆ Advisor to Ministry of Foreign Affair
- ◆ Member of Bangkok Metropolitan Assembly



**Mr. Boonsak Chiempricha\***

Specialist in the Commission for Judicial Service

**Director**

Age 61

**Education**

- ◆ M.B.A., the University of Santa Clara, San Jose, CA., U.S.A.
- ◆ Bachelor of Account, Chulalongkorn University

**Training**

- ◆ The National Defence Course, class 4111, The National Defence College
- ◆ Director Certification Program, Thai Institute of Directors Association

**Other in Positions**

- ◆ Chairman, the Intra Insurance Ltd.
- ◆ Specialist in the Commission for Judicial Service
- ◆ Director and Chairman of Audit Committee , The Institution for Good Governance Promotion

**Experience**

- ◆ Inspector General, The Ministry of Finance
- ◆ Deputy Permanent Secretary, The Ministry of Finance
- ◆ Director-General, The Comptroller General's Department

As at 31 December 2010

Note : \*Independent Director i.e. a knowledgeable individual who does not hold a position within any related sole enterprise or government department.



**Mr. Soros Sakornvisava**

**President,  
Small and Medium Enterprise Development Bank of Thailand  
Director & Secretary**

Age 55

**Education**

- ◆ Studying PH.D, Bangkok Thonburi University
- ◆ M.ECON, Ramkhamheang University
- ◆ B.ECON, Ramkhamheang University

**Training**

- ◆ Director Certification Program (DCP), Thai Institute of Directors Association
- ◆ Public Director Certification Program, King Prajadhipok's Institute

**Other in Positions**

- ◆ Director, Board of Director National Credit Bureau Co.,Ltd.
- ◆ Director, Board Committee Globlex Securities Co.,Ltd.
- ◆ Director, Audit Committee Globlex Securities Co.,Ltd.

**Experience**

- ◆ Chief Financial Officer, SME Bank
- ◆ Specialist, SME Bank
- ◆ Senior Vice President Siam City Bank

As at 31 December 2010

## Board of Executive Directors

**Mr. Poonnis Sakuntanaga\***  
Chairman

**Mr. Pramode Vidtayasuk**  
Director

**Mr. Vudhibhongse Vibulyawongse**  
Director

**Mr. Adul Laohapol\***  
Director

**Mr. Soros Sakornvisava**  
Director & Secretary



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<sup>1</sup>Dr. Ekniti Nitithanprapas resigned from the Board position on August 31, 2010

<sup>2</sup>Mr. Vichaya Vitheethum resigned from the Board position on March 25, 2010

As at 31 December 2010

## Audit Committee

### **Dr. Tanit Sorat\***

Vice Chairman,  
The Federation of Thai Industries  
Chairman

### **Dr. Sakarindr Bhumiratana**

President,  
King Mongkut's University of Technology, Thonburi  
Director

### **Mr. Tee-ra Witwutisak**

Director

### **Mr. Boonsak Chiempricha\***

Specialist in the Commission for Judicial Service  
Director

### **Mr. Keree Kerinnonta**

Senior Vice President,  
Internal Audit Department Management  
Secretary

As at 31 December 2010

## Risk Management Committee

### **Mr. Soros Sakornvisava**

President  
Chairman

### **Dr. Ekniti Nitithanprapas<sup>1</sup>**

Spokesman of Ministry of Finance and  
Executive Director of Macroeconomic Policy Bureau  
Director

### **Mr. Chakkrit Parapuntakul**

Director General Public Debt Management Office  
Director

### **Mrs. Preyapun Piya-anant<sup>2</sup>**

Senior Executive Vice President  
Director

### **Miss Kethsiree Piroonmethee**

Executive Vice President  
กรรมการ

### **Mr. Somsak Chaiyadej**

Senior Executive Vice President  
Director & Secretary

As at 31 December 2010

Note: \* Independent Director i.e. a knowledgeable individual who does not hold a position within any related sole enterprise or government department.

<sup>1</sup>Dr. Ekniti Nitithanprapas resigned from the Board position on August 31, 2010

<sup>2</sup>Mrs. Preyapun Piya-anant retired on October 1, 2010

## Audit Committee

### **Dr. Tanit Sorat\***

Vice Chairman,  
The Federation of Thai Industries  
Chairman

### **Dr. Sakarindr Bhumiratana**

President,  
King Mongkut's University of Technology, Thonburi  
Director

### **Mr. Tee-ra Witwutisak**

Director

### **Mr. Boonsak Chiempricha\***

Specialist in the Commission for Judicial Service  
Director

### **Mr. Keree Kerinnonta**

Senior Vice President,  
Internal Audit Department Management  
Secretary

As at 31 December 2010

## Risk Management Committee

### **Mr. Soros Sakornvisava**

President  
Chairman

### **Dr. Ekniti Nitithanprapas<sup>1</sup>**

Spokesman of Ministry of Finance and  
Executive Director of Macroeconomic Policy Bureau  
Director

### **Mr. Chakkrit Parapuntakul**

Director General Public Debt Management Office  
Director

### **Mrs. Preyapun Piya-anant<sup>2</sup>**

Senior Executive Vice President  
Director

### **Miss Kethsiree Piroonmethee**

Executive Vice President  
กรรมการ

### **Mr. Somsak Chaiyadej**

Senior Executive Vice President  
Director & Secretary

As at 31 December 2010

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<sup>1</sup>Dr. Ekniti Nitithanprapas resigned from the Board position on August 31, 2010

<sup>2</sup>Mrs. Preyapun Piya-anant retired on October 1, 2010

## Employee Relations Committee

### Mr. Adul Laohapol\*

Board of Directors  
Chairman

### Employer

### Mr. Surachai Kampalanonwat

Senior Executive Vice President  
Director

### Mr. Woramit Krutto

Senior Executive Vice President  
Director

### Mr. Somchai Tantitanawat

Senior Executive Vice President  
Director

### Mr. Supakit Panchareon

Senior Vice President  
Director

### Mr. Nopadol Sookajit

Vice President  
Director

### Employee

### Mr. Sittisak Sachchedha

Chairman, The State Enterprise Labor Union  
Director

### Mr. Khemmachat Apiratchatanont

Vice Chairman, The State Enterprise Labor Union  
Director

### Mr. Atipol Inswang

Director, The State Enterprise Labor Union  
Director

### Mr. Taweesak Narkdee

Director, The State Enterprise Labor Union  
Director

### Mr. Pornvisit Ruengdit

Director, The State Enterprise Labor Union  
Director

As at 31 December 2010

## Good Corporate Governance and Corporate Social Responsibility Committee (CG&CSR)

### Mr. Boonsak Chiempricha\*

Specialist in the Commission for Judicial Service  
Chairman

### Mr. Soros Sakornvisava

President  
Director

### Mr. Somchai Tantitanawat

Senior Executive Vice President  
Director

### Mr. Praves Masawat

Vice President, Organization Management  
and Compliance Department  
Director & Secretary

As at 31 December 2010

Note: \* Independent Director i.e. a knowledgeable individual who does not hold a position within any related sole enterprise or government department.



## Employee Relations Committee

### Mr. Adul Laohapol\*

Board of Directors  
Chairman

### Employer

### Mr. Surachai Kampalanonwat

Senior Executive Vice President  
Director

### Mr. Woramit Krutto

Senior Executive Vice President  
Director

### Mr. Somchai Tantitanawat

Senior Executive Vice President  
Director

### Mr. Supakit Panchareon

Senior Vice President  
Director

### Mr. Nopadol Sookajit

Vice President  
Director

### Employee

### Mr. Sittisak Sachchedha

Chairman, The State Enterprise Labor Union  
Director

### Mr. Khemmachat Apiratchatanont

Vice Chairman, The State Enterprise Labor Union  
Director

### Mr. Atipol Inswang

Director, The State Enterprise Labor Union  
Director

### Mr. Taweesak Narkdee

Director, The State Enterprise Labor Union  
Director

### Mr. Pornvisit Ruengdit

Director, The State Enterprise Labor Union  
Director

As at 31 December 2010

## Good Corporate Governance and Corporate Social Responsibility Committee (CG&CSR)

### Mr. Boonsak Chiempricha\*

Specialist in the Commission for Judicial Service  
Chairman

### Mr. Soros Sakornvisava

President  
Director

### Mr. Somchai Tantitanawat

Senior Executive Vice President  
Director

### Mr. Praves Masawat

Vice President, Organization Management  
and Compliance Department  
Director & Secretary

As at 31 December 2010

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# SME Bank Executives

**Mr. Soros Sakornvisava**  
President



**Mr. Surachai Kampalanonwat**  
Senior Executive Vice President



**Mrs. Intira Phokpoonyarak**  
Senior Executive Vice President



**Mr. Woramit Krutto**  
Senior Executive Vice President



**Mr. Somchai Tantitanawat**  
Senior Executive Vice President

**Mr. Somsak Chaiyadej**  
Senior Executive Vice President

**Mr. Pongsak Chajiamjan**  
Senior Executive Vice President

**Miss Kethsiree Piroonmethee**  
Executive Vice President



As at 31 December 2010

# SME Bank Executives

**Mr. Somdul Chatunart**  
Executive Vice President

**Mrs. Niracha Phuncharoen**  
Executive Vice President

**Mr. Phisit Phuthananukij**  
Executive Vice President

**Miss Parichatara L. Sirivong**  
Executive Vice President

**Mr. Kongdacha Chairatana**  
Executive Vice President



**Mr. Somboon Ahunai**  
Executive Vice President

**Mr. Chatchai Ratanaolarn**  
Executive Vice President

**Mr. Smanpong Klienglumyong**  
Executive Vice President

**Mrs. Laval Singhamany** **Mr. Pornchai Viriyatanaskul**  
Executive Vice President     Specialist



As at 31 December 2010

# SME Bank Management

**Mr. Kantaphon Kaewmanee**

Senior Vice President  
Credit Product Development Department

**Mr. Chongwuth Kwangsuksatit**

Senior Vice President  
Venture Capital Department

**Mr. Supakit Panchareon**

Senior Vice President  
General Administration Department

**Mr. Keree Kerinnonta**

Senior Vice President  
Internal Audit Department

**Mr. Yingyong Athisirikul**

Senior Vice President  
Treasury Department

**Mr. Tawat Jitkraisorn**

Senior Vice President  
Risk Management Department

**Mrs. Chongrak Politanont**

Senior Vice President  
Credit Risk Management Department

**Mr. Pongprayoon Termtechatipong**

Senior Vice President  
Credit Processing Department

**Mr. Phongcharn Samphaongern**

Senior Vice President  
Credit Department 2

**Mr. Boonlert Pattanarunganothai**

Senior Vice President  
Special Credit Operation Department

**Mr. Vitoon Buasakdi**

Vice President  
Secretary of Credit Committee Department

**Mr. Suriya Chitman**

Vice President  
Banking Department

**Mr. Sompob Pusayanonda**

Vice President  
Asset Development Department 1

**Mr. Sumeth Anusithsupakarn**

Vice President  
Regional 3

**Miss Malin Wuvanich**

Vice President  
Accounting Department

**Mr. Jessada Chor. Charoenying**

Vice President  
Credit Review Department

**Mr. Kodchagone Ludchasawee**

Vice President  
Regional 5

**Mr. Pichit Mitrawong**

Vice President  
Credit Department 5

**Mr. Jarin Tiasakul**

Vice President  
Asset Development Department 2

**Mr. Suwit Jutiprasert**

Vice President  
Asset for Sale Department

**Mr. Wirin Udomchoke**

Vice President  
Credit Department 3

**Mr. Somchai Saensinthai**

Vice President  
Credit Department 1

**Mr. Weerawud Rujirakul**

Vice President  
Debtor Accounting Department

**Mr. Praves Masawat**

Vice President  
Organization Development and Good Governance  
Department

**Miss Areeya Duanram**

Vice President  
Marketing Promotion Department

**Mr. Arnat Wiboonkanarak**

Vice President  
Credit Department 6

**Miss Yupin Thanativakul**

Vice President  
Organization Communication Department

**Mrs. Wannipa Vudthivat**

Vice President  
Phahonyothin Office

**Mr. Amnart Benjasopit**

Vice President  
Asset Development Department 3

**Mr. Nopadol Sookajit**

Vice President  
Legal Department

**Miss Pornphan Limamphai**

Vice President  
Research Planning and Budgeting  
Department

**Miss Nartnaree Rathapat**

Vice President  
Office of the President

**Mr. Piwat Chaiyanukij**

Vice President  
Credit Department 4

**Mr. Taweesak Narkdee**

Vice President  
Regional 4

**Mr. Boonsek Phanudom**

Vice President  
Entrepreneur Development Department

**Mr. Tiravutti Jirachaisri**

Vice President  
Regional 2

**Mr. Cherdchai Ouanmin**

Vice President  
Collateral Appraisal Department

**Mr. Jakkrid Karoonsit**

Vice President  
Information Technology Department

**Mr. Kreingkrai Kerdkokeo**

Vice President  
International Banking Department

**Mr. Thitarat Pootrakull**

Vice President  
Credit Quality Assessment Department

**Mrs. Neeranart Chutiwong**

Deputy Vice President  
Acting as Human Resources Department  
Management

**Mr. Asanee Hongsawad**

Deputy Vice President  
Acting as Branch Operation Department  
Management

**Mr. Charin Hiengkul**

Zone Manager  
Acting as Regional 1 Management

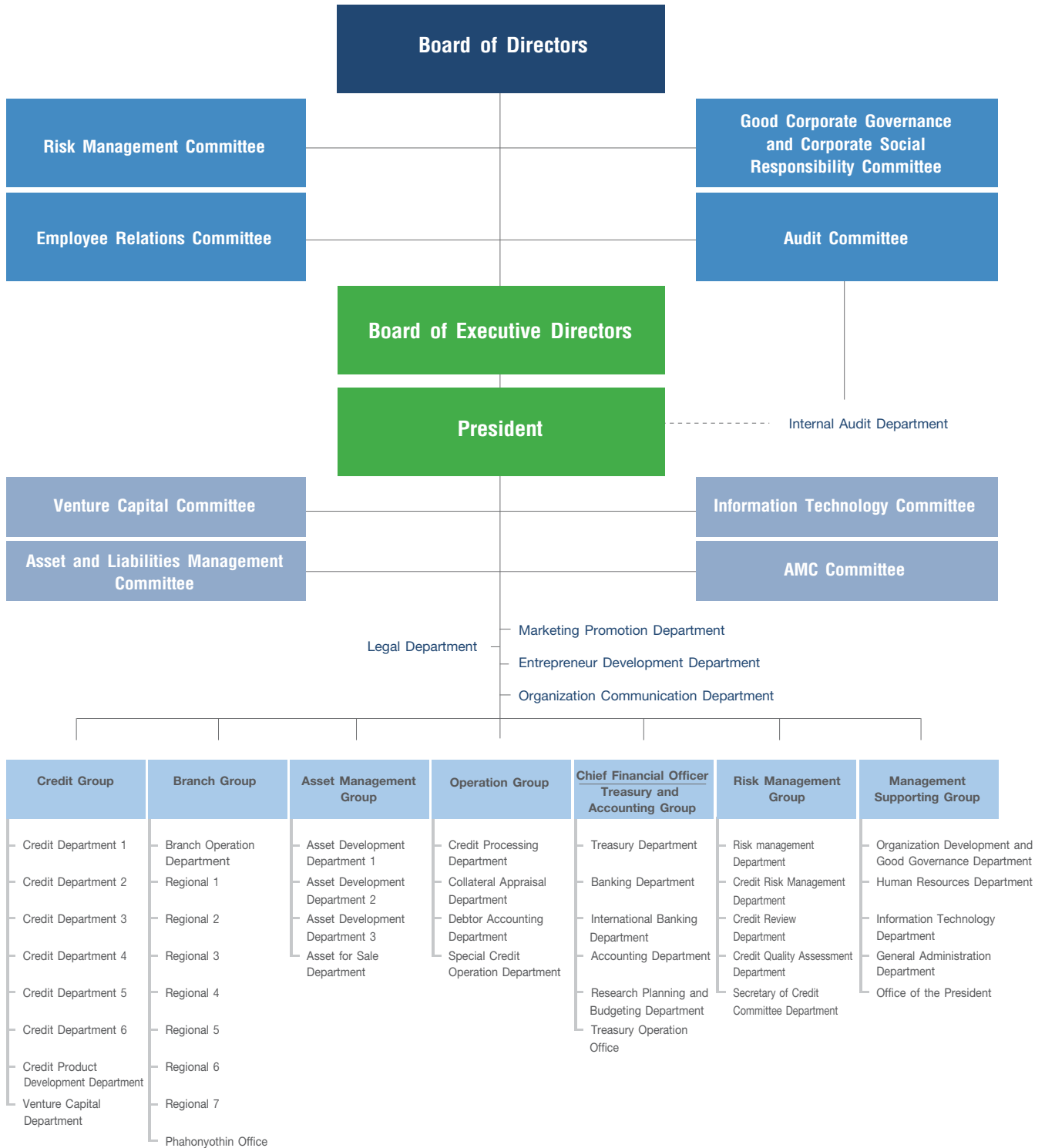
**Mr. Atipol Inswang**

Zone Manager  
Acting as Regional 6 Management

**Mr. Sumate Oplod**

Zone Manager  
Acting as Regional 7 Management

# Organization Chart



As at 31 December 2010



## Shareholders Structure

Small and Medium Enterprise Development Bank of Thailand

As at December 31, 2010

Shareholders	Number of Shares	Value (Baht)	%
<b>Public Sector</b>			
1 Ministry of Finance	113,750,000	11,375,000,000	98.0603
2 Government Savings Bank	550,000	55,000,000	0.4741
3 Krungthai Bank (Public) Co.,Ltd.	222,000	22,200,000	0.1914
4 Financial Institutions Development Fund	18,000	1,800,000	0.0156
<b>Public Sector Total</b>	<b>114,540,000</b>	<b>11,454,000,000</b>	<b>98.7414</b>
<b>Private Sector</b>			
1 Ladawan Investment Co.,Ltd.	400,000	40,000,000	0.3448
2 Members of Thai Banker's Association	695,911	69,591,100	0.5999
3 Members of Association of Finance Companies	359,726	35,972,600	0.3101
4 Others	4,363	436,300	0.0038
<b>Private Sector Total</b>	<b>1,460,000</b>	<b>146,000,000</b>	<b>1.2586</b>
<b>Grand Total</b>	<b>116,000,000</b>	<b>11,600,000,000</b>	<b>100.0000</b>

# Financial Highlights

Small and Medium Enterprise Development Bank of Thailand

For the years ended December 31, 2010, 2009 and 2008

Items	2010		2009		2008	
	Amount	Increased (Decreased) %	Amount	Increased (Decreased) %	Amount	Increased (Decreased) %
<b>Financial Position (Unit:Million Baht)</b>						
Interbank and Money Market Items	5,832.86	(19.71)	7,264.95	(36.72)	11,480.46	517.59
Investments - Net	4,848.61	104.47	2,371.33	13.85	2,082.92	(42.21)
Loans and Accrued Interest Receivable - Net	75,520.28	44.90	52,118.73	38.91	37,520.97	(2.10)
Total Assets	88,620.45	39.43	63,558.71	20.59	52,704.29	7.95
Deposits	60,050.42	97.60	30,389.36	31.52	23,106.29	79.27
Interbank and Money Market Items	11,625.91	(37.62)	18,637.82	(3.81)	19,375.33	(4.16)
Borrowings	5,437.18	63.90	3,317.40	(12.91)	3,808.98	(47.43)
Total Liabilities	82,731.28	43.60	57,613.65	16.63	49,399.95	13.83
Issued and Fully Paid-up Share capital	11,600.00	0.00	11,600.00	27.47	9,100.00	7.06
Shareholders' Equity	5,889.17	(0.94)	5,945.06	79.92	3,304.34	(39.05)
<b>Financial Performance (Unit:Million Baht)</b>						
Interest Income	3,285.29	48.21	2,216.65	0.26	2,211.01	(16.24)
Non-Interest Income	348.74	1.97	341.99	325.52	80.37	(32.58)
Total Income	3,634.03	42.03	2,558.64	11.66	2,291.38	(16.95)
Interest Expenses	1,073.70	(15.14)	1,265.26	(28.34)	1,765.74	(5.78)
Non-Interest Expenses	1,576.16	(41.09)	2,675.74	23.35	2,169.18	94.26
Total Expenses	2,649.86	(32.76)	3,941.00	0.15	3,934.92	31.58
Gross Profit (Losses) before Doubtful Accounts	984.17	(171.19)	(1,382.36)	(15.89)	(1,643.54)	609.49
Doubtful Accounts	855.69	(156.55)	(1,513.13)	(242.12)	1,064.72	27.79
Net Profit (Losses)	128.48	-	130.77	-	(2,708.26)	-
Earning per Share (baht)	1.11	-	1.34	-	(31.85)	-
Capital Adequacy (BIS ratio)	7.56%		10.28%		7.57%	
<b>Financial Ratio</b>						
Growth of Total Incomes	42.03%		11.66%		-16.95%	
Growth of Total Expenses	44.39%		-51.44%		30.75%	
Growth of Net Profit and Losses	-1.75%		104.83%		-154.34%	
Return on Assets	0.17%		0.22%		-5.34%	
Return on Equity	2.17%		2.83%		-62.07%	

## Good Corporate Governance

The Small and Medium Enterprise Development Bank of Thailand (SME Bank) is a state's specialized financial institution that aims to develop, promote, and assist mid-sized and small business operators in their business establishment, operation, and expansion through loans, guarantees, joint venture, financial consultations, and other relating services that complete a legal financial service according to The Small and Medium Enterprise Development Bank of Thailand Act 2002 (B.E.2545). The Bank determines to drive the sustainable of Thai economics under the socially responsible management, good corporate governance, while upholding the utmost morals and ethics of the Bank.

### The Management and the Social Responsibility of the Bank

SME Bank is aware of the importance of a systematic business operation under the rules, requirements, and laws of the good corporate governance to maintain the wellness of both the organization and the society. This will help the society as a whole that includes the government sector, the private sector, general population, organizations, associations, and juristic persons to live harmoniously and stay strong under the sensible politics and social management. With that determination, SME Bank, as a crucial state mechanism that helps develop SMEs, has established fundamental principles to create the awareness and understanding of the Bank's role and duties in promoting the social responsibility among its executives and employees. These fundamental principles are as follows:

1. The rule of law: the Bank's rules, requirements, and conditions are uniform and unprejudiced. They are accepted and equally apply in practicality.
2. Ethical practices: the Bank is committed to integrity and has urged its employees to follow the Bank's ethical standards and to perform their duties with honesty, diligence, patience, and disciplines.
3. Transparency: the Bank is committed to the disclosure of accurate information that will bring trust among all related parties. The Bank has improved its operational system to be transparent through the disclosure of adequate and useful facts that clients can verify the accuracy of the information.
4. Participation and Involvement: the Bank allows involved parties to participate and voice their opinions in the Bank's major decision-making through comments, public hearings, and public opinions.
5. Responsibility and Accountability: the Bank is aware of its role and duties that are the responsibilities to take care of its clients enthusiastically, to accept the results of its performance and operations, and to be ready for the assessment and reviews.
6. Cost-effectiveness: the Bank is committed to maximizing its limited resources to ensure the utmost benefits to the public. The Bank has urged its employees to be economical, be protective of the Bank's interests, be mindful of the production cost and values and be ready to perform the quality and competitive services while conserving the natural resources for the true sustainability.
7. Good governance: the Bank has placed high values on its management and human resources by upholding the utmost sense of equality and unity among executives and employees.

### Moral Conducts and Ethics

SME Bank is committed to honesty, integrity, and justice and has devoted itself to assist and develop SMEs equally to generate the maximum value-added to all stakeholders or parties involved internally and externally. Details of the moral conducts and ethics are in the Bank's Moral Conducts and Ethics Handbook.

In the year 2010, SME Bank has focused on the following stakeholders:

**Shareholder Relations:** SME Bank treats every shareholder equally in terms of information dissemination that is adequate, fair, and transparent. The Bank also has established a clear guideline in regards to the shareholder's right to vote and has operated efficiently to be a viable organization and be able to reward its shareholders with appropriate returns. In additions, the Bank has been successful in organizing shareholders' meetings in which they all have an equal chance to voice their opinions and suggestion.

**Customer Relations:** SME Bank treats its clients and the public with honesty and fairness. It determines to protect every client's benefit equally through quality services and strong commitment to its promises. SME bank will not use the client's information for its own good and will not over-promise in things that cannot be done. It will protect the client's interest and disclose adequate and useful information to assure the client's satisfactory.

**Employee Relations:** SME Bank is committed to reward its employees with incomes and benefits that are appropriate to their performance, duty, and responsibility. It is committed to create a working environment and a workplace that is safe and sanitary. SME Bank also determines to supply its employees with knowledge and skills that will help develop and maximize their potentials

**Business and Competitor Relations:** This includes relationship with other financial institutions and competitors. The Bank operates under the strong belief in fair market and fair competition. It is committed to the disclosure of unclassified information and the support of activities that promote an understanding and good relationship.

**Social Relations:** SME Bank is committed to the well being of the nation and society and is supportive of capital mobilization of the development funds. The Bank is not political biased and will strictly maintain its impartiality. The Bank will not support or co-operate with any illegal business, harmful activity, or threats to social/national security and will continue to support and collaborate with the government policy and appropriate social activities.

The Bank is aware of these responsibilities and is confident that the concept of the good governance is a critical element for a successful operation. The Board of Directors play a vital role and responsible for the outcome of their duties and operation that have to take all the interest groups into the consideration. This is a foundation of a lucrative and sustainable business. The Bank will not use any mean or do anything illegal, against its own rules and regulations, or immoral to fulfill its goal. The path to that success is as important.

Seven Important directions or a practical framework to become an organization with check and balance under the concept of good corporate governance (not including related laws that are obvious) for the Bank's executive and employees are as follows:

1. Accountability
2. Responsibility
3. Integrity and Fairness
4. Transparency
5. Creation of Long-term Value of all Stakeholders
6. Promotion of the Excellent Practices
7. Social and Environmental Responsibility

## The Principles of Good Corporate Governance

SME Bank has operated under the principles of the Good Corporate Governance that is consistent with the Sufficiency Economy Philosophy by His Majesty the King for sustainable development. The philosophy emphasized on balance and the readiness to adapt toward rapid changes along with utilizing knowledge cautiously and carefully while taking the moral conducts and ethics into account. The principle is critical to the

Bank as it helps frame the operation that is efficient, transparent and provable that results in trust and confidence among shareholders and all the stakeholders. It is fair to say that the Good Corporate Governance is a value-added tool that promote the strength and sustainability of the Bank.

The Bank determines to continue to promote the practice of the Good Corporate Governance with the hope that its board of directors, executives, and employees will help raise the Good Governance practice up to the global standard which will increase the Bank's competitiveness and the ability to become a critical mechanism that solve and drive the economy to the sustainable state.

The Board of Directors play a vital role in the Good Corporate Governance to ensure that the Board of Executive Directors and Management team has operated under the policies, goals, business objectives, and strategies while being aware of related risks.

## **The Board of Directors**

The Small and Medium Enterprise Development Bank of Thailand Act 2002 (B.E.2545) stated that there shall be a Board of Directors, called "the Board of Directors of the Small and Medium Enterprise Development Bank of Thailand," comprising of one Chairman and not more than nine other directors, all of whom must be elected at a shareholders' meeting. The President of the Bank is to assume a director position and the total membership of this Board is 11 individuals.

The Director position is a three-year term. The ones who have served one term maybe re-elected again but no one shall be in the position more than two terms consecutively.

## **The Qualifications of the Board of Directors**

The Board of Directors must consist of individuals who are highly knowledgeable and experienced in various fields that would be beneficial to organization. These individuals must hold the qualification stated in the Standard Qualification for Directors and Employees of the Public Enterprise Act 1975 (B.E.2518) and its updated version, along with The Small and Medium Enterprise Development Bank of Thailand Act 2002 (B.E.2545).

## **Authorities, Duties, and Responsibilities**

1. To lay down the policies and oversee the Bank's operation under the objective of developing, promoting, assisting and supporting the establishment, operation, expansion or the improvement of small and medium businesses through loans, loan guarantees, joint venture, financial consultation, knowledge and know-how, production development, marketing, and management and provide them with financial, management, or other technical services needed.
2. To appoint the Board of Executive Directors consisting of Chairman, and no more than three Executive Directors and the President, and to evaluate their performances to ensure that the Bank has an efficient evaluation process for the Executive assessment.
3. To assess, and discuss strategies proposed by the management team along with giving the approval needed for all critical financial policies.
4. To assess and approve the annual business plan, budgets, cost expenses and objectives of the operation proposed by the management team.
5. To oversee and evaluate the objective balance in short and long term.
6. To follow up the Bank's operation and track the progress of each objective and to ensure that the operation is in accordance with the policies, rules, regulations, and related laws.

7. To follow up with the risk management and track the success of internal risk control.
8. To approve for all vital innovation.
9. To ensure that there is an appropriate and effective communication system between the interest groups and general public.
10. To establish rules and regulations.
  - 10.1. Regulations in relations to the Bank's shares.
  - 10.2. Regulations in relations to loans, collaterals, the sale of bonds to other financial institutions, pledges, mortgages, and other businesses of the Bank.
  - 10.3. Regulations in relations to management and operation of the Bank.
  - 10.4. Regulations in relations to personnel management, returns, and other expenses.
  - 10.5. Regulations in purchasing or hiring, financial, assets, accounting and internal audits.
  - 10.6. Regulations in relations to employee benefits, and family benefits.
  - 10.7. Regulations in branch establishment and representative offices.

The Board of Directors and the management team work together as a team. The Chairman of the Board of the Executive Directors and the President have the responsibilities to the Board of Directors in term of day-to-day operation that deals with planning, decision making, and operation while focusing on the overall benefit of the Bank and every interest group to increase the economic value-added of the Bank.

The Board of Directors has improved and developed strategies under the concept of good corporate governance and continues to focus on the management that emphasizes on the internal control, internal audit, and risk management in order to prevent the possible damages.

## The Disclosure of Positions held by SME Bank's Board of Directors in the Companies that the Small and Medium Enterprise Development Bank is a Shareholder

(As at December 31, 2010)

	Mr. Pongpanu Svetarundra Chairman		Mr. Poornis Sakuntanaga Director		Mr. Vudhibongse Vibulyawongse Director		Dr. Sakarindr Bhumiratana Director		Dr. Tanit Sorat Director		Mr. Pramode Vidtayasuk Director		Mr. Boonsak Chiempricha Director		Mr. Adul Laohapol Director		Mr. Soros Sakornvisava Director and Secretary	
	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved
1 Small Business Credit Guarantee Corporation (SBCG)		X		X		X		X		X		X		X		X		X
2 The National Credit Bureau		X		X		X		X		X		X		X		X		X
3 Chao Phaya Insurance Co., Ltd. (PLC)		X		X		X		X		X		X		X		X		X
4 We Thai Dot Co., Ltd.		X		X		X		X		X		X		X		X		X
5 Wattasam Media Co., Ltd.		X		X		X		X		X		X		X		X		X
6 Pet-tech Inter Group Co., Ltd.		X		X		X		X		X		X		X		X		X
7 Thai Fashion Center Co., Ltd.		X		X		X		X		X		X		X		X		X
8 Techno Asia Tire Co., Ltd.		X		X		X		X		X		X		X		X		X
9 Thai Automotive VCF Co., Ltd.		X		X		X		X		X		X		X		X		X
10 Max Savings Co., Ltd.		X		X		X		X		X		X		X		X		X
11 Bangkok Marine Engineering Co., Ltd.		X		X		X		X		X		X		X		X		X
12 Trinity Education Co., Ltd.		X		X		X		X		X		X		X		X		X
13 Siam Safety Technology Co., Ltd.		X		X		X		X		X		X		X		X		X

	Mr. Pongpanu Svetarundra Chairman		Mr. Poonnis Sakuntanaga Director		Mr. Vudhibhongse Vibulyawongse Director		Dr. Sakarindr Bhumiratana Director		Dr. Tanit Sorat Director		Mr. Pramode Vidtayasuk Director		Mr. Boonsak Chiempricha Director		Mr. Adul Laohapol Director		Mr. Soros Sakornvisava Director and Secretary	
	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved	Involved	Not Involved
14 Thai Umaporn Textile Co., Ltd.		X		X		X		X		X		X		X		X		X
15 AP.Z Corporation Co., Ltd.		X		X		X		X		X		X		X		X		X
16 Power and Saving Intania Co., Ltd.		X		X		X		X		X		X		X		X		X
17 Manee Taming Co., Ltd		X		X		X		X		X		X		X		X		X
18 Stang Holding Co., Ltd		X		X		X		X		X		X		X		X		X
19 Supasom Co., Ltd.		X		X		X		X		X		X		X		X		X
20 Autowood (Thailand) Co., Ltd.		X		X		X		X		X		X		X		X		X
21 Bi-tech Coolblock Co., Ltd.		X		X		X		X		X		X		X		X		X

Remarks : The Small and Medium Enterprise Development Bank of Thailand (SME Bank) has taken over some shares of 21 companies.

## Other Committees Appointed by the Board of Directors

### 1. The Board of Executive Directors

**Elements of the Boards:** the Small and Medium Enterprise Development Bank of Thailand Act 2002 (B.E.2545) mandated that the Board of Executive Directors are appointed by the Board of Directors and must be comprised of a Chairman, no more than three Executive Directors, and the President of the Bank must be a member of the Board by position. The Board of Executive Directors is a two-year term.

#### Authorities, Duties, and Responsibilities

- To lay out the operation plan for the Bank according to the policies and objectives set forth by the Board of Directors, which state in Section 25 that it cannot interfere with the authorities and duties of President of the Bank.
- To report quarterly to the Board of Directors.
- To approve the request to change the internal budget as per the Bank's regulations and report the change to the Board of Directors.
- To approve the update in the organizational structure and responsibilities of departments under the supervision of Vice President and report the change to the Board of Directors.
- To set the strategies and principles needed to solve the NPL problems and report to the Board of Directors.
- To set the annual bonus rate and special payment and then submit the information to the Board of Directors for approval.
- To set the salary increase rate annually and then submit the information to the Board of Directors for approval.
- To hire, appoint, promote, and set the salary base of Vice President level and then submit that to the Board of Directors for approval.
- To appoint members and officers of a subcommittee or a work task to work under the duties and responsibilities granted.
- To approve the procurement/ rental of inventory from 20 million baht but not exceed 50 million baht.
- To approve non-employee of the Bank working aboard.
- To perform other duties as assigned by the Board of Directors.

### **The Board of Executive Directors' Authority in Regards to the Loan Approval**

1. To approve or renew the credit line that is over 75 million baht but no more than 200 million baht and to approve the loans with inadequate or lack of collaterals or to post an exception in regards to collaterals in the total credit line that is less than 200 million baht.
2. To establish policies, requirements, and procedures that involve the credit consideration and approval of the loans stated in No. 1.
3. To approve the request for leniency or the request to change the terms and conditions of the approved loans stated in No.1 in the following areas:
  - 3.1 To expand or reduce the loan payment period.
  - 3.2 To change the debt structure from short to long term, or vice versa.
  - 3.3 To increase or decrease the grace period, principal payment, and interest payment in each interest cycle.
  - 3.4 To increase the credit limit as necessary but not over the maximum amount allowed.
  - 3.5 To re-structure the loans without going over the maximum amount allowed.
  - 3.6 To decrease or post an exception on outstanding interests, fines, penalty interest rates and other fees, only when they have not be posted as revenues in the profit/ loss accounting according to the rules set forth by the Bank of Thailand.

The authorities in No. 3.1-3.6 must not affect the result of profit/ loss accounting according to the Bank of Thailand's regulations in regards to reported revenues.

4. To approve the loans re-structuring within the limitation of No. 1 in the following areas:
  - 4.1 To expand or reduce the loan payment period.
  - 4.2 To change the debt structure from short to long term, or vice versa.
  - 4.3 To increase or decrease the grace period, principal payment, and interest payment in each interest cycle.
  - 4.4 To increase the credit limit as necessary but not over the maximum amount allowed.
  - 4.5 To re-structure the loans without going over the maximum amount allowed.
  - 4.6 To decrease or post an exception on outstanding interests, fines, penalty interest rates and other fees, only when they have not be posted as revenues in the profit/ loss accounting according to the rules set forth by the Bank of Thailand.

The authorities in No. 4.1-4.6 must not affect the result of profit/ loss accounting according the Bank of Thailand's regulations in regards to reported revenues.

5. To appoint an expert or a consultant as appropriate.
6. To assign an individual or a team of individuals to be a representative that can perform the authorization, and duties on behalf of the Board of Executive Directors.
7. To assign its Executive Directors and Secretary to sign on the Board of Executive Directors' resolutions in regards to credit consideration.

## **2. Audit Committee**

**Elements of the Committee:** the Small and Medium Enterprise Development Bank of Thailand Act 2002 (B.E.2545) stated that the Board of Directors is responsible for appointing no more than five individuals to form the Audit Committee and the Internal Audit Management must assume the secretary duties by the position to evaluate the Bank's operation and the performance of the President as appointed by the Board of Directors.

### **Authorities, Duties, and Responsibilities**

1. To review the appointment of the auditor (if not the Office of The Auditor General of Thailand) in order to present the information to shareholders, evaluate the operation, and review the auditing fees.
2. To make a decision where there is a disagreement between the management and the auditor in regards to the financial report.
3. To review other tasks perform for the Bank by the auditor besides auditing.



4. To review and give suggestion to the Board of Directors in regards to appointing, transferring, demoting, setting the fees and evaluating the annual performance of the management of the Internal Audit Department.
5. To perform under the charter of the Audit Committee.
6. To review the critical operations that affect the incomes and the capital funds of the Bank.
7. To provide external consultants or experts that can assist with the audit operations by the expenses of the Bank.
8. To ask for information and cooperation from employees involved for the sake of the internal audit within given authorities.
9. To conference with the management, the auditor, the internal auditors, and the external experts as necessary.
10. To report to the Board of Directors.

### 3. Risk Management Committee

**Elements of the Committee:** Two experienced directors, and the management consists of the President, the responsible director, and the assistant of the responsible director.

#### **Authorities, Duties, and Responsibilities**

1. To set the policies, strategies, and operational framework in regards to risk management that go with the general strategies of the Bank and present to the Board of Directors to consider the overall risk management covering major types of risks and assure that it goes in line with existing indicators and benchmarks and is adopted by the compliance unit and involving parties in both aspects of general administration and information technology system thus supporting good corporate governance.
2. To screen the master plan of risk management, policies, strategic plans, operational plans of risk management in order to identify the risk, measurement tools, indication criteria, results, the follow up mechanism, reports, and to control that risk so it maintain in the acceptable level.
3. To review the adequacy of policies, strategic plans, operational plans and risk management system along with the efficiency and effectiveness of the operation system and the operation under predetermined risk management policies by consider from the objective risk.
4. To launch the risk management project that is consistent and appropriate to the operational procedures and the organizational structure of the Bank.
5. To monitor and ensure that the operation has followed the risk management master plan, policies, strategic plans, operational plans, and to at least quarterly review the result by comparing it with the plan or objective set forth.
6. To approve all non-derivative products and to review and screen the derivative products before submitting to the Board of Directors for approval.
7. To establish and review the risk management guideline and to approve the risk indication tools and other procedures used to assess and control the risks and to review the adequacy of risk management resources.
8. To approve the business continuity management along with the business continuity plan of every department in order to be ready to implement when needed.
9. To approve operational projects relating to risk management to ensure the success according to the risk management master plan, policies, strategic plans, and operational plans.
10. To report to the Board of Directors with things need to be corrected and improved for the benefit of the whole organization's general risk management in the form of better integrated and up to the standards set forth by the Ministry of Finance, the Bank of Thailand, the Securities and Exchange Commission and the global standards.
11. To set the risk management level, under the assessment criteria of private enterprise and ensure that it is credible to all interest groups.
12. To perform other duties assigned by the Board of Directors.

#### 4. Employee Relations Committee

**Elements of the Committee:** One experienced director, and five representatives from the employers, and five representatives from the employees, the total of 11 individuals.

An executive from Human Resource Department is to serve as the secretary of the Employee Relations Committee and the membership is a two-year term.

##### **Authorities, Duties, and Responsibilities**

1. To review and offer the recommendations of how to improve the operational effectiveness of the Bank and to promote and develop the employee relations.
2. To try to compromise and prevent the labor disputes that may occur internally.
3. To review and improve the rules and regulations that will benefit both the employees and the Bank.
4. To discuss and solve the concerning issues raised by an employee or the labor union including petitions in regards to behavior punishment.
- 5 To discuss, review and improve the hiring condition.

#### 5. The Good Corporate Governance and Corporate Social Responsibility Committee

**Elements of the Committee:** One experienced chairman, and the management team of the President, Senior Executive Vice President (Management Supporting Group) and a Vice President (an executive from the department of Organization Development and Good Governance).

##### **Authorities, Duties, and Responsibilities**

1. To establish the requirements for the good governance and the social and environmental responsibilities that will result in an effective and efficient operation. To improve and promote the understandings and practices that conform to the principles of good governance and the social and environmental responsibilities
2. To monitor, promote, and ensure that the Bank's operation is consistent with the principles of good governance and the social and environmental responsibilities.
3. To evaluate and review the policies in regards to the good governance and the social and environmental responsibilities to ensure the consistency with the global standard and the suggestions by the Ministry of Finance.
4. To generate suggestions in relations to the operation of the Bank to management and the Board members who are involved in using the principles of good governance and the social and environmental responsibilities.
5. To consider and appoint a sub-committee to support the good governance and the social and environmental responsibilities.
6. To perform other duties as assigned.

## Internal Audit and Control

The Board of Directors places high values on having an effective internal audit system. The Board is to appoint the Audit Committee to direct the Internal Audit Department: to check, and assess the internal audit and to co-ordinate with external auditors to ensure the independency and efficiency of the check and balance system. The Internal Audit Department will directly report to and assessed by the Audit Committee.

The Internal Audit Department helps create confidence of the Audit Committee in relations to the accuracy of financial reports, the adequacy and transparency of the information, the internal audit, and risk management. The review and evaluation is to focus on the critical risks affecting the Bank's strategic objectives and other major changes affecting the risk environment of the Bank. The Internal Audit Department is also responsible for preventing corruptions through reviewing, and assessing the adequacy and effectiveness of the internal audit. Additionally, the Internal Audit Department also plays a vital role in offering recommendations and consultations to other departments and sharing the experiences, knowledge, and effective operational directions regarding the

assessment on risk management and control with the auditors. They are also responsible to complying surveys and comments from the department involving in the operation and integrate the comments into the improved and continual internal audit operation. By using the risk-based approach, The Bank of Thailand's guideline to internal audit, and other international standards, the Bank has a risk assessment program and has evaluated all the risk management across departments. The Bank has also reviewed the adequacy and appropriateness of the internal audit system under the standards and elements of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and has planned the assessment of the strategic plans in order to accomplish the objectives of the internal audit as follows:

1. To create an effective and efficient operation (Operational Objective)
2. To establish a credibility on financial reports (Financial Report Objective)
3. To comply with laws, rules and regulations, instructions, policies, and relating contracts (Compliance Objective)

The Internal Audit Department has also been evaluated the quality of the audit by the department being audited to lay a direction to improve the potentials and capabilities of the internal auditors. The Internal Audit Department has set a standard of knowledge development and operational skills by stating that each internal auditor must undergo at least 40 hours of training annually in order to remain up-to-date and be ready for any future changes.

### **Follow up and Assessment**

In the year 2010, the Board of Directors agrees to schedule a meeting on every last Friday of each month, at least once a month. The Board of Directors ensures that they will have enough time to present and discuss issues or problems and encourages discussion and participation from every director. The management places a high value on proper documentation in terms of contents and forms to ensure that information is adequate to make a decision. Information is to be sent to the members of the Board seven days in advance to allow the Board members enough time to study the issue before hand.

On the meeting day, more than half of the Board members need to be present in order for the meeting to continue. If the chairman is not present, or is not able to assume the responsibility, the Board members need to elect one director to be a chairman during the meeting.

### **Self-Assessment and Self-Development of the Directors**

The Board of Directors requires at least once a year self-assessment in the forms of individual evaluation, cross evaluation, and group evaluation. The evaluation is to be reported in a meeting and the results are used to improve the operations in relations to internal audit and control.

### **Financial and Management Report**

The Board of Directors declares their responsibilities of the operational outcome as stated in the annual report and the finance report by stating the annual profit or loss, the statement report, and profit/loss accounting that the Office of the Auditor General of Thailand, as the auditor, has certified to the Minister of Finance, before presenting it to the Cabinet of Ministers and the Parliaments annually.

In the year 2010, the Board of Directors requires the Audit Committee and the Risk Management Committee presents their facts and findings bi-monthly.

## Monetary Compensations for Directors in the year 2010

No.	Name	Committee					
		Board of Directors (No. of attending)	Board of Executive Directors (No. of attending)	Audit	Risk Management	Employee Relations	Good Corporate Governance & Corporate Social Responsibility
1	Mr. Pongpanu Svetarundra	Chairman (17/17)					
2	Mr. Poonnis Sakuntanaga	Director (17/17)	Chairman (27/28)				
3	Mr. Vudhibhongse Vibulyawongse	Director (14/17)	Director (19/28)				
4	Mr. Pramode Vidtayasuk	Director (16/17)	Director (22/28)				
5	Dr. Sakarindr Bhumiratana	Director (12/17)		Director			
6	Dr. Tanit Sorat	Director (13/17)		Chairman			
7	Dr. Ekniti Nitithanprapas	Director <sup>2</sup> (8/10)			Director <sup>2</sup>		
8	Mr. Vichaya Vitheethum	Director <sup>3</sup> (3/3)	Director <sup>3</sup> (7/7)				
9	Mr. Adul Laohapol	Director (16/17)	Director (18/20)			Chairman	
10	Mr. Boonsak Chiempricha	Director (15/17)		Director			Chairman
11	Mr. Soros Sakornvisava	Director and Secretary (17/17)	Director and Secretary (28/28)		Chairman		Director
<b>Monetary Compensations for Directors in the year 2010</b>		<b>1,160,000.00</b>	<b>650,000.00</b>	<b>270,000.00</b>	<b>50,000.00</b>	<b>-</b>	<b>-</b>

### Remarks

1. The remuneration package of the Board of Directors complies with the order of the State Enterprise Policy Office (GLO) in the memorandum No. Gor Kor 0805/1630 Lor Wor dated May 24, 2004
2. Dr. Ekniti Nitithanprapas resigned from the Board position on August 31, 2010
3. Mr. Vichaya Vitheethum resigned from the Board position on March 25, 2010

## Compliance with the Official Information Act (1997)

The Small and Medium Enterprise Development Bank of Thailand, as a state enterprise under the Ministry of Finance and Ministry of Industry, is subjected to conform to the Official Information Act (1997). SME Bank has ensured the continuity and adequacy in public disclosure of the Bank's information for the general population to be able to obtain the useful information as guided by the Act. The evidence of such conformations can be summarized as follows:

1. The appointment of the SME Bank's Information Management Committee and improving the components of the existing committee to ensure the appropriateness in accordance with the corporate structure. The Information Management Committee is to establish protocols and manuals regarding different information types in terms of management, systems establishment, and information dissemination, to ensure the dissemination of relevant information to public is conformed to the Official Information Act (1997).

2. The establishment of the operation to protect personal information under the APEC Privacy Framework by the Information Management Committee as chartered by the document dated March 9, 2009 from The Office of Policies and Strategies, The Ministry of Finance.

3. The assurance that information in relation to SME Bank's organization structure, its Board of Directors and management team members, and their duties and responsibilities, as established by the Small and Medium Enterprise Development Bank of Thailand Act (2002) is published for public viewing on [www.smebank.co.th](http://www.smebank.co.th).

4. The information, in relation to bidding, cancellation and bidding result is to be published on SME Bank's website and the main bulletin board at SME Bank Head Office, SME Bank Tower.

5. The establishment of Call Center 1357 as a communication channel that the Bank's customers and public can directly access information regarding SME Bank's activities and services.

6. The regular reports of the operations conforming with the Official Information Act (1997) to Office of the Official Information and the Ministry of Finance yearly.

7. The information disclosure of SME Bank and its clients inquired by third parties both public and private sectors can be done under the laws and requirements set forth by the Bank as follows:

1) The lawfully authorized offices with the abilities to request to review any information, to subpoena any information as evidence, or to subpoena a Bank's personnel to become a witness are courts, the Legal Execution Department, the Revenue Department, the Department of Special Investigation, the Royal Thai Police, The Office of the Consumer Protection Board, the Social Security Office, the Securities and Exchange Commission, The National Anti-Corruption Commission, The Anti-Money Laundering Office (AMLO), Office of the Narcotics Control Board, Office of the Auditor General of Thailand, The Inspector General of the Ministry of Finance, Office of the Ombudsman Thailand, and the Bank of Thailand. Such authorized offices can request for information and documents in relations to the account opening request forms, account activities, financial contracts, standing saving balances, and credit collaterals.

2) Unauthorized offices and individuals beyond the above group including private and government offices and the general population, with request that most deals with personal information that The Bank is unable to disclose due to the section 24 of the Official Information Act (1997) that states, "any government agencies may not disclose any personal information under their supervision to other government offices or third parties without a prior or immediate consent from the lawfully owner.

# Risk Management

Small and Medium Enterprise Development Bank of Thailand is well aware of the importance of risk management and a systematic risk control across the organization in the banking business. In order for SME Bank to perform its duties effectively and to be able to reach all the organizational goals as a business, and as a supporter of the national development set forth by the government, the risk management has to become one of its corporate cultures. SME Bank has conformed to the COSO ERM Framework and diligently followed the guidance of the Bank of Thailand which emphasizes the connection between the risk management process, risk factors, the corporate strategies and market opportunities of the Bank, which in turn will integrate the risk management across the organization. SME Bank creates its 2010 Risk Map to identify the risk factors that will have impacts both positive and negative on the Bank. The Bank also establishes Key Risk Indicators (KRI) and the acceptable Risk Appetite, Risk Tolerance in accordance with the risk factors and the sources of those risks, in relations to the overall business plan of the Bank. Additionally, the Bank has reviewed its policies and risk management guidelines to conform with the risk management principles of the government authority that include strategic risks, market risks, operational risks, liquidity risks and interest rate risks, management policies in terms of trade accounting, and bank accounting. The Bank also conducts an overview report to conclude and evaluate its risk management policies addressing all the critical impacts as guided by the Bank of Thailand, and perform a monthly report to the risk management committee, a quarterly report to SME Bank Board of Directors, and conducts a 2010 control self-assessment (CSA) as set forth by the Office of the Auditor General to the risk management committee.

## Credit Risk

Credit risk means the likelihood or probability that debtors or the contracted parties fail to comply with the terms or agreements of the contract, or intently fail to comply with the agreement, including the decline of quality of debtors. Consequently, this will have an impact on the Bank's earnings and capital.

SME Bank's credit risk management is in accordance with the guidelines of the Bank of Thailand. SME Bank is well aware of its role as a development bank for SMEs. In the year 2010, the Bank has conducted a review of its credit policies and credit risk management policies to keep up with changes in business environment. In the past years, the Bank's business growth was significantly influenced by the expanding of credit toward the needs of SMEs. Thus, a quality credit management is very critical to the Bank. The Bank has updated its credit risk management process to be more proactive to reduce chances of loan turning into non-performing loan, from the pre-approved process that addresses credit analysis and risk management in the businesses targeted in the governmental policies. The Bank also increases the role of credit screening to cover more mid-sized and small businesses and requires the Bank's senior management members to visit the bank's major clients during the credit consideration process. The Bank also implements a standardized credit review system as required by the Bank of Thailand and an independent unit apart from the credit approval process. Additionally, the Bank continues to provide trainings and assessments on knowledge and understandings in relations to lending process and credit risk analysis to assure that its employees are aware of the importance and the necessity of being a part of the risk management in the organization.

In 2010, the Bank has also continued to improve its credit assessment tools to reflect the true solvency of its debtors by evaluate the accuracy of these tools in the credit risk rating system. The Bank also establishes a tool that can measure the business's profitability in the credit department and branches, along with finding a framework to study the adequacy of funds to support credit risk that is a long term plan.

As per the portfolio risk management, the Bank has set a ceiling standard as an initial framework for individuals, juristic persons, and the industrial sector to a connection with risk level as per the quality of the debtors. Moreover, the Bank has reviewed the risk control in the industrial sector to assure the balance with the credit demands. In 2010, the Bank has distributed loans across the industrial board to avoid the saturation in only one industry. The top three industries with most loans capture 71% of the outstanding balance are the manufacturing (31%), trade (23%), and hotel and restaurant (17%). In 2010, SME Bank has launched several loan schemes to support the trade and hotel industries, as assigned by the Government.

For NPLs management, the Bank has established a systematic management system, which includes the Loan Re-structuring Committee, NPLs classification, and the establishment of the department that is in charge of NPLs and is independent from the Credit Departments. The Bank has also reviewed the requirements for loan re-structuring to assure the consistency with the ability to pay the loans in every client group. In addition, the Bank has established a clear operational framework and has required Credit Quality Assessment Department and Legal Department to pre-consider the loan re-structuring before submitting the case to the Loan Re-structuring Committee. As of December 31, 2010, the Bank's NPLs equal to 20% of its total outstanding loan, decreasing from 37% which the Bank has already operate to reserves for the doubtful debts, as directed by the Bank of Thailand. On this note, the Ministry of Finance has extended the deadline that Bank has to comply fully with provision 39 of the International Financial Accounting Standard to the year of 2012.

## Market Risks

Market risks refer to risks that may cause negative impacts to the Bank's revenues and funds through the fluctuation of the interest rate, exchange rate, and the price of bonds in the capital and commodity markets.

### ◆ Risk from the Interest Rate

The Bank has managed the interest rate risks according to the policies set forth by the Assets and Liabilities Management Committee: ALCO who is in charge of setting the ceiling of the interest rate in the Banking Book that happens from the mismatch between the Bank's interest rate structure of assets and liabilities. The Bank applies gap analysis to assess and analyze the difference in the interest rate of assets and liabilities which will be evaluated, monitored and reported monthly to ALCO by Risk Management Department that work independently from the unit that creates risks.

### ◆ Risk from the Exchange Rate

As for risk management for the exchange rate, the Bank will buy/sell derivatives to prevent the risks from the exchange rate and to reduce the risks of the exchange rate fluctuation as per the Bank's policies. Additionally, the Bank monitors all legal activities that involve the buying/selling of international currencies, whether in advance, or instantly. Most of them are legal activities in support of the main business of the Bank. The bank also set the risk limit to control the buying/selling of international currencies i.e. FX Net Open Position Limit and has a daily mark to market for international currencies.

## Liquidity risks

Liquidity risks refer to the chance of being unable to repay loans as promised, because of the failure to convert the Bank's assets into cash, or the failure to acquire adequate funds within the deadline.

The Treasury Department is responsible for appropriately and concordantly managing the Bank's liquidity with the Bank's operation and business environment and to assure that it is consistent with guidelines set by the Bank of Thailand. In addition, the Bank has established an emergency plan in time of liquidity crisis by appointing The Assets and Liabilities Management (ALCO) to oversee and monitor the plan. Furthermore, the Bank sets the risk limit and appoints the Risk Management Department to monitor and follow up i.e. short-term liquidity surplus, top ten depositors, and lender concentration.

## Operational risks

Operational risks refer to the risks that cause damages because of the lack of appropriate monitoring system or the lack of the good corporate governance practice that can be a result of internal operations, personnel, operational system, or external factors. These may affect the Bank's revenues and funds negatively. To manage the risks that involve the operations, the Bank has appointed the Risk Management Committee to establish the policies in operational risk management that conform with rules and regulations set forth by the government authorities i.e. the Office of the Auditor General of Thailand, and the Bank of Thailand. In addition, the Bank has set the standard that risk management is the responsibility of every department and it is monitored by the Risk Management Department who works independently and is responsible for developing tools that helps identify, evaluate, report the risk, and follow up according to the Risk Management policies and the good practice direction. There is also the Internal Audit Department working independently to review procedures in risk management and report directly to the Risk Management Committee.

The Bank also requires every department to perform a Control Self Assessment annually and come up with a plan to reduce the operational risks, and update the written operation manual. This encourages every unit to review their responsibilities regularly and help reduce the operation mistakes. The Bank also establishes a guideline in new product screening process. Within this process, the responsible party must identify, and assess the foreseeable risks i.e. credit risks, market risks, liquidity risks, and operational risks, along with the framework to monitor and reduce those risks. All departments that are involved must sign and acknowledge before submitting the plan for approval.

In terms of the customers' continual support, the Bank is aware of the importance of the constant flow of services. It has established Business Continuity Management policy and Organization Continuity Management plan to prepare for the risk and relieve the negative impact in the case of the cease or a short of services, whether from natural catastrophes or other circumstances that affect the credibility and image of the Bank.



# Highlight Activities

## Financial Support



**Loans for the Flood Victims:** SME Bank is entrusted by the Government to assist business operators affected by the great floods at Hat Yai District Songkhla, and Phra Nakhon Si Ayutthaya, Nakhon Ratchasima and Chaiyaphum with low interest loans.

## Entrepreneur Development



**SME Bank Moving toward the 9<sup>th</sup> Anniversary:** SME Bank has launched the seminar called "Thai Economy: Bright and Clear Sky in 2011" to commemorate the establishment of the Bank. The Finance Minister, Mr. Korn Chatikavanij has presided over the event and has given a special speech to over 1,000 SME operators, the Bank's clients, the Bank's business allies, and members of the press at Siam Paragon.

## Financial Support



**smePOWER for the New Start:** The political protest has widely affected SMEs in several industries. SME Bank, with urgent assistance under government policy, was able to alleviate the immediate difficulties faced by small business operators in Siam Square, Central World, Rajaprasong, and the Victory Monument.

**Loans to Help Solve the Informal Debts:** SME Bank is committed to help small business operators get out of the informal debts to reduce their interest burden.

## Entrepreneur Development



**Cost Accounting:** SME Bank has launched a workshop that responds to the demand for better business management named the "Cost Accounting in a Day" workshop. The pilot target group is the clients from smePOWER for the New Start.

**TCDC:** SME Bank and The Creative and Design Center has collaboratively raised the product and service standard in terms of design and production waste, to help develop SMEs' potential, ability, and competitiveness.



**Loans for Logistics:** With high gas price that seems to go on and on, the operators in transportation business face with the lack of business liquidity and that may force them out of business. SME Bank has launched the special low interest loans to help them survive and grow.



**Logo Design:** Most of the small and mid-sized operators in Thailand lack the marketing opportunities. As a result, SME Bank is determined to help SMEs with the logo design, which in turn, will help create the new marketing opportunities.

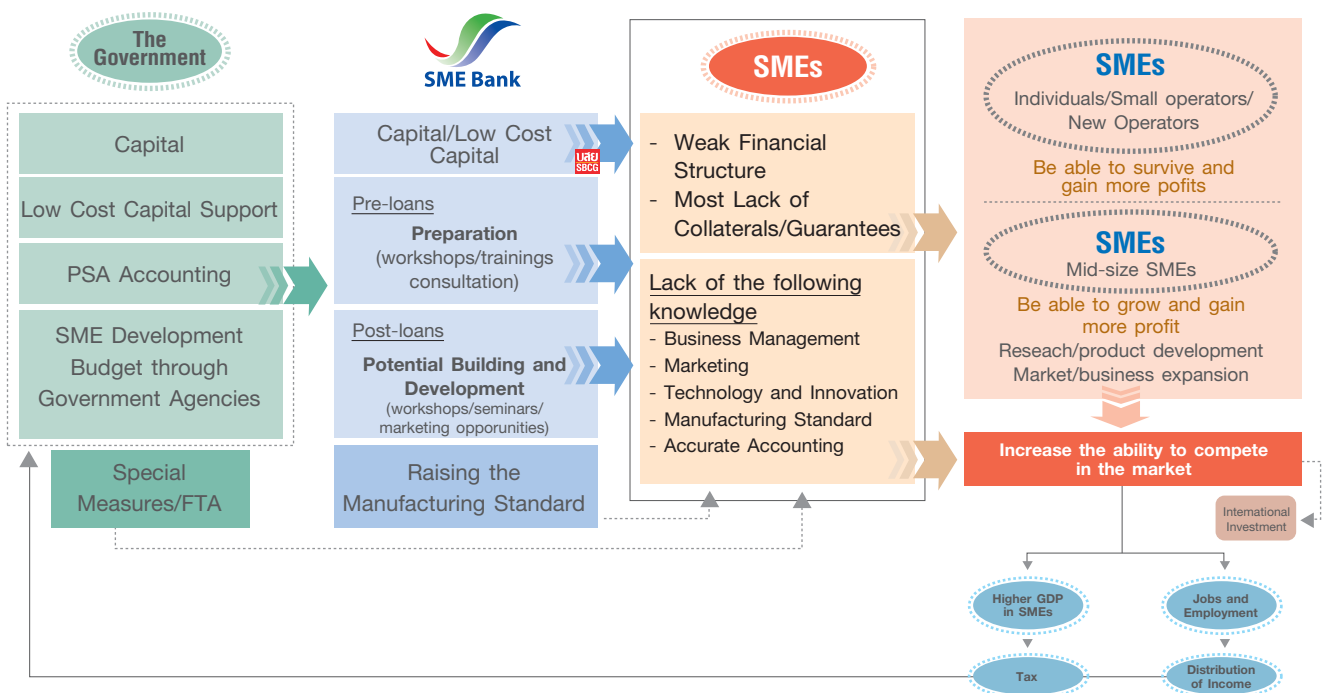
# Business Performance 2010

## A Role of SME Bank as a Development Bank for SMEs

Mid-sized and small enterprises (SMEs) are considered a critical business unit in Thailand because of its large number and the dispersion nationwide. SMEs represent 37% of the total GDP of Thailand. They are a large source of employment but most SMEs are very susceptible to the economic conditions due to their financial weakness structure and the lack of benefits from the Economies of Scale. In addition, most SMEs lack information and business management knowledge. Even if the economy recovers, SMEs will not see the immediate impact like bigger corporations. Therefore, it is critical that all relevant sectors must work together to support SMEs to survive and be able to stand on their own. By supporting SMEs with a funding source can help solve their major problems, that is the disadvantage over bigger corporations in terms of the accessibility to a cost effective funding source and the ability to compete. However, sometimes only financial support is not enough. It is critical to look at the overall change that affects SMEs i.e. trade environment, competitive production, higher standard in production, as well as the share of knowledge and information among SMEs i.e. market opportunities, management, technologies, and innovations. As a result, the Small and Medium Enterprise Development Bank of Thailand is established with a goal to "do business that will develop, promote, assist, and encourage the establishment, operation, expansion, or the improvement of the mid-size and small enterprises by providing loans, guarantees, and joint-venture, as well as consultations, suggestions, or other services as set forth in the Small and Medium Enterprise Development Bank of Thailand Act (2002)."

In the past, the GDP of SMEs increased less than the total GDP of the country. The GDP of SMEs, compared with the total GDP, had decreased from 38% in 2008 and continued to decline to 37.1% in 2010. It is critical that SME Bank must assume its role in driving the GDP growth of SMEs by providing SMEs with both financial support and its expertise. However, SME Bank still needs the government support to achieve its mission and operate the task under the government policies, especially the supplementary capital or the support in terms of low cost funds for SME Bank.

## A Development Bank for SMEs



The first mission of SME Bank is to support SMEs financially because capital is one of the first factor affecting SMEs. If SME Bank can help provide low cost funds, SMEs will be more likely to be able to compete in the market and generate enough profits to sustain the business. For mid-sized business, the increased profits will be critical to product development in order to compete in already announced the free trade areas.

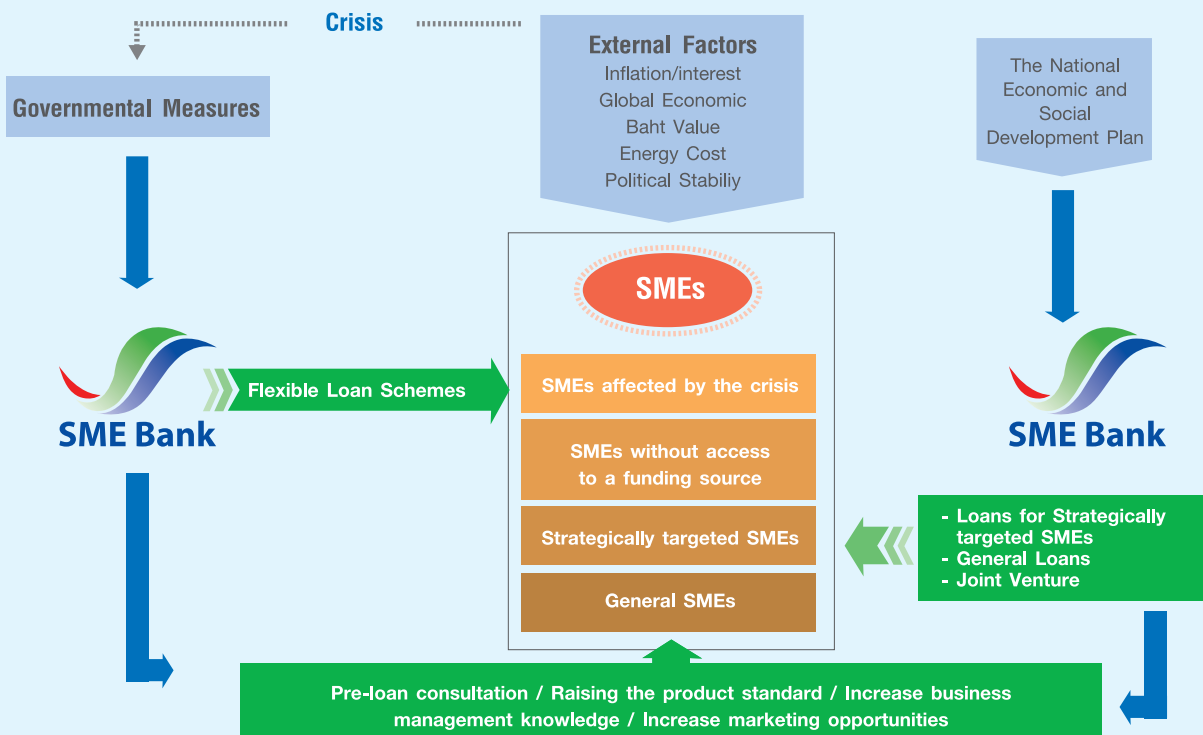
In addition to the financial support, the development of potential entrepreneurs is also important. From the survival statistics of SMEs, in the first year of the first establishment of the business, SMEs are 97% likely to survive and slightly decrease approximately 3-4% each year due to the financial weakness structure of most SMEs. They are more likely to be affected by internal and external factors. If we look deeper at the issue, we will find that most SMEs still lacks critical knowledge and market opportunities that will help sustain the business. As a result, SME Bank has established a policy to strengthen SMEs in two significant steps namely:

**The first step:** Pre-loan consultation along with the support to help businesses meet the Bank's requirements and able to submit the loan applications.

**The second step:** Post-loan assistance that will help improve the business in three main components which are heightening the product standard, assisting with business management, and creating the market opportunities to promote, drive, and strengthen SMEs to be able to compete in the internal and external markets, especially when ASEAN opens the AEC (ASEAN Economic Community) which will bring more than 600 million consumers.

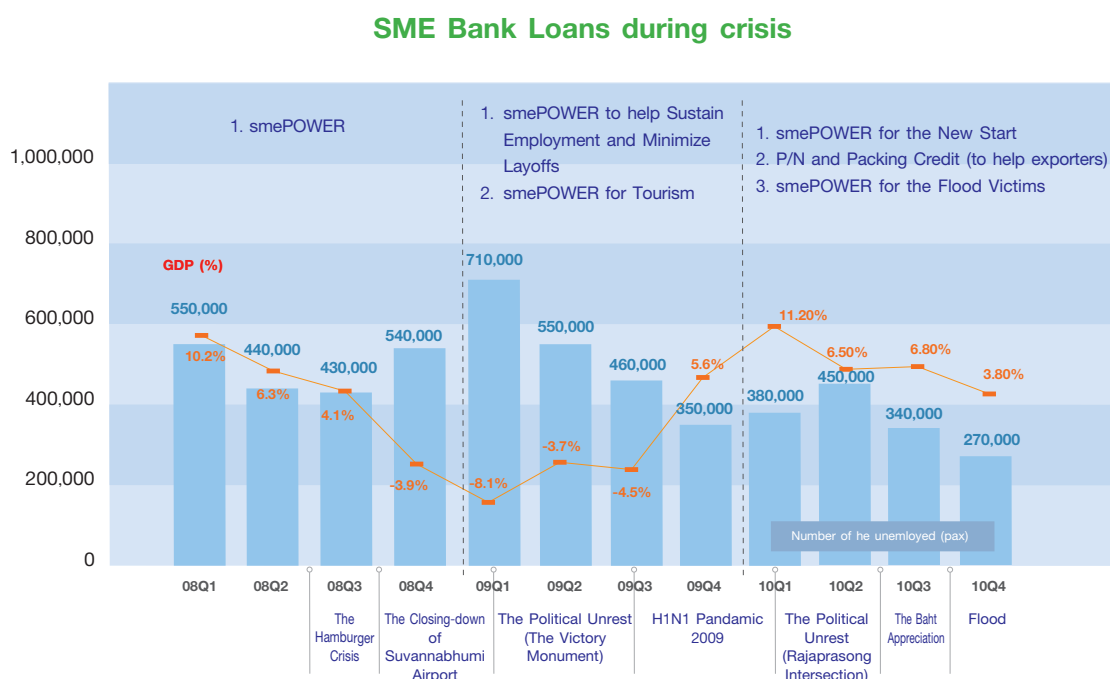
If Thai SMEs are able to compete domestically and abroad, they will generate more revenue, promote investment, and drive production, which will results in employment and income distribution across the country as there are SMEs across the country. SMEs that can survive and sustain will increase the GDP of SMEs. The government will in turn gain more taxes. Most importantly, there will be a balance in the socio-economic system of the country, which is one of the main goals of the Ministry of Finance in order to reduce the inequalities within the country.

### The Core Financial Institution to Help and Promote SMEs in every Situation



SME Bank is a specialized financial institution that fulfills the financial obligations and services while commercial banks unable to do so in every situation. SME Bank can help alleviate the sufferings of business operators in crisis and help them recover and survive. Moreover, SME Bank can financially support various groups of SMEs that are strategically targeted in the National Economic and Social Development Plan. In the past few years, various factors continue to widely affect the economic system and the government has to perform an immediate intervention through its specialized financial institutions (SFIs). For example during the economic crisis in 2009, commercial banks were reluctant to release loans into the system. The government, therefore, had to inject the loans through SFIs until the economics recovered and commercial banks started to release the loans again. The other examples were the political unrest in 2010, the impact of the appreciation of Thai Baht, and the major flooding at the end of 2010 where the government needed urgent measures to assists people affected by the crisis. The government had assigned SME Bank to assist and help relieve the financial difficulties facing SMEs through low interest loan schemes, flexible loan conditions, and many joint projects with its business alliances to secure loan guarantees, and collaterals when needed. Besides, there were a series of trainings and workshops in entrepreneurship development. SME Bank diligently financially support and develop the entrepreneurship. The assistance can be categorized into 4 groups as follows:

### 1. SME operators in crisis



During the past three years, Thai SMEs have faced various areas of crisis i.e. politics, economic downturn, and trade issues. Some SME operators face a major liquidity problem that forces them to close their business. The failure affects the entire system and urges the government to come up with urgent measures to assist the business operators and stimulate the domestic economy. Loans through specialized financial institutions were released to revive Thai economics and help alleviate the financial burdens of SMEs. SME Bank as a main financial institution that assists and supports Thai SMEs, thus, has become an important mechanism that drives the economy and relieve the hardship in times of crisis for SMEs

At the end of 2007, SME Bank launched "smePOWER" loan schemes to assist SMEs affected from the economic downturn in Thailand which resulted from the US. economic crisis. Thai export business took a big hit and many exporters had to close down their business. The impact then panned out and affected the grassroots and the unemployment rate was up to 710,000 in the first quarter of 2009. SME Bank, then, collaborate with the Office of Social Security to launch "**smePOWER Loans to help Sustain Employment and Minimize Layoffs**" which was a low interest rate loan scheme with flexible conditions for SMEs. The Loans aimed to help SMEs who had registered in the Social Security System and had a problem with liquidity. The loans were able to help supplement its liquidity needed and reduced financial costs for businesses to continue operate and compete in the market. Consequently, the employment in the system was able to grow continually. After that, SME Bank was awarded The ADFIAP Awards 2010 in SME Development from the Association of Development Financing Institutions in Asia and the Pacific for this loan scheme.

At the end of 2008, the tourism industry was greatly affected and lost its liquidity by the closing down of Suvanabhumi Airport due to a political protest, followed by another political unrest in mid 2009, and the H1N1 pandemic in the second half of 2009. The government, then, entrusted SME Bank to alleviate this financial sufferings through "**smePOWER Loans for Tourism Affected by the Economic Crisis and Domestic Problems.**" By providing loans with low interest rate to SMEs, SME Bank was able to financially support and helped raise enough liquidity among tourism business operators and related businesses affected by the economic crisis, H1N1 outbreak, and domestic problems. The smePOWER Loans for Tourism is a collaboration between SME Bank, Ministry of Tourism and Sports, the Thai Association Hotels, Thai Restaurant Association, Association of Thai Travel Agents, and Tourism Council of Thailand.

The political problem was intensified again in the first quarter of 2010 due to a big protest in Rajaprasong, Bangkok, a crucial business district. Several hotels and department stores had to cease their business temporary and resulted in business operators of all sizes, from big to small, in the area were unable to continue their business and eventually created a domino effect on other related business and industries. Subsequently, liquidity problems became unavoidable. The government again entrusted SME Bank with "**smePOWER Loans for the New Start**" to help increase liquidity of business operators in the Rajaprasong area and nearby who were affected by the political unrest. After the loans had been released, the businesses in the area was back to its vibrant scenes.

In addition, the economic crisis in the US. and Europe in 2010 also affected the appreciation of the exchange rate in Asian countries. In Thailand, the Baht has continued to appreciate and reached 10% at the end of 2009. In the third quarter of 2010, the exchange rate of Thai Baht had reached 29.50 Baht/US Dollars. This appreciation had a direct impact on exporters. With the attempts to lower the impact and provide exporters with increased liquidity, the government urged the specialized financial institutions to help ease the situation. In response, SME Bank allocated 2,000 million Baht to financially support exporters through "**Packing Credits for Small and Medium Exporters and Loans to Increased Liquidity for Exporters affected by the appreciation of Thai Baht.**"

From October to the end of 2010, Thailand was affected by the great floods in many regions across the country. More than 55 provinces and over 537,000 households were damaged by the floods. The flood level in several areas reached a critical level and had destroyed lives and businesses. The government then assigned SME Bank to help SMEs who were affected by the floods through loans with a special interest rate under "**smePOWER for the Flood Victims.**"

## 2. SME operators strategically targeted by the government

are SMEs that the government are especially interested and play a critical role in the development of the nation. SME Bank, therefore, has launched several loan projects to help this strategic target group. The examples are as follows:

### - Short-term loans for Gem and Jewelry

In a joint effort with the Ministry of Commerce, the Gem and Jewelry Institute of Thailand, and three other associations, SME Bank was able to launch a loan scheme for Gem and Jewelry in which the business operators could use gem and jewelry as collaterals.

### - Loans for Logistics

SME Bank along with the Ministry of Commerce and twelve other associations i.e. Thai International Freight Forwarders Association, Thai Airfreight Forwarders Association, the Customs Broker and Transportation Association of Thailand, the Thai Licensed Customs Brokers Association, Import-Export Transport Association, and Thai Transportation and Logistics Association, etc. to financially support these loans with the goals to help increase the liquidity of logistics companies that were affected by the global economic downturn and to heighten and strengthen the service standard and potentials of SME operators in Logistics in order to compete in the international arena.

### - Loans for Energy Conservation and Alternative Energy

SME Bank and the Ministry of Energy promote the use of alternative energy to drive the economy from the energy price crisis. They jointly financially support capital projects called the "Revolving Credit Program for Energy Conservation and the Working Capital Program to Promote Energy Conservation and Alternative Energy" that have helped invest in green and energy saving operations and promote the use of alternative energy. Additionally, the Bank has financially supported several other energy conservation programs i.e. Hire-Purchase Loans for NGV Air-conditioned Bus and Hire-Purchase Loans for cars with NGV/LPG.

### - smePOWER Thai Strong Program

SME Bank financially support SMEs in working contracts with a government or private agencies with a strong financial foundation that are in accordance to the Government's Thai Strong project through Term loans and Factoring Pre-shipment/Post-shipment Loans.

## 3. SME operators who cannot access to a systematic funding source

### - Public Debt Control Project (Informal Debts)

SME Bank financially supports SMEs with informal debts to reduce their business costs. The Government has invited SMEs with informal debts to register with the Comptroller General's Department to receive assistance in resolving their informal debts. After categorizing the list, Specialized Financial Institutions come in as financial providers for those SMEs. SME Bank received the list comprising 35,451 registered debtors with a total debt of 3,861 million Baht.

### - Loans for Small Business Operators

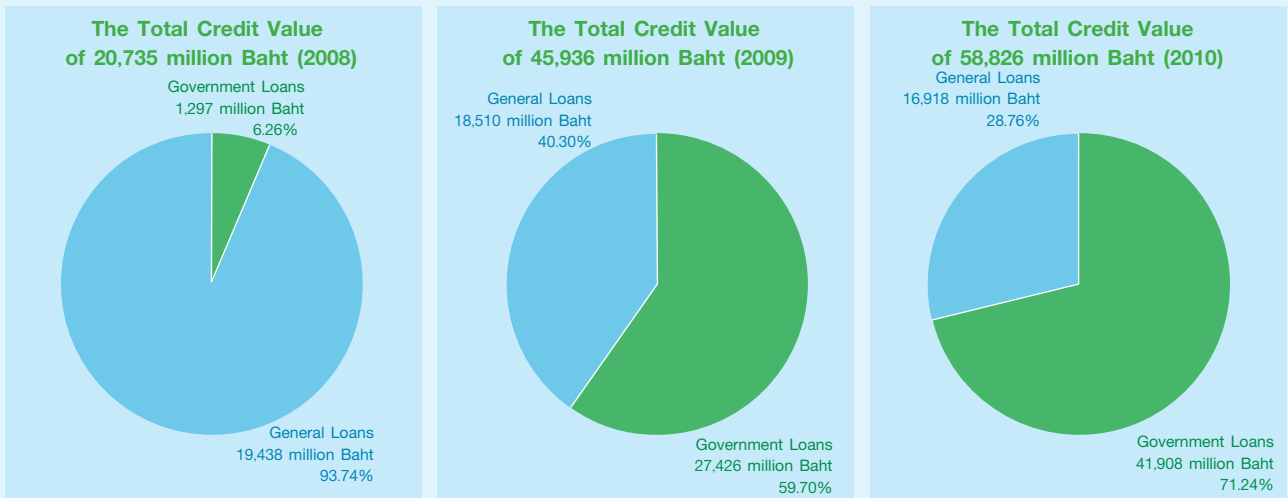
SME Bank financially supports small business operators both new and existing businesses with collateral free and promptly loan approval process as long as the loan application and required document are accurate and complete. If small business operators have been trained from the Bank's allies, they will be entitled to special interest rate. Loan receivers in this group are new entrepreneurs, community enterprises and OTOP.

## 4. General SME Operators

SME Bank aims to help SMEs with financial liquidity and investment in order to improve/expand their businesses including the franchise industry that is expected to significantly expand and become a business opportunity for individuals and small business owners who will be a vital part that helps strengthen the economy.

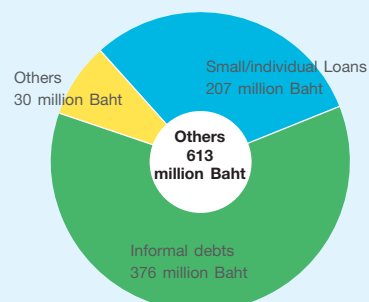
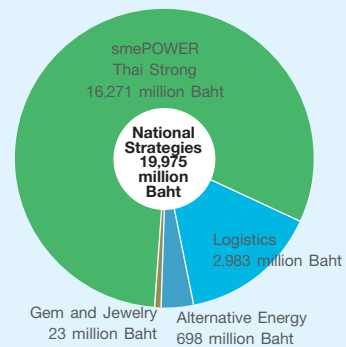
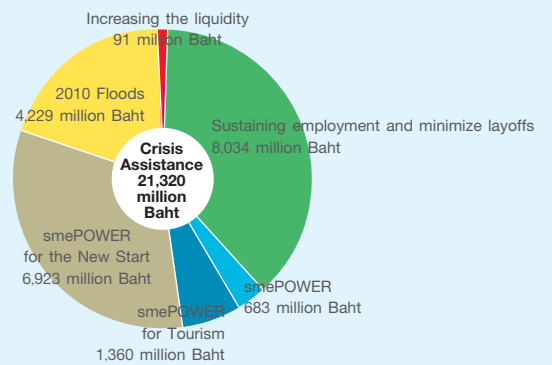
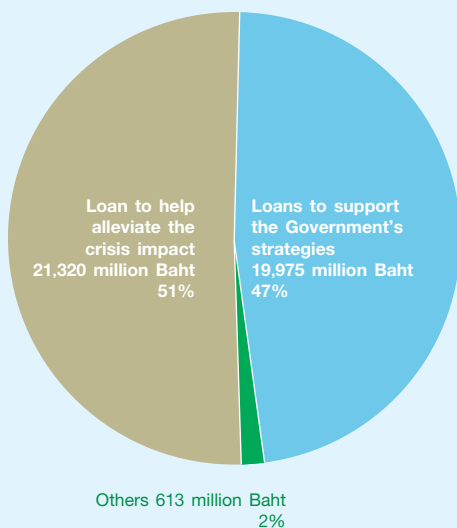


In 2010, the loan approvals to support the Government's policies and agendas has grow up to 71.24%, a lot more than 59.70% in 2009 and 6.26% in 2008.



Remarks : Government Loans refer to the loan schemes that SME Bank has financially supported SMEs in crisis, specially targeted SMEs, and SMEs without access to a funding source.

### A Total of the Government Loan Value of 41,908 million Baht (2010)

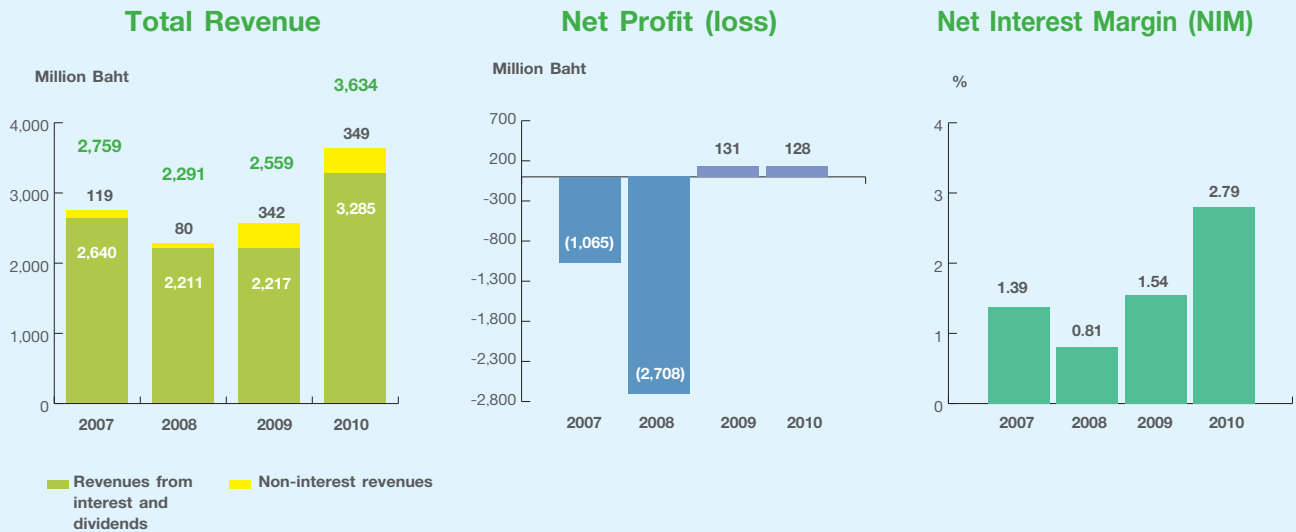


## Business Performance in 2010

Although in 2010, the overall economy of Thailand yields 7.8% in growth due to supportive factors, including the recovery of the global economy and the domestic demands, particularly in the private investment and the expansion of the household consumption that rise to 13.8% and 4.8% consecutively, and the exporting values in US. dollars that rise to 28%. The majority of business owners whether they are large, mid-sized, or small have faced many negative factors: energy cost, rising cost of agricultural products, rising interest rates, the Baht appreciation, violent political unrest and the great floods in several regions across the nation. These factors have resulted in a wide negative impact on business owners, their employees, and workers in the factories. Consequently, the gross domestic product (GDP) is not as high as anticipated. Thai people and many business owners are in financial distress and need an urgent assistance from the Government. SME Bank has devoted itself to help alleviate the financial burdens of SMEs in every situation to assure that businesses will survive and grow. At the same time, the Bank has improved its internal system by focusing on appropriate cost, the delivery of efficient and timely services, and the satisfaction of its clients. The Bank also recognizes the importance of operating under the appropriate risk management to enhance ability of banking business which will help the Bank to grow steadily. In 2010, SME Bank has adjusted several loan interest rates and conditions to alleviate the financial burdens of SMEs, and still maintains the interest rate for general loans to help reduce the business costs, while the interest rates in the general market continues to rise.

With the strong dedication and determination, SME Bank performs very well in 2010. Socially, the Bank has gained a positive image and reputation among SMEs. SME Banks' loans to help alleviate the financial difficulties are widely accepted because of the promptly approval process and short-wait loan disbursement that result in immediate assistance. The Bank continues to grow in 2010 and has exceeded its operational goals in terms of loan quality, the management of non-performing loans and business performance. This year, the Bank has approved Bt. 58,826.30 million in loan approvals or Bt. 12,890.31 million more than the previous year to 38,530 SME operators, or 29,741 more than last year. This year outstanding loans total Bt. 81,286.50 million, or an increase of Bt. 24,371.67 million. In addition, the Bank has created the value-added in the economy 63,979.56 million Baht, which is 40,186.94 million Baht higher than the previous year. More importantly, the Bank has contributed to 182,394 jobs; 90,824 jobs more than last year. The Non-performing loans (at the end of the year) are Bt.16,509.63 million, a decrease of Bt. 4,638.82 million from the previous year. Thus makes 20.31% ratio of NPLs/Outstanding loans, a decrease of 16.85%. Although in 2010, SME Bank has gradually increased its allowance provision for doubtful accounts according to IAS 39 for substandard and full non-performing debts, the Bank continues to incur the net profit of Bt. 128.48 million, which is only 1.75% decrease from last year.

## Financial Performance



## Operating Performance

In 2010, SME Bank has the total revenues of Bt. 3,634.03 million, an increase of Bt. 1,075.40 million or 42.03% from last year. Its total expense is Bt. 2,649.86 million, a decrease of Bt. 26.99 million or 1.02% from last year. This year's the reserves for doubtful accounts is counted for Bt. 855.69 million. As a result, SME Bank reports a net profit of Bt. 128.48 million.

### 1) Net Interest Income

The net interest income of 2010 totals Bt. 2,211.59 million, 132.46% or Bt.1,260.20 million more than a previous year, as a result of the following factors:

- **Interest income and dividend** in the year 2010 total Bt. 3,285.29 million, 48.21% or Bt. 1,068.64 million more than a year ago.

Interest income from loans total Bt. 3,055.15 million or 92.99% of total interest income, 56.84% or Bt. 1,107.18 million increase from last year as the outstanding loan of 2010 increase Bt. 24,371.67 million or 42.82% from previous year.

- **Interest expenses** account for Bt. 1,073.70 million, a decrease of Bt. 191.56 million or 15.14% from last year. 65.60% is the interest expense from deposits as per the funding source's adjustment to be more cost effective.

The Bank's net interest margin in 2010 equals 2.79% while it was only 1.54% in 2009. The increase has shown that the Bank is more effective in bringing more income.

### 2) Non-interest income

In 2010, the Bank acquires the non-interest income of Bt. 348.74 million, an increase of 1.98% or Bt. 6.76 million. The majority of this type of revenue comes from service fees that total Bt. 318.03 million, an increase of Bt. 58.12 million or 22.36% increase due to the expansion of loans.

### 3) Non-interest expenses (excluding the derivatives)

The total of the non-interest expenses of 2010 equal to Bt. 1,541.43 million, 11.95% or Bt. 164.57 million increase from a year ago. Most expenses are associated with employees, buildings/maintenance, and equipment expenses.

In 2010, the ratio between the non-interest expense and the total revenue is 42.42%, comparing to 53.81% in the previous year, the decline suggests a more efficient expense management this year.

### 4) Reserve for doubtful accounts

As the Ministry of Finance has extended the complete compliance with IAS 39 to the year 2012, the Bank has increased its provision in allowance for doubtful accounts according to IAS 39 for substandard and non-performing accounts. As a result, in fiscal year 2010, the reserves for doubtful accounts of SME Bank have increased Bt. 855.69 million and as of December 31, 2010, the reserves for doubtful accounts equal to Bt. 5,407.62 million.

Although SME Bank has gradually increased its reserves in 2010 as set forth in the IAS 39 provision for loans classified as substandard and non-performing and has acquired a larger amount of funds for doubtful accounts, the Bank's efficient operation still incurs a net profit of Bt.128.48 million, only 1.75% decrease from last year.

## Financial Status



### 1) Assets

As of December 31, 2010, SME Bank has the total assets of Bt. 88,620.45 million, 39.43% increase or Bt. 25,061.74 million more than a year ago. The increase was a result of the loan amount of Bt. 24,185.44 million, a 42.80% increase from last year. The ratio between the non-performing loans (NPLs) and the total loans amount is 20.31%, a decrease from 37.16% in the previous year.

### 2) Liabilities and shareholders

The total liabilities is Bt. 82,731.28 million, an increase of 43.60 % or Bt. 25,117.63 million, because of higher deposit amount, as the Bank has adjusted its cost structure in order to maintain the appropriate cost.

The shareholder amount is Bt. 5,889.17 million, a decrease of Bt. 55.89 million or 0.94%

### 3) The ratio of Funds and Risk Assets

As of December 31, 2010, the Bank's total funds is equal to Bt. 5,962.34 million and the value of its risk assets equal to Bt. 78,873.72 million. The ratio between funds and risk assets is 7.56% which is a result of an increase in loans amount of Bt. 24,371.67 million. Most of the loans are the financial assistance for SMEs affected by the crisis while SME Bank has not been approved of more funding.

## SME Bank's Mission Performance

### Loans Performance

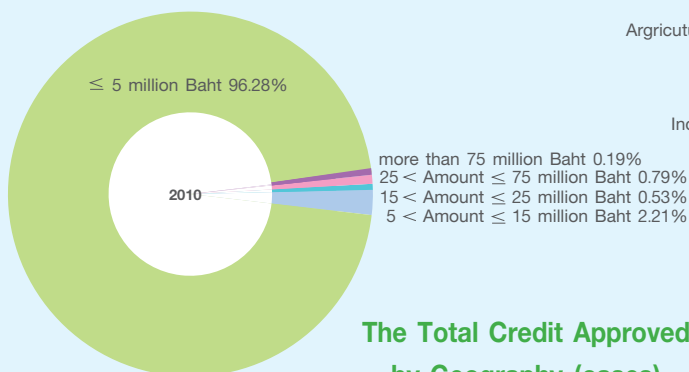
In 2010, SME Bank has approved Bt. 58,826.30 million worth in loans, an increase of 28.06% or Bt. 12,890.30 million to 38,530 individuals, an increase of 338.38% or 29,741 individuals more than the previous year.

- The loans can be divided into general loans totaling Bt. 16,918.69 million, and governmental loans totaling Bt. 41,907.61 million. The ratio of loans supporting government agendas versus general loans is 71.24%, while the ratio in 2009 was 59.70%.

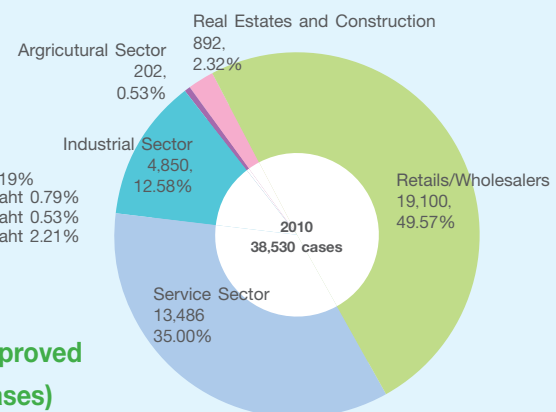
*Remarks : the governmental loans refer to the loan schemes targeting SMEs in crisis, strategically targeted SMEs as per the Government's agenda, and SMEs with no access to a formal funding source.*

- The ratio of loan receivers of less than Bt. 5 million capture the largest portion of the loan amount at 96.28% of the total SME operators which is higher than the prior year at 81.44%.
- 49.57% of the loan receiver is in retail or wholesale business, while 35.00% is in the service industry, 12.58% in the manufacturing industry, 2.32% is in real estate and construction industries, and lastly 0.53% is in agricultures.
- Loans divided by regions are as follows: 49.67% of the total amount goes to operators in Bangkok and the metropolitan areas, while 50.33% goes to the provincial areas.

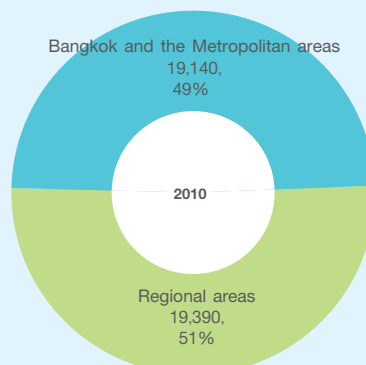
### Loans by the Credit Amount (cases)



### The Total Credit Approved by Industries (cases)

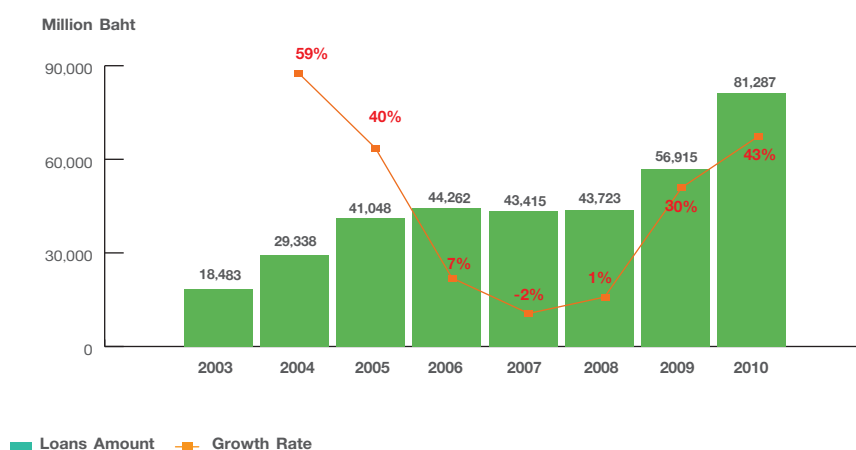


### The Total Credit Approved by Geography (cases)



As of December 31, 2010, The Bank had the outstanding loan amount of Bt. 81,286.50 million and 45,741 debtors, an 42.82% or Bt. 24,371.67 million increase from the previous year. It is a result of a close follow up that the Bank tracks the loan withdrawals by the customers. The outstanding of general loans is Bt. 40,370 million, and the outstanding of governmental loans is Bt. 40,917 million, or 50:50 when compared with the total loan outstanding.

### Loans Growth Rate



### Governmental Support Performance

In the year 2010, the Bank has launched a number of loan schemes to support the stimulus plan and help alleviate the burden of SME operators who were affected by the economic crisis. These loans are flexible and the total approved amount of governmental loans is Bt. 41,907.61 million, to 34,537 individuals into three groups as follows:

**1) Loans to Help Relieve the Crisis:** in 2010 these types of loans have been given to 27,960 individuals and accounted for Bt. 21,319.87 million, or 50.87% of the total governmental loans.

**1.1 smePOWER Credit:** a loan scheme that help relieve SMEs in crisis, or lack of business liquidity. The smePOWER Loans act like emergency funds that help the customers to continue their business. The customers benefit from four types of services: loans with the low interest rate, joint-venture, loan guarantee, and technological support under a collaborate project with the National Science and Technology Development Agency (NSTDA). In the year 2010, SME Bank has supported 130 SMEs through these loans at the total amount of Bt. 682.65 million.

**1.2 Loans to Help Sustain Employment and Minimize Layoffs (as continued from 2009):** in 2010, SME Bank has supported 361 SMEs through these loans at the total amount of Bt. 8,034 million.

**1.3 smePOWER for Tourism:** in 2010, SME Bank has supported 919 SMEs through these loans at the total amount of Bt. 1,359.73 million.

**1.4 Loans to Help Enhance Business Liquidity for SMEs Affected by the Political Unrest (smePOWER for the New Start):** SME Bank has assisted 14,464 SMEs who have been affected by the arsons during the political unrest to gain more business liquidity at the total loan amount of Bt. 6,923.58 million.

**1.5 Loans to Help Enhance Business Liquidity for Exporters Affected by the Baht Appreciation:**

SME Bank has assisted 26 SMEs who have been affected by the Baht appreciation at the total loan amount of Bt. 91.19 million.

**1.6 Loans to Help the Flood Victims:** SME Bank has assisted 12,060 SMEs who have been affected by the floods during the flood crisis in October of 2010 to improve, restore, revive and enhance business liquidity at the total loan amount of Bt. 4,228.72 million. (Additional loans approval of Bt. 771.28 million to 3,276 SMEs in the beginning of 2011. Therefore, the total recipients is 15,336 at the total amount of Bt. 5,000 million

**2) Loans to Support Targets and Strategies that were prioritized by Government:** in 2010 SME Bank has approved loans under this category to 2,194 individuals and accounted for Bt. 19,975 million, or 47% of the total governmental loans. Loan schemes under this category are as follows:

**2.1 smePOWER Thai Strong Program** is SME Bank's loan project under the Government's Thai Strong Campaign with the purpose to create jobs and provide employment opportunities. SME Bank has approved these loans to 961 SMEs with a total amount of Bt. 16,270.72 million.

**2.2 Loans for Logistics** is a SME Bank's loan campaign that targets SMEs in the logistics industry that has been affected by the global and domestic economic downturn. The Bank has approved these loans to 1,032 SMEs with a total amount of Bt. 2,983.37 million.

**2.3 Short-term Loans for Gem and Jewelry** is a loan scheme that SME Bank collaborates with the Ministry of Commerce, the Gem and Jewelry Institute of Thailand, and three others associations namely: Thai Gem and Jewelry Traders Association, Chanthaburi Gem and Jewelry Traders Association, and Thai Gem and Jewelry Manufacturers Association, to assists SMEs in the gem and jewelry industry with their liquidity. SME Bank has released a total amount of 23.30 million Baht to 6 SMEs.

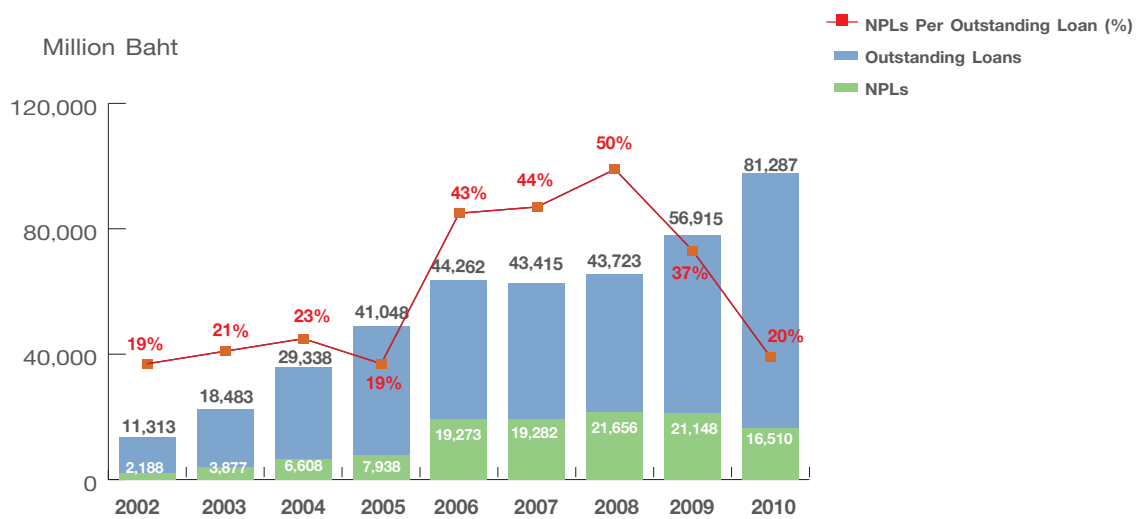
In addition to the above strategically targeted SMEs, SME Bank has financially supported SMEs through other loan schemes i.e. Hire Purchase Loans for NGV Vehicles, Hire Purchase Loans for Air-conditioned Buses with NGV, Loans to Support the Gas Station Owners with NGV.

**3) SME operators without access to a formal capital source:** in 2010, SME Bank has approved a total loan amount of Bt. 583.44 million under this category to 4,362 SMEs or 1.39% of the total governmental loans. Loan schemes under this category are as follows:

**3.1 Small and Individual Loans to Help Solve the Informal Debts** are under SME Bank's loan project that is a collaboration of SME Bank, the Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, and Small Business Credit Guarantee Corporation to support the Government's agenda that aims to solve the poverty and informal debts. SME Bank has approved these loans to 3,630 individuals with a total amount of Bt. 376.23 million.

Moreover, The Bank also financially support SMEs through other loan schemes i.e. Loans for OTOP.

## NPLs Performance



Although in 2010, SMEs have faced the severity of the economic crisis globally and domestically, SME Bank is aware of the importance of the close follow-up to solve its NPLs problems. SME Bank has been successful to decrease its NPLs more than Bt. 4,638 million. As of December 31, 2010 the net of non-performing loans is accounted for Bt. 16,509.63 million, or 20.31% of the Bt. 81,286.5 million outstanding loans which lower than 37.16% in the previous year.

## Entrepreneur Development in 2010

As one of the primary policies of SME Bank emphasizes on the entrepreneurship development, SME Bank is aware of the importance of its assistance in the pre and post-loan approval process; from application preparation to loan withdrawals and tries to promote this on-going improvement. SME Bank's focus is the strengthened management that will lead to growth, survival, and sustainability over competitors. In 2010, the Department of Entrepreneur Development has launched an "entrepreneurship development" project to improve SMEs' potentials in both pre and post-loan approvals and its main activities are:

**1) Pre-loan preparation** to educate SMEs who are interested in applying for the loans with SME Bank in order to have a better potential and preparation before submitting the loan applications. This also enables them to be more accessible to a funding source, and easier, faster, and simpler process. In addition, this pre-loan process serves as a screener to pre-qualifies SMEs that will be considered for loans. **SME Bank have targeted at least 70% of clients who have participated in the pre-loan process should be able to receive the actual loans from SME Bank.**

SME Bank has launched a number of activities to ensure that the operation has performed as planned and as followed the indications set forth by the Bank. SME Bank has appointed a consultation team to visit its potential clients at their factories or premises to explain about requirements and document needed for the loans. The Bank has also launched a "Loan Tutoring" project that helps with filling the forms to make this process easier and faster. SME Bank has found that among 597 SMEs nationwide who submitted the loan applications and had participated in one of the activities, 449 of them has been approved. That is 75.21% and the total loan amount is Bt. 1,812.31 million.



**2) Post-loan activities** to help SMEs after they have been approved by strengthening their knowledge-base, improving their potentials, preparing them for stronger business structure that allows them to continue to be viable and sustainable. SME Bank has targeted 600 of its SME clients to receive assistance. The 4 major tasks for developing SME loan clients are:

**2.1 SME operator diagnosis and development:** this starts with an on-site visit from a consultation team from SME Bank to really look at problems of the business, to perform a full diagnosis of the problem, and to summarize the situation and come up with an initial suggestion. Then this team will conduct diagnosis report and potentials of the business and follow up with the results of this site visit and consultation. Lastly, the team will conduct an overview report. Loan clients nationwide have received this diagnosis and initial consultation service to improve their management in several aspects i.e. cost control, continuity of product public relations and the decrease in manufacturing defects. There are a total of 301 clients participating in this activity.

**2.2 Standard quality development:** this starts with an on-site visit and inquiries about product/service quality development along with the problem study and analysis. Then a team of experts will focus on building a quality standard that clients can follow in order to heighten their product/service standard. The team will also conduct a periodical report to monitor the progress and follow-up with the results one business at a time until the business is certified by relating organizations/agencies. Lastly, SME Bank will help promote the success of the SME operators. In 2010, SME Bank has launched a pilot project that helps 7 businesses out of 26 businesses who applied. Six of the businesses that are in the process of being certified or have been certified are as follows:

1. Pornthip Co.,Ltd. (Phuket) (ISO 9001: applied for the certification on April 2011), Phuket
2. Kanom-Pia Heng-Hieng Bang Lane (FDA: already submitted the application and is in the process of review and evaluation in March, 2011), Nakhonpathom
3. E-jun Foods (Defects control/prepare to be GMP certified) in the year 2011, Chiangrai
4. World Foods International Co.,Ltd. (Defects control: January-September 2011), Samutsakhon
5. Suwanaosot Co.,Ltd. (Dragon Fish Brand) (GMP certified: application to be submitted in July 2011), Ayutthaya
6. SK Green Agro Products Co.,Ltd. (Rice mills: productivity improvement) December, 2010, Ubonratchathani

**2.3 Entrepreneur workshops/seminars:** the Bank has launched a number of workshops and seminars to educate its clients, improve their skills and understanding in every aspect of the management, so that they can adopt or adapt this knowledge to strengthen their businesses, become sustainable and be able to compete with their business competitors. The workshops come with an evaluation, a follow-up, and a report to monitor the results in the two following areas:

- 1 "Inventory Management System Course": 282 participants
  - 2 "Cost Accounting in a Day" Course: 243 participants
- Total participants: 525 participants

**2.4 Referring the clients to the Bank's business allies:** This operation involves the study of goals and missions of SME Bank's business allies and their activities and performs a summarization of each activity. After that the Bank will categorize and analyze its clients to match appropriate businesses with such activities based on results and benefits that the clients should gain and then send the clients to join the activity. The follow-up and the monitoring of the results are also conducted. There are a total of 213 clients participating in this activity.

## The Clients' benefits from the Bank's operation

1,065 SME Bank's clients benefit from activities aiming to strengthen and develop SMEs in every aspect of business management including marketing, manufacturing, business managing, and accounting. Additionally, SME Bank continues to focus on promoting the marketing knowledge to help create and expand the marketing channels. SME Bank has joined the Department of Skill Development to launch a number of workshops that help 497 SMEs create more income and website promoting products. Therefore, there is a total of 1,562 SMEs benefit from these activities.

SME Bank has conducted a survey and has monitored the results by phone interview and on-site visit to continue to see the progress and benefits of clients participating in activities recommended by the Bank. A survey of 969 respondents has found that 62.03% of clients or 620 SMEs participating in these management workshops has seen a positive result. They have a more systematic accounting system, and utilize new technology to help increase the sales, gain more profits, decrease the production cost, and enter the standardized quality system.

## Corporate Social Responsibility (CSR)

As a part of the good corporate citizenship, SME Bank has devoted itself into 4 areas namely: education development, social and environmental development, religion ministry, and employee participation. Each activity allows SME Bank's board of directors, executives, and employees to be socially responsible and fosters the sense of giving back to the society and the organization. Each area has its own special purposes as follows:



### 1) Education Development

The Bank wants to improve the educations among children and minors through the support and assistance of teachers and students in schools or other educational institutions that lack some of the educational opportunities i.e. youth camps to enhance the life experience, computers for learning, assistance with educational equipment and tools, scholarships, the support of the Panitan Chao Fah Project (to donate the Britannica Encyclopedia-Thai version to schools and libraries under the Royal Patronage of Her Royal Highness Princess Maha Chakri Sirindhorn).

## 2) Social and Environmental Development

SME Bank is aware of the importance of the social and environmental development along with the Bank's operation and has initiated a number of social and environmental activities, including The Sharing with the Less Privileged Children Project, The Sharing Dreams and Love Project for Kids and Community, and the National Tree Day Project.

## 3) Religion Ministry

SME Bank continues to foster the good morality among employees, follow the Buddhist guidance. The Bank also support and foster Buddhism in many activities i.e. the End of Buddhist Lent Celebration, Scholarship Funds, and the restoration of religious buildings in order to improve the well-being of population in the community.

## 4) Employee Participation

SME Bank equally sees the importance of internal and external society. Internally, SME Bank's employees are entitled to trainings and development programs that will help maximize the abilities and potentials. There are best employee awards, fringe benefit packages, and appropriate sport and recreational benefits to promote Thai cultures and promote the sense of environmental responsibility among SME Bank's executives and employees.

## International Collaborations



### APEC (Asia-Pacific Economic Cooperation)

As a member of SME Financial APEC, SME Bank has participated the 7<sup>th</sup> Annual Meeting and Conference of APEC Financial Institutions Dealing with SMEs at Kuala-Lumper, Malaysia, from July 15-16, 2010 to strengthen the financial institutions for SMEs among the member country.

### IMF World Bank

The Fiscal Policy Office (FPO) has appointed SME Bank a representative of Thailand to participate in the 2010 conference of International Monetary Fund (IMF) and other relating meetings from October 8-10, 2010 at Washington D.C., USA.

### **JTEPA (Japan-Thailand Economic Partnership Agreement)**

As a co-committee, SME Bank has attended the conference of the "Sub-Committee on the Enhancement of the Business Environment" on September 2, 2010 where the committee had agreed to promote and support SMEs in both countries.

### **JICA (Japan International Cooperation Agency)**

SME Bank has become a board member of the Strengthening Mechanisms for the Regional SME Promotion and Consultancy Services Quality Development project which is collaboration between JICA and the Department of Industrial Promotion to bring the Shindan system into practice to develop the small and mid-sized business in the regional areas.

### **JETRO (Japan External Trade Organization)**

SME Bank has attended the 50<sup>th</sup> Anniversary of JETRO in Thailand and has collaborated with JETRO throughout the year to consult with and assist mid-sized and small Thai-Japan businesses that are under the supervision of JETRO.

## **Welcoming international groups of liaisons and representatives who visited SME Bank**

SME Bank has opportunities to work jointly and collaborate with several international organizations and have welcome their groups of representatives and liaisons who visit the Bank to discuss and exchange experiences in regards to SME promotions and the site/factory visit of SME Bank's clients.

- **The Nigerian Finance Minister** came to discuss and exchange experience in order to establish a Bank for SMEs in Nigeria.
- **JETRO/Shindan experts, Japan** came to visit and inquired about the Bank's Shindan system.
- **Executives from the Intensa Sanpaolo Bank, Italy** came to discuss about the financial aspects and the promotion of SMEs.
- **JETRO/Shindan experts from Japan** came to visit a client's business in Ubonratchathani.
- **JFC (Japan Finance Corporation) SME Unit, Japan** came to visit and promote the good relationship of the two organizations and discussed about the business matching opportunities in the automobile, electronics, and food industries between the two organizations.
- **Samsung Life, Korea** came to discuss the possible partnership.

In addition, SME Bank has welcome several groups of the international representatives to see how the Bank operates and exchange the experiences among SMEs as follows:

- **A group of representatives from the Japanese Productivity Center, with a collaboration with JICA and JPC and a Study Tour from Latin America**
- **The University of Sweden/the Internal and External Hampering to the Growth of SMEs in Thailand**
- **A Community Development Agency from Travinh province, Vietnam**
- **USAID BGI Development, USA**
- **OSEO, France**
- **Japan Economics Research Institute Inc.**
- **Asia Institute of Technology (AIT) in the International Exposure Program on Micro, Small and Medium Enterprise Financing in Southeast Asia, India**

## Business Matching Programs

SME Bank, in cooperation with Japan Finance Corporation (SME Unit) has established a special program to connect, expand the marketing opportunities between the clients of both organizations on July 28, 2010 at the Grand Hall, BITEC in which 150 participants from Thai and Japanese automobile, electronic, and food Industries have joined the event.

## Lectures and International Seminars

- SME Bank participated in ASEAN Workshop on Sharing of Best Practices on the Establishment of SME Financial Facility at Bundaseri Begawan, Brunei from February 3-4, 2010.
- SME Bank participated in a tradeshow to promote SME Bank's business and loan products in the Thai Festival 2010, May 15-16, 2010 and had a chance to meet and discussed with mid-sized and small business operator at Tokyo, Japan.
- The Chinese Embassy in Thailand invited SME Bank to participate in the Seminar on Microfinance Development in South and Southeast Asia Developing Countries with the goals to support and promote the collaboration and communication among countries in the Southern Asia and South-eastern Asia in regards to microfinance at Beijing, China, on September 15-25, 2010.
- SME Bank visited and consulted with clients in the "Kitchen to the World" in the USA, from October 2-11, 2010.
- SME Bank attended a Regional Seminar on Intellectual Property Financing and Valuation by IPOS in Singapore, from December 8-9, 2010.
- Daiwa Securities Capital Markets Co.,Ltd. invited SME Bank to attend the Daiwa Capital Market Conference 2010 at Tokyo, Japan, from November 11-12, 2010. On the same occasion, SME Bank also attended APEC SME SUMMIT 2010 at Yokohama, Japan.

# Business Direction 2011

In 2011, The Bank continues to fulfill its major role; "to be the primary financial institution that assists and supports Thai SMEs." SME Bank will continue to focus on financially support SMEs without access to a funding source, because the challenges of the SMEs themselves or because of other critical factors or crisis. Along with the financial support, the Bank will focus on SME development to help the business survive and become sustainable. This will make the country grow as well. SME Bank is ready to be the core mechanism that drives the economics directed by the Government to create a stronger and sustainable growth of the Thai economy.

SME Bank has established two operational goals: to strengthen the Bank and a social goal in terms of being a development bank for SMEs without focusing on maximizing the profitability but being a true financial institution that will benefits the society and Thailand. In order to achieve these goals, the Bank has declared 4 important strategies as follows:

**Strategy 1:** To expand the client base while still maintaining the base of clients with good records.

- ◆ The Bank aims to expand the clients base with small loans of more than 2 million individuals nationwide through the creation of opportunities to access SME Bank's products and services. SME Bank will promote the notion of legal and formal funding along with accurate tax to a group of small shops nearby SME Bank branches i.e. fresh markets, department stores and markets along the borders. Most of the targets in this group is in need of business liquidity.
- ◆ The Bank aims to reach clients with potentials and are specially targeted to support the Government's agenda in the tourism, export, logistics, food and agriculture, alternative energy and creative industries.
- ◆ The Bank aims to maintain clients with good records through the improvement or the expansion of the business.

**Strategy 2:** To raise the bar in entrepreneurship development, before and after the loan approval. In 2011, SME Bank will be committed to focus on this area and will launch practical and systematic pre and post-loan activities. The pre-loan programs will help prepare the candidate to access a funding source and the post-loan programs involve education and knowledge needed after the loan for SMEs to be viable and strong. These programs include NPLs clients and the activities will be appropriate for different target groups. Some activities will be conducted by SME Bank or will be collaboration with SME Bank's business allies who have expertise in a particular area/subject to maximize the benefits. Examples are the collaboration with Thailand Creative and Design Center in designing or the partnership with the National Science and Technology Development Agency to help reduce the manufacturing defects.

**Strategy 3:** To improve the financial status by increasing the income and managing the appropriate cost.

- ◆ The Bank aims to increase the quality loans and increase the loans in 2011 through the increase in fund allocation of at least Bt. 12,000 million for the Bank to operate with stability. Although currently, the Ministry of Finance is being flexible with the IAS 39 Provision, SME Bank wants to be able to completely guarantee its doubtful debts according to IAS 39 in 2012. The Bank will also establish follow-up programs to prevent NPLs.

- ◆ The Bank aims to focus on effectively managing the NPLs through appropriate debt management tools that respond to different groups of debtors and focus on managing NPLs in courts and NPA along with appropriate measures to continue to prevent NPLs.
- ◆ The Bank aims to utilize the appropriate tools to control the financial cost by increasing the deposits or B/E and manage the funding source according to the use of the funds and appropriate risk management.
- ◆ The Bank aims to manage expenses effectively by setting and control the operation cost at 1.80% of performing assets.

**Strategy 4:** To create a positive image of being trustworthy and reliable among Thai SMEs nationwide in terms of impressive loan products, fast and reliable service under the acceptable risk management, corporate effectiveness, good governance and the social responsibility.

- ◆ The Bank aims to improve its loan process to be faster and easier by limiting the credit line to reduce the turn-around time and make use of new technology or IT system in the loan process.
- ◆ The Bank aims to increase its efficiency across the organization, from Human resources, IT, and Internal Management.
- ◆ The Bank aims to continue to be the primary mechanism that drives the Thai economy and assists SMEs as directed by the government.
- ◆ The Bank aims to establish effective good governance and social responsibility programs by operate under morals, good governance, and the commitment to take care of the society and environment.



## AUDITOR'S REPORT

### TO : THE SHAREHOLDERS OF THE SMALL AND MEDIUM ENTERPRISE DEVELOPMENT BANK OF THAILAND

The Office of the Auditor General of Thailand has audited the balance sheets of the Small and Medium Enterprise Development Bank of Thailand as at December 31, 2010 and 2009, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits.

The Office of the Auditor General of Thailand conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General of Thailand plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General of Thailand believes that the audits provide a reasonable basis for the opinion.

According to the Note on the financial statements No. 3.4 in regard to the Allowance for Doubtful Accounts, the provisioning to be set by the Bank has not been completely performed, on the basis of Bank of Thailand (BOT), as conceded by the Ministry of Finance not later than 2012 (B.E.2555). However, the Office of the Auditor General of Thailand has found that the actual basis of BOT are generally accepted and performed by the commercial banks, according to the accounting standards as prescribed in the Accounting Act. If the Bank set the provisioning on the above basis of BOT, the Allowance for Doubtful Accounts as at December 31, 2010 and doubtful of losses of the years ended at December 31, 2010 and 2009 would be significantly increased.

In the opinion of the Office of the Auditor General of Thailand, except for the effects of financial statements referred to in the preceding paragraph, the financial statements has showed the financial position as at December 31, 2010 and 2009, including the statements of income and cash flows for the year then ended of the Small and Medium Enterprise Development Bank of Thailand's management for correctness, in accordance with generally accepted accounting standards.



The Office of the Auditor General of Thailand has audited the financial statements of the Small and Medium Enterprise Development Bank of Thailand for the year ended at December 31, 2009, in accordance with generally accepted auditing standards and expressed an opinion without qualifying any comments on these financial statements as stated in the report dated on February 23, 2010. However, as prescribed in the paragraph 3, the Office of the Auditor General of Thailand has examined the suitability of the regulations adopted by the Bank to set the provisioning for doubtful accounts. The allowance for doubtful accounts as at December 31, 2009 would be significantly increased. So, the opinions of the Office of the Auditor General of Thailand in regard to the balance sheets mentioned above are, therefore, different from the precedent report.

Without qualifying any comments on these financial statements, the Office of the Auditor General of Thailand would like to draw attention to following :

1. Note 3.23 in regard to the contingent liabilities and commitments (off-balance sheet items), the Bank had annulled the contracts with the commercial banks and the contractor proceeded, then, a litigation against the Bank so that the Bank make a debt repayment, in accordance with the contracts.

2. In regard to the financial statements ended as at December 31, 2009, according to the Note 3.4 concerned, the Bank has changed the estimated allowance for doubtful accounts and the value rate of collaterals to be deducted with the debts value, in accordance with the resolution of the Ministry of Finance to adopt the basis of BOT no later than 2012 (B.E.2555). which resulted in decreasing the provisioning to be set and, then, transferring the excess of the said provision back to the Bank.

(Signed) Jiraporn Piriyaakitpaiboon  
(Jiraporn Piriyaakitpaiboon)  
Director of Audit Office

(Signed) Sunan Wongmek  
(Sunan Wongmek)  
Auditor in charge

## Balance Sheets

Small and Medium Enterprise Development Bank of Thailand

As at December 31, 2010 and 2009

Unit : Baht

	Notes	2010	2009
<b>Assets</b>			
Cash		904,640.52	152,557.00
Interbank and Money Market Items	3.1		
Domestic Items			
Interest Bearing		5,107,120,222.15	7,021,688,362.75
Non-Interest Bearing		721,568,161.42	235,875,356.41
Foreign Items			
Non-Interest Bearing		4,175,816.07	7,384,721.87
Total Interbank and Money Market Items		5,832,864,199.64	7,264,948,441.03
Investments	2.2.7 3.2		
Current Investments - Net		1,027,227,643.78	99,762,118.72
Long-term Investments - Net		3,821,377,948.79	2,271,564,104.60
Total Investments - Net		4,848,605,592.57	2,371,326,223.32
Loans and Accrued Interest Receivable			
Loans	2.2.4 3.3	80,698,263,974.50	56,512,823,965.50
Accrued Interest Receivable	3.3	229,641,786.16	157,834,896.32
Total Loans and Accrued Interest Receivable		80,927,905,760.66	56,670,658,861.82
Less Allowance for Doubtful Accounts	2.2.5 3.4	5,407,621,182.89	4,551,931,182.91
Total Loans and Accrued Interest Receivable-Net		75,520,284,577.77	52,118,727,678.91
Properties Foreclosed-Net	2.2.11 3.5	926,367,879.28	441,437,962.82
Premises and Equipment-Net	2.2.9 3.6	769,750,884.52	883,826,239.52
Assets In Process	3.7	324,362,915.58	196,797,990.19
Advance for Legal Costs-Net	3.8	-	-
Intangible Assets-Net	2.2.10 3.9	47,857,045.60	58,698,554.45
Other Assets - Net	3.10	349,453,047.76	222,797,215.00
Total Assets		88,620,450,783.24	63,558,712,862.24

Notes to the financial statements are an integral part of these financial statements.

## Balance Sheets (Continued)

Small and Medium Enterprise Development Bank of Thailand  
As at December 31, 2010 and 2009

Unit : Baht

	Notes	2010	2009
<b>Liabilities and Shareholders' Equity</b>			
Deposits in Baht	3.11	60,050,420,057.65	30,389,357,931.00
Interbank and Money Market Items	3.12		
Domestic Items			
Interest Bearing		2,446,633,000.00	3,046,633,000.00
Foreign Items			
Interest Bearing		9,179,274,100.00	15,591,189,600.00
Total Interbank and Money Market Items		11,625,907,100.00	18,637,822,600.00
Liabilities Payable on Demand		223,606,704.32	43,156,259.92
Borrowings	3.13		
Short-term Borrowings		5,256,737,254.81	3,136,951,770.96
Long-term Borrowings		180,447,148.60	180,447,148.60
Total Borrowings		5,437,184,403.41	3,317,398,919.56
Accrued Interest Payable		312,131,176.74	258,862,595.69
Support Fund from the Assets Capitalization Bureau	3.14	3,474,087.52	3,474,087.52
Support Fund from the Operation Center for Resolving Debts of the Public	3.15	2,564,973.88	2,564,973.88
Difference on Revaluation - Cross Currency swap	3.16	2,330,235,790.93	2,242,420,525.00
Other Liabilities	3.17	2,745,754,670.60	2,718,592,286.92
Total Liabilities		82,731,278,965.05	57,613,650,179.49

Notes to the financial statements are an integral part of these financial statements.

## Balance Sheets (Continued)

Small and Medium Enterprise Development Bank of Thailand

As at December 31, 2010 and 2009

Unit : Baht

	Notes	2010	2009
<b>Liabilities and Shareholders' Equity</b>			
<b>Shareholders' Equity</b>			
Share capital	3.18		
Authorized			
116,000,000 Ordinary Shares of Baht 100 each		11,600,000,000.00	11,600,000,000.00
Issued and Fully Paid-up			
116,000,000 Ordinary Shares of Baht 100 each		11,600,000,000.00	11,600,000,000.00
Revaluation Surplus on Investments	3.2	88,789,490.69	79,610,000.00
Government Support Fund for Investment	3.20	-	193,550,000.00
<b>Retained Earnings</b>			
Appropriated			
Legal Reserve	2.2.15	43,291,423.63	43,291,423.63
Reserve for Investments	2.2.16	216,457,118.20	216,457,118.20
Unappropriated			
Total Retained Earnings		(5,799,617,672.50)	(5,928,097,317.25)
Total Shareholders' Equity		5,889,171,818.19	5,945,062,682.75
Total Liabilities and Shareholders' Equity		88,620,450,783.24	63,558,712,862.24
<b>Off-Balance Sheet Items - Contingencies</b>			
Aval to Bill and Guarantees of Loans			
		-	20,000,000.00
Letters of Credit			
		1,801,757.65	10,326,680.05
Other Contingencies			
		12,732,104,327.36	23,973,052,379.28

Notes to the financial statements are an integral part of these financial statements.

(Signed) Pongpanu Svetarundra  
(Mr. Pongpanu Svetarundra)  
Chairman

(Signed) Soros Sakornvisava  
(Mr. Soros Sakornvisava)  
President

# Statements of Income

Small and Medium Enterprise Development Bank of Thailand  
For the years ended December 31, 2010 and 2009

Unit : Baht

	Notes	2010	2009
Interest and Dividend Income			
Loans		2,924,643,017.95	1,877,091,735.76
Interbank and Money Market Items		76,900,916.87	167,785,400.47
Leasing		130,506,943.64	70,876,249.67
Investments		153,240,624.89	100,899,950.24
Total Interest and Dividend Income		3,285,291,503.35	2,216,653,336.14
Interest Expenses			
Deposits		704,296,805.94	573,063,263.06
Interbank and Money Market Items		285,970,040.70	637,115,304.16
Short-term Borrowings		83,173,516.47	54,858,818.28
Long-term Borrowings		260,000.00	222,307.95
Total Interest Expenses		1,073,700,363.11	1,265,259,693.45
Net Interest and Dividend Income		2,211,591,140.24	951,393,642.69
Doubtful Accounts	3.4	855,689,999.98	(1,513,127,376.67)
Net Interest and Dividend Income After Doubtful Accounts		1,355,901,140.26	2,464,521,019.36
Non-Interest Income			
Gains (Losses) on Investments		(33,933,019.84)	1,260,069.90
Fees and Service Income			
Acceptances, Avals and Guarantees		21,164,262.19	18,623,886.16
Others		296,867,283.72	241,287,527.89
Gains on Exchanges		6,777,616.71	1,407,621.20
Other Income		57,866,140.95	79,405,560.33
Total Non-Interest Income		348,742,283.73	341,984,665.48
Non-Interest Expenses			
Personnel Expenses		912,785,337.79	816,856,997.42
Premises and Equipment Expenses		402,907,212.56	327,284,037.67
Taxes and duties		41,328.00	518,839.55
Fees and Service Expenses		43,304,408.70	49,864,235.17
Directors' Remuneration		2,982,000.00	2,426,300.00
Derivatives Expenses		34,734,700.49	1,298,884,972.57
Other Expenses		179,408,791.70	179,904,520.17
Total Non-Interest Expenses		1,576,163,779.24	2,675,739,902.55
Net Profit		128,479,644.75	130,765,782.29
Basic Earnings per Share	2.2.17	1.11	1.34

Notes to the financial statements are an integral part of these financial statements.

# Statements of Changes in Shareholders' Equity

Small and Medium Enterprise Development Bank of Thailand  
For the years ended December 31, 2010 and 2009

Unit : Baht

	Notes	Issued and paid up Share capital	Excess capital from change in investment value	Government Support fund for investment	Retained earnings	Total
Opening Balance at January 1, 2009		9,100,000,000.00	69,650,000.00	193,550,000.00	(6,058,863,099.54)	3,304,336,900.46
Share Capital						
Issued 25,000,000 Shares of Baht 100 each	3.18	2,500,000,000.00	-	-	-	2,500,000,000.00
Revaluation Surplus on Investments		-	9,960,000.00	-	-	9,960,000.00
Net Profit		-	-	-	130,765,782.29	130,765,782.29
Closing Balance at December 31, 2009		11,600,000,000.00	79,610,000.00	193,550,000.00	(5,928,097,317.25)	5,945,062,682.75
Revaluation Surplus on Investments		-	9,179,490.69	-	-	9,179,490.69
Government support fund for investment	3.20	-	-	(193,550,000.00)	-	(193,550,000.00)
Net Profit		-	-	-	128,479,644.75	128,479,644.75
Closing Balance at December 31, 2010		11,600,000,000.00	88,789,490.69	-	(5,799,617,672.50)	5,889,171,818.19

Notes to the financial statements are an integral part of these financial statements.

# Statements of Cash Flows

Small and Medium Enterprise Development Bank of Thailand  
For the years ended December 31, 2010 and 2009

Unit : Baht

	2010	2009
<b>Cash Flows from Operating Activities</b>		
Net Profit	128,479,644.75	130,765,782.29
Items to Reconcile Net Profit (Losses) to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation and Amortization	128,013,743.06	141,561,095.53
Doubtful Accounts	860,868,688.91	(1,469,626,110.97)
Gains from Sale of Assets	(6,030.59)	(45,416,751.46)
Loss from Sale of Investments	10,409,108.05	-
Increase in Accrued Expenses	109,968,591.45	42,501,759.64
(Profit) Loss from Depreciation of Capital	23,523,911.79	(1,260,069.90)
Loss from Depreciation of Properties Foreclosed	1,647,943.00	5,302,775.35
Excess (lower) than the value of financial investment	(7,562,971.59)	4,092,110.91
The excess of investment value from the reversed	509.48	-
Income from properties foreclosed	(15,990.01)	-
Adjusted the Assets In Process of the previous period to the expenses in the current period	32,699,200.00	-
	1,288,026,348.30	(1,192,079,408.61)
Net Interest and Dividend Income	(2,211,591,140.24)	(951,393,642.69)
Cash Received Interest and Dividend	3,213,484,613.51	2,206,260,937.43
Cash Paid Interest Expense	(1,020,431,782.06)	(1,505,172,179.70)
Profits (Losses) from Operations before Changes in Operating Assets and Liabilities	1,269,488,039.51	(1,442,384,293.57)
(Increase) Decrease in Operating Assets		
Interbank and Money Market Items	1,389,834,650.30	4,171,465,392.77
Loans	(24,185,440,009.00)	(13,074,239,020.03)
Properties Foreclosed	(486,577,859.46)	(97,552,883.52)
Other Assets	(131,834,521.69)	(116,752,065.21)
Increase (Decrease) in Operating Liabilities		
Cash Deposits in Baht	29,661,062,126.65	7,283,068,673.37
Interbank and Money Market Items	(7,011,915,500.00)	(737,504,100.00)
Liabilities Payable on Demand	180,450,444.40	33,011,569.52
Government support fund for investment	(193,550,000.00)	-
Support Fund from the Operation Center for Resolving Debts of the Public	-	(117,238.86)
Other Liabilities	5,009,058.16	2,324,510,805.25
Net Cash Provided by (used in) Operating Activities	496,526,428.87	(1,656,493,160.28)

Notes to the financial statements are an integral part of these financial statements.

## Statements of Cash Flows (Continued)

Small and Medium Enterprise Development Bank of Thailand  
For the years ended December 31, 2010 and 2009

Unit : Baht

	2010	2009
<b>Cash Flows from Investment Activities</b>		
Decrease in Time Deposits	42,249,591.09	44,042,000.00
Cash Paid for Securities Investment	(9,632,381,361.45)	(481,278,517.80)
Cash Paid for Purchase of Premises and Equipment	(3,082,358.61)	(7,863,800.12)
Cash Paid for Purchase of Intangible Assets	-	(2,897,447.42)
Cash Paid for Purchase of Assets In Process	(160,264,125.39)	(162,886,202.86)
Cash Received from Premises and Equipment	7,500.00	58,919,445.50
Cash Received from Securities Investment	7,137,910,925.16	200,000,000.00
Net Cash used in Investment Activities	(2,615,559,829.20)	(351,964,522.70)
<b>Cash Flows from Financing Activities</b>		
Cash Paid for Repayment of Borrowings	(54,156,884.00)	(29,839,579.72)
Cash Received from Borrowings	2,173,942,367.85	538,258,060.00
Cash Paid for Debenture	-	(1,000,000,000.00)
Cash Received from Shares Issued and Fully Paid	-	2,500,000,000.00
Net Cash used in Financing Activities	2,119,785,483.85	2,008,418,480.28
Net Increase (Decrease) in Cash and Cash Equivalents	752,083.52	(39,202.70)
Opening Balance of Cash and Cash Equivalents	152,557.00	191,759.70
Closing Balance of Cash and Cash Equivalents	904,640.52	152,557.00

Notes to the financial statements are an integral part of these financial statements.



# Notes to Financial Statements

Small and Medium Enterprise Development Bank of Thailand  
For the years ended December 31, 2010 and 2009

## 1. Establishment Objectives and Operations

The Small and Medium Enterprise Development Bank of Thailand was established as a juristic person under the Small and Medium Enterprise Development Bank of Thailand Act B.E. 2545 (2002), which effectively came into force since December 20, 2002. The Bank is mandated to conduct business with the aim to develop, promote, and assist small and medium enterprise in the establishment, operation, expansion or improvement of their businesses through the provision of loans, guarantees, venture capital, counseling and other necessary services as prescribed by the Act.

The entire business, assets, liabilities, retained earnings, reserves and all rights and accountabilities of the Small Industry Finance Corporation as existed on the day which this Act came into force, were transferred to SME Bank.

The Bank's head office is located at 310 SME Bank Tower Phahonyothin Road, Sam Sen Nai District, Phayathai, Bangkok. The Bank has branch offices located throughout all regions of Thailand.

## 2. Basis of Presentation and Significant Accounting Policies

### 2.1 Basis of Presentation of Financial Statements

The Bank has prepared the financial statements disclose items as specified in the announcement of Bank of Thailand Ref. Sor. Nor. Sor. 70/2551 dated August 3, 2008, regarding the presentation and announcement of financial statements for Commercial Banks, including the holding company of financial business group, according to the accounting standards as prescribed in the Accounting Act B.E. 2543 (2000).

#### 2.1.1 Revised Accounting Standard and Financial Reporting Standard

2.1.1.1 The Federation of Accounting Profession has issued the notification relating to the rearrangement of identification number of Thai Accounting Standard and Financial Reporting Standard, in accordance with the International Accounting Standard (IAS) and the International Financial Reporting Standard (IFRS). So, the Bank showed, then, the identification number for Thai Accounting Standard and Financial Reporting Standard, in the financial statements, as announced by the above notification.

2.1.1.2 The Federation of Accounting Profession issued the notification in B.E.2553 (2010), in regard to the Financial Reporting Standard Thai Accounting Standard, and new Practical Guidelines for Accounting Record including the revisions as follows:

		<u>Effective Date</u>
	<b>Accounting Framework</b> (revised 2009)	May 26, 2010
	<u>Accounting Standard</u>	<u>Effective Date</u>
No.1	The Presentation of Financial Statements (revised 2009)	January 1, 2011
No.7	The Statements of Cash Flows (revised 2009)	January 1, 2011
No.8	The Accounting Policies, the Change of Estimated Account (revised 2009)	January 1, 2011
No.10	The Events after Reporting Periods (revised 2009)	January 1, 2011
No.16	Land, Premises and Equipment (revised 2009)	January 1, 2011

	<u>Accounting Standard</u>	<u>Effective Date</u>
No.17	The Leasing Contracts (revised 2009)	January 1, 2011
No.18	Income (revised 2009)	January 1, 2011
No.19	Benefits for employees	January 1, 2011
No.20	Accounting for Government Grants and Disclosure of Government Assistance (revised 2009)	January 1, 2013
No.23	The Cost of Loans and Borrowings (revised 2009)	January 1, 2011
No.24	The Disclosure of Personal Information and Business concerned (revised 2009)	January 1, 2011
No.26	Accounting and Reporting for various benefits for employees when resigned	January 1, 2011
No.34	The Interim Financial Statements (revised 2009)	January 1, 2011
No.36	The Depreciation of Assets (revised 2009)	January 1, 2011
No.37	The Estimated Liabilities, Contingent Liabilities and Assets (revised 2009)	January 1, 2011
No.38	The Intangible Assets (revised 2009)	January 1, 2011
	<u>Financial Reporting Standard</u>	<u>Effective Date</u>
No.5	The non-current Assets held for Sale and Discontinued Operations (revised 2009)	January 1, 2011

The Bank estimated the implementation of the Accounting Standard would have no significant effect, upon the financial statements of the Bank when adopting it. And Thai Accounting Standard No.19 in regard to the benefits for employees are being revised for various effects which may occur.

The financial statements have been made in both Thai and English version so as to facilitate the foreign readers.

## 2.2 Summary of Significant Accounting Policies

### 2.2.1 Cash and Cash Equivalents

Cash and Cash equivalents represent cash in hand and cash on collection.

### 2.2.2 Recognition of Income

#### - Interest income

The Bank recognize interest income on loans on an accruals basis using the effective interest rate method, except for interest on loans classified as delinquent over 3 months which is recognized on a cash basis.

The Bank reverses accrued interest income on loans classified as delinquent over 3 months since the first date of overdue accordance with the Bank of Thailand regulation.

#### - Penalties income

The Bank recognize penalties income on an accruals basis using the effective interest rate method, except for penalties income classified as delinquent over 3 months which is recognized on a cash basis.

The Bank reverses accrued penalties income on loans classified as delinquent over 3 months since the first date of overdue accordance with the Bank of Thailand regulation.

For the 3 month installment ended at December 31, 2010, the Bank recorded the income as the cash paid interest expense.

## **2.2.2 Recognition of Income (Continued)**

### **- Fees and service income**

The Bank recognize fees and service income on loan approval is recognized on a cash basis. Fees income from issuance of guarantee letters is recognized on a rights basis.

## **2.2.3 Recognition of Interest Expense**

Interest expense on deposits and borrowings is recognized on an accruals basis using the effective interest rate method.

## **2.2.4 Loans**

Loans represent the outstanding principle amount, which accrued interest receivables presented as a separate item. Unearned discounts are presented as a deduction from the loans.

## **2.2.5 Allowance for Doubtful Accounts**

In regard to the loans' debtors, the allowance for doubtful accounts has been considered by the loan of each debtor, based on the possibilities of debt repayment, the value of existing collaterals, and the debtors' classification, conducted by the Bank, as specified by Bank of Thailand (BOT), Ref. Sor. Nor. Sor. 31/2008 relating to the basis of assets classification and provisioning of financial institutes dated on August 3, 2008.

In 2009 the Bank set the provisioning at the rate of 20 percent, 50 percent and 100 percent of the debt value after deducting for the collaterals at the rate of 90 percent for the substandard assets, assets classified as doubtful and doubtful of loss, including the debtors already adjudged or in the legal execution process and in the litigation process, respectively, as conceded by the Ministry of Finance for the Bank to adopt the basis of International Accounting Standard No.39 no later than 2012. So, the Bank is required to change the value of collaterals to be deducted from the value, prior to setting the provisioning, calculated on the basis of present value of expected cash flow from sale of collaterals with the rate of 90 percent, previous rate of BOT as specified on August 23, 2004.

In 2010 the Bank has gradually set aside the provision for doubtful accounts, in accordance with the Ministry of Finance's policy, in regard to, the adoption of the basis of the International Accounting Standard No.39 not later than 2012. For the assets of doubtful of loss, the Bank has set the provisioning at the rate of 100 Percent of the debt value after deducting for the collaterals at the rate of 62 percent, especially for the substandard assets and assets classified as doubtful and doubtful of loss, according to the actual basis of Bank of Thailand.

## **2.2.6 Troubled Debt Restructuring**

The Bank considers debtors deemed able to pay their debts if terms and conditions are eased from normal standards without incurring any loss in book value. The Bank uses banking practice regarding troubled debt restructuring to resolve the problem of troubled debts, such as asset transfer to repay debt, change of repayment conditions and other forms of troubled debt restructuring.

## **2.2.7 Investments**

The Bank's investments comprise debt securities as trading securities, available-for-sale securities, held-to-maturity debt securities and general investment securities which are presented separately as net current investments and net long-term investments.

Investment in marketable investment units which are available-for-sale investments is presented in terms of fair value with their net assets value.

Those debt securities which the Bank intends and is able to hold to maturity are classified as held-to-maturity securities which are presented at cost value written off. Their surplus or deficit value will be held to maturity and adjusted to interest receivables at the end of each month on a straight-line method. The interest income from held-to-maturity debt securities are recorded on an accrual basis using the effective rate method.

Investments other than marketable securities are stated at cost less allowance for investment impairment (if any). Loss on impairment of investment are recognized as the expenses in the statement of income.

#### **2.2.8 Translation of Foreign Currencies**

Assets and liabilities denominated in foreign currencies, including forward foreign exchange contracts, are translated into Thai Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities denominated in foreign currencies, including forward foreign exchange contracts are translated into Thai Baht at the reference rates announced by the BOT at the date of Balance Sheet. Exchange gains or losses on translation are recognized as income or expenses in the period.

#### **2.2.9 Premises and Equipment - Net**

Premises and equipment are stated at cost less accumulated depreciation and allowance for asset impairment (if any). Depreciation of premises and equipment is calculated on a straight-line method over their estimated useful lives, for building, 20 years and for equipment, 5-10 years. Equipment which cost not more than 2,000 Baht per unit, are stated as expenses in the accounting period of their purchase.

#### **2.2.10 Intangible Assets - Net comprising of ;**

The installation of computer system including the expenses for upgrading the core banking system are stated at cost less accumulated amortization, calculated on a straight-line method over the estimated 10 percent per year and recognized as expenses in the statement of income.

The rights to rent are stated at cost less accumulated amortization, calculated on a straight-line method, according to the remaining maturity of rental contracts and recognized as the expenses in the statement of income.

#### **2.2.11 Properties Foreclosed - Net**

These comprise land and buildings debtors used as collateral and ordered by a court of law to be sold at auction which the Bank purchased with the intention to resell later on.

Properties foreclosed are stated at debt settlement cost or at their auction value and recorded as receipt of partial debt repayment less allowance for asset impairment (if any). The assets are valued by comparison with their market value as assessed by a third party. Losses on impairment are recognized as non-interest expenses in the statements of income. Depreciation of buildings are not calculated or deducted as profit or loss when sold and after remaining debt is repaid.

#### **2.2.12 Derivatives**

The Bank uses derivative financial instruments as a risk management tool. For assets and liabilities, the derivative financial instrument used to manage their credit risk will recognize accrued profit or loss according to any change in fair value in a corresponding time periods.

A derivative is a financial instrument used to protect assets and liabilities against risks will also recognize accrued interest payable and receivable in corresponding time periods.

#### **2.2.13 Provident Fund for staff**

The Bank established and registered the Provident Fund in accordance with the Act of Provident Fund of 1987, with the approval from the Ministry of Finance on November 29, 1996. By Krung Thai Asset Management Public Company Limited, the Fund Manager.

According to the regulations of Provident Fund, the staff hired by the Bank as permanent employees, are entitled to subscribe to this Fund as its member. The staff contributed to the Fund at the rate of 3 - 9 percent according to the length of service of each staff and the Bank contributed money to this Fund with the rate of 5 - 10 percent according to the length of service for staff as well. And the Bank staff will be reimbursed the said benefit when resigned according to the length of their seniority.

The Bank contributed money to the Provident Fund for staff, charge to expense for staff in the statement of income.

#### **2.2.14 Rented Assets**

For the leasing contracts, the Bank has classified them as assets in process in recognition of the expenses, not the interest in the statement of income for monthly payment, according to the remaining maturity of leasehold right.

#### **2.2.15 Legal Reserve**

The Bank sets aside at least 5 percent of previous year's net profit as a legal reserve, appropriation until said reserve is not less than 10 percent of authorized share capital.

#### **2.2.16 Reserve for Investment**

The Bank sets aside 25 percent of previous year's net profit as reserve for investment in new projects.

#### **2.2.17 Basic Earnings / (Loss) per Share**

Basic Earnings / (Loss) per share is computed by dividing the net profit by the weighted average number of fully paid up ordinary shares at the year ended.

### 3. Supplementary Information

#### 3.1 Interbank and Money Market Items (Assets)

Unit : Million Baht

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
<b>Domestic Items</b>						
Bank of Thailand	19.13	1,850.00	1,869.13	10.21	5,520.00	5,530.21
Commercial Banks	689.19	1,500.00	2,189.19	218.14	1,200.00	1,418.14
Other Banks	13.25	1,756.63	1,769.88	7.53	298.88	306.41
Total Domestic Items	721.57	5,106.63	5,828.20	235.88	7,018.88	7,254.76
<u>Add</u> Accrued interest receivable	-	0.49	0.49	-	2.80	2.80
Total	<u>721.57</u>	<u>5,107.12</u>	<u>5,828.69</u>	<u>235.88</u>	<u>7,021.68</u>	<u>7,257.56</u>

Unit : Million Baht

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
<b>Foreign Items</b>						
US Dollar	1.61	-	1.61	7.06	-	7.06
EURO	2.00	-	2.00	0.32	-	0.32
Yen	0.56	-	0.56	0.01	-	0.01
Total Foreign Items	4.17	-	4.17	7.39	-	7.39
<u>Add</u> Accrued interest receivable	-	-	-	-	-	-
Total	<u>4.17</u>	<u>-</u>	<u>4.17</u>	<u>7.39</u>	<u>-</u>	<u>7.39</u>
Total Domestic and Foreign Items	<u>725.74</u>	<u>5,107.12</u>	<u>5,832.86</u>	<u>243.27</u>	<u>7,021.68</u>	<u>7,264.95</u>

As at December 31, 2010 and 2009 the domestic deposits of other Banks amounted to 256.63 Million Baht and 298.88 Million Baht respectively, would be recognized as the loans guarantee for the Housing Projects of Bank's staff.

## 3.2 Investments

Unit : Million Baht

	2010			
	Cost/ Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
<b>3.2.1 Current investments</b>				
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	486.94	-	-	486.94
Private enterprise debt securities	500.29	-	-	500.29
Total	987.23	-	-	987.23
<b>General investments</b>				
Non-marketable Equity Securities	40.00	-	-	40.00
Total	40.00	-	-	40.00
Total Current investments - net	1,027.23	-	-	1,027.23
<b>3.2.2 Long-term investments</b>				
<b>Available-for-sale securities</b>				
Government and state enterprise securities	100.45	-	0.80	99.65
<u>Less</u> Allowance for revaluation	(0.80)	-	-	-
Total	99.65	-	-	99.65
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	3,485.23	89.59	-	3,574.82
<u>Add</u> Allowance for revaluation	89.59	-	-	-
Total	3,574.82	-	-	3,574.82
<b>General investments</b>				
Non-marketable Equity Securities	349.77	-	202.86	146.91
<u>Less</u> Allowance for impairment	(202.86)	-	-	-
Total	146.91	-	-	146.91
Total Long-term investments - net	3,821.38	-	-	3,821.38

### 3.2 Investments (Continued)

Unit : Million Baht

	2009			
	Cost/ Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
<b>3.2.1 Current investments</b>				
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	99.76	-	-	99.76
Total Current investments - net	<u>99.76</u>	<u>-</u>	<u>-</u>	<u>99.76</u>
<b>3.2.2 Long-term investments</b>				
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	1,277.27	79.61	-	1,356.88
Private enterprise debt securities	500.70	-	-	500.70
Add Allowance for revaluation	79.61	-	-	-
Total	<u>1,857.58</u>	<u>-</u>	<u>-</u>	<u>1,857.58</u>
<b>General investments</b>				
Non-marketable Equity Securities	593.32	-	179.34	413.98
Less Allowance for impairment	(179.34)	-	-	-
Total	<u>413.98</u>	<u>-</u>	<u>-</u>	<u>413.98</u>
Total Long-term investments - net	<u>2,271.56</u>	<u>-</u>	<u>-</u>	<u>2,271.56</u>

Unit : Million Baht

	2010 Maturity			Total
	Within 1 Year	Over 1 to 5 years	Over 5 years	
<b>3.2.3 Remaining Maturity of Debt Securities</b>				
<b>Available-for-sale securities</b>				
Government and state enterprise securities	-	99.65	-	99.65
Add Allowance for revaluation	-	-	-	-
Total	<u>-</u>	<u>99.65</u>	<u>-</u>	<u>99.65</u>
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	486.94	3,285.23	200.00	3,972.17
Private enterprise debt securities	500.29	-	-	500.29
Add Allowance for revaluation	-	89.59	-	89.59
Total	<u>987.23</u>	<u>3,374.82</u>	<u>200.00</u>	<u>4,562.05</u>



### 3.2 Investments (Continued)

Unit : Million Baht

	2009 Maturity			Total
	Within 1 Year	Over 1 to 5 years	Over 5 years	
<b>3.2.3 Remaining Maturity of Debt Securities</b>				
<b>Held-to-maturity debt securities</b>				
Government and state enterprise securities	99.76	1,277.27	-	1,377.03
Private enterprise debt securities	-	500.70	-	500.70
<u>Add</u> Allowance for revaluation	-	79.61	-	79.61
Total	<u>99.76</u>	<u>1,857.58</u>	<u>-</u>	<u>1,957.34</u>

### 3.3 Loans and Accrued Interest Receivable

#### 3.3.1 Classified by Type of Loans

Unit : Million Baht

	2010	2009
Loans	77,768.50	54,538.51
Hire purchase receivable	3,391.87	2,276.83
Loans - Welfare	126.14	99.50
Total	<u>81,286.51</u>	<u>56,914.84</u>
<u>Add</u> Accrued interest receivable	229.64	157.83
Total	<u>81,516.15</u>	<u>57,072.67</u>
<u>Less</u> Unearned discounts	(588.24)	(402.01)
Loans and accrued interest receivable	<u>80,927.91</u>	<u>56,670.66</u>
<u>Less</u> Allowance for doubtful accounts	(5,407.62)	(4,551.93)
Loans and accrued interest receivable - net	<u>75,520.29</u>	<u>52,118.73</u>

#### 3.3.2 Classified by remaining maturity

Unit : Million Baht

	2010	2009
Up to 1 year	25,904.28	22,217.22
Over 1 years	55,382.23	34,697.62
Total	<u>81,286.51</u>	<u>56,914.84</u>
<u>Add</u> Accrued interest receivable	229.64	157.83
Total	<u>81,516.15</u>	<u>57,072.67</u>
<u>Less</u> Unearned discounts	(588.24)	(402.01)
Loans and accrued interest receivable	<u>80,927.91</u>	<u>56,670.66</u>

### 3.3 Loans and Accrued Interest Receivable (Continued)

#### 3.3.3 Classified by Loan Classification

Unit : Million Baht

2010				
	Loans and Accrued Interest Receivable	Debt net of Collateral	Allowance for Doubtful Accounts percent	Allowance Established
Pass	62,483.05	16,196.42	1	161.96
Special mention	2,511.18	245.18	2	4.90
Substandard	908.57	212.82	100	212.82
Doubtful	938.59	229.38	100	229.38
Doubtful of loss	14,674.76	4,798.56*	100	4,798.56
Total	81,516.15	21,682.36		5,407.62
Less Unearned discounts	(588.24)			
Loans and accrued interest receivable	80,927.91			
Less Allowance for doubtful accounts (Note 3.4)	(5,407.62)			
Loans and accrued interest receivable-net	75,520.29			

\* The Bank has adopted the calculating basis for the value of collaterals at the rate of 90 percent, but according to the basis of BOT, the collaterals must be calculated by the present value of cash expected to receive.

Unit : Million Baht

2009				
	Loans and Accrued Interest Receivable	Debt net of Collateral	Allowance for Doubtful Accounts percent	Allowance Established
Pass	34,515.96	5,451.68	1	54.52
Special mention	1,394.26	183.18	2	3.66
Substandard				
- Provisions non IAS 39	1,094.33	95.29	20*	19.06
- Provisions under IAS 39	182.47	11.87	100	11.87
Doubtful				
- Provisions non IAS 39	2,291.94	193.15	50*	96.58
- Provisions under IAS 39	221.36	9.20	100	9.20
Doubtful of loss	17,372.35	4,357.04	100	4,357.04
Total	57,072.67	10,301.41		4,551.93
Less Unearned discounts	(402.01)			
Loans and accrued interest receivable	56,670.66			
Less Allowance for doubtful accounts (Note 3.4)	(4,551.93)			
Loans and accrued interest receivable-net	52,118.73			

\*According to Bank of Thailand's basis, the provisioning has been set at rate of 100 percent

As at December 31, 2010 and 2009, loans whose interest income recognition has ceased totaled 16,509.63 million Baht and 21,148.45 million Baht, accounting for 20.25 and 37.06 percent respectively of loans and accrued interest receivable

### 3.3 Loans and Accrued Interest Receivable (Continued)

#### 3.3.4 Troubled Debt Restructuring

Details of restructured debts of the Bank and its subsidiaries for the years ended December 31, 2010 and 2009 are as follows :

Unit : Million Baht

Forms of Restructuring	2010				
	Number of Accounts	Outstanding Debts		Transferred Assets	
		Before	After	Types	Fair Value
Changes of repayment conditions	8,065	24,554.99	22,550.07	-	-
Transfers of assets	329	1,672.22	1,004.00	Land, Land and Premises	668.22
<b>Total</b>	<b>8,394</b>	<b>26,227.21</b>	<b>23,554.07</b>		

Unit : Million Baht

Forms of Restructuring	2009				
	Number of Accounts	Outstanding Debts		Transferred Assets	
		Before	After	Types	Fair Value
Changes of repayment conditions	6,981	25,889.93	20,934.00	-	-
Transfers of assets	217	726.54	463.66	Land, Land and Premises	262.88
<b>Total</b>	<b>7,198</b>	<b>26,616.47</b>	<b>21,397.66</b>		

### 3.4 Allowance for Doubtful Accounts

Unit : Million Baht

	2010					
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Opening balance	54.52	3.66	30.93	105.78	4,357.04	4,551.93
Doubtful accounts	107.44	1.24	181.89	123.60	441.52	855.69
Closing balance	161.96	4.90	212.82	229.38	4,798.56	5,407.62

### 3.4 Allowance for Doubtful Accounts (Continued)

Unit : Million Baht

	2009					Total
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	
Opening balance	26.11	4.83	87.10	363.79	5,583.23	6,065.06
Doubtful accounts	28.41	(1.17)	(56.17)	(258.01)	(1,226.19)	(1,513.13)
Closing balance	<u>54.52</u>	<u>3.66</u>	<u>30.93</u>	<u>105.78</u>	<u>4,357.04</u>	<u>4,551.93</u>

Table for Calculation of Allowance for Doubtful Accounts as indicated in Remark 3.3.3

The Bank has been conceded by the Ministry of Finance to adopt the basis of the International Accounting Standard No.39 not later than 2012, which resulted in decreasing the provisioning to be set in 2010 to the amount of 1,741.04 Million Baht, differently from BOT actual basis.

In 2009, the Bank changed the value rate of collaterals to be deducted with the debts value, prior to setting the provisioning (Note 2.2.5), which resulted in decreasing the provisioning to be set to the amount of 2,494.11 Million Baht from the BOT basis. According to the aforementioned change, the Bank recorded the debts for doubtful accounts, transferred back to the Bank for the amount of 1,513.13 Million Baht in the statement of income.

### 3.5 Properties Foreclosed - Net

Unit : Million Baht

	2010			
	Opening Balance	Additions	Disposals	Closing Balance
Acquired from debt settlement				
Immovable assets	434.00	570.56	(84.12)	920.44
Movable assets	32.73	-	-	32.73
Total	466.73	570.56	(84.12)	953.17
Less Allowance for properties foreclosed impairment	(25.29)	(1.65)	0.14	(26.80)
Properties foreclosed - net	<u>441.44</u>	<u>568.91</u>	<u>(83.98)</u>	<u>926.37</u>

Unit : Million Baht

	2009			
	Opening Balance	Additions	Disposals	Closing Balance
Acquired from debt settlement				
Immovable assets	334.90	120.18	(21.08)	434.00
Movable assets	34.28	-	(1.55)	32.73
Total	369.18	120.18	(22.63)	466.73
Less Allowance for properties foreclosed impairment	(19.99)	(5.38)	0.08	(25.29)
Properties foreclosed - net	<u>349.19</u>	<u>114.80</u>	<u>(22.55)</u>	<u>441.44</u>

### 3.6 Premises and Equipment - Net

Unit : Million Baht

	2010								Net
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Land	264.76	-	-	264.76	-	-	-	-	264.76
Premises	506.71	-	-	506.71	44.08	24.23	-	68.31	438.40
Office equipment	306.74	2.57	(0.14)	309.17	221.38	26.61	(0.14)	247.85	61.32
Furniture	242.65	0.52	-	243.17	172.77	65.90	-	238.67	4.50
Vehicles	2.85	-	-	2.85	1.65	0.43	-	2.08	0.77
<b>Total</b>	<b>1,323.71</b>	<b>3.09</b>	<b>(0.14)</b>	<b>1,326.66</b>	<b>439.88</b>	<b>117.17</b>	<b>(0.14)</b>	<b>556.91</b>	<b>769.75</b>

Total premises price amounted to 506.71 Million Baht, comprising of Head Office Building 497.49 Million Baht, and Branches Offices 9.22 Million Baht.

Unit : Million Baht

	2009								Net
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Land	264.76	-	-	264.76	-	-	-	-	264.76
Premises	508.88	-	(2.17)	506.71	27.83	16.44	(0.19)	44.08	462.63
Office equipment	304.41	7.59	(5.26)	306.74	192.43	33.69	(4.74)	221.38	85.36
Furniture	242.28	0.37	-	242.65	105.09	67.68	-	172.77	69.88
Vehicles	165.70	-	(162.85)	2.85	142.02	11.13	(151.50)	1.65	1.20
<b>Total</b>	<b>1,486.03</b>	<b>7.96</b>	<b>(170.28)</b>	<b>1,323.71</b>	<b>467.37</b>	<b>128.94</b>	<b>(156.43)</b>	<b>439.88</b>	<b>883.83</b>

Total premises price amounted to 506.71 Million Baht, comprising of Head Office Building 497.49 Million Baht, and Branches Offices 9.22 Million Baht.

### 3.7 Assets In Process

Unit : Million Baht

	2010			
	Opening Balance	Additions	Disposals	Closing Balance
Office building renovation	158.13	155.67	-	313.80
Office equipment	-	1.59	-	1.59
Installation of computer system	37.25	1.77	(32.70)	6.32
Computer	0.95	-	-	0.95
Furniture	0.46	1.24	-	1.70
<b>Total</b>	<b>196.79</b>	<b>160.27</b>	<b>(32.70)</b>	<b>324.36</b>

### 3.7 Assets In Process (Continued)

The installation of computer system amounted to 32.70 Million Baht of the Core Banking System Projects has been showed in the other assets because of the cancellation for purchase contract of Core Banking System, according to the meeting of the Board of SME Bank No.6/2010 dated on May 26, 2010.

Unit : Million Baht

	2009			
	Opening Balance	Additions	Disposals	Closing Balance
Office building renovation	0.26	157.87	-	158.13
Installation of computer system	33.27	3.98	-	37.25
Computer	-	0.95	-	0.95
Furniture	0.38	0.08	-	0.46
<b>Total</b>	<b>33.91</b>	<b>162.88</b>	<b>-</b>	<b>196.79</b>

The installation of computer system amounted to 37.25 Million Baht, comprising of the upgrading projects of the Core Banking System amounted to 32.70 Million Baht while the carrying amount of the contract at 326.99 Million Baht.

### 3.8 Advance for Legal Costs - Net

Unit : Million Baht

	2010	2009
Advance for legal costs	126.15	140.50
<u>Less</u> Allowance for doubtful accounts	<u>(126.15)</u>	<u>(140.50)</u>
Advance for legal costs - net	<u>-</u>	<u>-</u>

### 3.9 Intangible Assets - Net

Unit : Million Baht

	2010				2009			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
Right to rent	0.20	-	-	0.20	0.20	-	-	0.20
<u>Less</u> Accumulated amortization	<u>(0.12)</u>	<u>(0.03)</u>	-	<u>(0.15)</u>	<u>(0.09)</u>	<u>(0.03)</u>	-	<u>(0.12)</u>
<b>Total</b>	<b>0.08</b>	<b>(0.03)</b>	<b>-</b>	<b>0.05</b>	<b>0.11</b>	<b>(0.03)</b>	<b>-</b>	<b>0.08</b>
Installation of computer system	100.95	-	-	100.95	98.05	2.90	-	100.95
<u>Less</u> Accumulated depreciation	<u>(42.33)</u>	<u>(10.81)</u>	-	<u>(53.14)</u>	<u>(29.72)</u>	<u>(12.61)</u>	-	<u>(42.33)</u>
<b>Total</b>	<b>58.62</b>	<b>(10.81)</b>	<b>-</b>	<b>47.81</b>	<b>68.33</b>	<b>(9.71)</b>	<b>-</b>	<b>58.62</b>
<b>Total Intangible Assets - Net</b>	<b>58.70</b>	<b>(10.84)</b>	<b>-</b>	<b>47.86</b>	<b>68.44</b>	<b>(9.74)</b>	<b>-</b>	<b>58.70</b>

### 3.10 Other Assets - Net

Unit : Million Baht

	2010	2009
Accrued interest receivables	63.20	56.03
Prepaid expenses	12.59	12.93
Accounts receivable - Revenue Department	113.63	66.01
Insurance premium refundable and Loan guarantee fees refundable	167.12	137.24
Other account receivables and Miscellaneous asset	129.55	67.70
<b>Total</b>	<b>486.09</b>	<b>339.91</b>
<u>Less</u> Allowance for doubtful accounts	(136.64)	(117.11)
<b>Total</b>	<b>349.45</b>	<b>222.80</b>

As at December 31, 2010 and 2009, the Bank set aside the provisions for Allowance for Doubtful Account-Insurance Premiums Refundable and Loan Guarantee Fees Refundable at the same rate as the debts' classification. So, the provisioning for doubtful accounts would be decreased to the amount of 30.48 and 20.13 Million Baht respectively.

### 3.11 Deposits in Baht

#### 3.11.1 Classified by Type of Deposits

Unit : Million Baht

	2010	2009
<u>Product</u>		
Saving Deposits	298.64	214.24
Time Deposits		
- Less than 6 months	17,838.68	7,274.89
- 6 months - less than 1 year	27,691.33	3,299.58
- 1 year and over	14,221.77	18,700.65
Certificate of Deposits	-	900.00
<b>Total</b>	<b>60,050.42</b>	<b>30,389.36</b>

#### 3.11.2 Classified by remaining maturity of Deposit Contract

Unit : Million Baht

	2010	2009
Up to 1 year	51,150.42	23,979.36
Over 1 years	8,900.00	6,410.00
<b>Total</b>	<b>60,050.42</b>	<b>30,389.36</b>

### 3.11 Deposits in Baht (Continued)

#### 3.11.3 Classified by currency and residence of Deposit

Unit : Million Baht

	2010			2009		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	60,050.42	-	60,050.42	30,389.36	-	30,389.36
Total	60,050.42	-	60,050.42	30,389.36	-	30,389.36

### 3.12 Interbank and Money Market Items (Liabilities)

These are promissory notes and bills of exchange issued to financial institutions as at December 31, 2010 and 2009, for the total amount of 11,625.90 Million Baht and 18,637.82 Million Baht respectively, with interests rates of 0.01 - 5.20 percent per year.

#### 3.12.1 Domestic Items

##### 3.12.1.1 Short-term

Unit : Million Baht

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand	-	151.63	151.63	-	151.63	151.63
Other Banks	-	1,000.00	1,000.00	-	1,300.00	1,300.00
Other Financial Institutions	-	-	-	-	300.00	300.00
Total	-	1,151.63	1,151.63	-	1,751.63	1,751.63

##### 3.12.1.2 Long-term

Unit : Million Baht

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
Other Financial Institutions	-	1,295.00	1,295.00	-	1,295.00	1,295.00
Total	-	1,295.00	1,295.00	-	1,295.00	1,295.00
Total Domestic Items	-	2,446.63	2,446.63	-	3,046.63	3,046.63

#### 3.12.2 Foreign Items

##### Long-term

Unit : Million Baht

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
US Dollar	-	8,140.85	8,140.85	-	14,348.56	14,348.56
EURO	-	1,038.42	1,038.42	-	1,242.63	1,242.63
Total Foreign Items	-	9,179.27	9,179.27	-	15,591.19	15,591.19
Total Domestic & Foreign Items	-	11,625.90	11,625.90	-	18,637.82	18,637.82



### 3.13 Borrowings

Unit : Million Baht

	2010			2009		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Short-term borrowings	5,256.74	-	5,256.74	3,136.95	-	3,136.95
Long-term borrowings	180.45	-	180.45	180.45	-	180.45
Total	<u>5,437.19</u>	<u>-</u>	<u>5,437.19</u>	<u>3,317.40</u>	<u>-</u>	<u>3,317.40</u>

Short-term borrowings as at December 31, 2010 and 2009 totaled 5,256.74 Million Baht and 3,136.95 Million Baht, Borrowing from the individual, juridical person, state-enterprise and government affairs issued as promissory notes respectively with interest rates of 0.25 - 2.75 percent per year. Maturity is within 1 year. Interest payment dates are as indicated on the notes.

Long-term borrowings as at December 31, 2010 and 2009 totaled 180.45 Million Baht, consisting of :

(1) Borrowing from the Ministry of Finance, transfer of business from the Small Industry Finance Office, Department of Industrial Promotion, at 1991. After deduction of 75 Million Baht for subscription of 750,000 shares at 100 Baht per share in the Small Industry Finance Corporation , the balance of 175.45 Million Baht was lent to the Bank.

(2) Borrowing from the individual, juridical person, state-enterprise and government affairs issued as promissory notes as at December 31, 2010 and 2009 totaled 5.00 Million Baht with interest rate of 5.20 percent per year.

### 3.14 Support Fund from the Assets Capitalization Bureau

This Support Fund aimed to stimulate and increase the efficiency and the opportunities to reach the financial sources for the small owners or small business with the budget of 510.55 Million Baht within the operational period of 4 years and 2 months (ended as of September 2008).

In 2010 and 2009, the subsidy remained at 3.47 Million Baht, which was not determined to reimburse to Ministry of Finance by end of project.

### 3.15 Support Fund from the Operation Center for Resolving Debts of the Public

The Bank received the budget to solve integrally social problems and poverty from the Operation Center for Resolving Debts of the Public with the amount of 6.20 Million Baht within the operational period since April 2004.

In 2010 and 2009, the subsidy remained at 2.56 Million Baht.

### 3.16 Difference on Revaluation Derivative

Unit : Million Baht

	2010			2009		
	Demand	Time	Total	Demand	Time	Total
<b>Cross Currency Rate Swap Contract</b>						
US Dollar	-	2,240.65	2,240.65	-	2,259.44	2,259.44
EURO	-	88.16	88.16	-	(16.73)	(16.73)
Total	<u>-</u>	<u>2,328.81</u>	<u>2,328.81</u>	<u>-</u>	<u>2,242.71</u>	<u>2,242.71</u>
<b>Forward Contract</b>						
US Dollar	-	1.44	1.44	-	(0.29)	(0.29)
EURO	-	(0.01)	(0.01)	-	-	-
Total	<u>-</u>	<u>1.43</u>	<u>1.43</u>	<u>-</u>	<u>(0.29)</u>	<u>(0.29)</u>
Total Foreign Items	<u>-</u>	<u>2,330.24</u>	<u>2,330.24</u>	<u>-</u>	<u>2,242.42</u>	<u>2,242.42</u>

### 3.17 Other Liabilities

Unit : Million Baht

	2010	2009
Accrued interest payable	-	46.48
Accrued expenses	2,237.29	2,079.01
Advance revenue	35.62	89.20
Other creditors	277.26	300.33
Miscellaneous liabilities	195.58	203.57
<b>Total</b>	<b>2,745.75</b>	<b>2,718.59</b>

### 3.18 Share Capital

The Bank received the shares transferred by the Small Industry Finance Corporation for the total of 28 million shares at 100 Baht per share with the amount of 2,800 Million Baht in accordance with the Act of Small and Medium Enterprise Development Bank of Thailand 2002 which was enacted since December 20, 2002.

On November 30, 2004, a General Meeting of Shareholders resolved to increase capitalization in accordance with resolution 1/2004 on April 26, 2004 by a total of 20 million shares at 100 Baht per share, amounting to 2,000 Million Baht.

On December 26, 2005, a General Meeting of Shareholders resolved to increase capitalization in accordance with resolution 1/2005 on April 29, 2005 by a total of 25 million shares at 100 Baht per share, amounting to 2,500 Million Baht.

On December 27, 2007, a General Meeting of Shareholders resolved to increase capitalization in accordance with resolution 1/2007 on April 27, 2007 by a total of 12 million shares at 100 Baht per share, amounting to 1,200 Million Baht.

On December 30, 2008, a General Meeting of Shareholders resolved to increase capitalization in accordance with resolution 1/2008 on April 25, 2008 by a total of 6 million shares at 100 Baht per share, amounting to 600 Million Baht.

On September 28, 2009, a General Meeting of Shareholders resolved to increase capitalization in accordance with resolution 1/2009 on September 9, 2009 by a total of 25 million shares at 100 Baht per share, amounting to 2,500 Million Baht.

As at December 31, 2010 and 2009, the Bank has fully paid up registered capital of 116 million shares at 100 Baht per share, amounting to 11,600 Million Baht. Ministry of Finance of shareholders 98.06 percent.

### 3.19 Capital Requirements

Unit : Million Baht

	2010	2009
<b>Tier 1 Capital</b>		
1. Issued and Fully paid up share capital	11,600.00	11,600.00
2. Legal reserves	43.29	43.29
3. Reserve for Investments	216.46	216.46
4. Retained earnings unappropriated	(6,059.37)	(6,187.85)
<b>Total Tier 1 Capital</b>	<b>5,800.38</b>	<b>5,671.90</b>
<b>Tier 2 Capital</b>		
Provision for normal assets (Note 3.3.3)	161.96	54.52
<b>Total Tier 2 Capital</b>	<b>161.96</b>	<b>54.52</b>
<b>Total Capital Fund</b>	<b>5,962.34</b>	<b>5,726.42</b>

### 3.19 Capital Requirements (Continued)

The Bank's Capital Fund has been calculated on the basis of Ministerial Regulation, B.E.2549 in regard to the Sustenance of Capital Fund for Small and Medium Enterprise Development Bank of Thailand, as announced in the Royal Decree No. 123 Part. 10 Kor. Page 4-7 dated January 31, 2006.

According to the above regulations, the Ministry of Finance set the rate for Capital Fund per the result obtained with the minimum of 8.5 percent and the rate for Tier 1 Capital with the minimum of 4.25 percent as of December 31, 2010 and 2009, The Bank showed the rate for Capital Fund per the results to be obtained as follow :

	Percentage	
	2010	2009
Total Capital Fund	7.56	10.28
Tier 1 Capital	7.35	10.19

### 3.20 Government Support Fund for Investments

In 2002, the Bank obtained from the Government a free obligation contribution of 193.55 Million Baht accounting for 49 percent of registered capital as invested capital for the Allied Retail Trade Company. According to the Cabinet's resolution dated October 16, 2007, the Cabinet approved to close down the Allied Retail Trade Company because of its losses retained in excess of the invested capital. For the moment, the accounts have been amortized and written off a loss, according to the meeting of the Board of SME Bank No.17/2010 dated on December 23, 2010.

### 3.21 Retained Earnings

At the General Meeting of Shareholders on April 23, 2010, the meeting passed a resolution not to set retained earnings.

### 3.22 Long-Term Leasing Contracts comprising of

#### 3.22.1 Rental Contracts in Process

The Bank has the leases on land and premises for expanding its branches, including other rental contracts for cars and equipments, as committed by the Bank as at December 31, 2010 for the upcoming payments as follows :

Unit : Million Baht

	Up to 1 Year	Over 1-5 Years	Over 5 Years	Total
Land / Premises Leases	29.77	19.38	-	49.15
Car Rental	62.57	166.33	-	228.90
Office Equipment	70.02	84.18	-	154.20
Total	162.36	269.89	-	432.25

#### 3.22.2 Servicing Contract

The Bank has made the servicing contracts for information technology (telephone lines and internet rentals) as at December 31, 2010. The Bank is committed to make the upcoming payments for the up to 1 year servicing fee amounted to 59.71 Million Baht and over 1 - 5 years 202.51 Million Baht, according to the contract valued at 262.22 Million Baht.

### 3.23 Contingent Liabilities (Off - Balance Sheet Items)

Unit : Million Baht

	2010	2009
Aval to bills	-	20.00
Letters of credit	1.80	10.33
Other contingencies		
Other guarantees	983.49	897.38
Currency swaps contracts		
Bought	11,638.33	17,883.67
Sold	110.29	-
Interest rate swaps contracts	-	5,192.00
Total Other contingencies	<u>12,732.11</u>	<u>23,973.05</u>
Grand Total	<u>12,733.91</u>	<u>24,003.38</u>

On July 7, 2008, the Bank annulled the contract of cross currency swaps with a commercial bank, with the amount of 270 Million US Dollar (10,381.50 Million Baht) from August 7, 2006 to August 7, 2011, based on the averaged rate of interest for six-month fixed deposit from four commercial banks, plus 6.55 percent and limit range of the interbank rate Libor. In case the Libor interest in excess of the determined limit range, there would be a penalty, on condition that the interest would be paid in every six-month; as of February and August. But these commercial banks proceeded a litigation at the Court against the Bank in order that the Bank make a debt repayment in accordance with the contract of interest rate swaps (IRS).

On January 18, 2010, the Bank annulled the contract of cross currency swaps with a commercial bank, with the amount of 26 Million Euro (1,225.90 Million Baht) from February 20, 2006 to December 30, 2010, based on the averaged rate of interest for six-month fixed deposit, on the condition that the interest would be paid in every six-month, as of June and December. But the commercial bank made a breach of contract by not paying the interest to the Bank on December 30, 2009.

The Bank has estimated the contingent liabilities.

### 3.24 Approval of Financial Statement

This financial statements has been approved by Managing Director for issuing the financial statements dated on March 1, 2011

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## Maesai Branch

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78 Tewa Phiban Rd., Nai Mueang,  
Mueang, Roiet 45000  
Tel. 043-511-100, 043-514-666, 043-514-775  
Fax. 043-514-535  
E-mail : Roiet@smebank.co.th

**Chaiyaphum Branch**

69/23-24 Niwedrut Rd., Nai Mueang,  
Mueang, Chaiyaphum 36000  
Tel. 044-813-334-6  
Fax. 044-813-337  
E-mail : Chaiyaphumi@smebank.co.th

**Regional 4**

297/4 Tessaban 3 Rd., Nai Mueang,  
Mueang, Surin 32000

**Zone Office 7**

756/4 Chayangkul Rd., Nai Mueang,  
Mueang, Ubonratchathani 34000  
Tel. 045-355-414

**Ubonratchathani Branch**

756/4 Chayangkul Rd., Nai Mueang,  
Mueang, Ubonratchathani 34000  
Tel. 045-284-403, 045-317-124-5  
Fax. 045-284-404  
E-mail : Ubonratchathani@smebank.co.th

**Sisaket Branch**

1416/16-18 Ubon Rd., Mueang Tai,  
Mueang, Sisaket 33000  
Tel. 045-617-880-2  
Fax. 045-617-883  
E-mail : Srisaket@smebank.co.th

**Detudom Branch**

439 Mu 5, Mueangdet, Detudom,  
Ubonratchathani 34160  
Tel. 045-362-460  
Fax. 045-361-240  
E-mail : Detudom@smebank.co.th

**Amnatcharoen Branch**

76 Mu 12 Aurunprasert Rd., Bung,  
Mueang, Amnatcharoen 37000  
Tel. 045-452-526-8  
Fax. 045-452-529  
E-mail : Amnatcharoen@smebank.co.th

**Yasothon Branch**

85/3-4 Rattana Khet Rd., Nai Mueang,  
Mueang, Yasothon 35000  
Tel. 045-715-551-3  
Fax. 045-715-554  
E-mail : Yasotorn@smebank.co.th

**Mukdahan Branch**

199/1 Pitak Phanom Khet Rd., Mukdahan,  
Mueang, Mukdahan 49000  
Tel. 042-630-928-30  
Fax. 042-612-889  
E-mail : Mukdahan@smebank.co.th

**Surin Branch**

297/4 Tessaban 3 Rd., Nai Mueang,  
Mueang, Surin 32000  
Tel. 044-713-141-2  
Fax. 044-713-143  
E-mail : Surin@smebank.co.th

**Zone Office 8**

751/10-11 Mittraphap Rd., Nai Mueang,  
Mueang, Nakhonratchasima 30000  
Tel. 044-519-406  
Fax. 044-519-466

**Nakhonratchasima Branch**

751/10-11 Mittraphap Rd., Nai Mueang,  
Mueang, Nakhonratchasima 30000  
Tel. 044-262-418  
Fax. 044-262-418 Ext. 18  
E-mail : Nakhonratchasima@smebank.co.th

**Buriram Branch**

37/41-42 Thani Rd., Nai Mueang,  
Mueang, Buriram 31000  
Tel. 044-625-536-8  
Fax. 044-625-535  
E-mail : Buriram@smebank.co.th

**Pakchong Branch**

199 Mittraphap Rd., Pakchong,  
Pakchong, Nakhonratchasima 30130  
Tel. 044-313-142, 044-313-555  
Fax. 044-313-546  
E-mail : Pakchong@smebank.co.th

**Saraburi Branch**

88/24 Sudbuntud Rd., Mueang,  
Saraburi 18000  
Tel. 036-221-142, 036-221-112  
Fax. 036-221-254  
E-mail : Saraburi@smebank.co.th

**Nakhonnayok Branch**

2-251/27-28 Nakhonnayok-Rangsit Rd.,  
Nakhonnayok, Nakhonnayok,  
Nakhonnayok 26000  
Tel. 037-316-161-2  
Fax. 037-316-164  
E-mail : Nakhonnayok@smebank.co.th

**Phrachinburi Branch**

47 Prachin Takam Rd., Nha Mueang,  
Mueang, Prachinburi 25000  
Tel. 037-216-818-9  
Fax. 037-216-820  
E-mail : Prachinburi@smebank.co.th

**Sakaeo Branch**

318, 320 Suwan Sorn Rd., Sa Kaeo,  
Mueang, Sakaeo 27000  
Tel. 037-421-974-6  
Fax. 037-421-977  
E-mail : Sakaeo@smebank.co.th

**Regional 5**

5/74-75, Phibun Songkhram Rd., Suan Yai,  
Mueang, Nonthaburi 11000

**Zone Office 9**

51/32 Mu 3, Thapma,  
Mueang, Rayong 21000

**Rayong Branch**

51/32 Mu 3, Thapma,  
Mueang, Rayong 21000  
Tel. 038-622-367, 038-622-221, 038-622-258  
Fax. 038-621-191  
E-mail : Rayong@smebank.co.th

**Chonburi Branch**

51/15-16 Mu 2, Sukhumvit Rd., Samet,  
Mueang, Chonburi 20000  
Tel. 038-784-171, 038-285-630-1  
Fax. 038-784-172  
E-mail : Chonburi@smebank.co.th

**Chanthaburi Branch**

43 Maharat Rd., Talad,  
Mueang, Chanthaburi 22000  
Tel. 039-313-216  
Fax. 039-324-562  
E-mail : Chanthaburi@smebank.co.th

**Trat Branch**

87/1-2 Wiwattana Rd., Wang Kra Jea,  
Mueang, Trat 23000  
Tel. 039-523-244, 039-523-162, 039-523-686  
Fax. 039-523-656  
E-mail : Trat@smebank.co.th

**Pattaya Branch**

245/155-156 Pattaya Sai 3 Rd., Nongplue,  
Banglamung, Chonburi 20150  
Tel. 038-416-805-7  
Fax. 038-416-808  
E-mail : Pattaya@smebank.co.th

**Chachoengsao Branch**

182-184 Chachoengsao-Bangpakong Rd.,  
Nha Mueang, Mueang,  
Chachoengsao 24000  
Tel. 038-535-915, 038-515-734, 038-513-363  
Fax. 038-535-082  
E-mail : Chachoengsao@smebank.co.th

**Zone Office 10**

5/74-75, Phibun Songkhram Rd., Suan Yai,  
Mueang, Nonthaburi 11000

**Nonthaburi Branch**

5/74-75, Phibun Songkhram Rd., Suan Yai,  
Mueang, Nonthaburi 11000  
Tel. 02-525-1991-2, 02-525-1948  
Fax. 02-525-1949  
E-mail : Nonthaburi@smebank.co.th

**Pathumthani Branch**

40/40-42 Bangkok-Pathumthani Rd.,  
Soi Somprasong Bangprot, Mueang,  
Pathumthani 12000  
Tel. 02-581-7100-2  
Fax. 02-581-7103  
E-mail : Pathumthani@smebank.co.th

**Bangbuathong Branch**

88/12-13 Mu 4, Bang Kruai - Sai Noi Rd.,  
Sano Loi, Bangbuathong  
Nonthaburi 11110  
Tel. 02-571-2335, 02-571-2342  
Fax. 02-571-2343  
E-mail : Bangbuathong@smebank.co.th

**Rangsit Branch**

132/15-17 Lamlukka Rd., Kukod,  
Lamlukka, Pathumthani 12130  
Tel. 02-900-7244-6  
Fax. 02-900-7247  
E-mail : Rangsit@smebank.co.th

**Phrapradaeng Branch**

227/3-6 Mu 18, Suk Sa Wat 39 Rd.,  
Bang Phung, Phra Pradeang,  
Samutprakan 10130  
Tel. 02-817-2441-3  
Fax. 02-817-2440  
E-mail : Prapradang@smebank.co.th

**Samutprakan Branch**

458/14-15 Sukhumvit Rd., Paknum,  
Mueang, Samutprakan 10270  
Tel. 02-702-5830-2  
Fax. 02-702-5833  
E-mail : Samutprakan@smebank.co.th

**Samutsakhon Branch**

927/302-303 Settakit 1 Rd., Maha Chai,  
Mueang, Samutsakhon 74000  
Tel. 034-811-478-80  
Fax. 034-811-481  
E-mail : Samutsakhon@smebank.co.th

**Aomnoi Branch**

219/1277-1278 Mu 12, Phetkasem Rd.,  
Aomnoi, Kratumban,  
Samutsakhon 74130  
Tel. 02-812-8785-6  
Fax. 02-812-8787  
E-mail : Aomnoi@smebank.co.th

**Regional 6**

60/4-6 Sri Wichai Rd., Makham Tear,  
Mueang, Suratthani 84000

**Zone Office 11**

260 Si Suriya Wong Rd., Nha Mueang,  
Mueang, Ratchaburi 70000

**Ratchaburi Branch**

260 Si Suriya Wong Rd., Nha Mueang,  
Mueang, Ratchaburi 70000  
Tel. 032-311-142-3  
Fax. 032-311-090  
E-mail : Ratchaburi@smebank.co.th

**Phetchaburi Branch**

45, 47 Chee Sa In Rd., Klong Kra Sang,  
Mueang, Phetchaburi 76000  
Tel. 032-410-301-2  
Fax. 032-410-303  
E-mail : Phetchaburi@smebank.co.th

**Nakhonpathom Branch**

28/29-30 Yingpao Rd., Sa Nham Chan,  
Mueang, Nakhonpathom 73000  
Tel. 034-258-405-6  
Fax. 034-218-663  
E-mail : Nakhonpathom@smebank.co.th

**Kanchanaburi Branch**

70/5-6 Seangchuto Rd., Kangsean,  
Mueang, Kanchanaburi 71000  
Tel. 034-624-552-3  
Fax. 034-624-554  
E-mail : Kanchanaburi@smebank.co.th

**Banpong Branch**

178-180 Songphol Rd., Banpong,  
Banpong, Ratchaburi 70110  
Tel. 032-222-820-2  
Fax. 032-210-789  
E-mail : Banpong@smebank.co.th

**Samutsongkhram Branch**

129/11-12 Thang Khao Mueang Rd.,  
Mae Klong, Mueang,  
Samutsongkhram 75000  
Tel. 034-723-661-2  
Fax. 034-723-663  
E-mail : Samutsongkhram@smebank.co.th

**Huahin Branch**

22/52-53 Phetkasem Rd., Huahin,  
Huahin, Prachuapkhirikhan 77110  
Tel. 032-516-690-2  
Fax. 032-516-693  
E-mail : Huahin@smebank.co.th

**Prachuapkhirikhan Branch**

197 Prachuapkhirikhan Rd.,  
Prachuapkhirikhan,  
Mueang, Prachuapkhirikhan 77000  
Tel. 032-604-431-3  
Fax. 032-604-434  
E-mail : Prachuapkhirikhan@smebank.co.th

**Zone Office 12**

60/4-6 Sri Wichai Rd., Makham Tear,  
Mueang, Suratthani 84000  
Tel. 077-275-501  
Fax. 077-275-500

**Suratthani Branch**

60/4-6 Sri Wichai Rd., Makham Tear,  
Mueang, Suratthani 84000  
Tel. 077-221-627-8, 077-275-791  
Fax. 077-275-792  
E-mail : Suratthani@smebank.co.th

**Koh-Samui Branch**

115/25-26 Mu 6, Borphud,  
Koh-Samui, Suratthani 84320  
Tel. 077-427-286-7  
Fax. 077-427-446  
E-mail : Koh-samui@smebank.co.th

**Nakhonsithammarat Branch**

70/34-35 Pak Nakhon Rd., Klang,  
Mueang, Nakhonsithammarat 80000  
Tel. 075-357-301-3  
Fax. 075-357-304  
E-mail : Nakhonsithammarat@smebank.co.th

**Chumphon Branch**

25/46-47 Grom Luang Chumphon Rd.,  
Tha Ta Pao, Mueang,  
Chumphon 86000  
Tel. 077-501-645-6  
Fax. 077-506-880  
E-mail : Chumphon@smebank.co.th

**Thungsong Branch**

47/1 Mu 2, Thungsong-Surat Rd., Chamai,  
Thungsong, Nakhonsithammarat 80110  
Tel. 075-424-300-2  
Fax. 075-424-303  
E-mail : Thungsong@smebank.co.th

**Regional 7**

32/175-176 Phoolphol Rd., Taladnua,  
Mueang, Phuket 83000

**Zone Office 13**

32/175-176 Phoolphol Rd., Taladnua,  
Mueang, Phuket 83000  
Tel. 076-215-757-8  
Fax. 076-215-755

**Phuket Branch**

32/175-176 Phoolphol Rd., Taladnua,  
Mueang, Phuket 83000  
Tel. 076-217-009, 076-218-268  
Fax. 076-355-929  
E-mail : Phuket@smebank.co.th

**Phang-nga Branch**

68/9-10 Mu 3 Phangnga-Tabpud Rd.,  
Thamnaphud, Mueang,  
Phangnga 82000  
Tel. 076-460-777-9  
Fax. 076-460-780  
E-mail : Phangnga@smebank.co.th

**Krabi Branch**

50/6-7 Krabi-Kao Thong Rd., Pak Num,  
Mueang, Krabi 81000  
Tel. 075-621-076, 075-632-450, 075-632-470  
Fax. 075-621-102  
E-mail : Krabi@smebank.co.th

**Trang Branch**

3/9 Visetkul Rd., Tub Tiang,  
Mueang, Trang 92000  
Tel. 075-217-911-2  
Fax. 075-217-913  
E-mail : Trang@smebank.co.th

**Ranong Branch**

2/81-82 Mu 1, Phetkasem Rd., Bangrin,  
Mueang, Ranong 85000  
Tel. 077-834-882-4  
Fax. 077-834-885  
E-mail : Ranong@smebank.co.th

**Zone Office 14**

434 Suppasamrangsang Rd., Hatyai,  
Hatyai, Songkhla 90110  
Tel. 074-247-713  
Fax. 074-247-714

**Hatyai Branch**

434 Suppasamrangsang Rd., Hatyai,  
Hat Yai, Songkhla 90110  
Tel. 074-247-451-3  
Fax. 074-247-454  
E-mail : Hatyai@smebank.co.th

**Songkhla Branch**

20/60-61 Mu 2, Khaorubchang,  
Mueang, Songkhla 90000  
Tel. 074-380-333, 074-380-033, 074-380-035  
Fax. 074-380-071  
E-mail : Songkhla@smebank.co.th

**Narathiwat Branch**

153/8-9 Suriyapradit Rd., Bangnak  
Mueang, Narathiwat 96000  
Tel. 073-532-752-4  
Fax. 073-532-751 Ext. 18  
E-mail : Narathiwat@smebank.co.th

**Pattani Branch**

400/22-23 Mu 4, Nhong Jik Rd., Rusamilear,  
Mueang, Pattani 94000  
Tel. 073-450-801, 073-450-803-4  
Fax. 073-450-802  
E-mail : Pattani@smebank.co.th

**Yala Branch**

277-279 Premjit-Suraphan Rd., Sateng,  
Mueang, Yala 95000  
Tel. 073-224-458-9  
Fax. 073-224-460  
E-mail : Yala@smebank.co.th

**Satun Branch**

483/1-2 Mu 7, Yontrakarn Kamthon Rd.,  
Klongkhut, Mueang, Satun 91000  
Tel. 074-725-190-2  
Fax. 074-725-193  
E-mail : Satun@smebank.co.th

**Patthalung Branch**

284/7-8 Rames Rd., Kuhasawan,  
Mueang, Phattalung 93000  
Tel. 074-616-215  
Fax. 074-616-254  
E-mail : Phattalung@smebank.co.th