

Annual Report
2558

SME Bank

Small and Medium Enterprise Development Bank of Thailand



With our determination and exertion, SME Bank is “revived”

to stand firm as a financial institute with a mission to be a true partner for SMEs

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Vision

To be a stable government's financial institute for development that helps and supports Thai SMEs

Missions

- Support government policy in helping and promoting SMEs through financial and other services responding to Thai SMEs needs as well as enhancing and developing the potential of Thai SMEs
 - Foster the ethics and good governance as well as develop the Bank's human resources to be ready to support the customers' business growth and readiness for AEC
 - Develop information technology and organizational management system for efficiency and good governance
-

Values "FIRST"

- | | |
|------------------------|--|
| F: Friend | Best friend of stakeholders |
| I : Integrity | Accurate and reliable conduct |
| R: Resourcefulness | Being a learning organization |
| S: Service | Good quality service system |
| T: Team & Transparency | Create effective, transparent and good governance working team |





Strategic Directions Set by Ministry of Finance

Strategic Direction 1: Execution of Reorganizational Plan

SME Bank will execute the reorganizational plan approved by related agencies and State Enterprise Policy Committee, focusing on managing NPLs and offering credit to SMEs. SME Bank should set up measures to control and monitor its operation to strictly follow the reorganizational plan.

Strategic Direction 2: Enhancement the Source of Funds Accessibility of SMEs

2.1 Focus on providing financial services to SMEs especially the small enterprises which most of them need loans not more than 15 million baht. The Bank is required to develop new financial products and services, apart from the credit service, so that the Bank will have tools which can efficiently support the demand for financial services of SMEs, and meet with their business cycles.

2.2 Focus on providing services for the SMEs following the SMEs development policy of the government such as 1) new SMEs who have just started their businesses 2) SMEs who have innovations or value added products 3) SMEs who are under the cluster/supply value chain 4) SMEs who have invested in their businesses in the special economic development zone.

2.3 Provide financial literacy and enhance the Bank's role as a financial institute through focusing on SMEs capacity development, especially the small entrepreneurs, to add up their competency in business operations, while setting the Bank's organizational development as its main mission.

Source: Fiscal Policy Office (FPO), 2015.

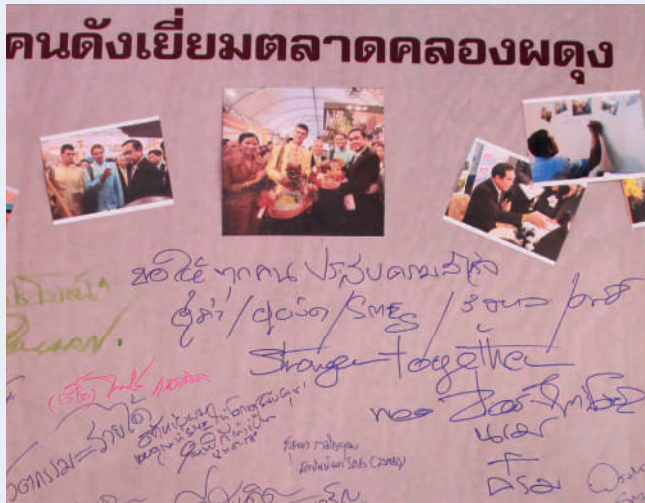
Objectives, Goals

According to the purpose of the establishment of the Bank as provided in the Small and Medium Enterprise Development Bank of Thailand Act B.E. 2545 stipulating that "small and medium enterprises are vital to national economic development as they can create jobs, incomes, and production base for a sustainable economic growth. It is, therefore, expedient to set up the Small and Medium Enterprise Development Bank of Thailand" with the objective provided in the Article 11 of the Act that "the bank's objective is to carry out businesses aimed at developing, promoting, supporting, and facilitating the establishment, operation, expansion, or the improvement of small and medium enterprises through credit offering, guarantee, venture capital, consultancy, advices, and other necessary services."



“The Best of SMEs, Top Products of Thailand”, at Khlong Phadung Krung Kasem Market, the Royal Thai Government House.

SME Bank responded to the government policy to create business and marketing opportunities for SMEs to have marketplace and direct business connection from manufacturers to consumers by hosting “the Best of SMEs, Top Products of Thailand” at Khlong Phadung Krung Kasem Market, the Royal Thai Government House during October 2-25, 2015. The Bank was honored to have the prime minister presided over the opening ceremony along with deputy prime ministers, ministers, chiefs of Royal Thai Army Force, ambassadors, and executives from public and private organizations as well as medias.



“ Wishing all a great successes
retailers/ manufacturers/ SMEs/
the government/ NCPO
Stronger Together ”
General Prayut Chan-o-cha
Prime Minister





Loan

According to the government’s economic stimulus measures, SME Bank offers loan to SMEs entrepreneurs for improving, expanding or adding working capital to business within the amount of 15 million baht through low-rate loan interest of 4% (Policy Loan and Soft Loan) with the guarantee from Thai Credit Guarantee Corporation (TCG). The Bank offers various types of loan responding to the needs of both new and existing customers in order to strengthen business growth.





Entrepreneur Development

The Bank provides opportunity for customers and SMEs entrepreneurs to enhance their capacity with the SMEs Entrepreneur Development Program in order to gain access to the fund source. The Bank also offers consultation on preparing documents before submitting for loan and writing business plan. In addition, there is Productivity Improvement Loan which supports small SMEs on training to strengthen their business capacity with the help of educational institutes in each region across the country who give advice and coaching at the entrepreneurs' workplace.





Venture Capital

SME Bank launches the SMEs Private Equity Trust Fund, the first Sub Fund with the amount of 500 million baht to assist small SMEs to grow stably according to the resolution of the cabinet on December 16, 2014 under the supervision of the Ministry of Finance. SME Bank is the first organization to invest in Trust Fund with SMEs who possess innovation and technology or to build on their intellectual property. The Bank also collaborates with its partner to advise and recommend customers on knowledge management, in order for them to grow and become successful entrepreneurs.





Corporate Social Responsibility

SME Bank is aware of the importance of social responsibility by setting 4 core activities which are social and environment development, educational development, religious support and public benefits. It also participated in the Returning Good Person to Society program by signing MOU with the Probation Office, Ministry of Justice and the Christian Prison Ministry Foundation. It offers loan without interest for ex-convicts to start up new life for themselves and their families in order to be good people for the society. The bank arranged the Sharing for Underprivileged Children program to support scholarship for outstanding academic students. It also had volunteer activity which is ‘SME Bank Planting Forest...Planting Happiness for Society’.



Background

Small and Medium Enterprise Development Bank of Thailand (SME Bank) has its organizational changes divided into 3 phases as follows:

1. Small Industry Finance Office (SIFO) (1964-1991)

In 1963, the Council of Ministers passed its resolution to approve the loan project for promoting small industries, which was included in the 1st National Economic Development Plan. The project was then developed to the establishment of the Loan Processing Office for Small Industries in March 1964 under the supervision of the Department of Industrial Promotion, Ministry of Industry, to provide financial supports to small industrial businesses, which was then renamed as Small Industry Finance Office (SIFO). However, as a government agency, SIFO had certain limitations on sources of capital in its operation, which were depending solely on the state budget allocations while the credit management must be in compliance with the same regulations as those of general government agencies which resulted in the lack of flexibility in its operation.

2. Small Industry Finance Corporation (SIFC) (1991-2002)

Due to its status as a government agency, SIFO had some limitations on fund raising and provision of financial services. Therefore, the Ministry of Industry and the Ministry of Finance agreed to upgrade SIFO to “Small Industry Finance Corporation (SIFC)” as a juristic person under the Civil and Commercial Code, with its initial registered capital of 300 million baht; and in 2000, the Ministry of Finance increased the capital of SIFC for another 2,500 million baht.

- In 1991, SIFO was upgraded to SIFC, with the registered capital of 300 million baht
- In 2000, the Ministry of Finance increased its capital for SIFC for another 2,500 million baht, as a result, the share capital of SIFC was increased to 2,800 million baht.

Due to the financial crisis in 1997 which had severe impacts on business sectors, particularly on small and medium enterprises that had encountered with the problems of lack of financial liquidity and partly became NPLs. The Ministry of Industry proposed and discussed with the Ministry of Finance on the idea of upgrading SIFC to be the main financial institution for SMEs development.

3. Small and Medium Enterprise Development Bank of Thailand (SME Bank) (2002-present)

In 2001, the government agreed to expand SIFC’s roles and scope of operation by promoting it to the “Small and Medium Enterprise Development Bank of Thailand (SME Bank)” whereas, the Ministry of Industry and the Ministry of Finance jointly drafted the Act of Small and Medium Enterprise Development Bank of Thailand B.E. 2545 which was effective on December 20, 2002, the date regarded as the establishment date of SME Bank. The Ministry of Finance increased its capital from time to time for another 10,955 million baht, during 2004 – 2015. As a result, at the present, SME Bank has its total share capital of 16,380.82 million baht, with discount on common share at 2,625.82 million baht.

- In 2004, the Ministry of Finance increased the capital of SME Bank by another 2,000 million baht resulting in the total share capital of 4,800 million baht.
- In 2005, the Ministry of Finance increased the capital of SME Bank by another 2,500 million baht resulting in the total share capital of 7,300 million baht.
- In 2007, the Ministry of Finance increased the capital of SME Bank by another 1,200 million baht resulting in the total share capital of 8,500 million baht.
- In 2008, the Ministry of Finance increased the capital of SME Bank by another 600 million baht resulting in the total share capital of 9,100 million baht.
- In 2009, the Ministry of Finance increased the capital of SME Bank by another 2,500 million baht resulting in the total share capital of 11,600 million baht.
- In 2012, the Ministry of Finance increased the capital of SME Bank by another 600 million baht resulting in the total share capital of 12,200 million baht.
- In 2013, the Ministry of Finance increased the capital of SME Bank by another 555 million baht resulting in the total share capital of 12,755 million baht.
- In 2015, the Ministry of Finance increased the capital of SME Bank by another 1,000 million baht, resulting in the total share capital of 16,380.82 million baht, with discount on common share at 2,625.82 million baht.



Report by the Board of Directors

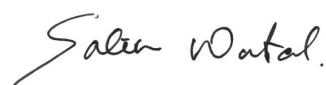
In 2015, SME Bank successfully restored its status and was able to continue its businesses in accordance with its missions and the government's policies, generate profits, and solve a number of problems which accumulated over the years, including on high rate of NPLs. The Bank undertook the following significant improvements which led to the achievement of its goals:

- 1) Improvement of credit approval process applicable to a loan not exceeding 15 million baht in accordance with the Bank's mission through a clear division of duties and responsibilities among various segments within the Bank in order to create more flexibility and efficiency as well as to provide for check and balance;
- 2) Improvement of loan monitoring process by establishing a loan monitoring and collection department at every branch as well as by creating a process to closely monitor normal status debtors with credit risk, which has continuously improved the quality of debtor;
- 3) Expense control and management of cost of fund in order to create more efficiency;
- 4) Liquidity management, raising funds and strengthening the Bank's stability in order to build robustness.
- 5) Instilling ethics and good governance into the Bank's executives and officers in order to foster integrity and transparency.

The aforementioned operations improvement resulted in the Bank's ability to revive its business in 2015, with a net profit of 1,235.26 million baht at the year end and a BIS Ratio of 13.64 percent, which is significantly higher when compared to the net profit of 176.53 million baht and the BIS Ratio of only 7.46 percent at the end of 2014. The Bank's stronger status equips the Bank with the ability and readiness to serve as an efficient mechanism for the government in order to develop and empower SME entrepreneurs, which is the government's core policy.

Therefore, as regards the business direction for 2016, SME Bank has revised our mission by increasing the role of entrepreneur development with a view to make the Bank a true 'SME Development Bank', focusing on target groups in accordance with the government's policy, especially Start Ups, in order to cover the areas where commercial banks choose not to render their services. Although SME Bank is only of a small scale, we remain committed to meet the needs of SME entrepreneurs without causing a burden to the government.

On behalf of the Board of Directors, the executives and officers of SME Bank, I would like to express my deep gratitude to the National Council for Peace and Order (NCPO), the government, the State Enterprise Policy Office, Ministry of Finance and Ministry of Industry for their kind support. I would also like to convey my gratitude to our customers, business partners and alliances for their continuous support extended both in the past and in the years to come.



(Mrs. Salinee Wangtal)
Chairperson

Report by the Audit Committee

The Audit Committee of the SME Bank, appointed by the board of directors of SME Bank on November 9, 2015, was

- | | |
|---|-------------|
| 1. Mr. Atsadang Chiewthada | Chairperson |
| 2. Mrs. Saowanee Kamolbutr | Director |
| 3. Seree Nonthasoot, Ph.D. | Director |
| 4. Senior Vice President/ Vice President of Internal Audit Department | Secretary |

The appointment of the Audit Committee conformed to the regulations of Ministry of Finance regarding the Audit Committee and Internal Audit Office of the State Enterprise B.E. 2555.

The Audit Committee performed their duties under the scope of responsibilities abiding by the charter of the Audit Committee. The committee performed their tasks with knowledge, skills, carefulness, and freedom, to make certain that all stakeholders would be treated fairly. In 2015, the audit committee held 10 meetings. Chairperson and directors held the meetings with the Internal Audit Department and the Credit Review Department for 3 times. All the business transactions and operations of SME Bank must be exercised with honest, righteousness, standards. The key responsibilities of the Audit Committee were as follows:

- 1. Revision and review of the Charter of the Audit Committee and the Internal Audit Department** to conform to the scope of the responsibilities of the Internal Audit Department.
- 2. Audit good governance procedure** to ensure that good governance system would be improved constantly in accordance with the criteria laid by regulatory agencies such as Ministry of Finance and the Bank of Thailand.
- 3. Audit risk management procedure** to ensure that risk management procedures were in compliance with the international standard covering significant risk factors, plan, and guidelines for the effective risk management capable of controlling of minimizing possible impacts on the achievements of the Bank's objectives at acceptable level. Also, the committee should audit performance and proper risk management on regular basis as well as give advice to the relevant department for better operation results.
- 4. Audit efficiency and effectiveness of the internal control process.** The committee reviewed auditing results of the Internal Audit Department and checked credit review results of Credit Review Department by monitoring the Bank's operation to ensure that the internal control system and self-control assessment have been set up as well as the assessment of the operation of the management level and Internal Audit Department to ensure that the Bank had adequate internal control in accordance with internal control standard.

5. **Audit correctness and reliability of financial report** by considering annual and quarterly financial statements including significant financial ratios and giving views and suggestions toward major changes to financial report, to ensure that financial report was prepared properly in accordance with legal requirements and generally accounting standards acceptance while information in financial report should be disclosed adequately for the benefit of financial statement users.
6. **Audit the Bank's operations** to be in compliance with the laws, rules, and regulations, practices, the cabinet resolutions, announcements, and official orders, relating to the operations of the Bank and all state enterprises in order to prevent any violations.
7. **Ensure the independence and objectivity of internal audit and credit review** exist in operation and report such results to the Bank. The Audit Committee reviewed internal audit results and credit review results as well as monitored the implementation of the comments and recommendations given by the committee on significant issues in order to create good corporate governance and adequate internal control. The Audit Committee also reviewed the implementation results according to the set plan of the Internal Audit Department and the Credit Review Department to improve performance of the Bank.
8. **Regularly consider related transactions or possible conflict of interests or corruption** that may adversely affect the Bank's operation.
9. **Coordinate with related parties inside and outside the Bank** such as Office of the Auditor General of Thailand, the Bank of Thailand and other related departments of the Bank through the principles of transparency.

The Audit Committee practiced their responsibilities with carefulness and prudence to ensure that the Bank has properly mandated good governance, risk management, and internal control, with the Internal Audit Department and Credit Review Department as important tools for the work of the Audit Committee.



(Mr. Atsadang Chiewthada)
Chairperson of the Audit Committee

Board of Directors



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1. Mrs. Salinee Wangtal*
Chairperson

2. Mrs. Saowanee Kamolbutr*
Director

3. Mr. Atsadang Chiewthada*
Director

4. Mrs. Pankanitta Boonkrong
Director



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5. Mr. Lavaron Sangsnit
Director

6. Mr. Anusorn Muttaraid*
Director

7. Somchai Harnhirun, Ph.D.
Director

8. Mr. Vitaya Suriyawong*
Director

9. Mr. Vichit Kornvityakoon*
Director

Remark : *Independent Director refers to the member of SME Bank's Board of Directors who holds require expertise and has no position in any relevant state enterprise or government agency.

Mr. Vitaya Suriyawong held the position from July 30, 2014 to July 4, 2015.

Mr. Vichit Kornvityakoon held the position from July 30, 2014 to April 8, 2015.

As of December 31, 2015



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10. Seree Nonthasoot, Ph.D.*

Director

11. Mr. Praphaisith Tankeyura*

Director

12. Mr. Supot Arevart

President

Director and Secretary

(1 Jan – 30 Sep 2015)

13. Mrs. Intira Phokpoonyarak

Senior Executive Vice President Acting President

Officiate as Director and Secretary

(31 Aug – 30 Oct 2015)

14. Mr. Woramit Krutto

Senior Executive Vice President Acting President

Officiate as Director and Secretary

(2 Nov – 31 Dec 2015)

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Seree Nonthasoot, Ph.D. and Mr. Praphaisith Tankeyura has held the position since November 9, 2015.

As of December 31, 2015

Qualifications of Board of Directors



Mrs. Salinee Wangtal*

Chairperson

Age 61

Education

- M.B.A. Finance & International Business Columbia University, U.S.A.
- BA, Accounting (Hon.) Chulalongkorn University, Bangkok
- Advance Management Program, Harvard University, U.S.A.

Training

- Capital Market Academy Leadership Program, (Class 14), Capital Market Academy
- BOT Supervisory College 2014
- FSI-EMEAP Regional Seminar on the Management and Supervision of Credit Risk 2013
- SEACEN Conference of Directors of Supervision of Economies 2009

Other in Positions

- Director General, Office of Small and Medium Enterprises Promotion
- Director, Public Warehouse Organization
- Independent Director, Siam City Life Assurance Public Company Limited

Experience

- Assistant Governor, Supervision Group, Bank of Thailand
- Committee of Deposit Protection Agency (DPA)
- Secretary of Committee for the Protection of Credit Information
- Secretary of the Financial Reform Advisory Committee, Ministry of Finance



Mrs. Saowanee Kamolbutr*

Director

Age 63

Education

- Master of Political Science (Public Administration), Thammasat University
- Bachelor of Political Science (Public Administration), Thammasat University

Training

- Diploma, National Defence College, the National Defence Course Class 2005
- Senior Executive Program, Kellogg Sasin Graduate Institute
- Director Certification Program (DCP 69), Thai Institute of Directors (IOD)

Other in Positions

- Independent Director and Chairman of Audit Committee, Carabao Group Public Co., Ltd.
- Independent Director and Audit Committee, Interlink Communication Public Co., Ltd.
- Independent Director and Chairman of Audit Committee, T.K.S. Technologies Public Co., Ltd.

Experience

- Deputy Permanent Secretary, Ministry of Finance
- Chairman, TMB Bank Public Co., Ltd.
- Deputy Director-General, the Revenue Department, Ministry of Finance

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As of December 31, 2015



Mr. Atsadang Chiewthada*

Director

Age 64

Education

- Master of Public Administration, The National Institute of Development Administration (NIDA)
- Master of Laws, Ramkhamhaeng University
- Bachelor of Laws, Ramkhamhaeng University

Training

- Program for Senior Executive Administration on Justice Administration Batch 4, Ministry of Justice
- The 2nd Training Course on Administrative Justice for Executives, the Administrative Court
- Role of the Chairman (RCP 36), Thai Institute of Directors Association (IOD)

Other in Positions

- Director, Government Pharmaceutical Organization

Experience

- Deputy Director-General, International Affairs Department and Department of Criminal Litigation
- Liquidation Director, The Tanning Organization, Ministry of Defence
- Judicial of the Administrative Court



Mrs. Pankanitta Boonkrong

Director

Age 59

Education

- Master of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University

Training

- The State, Private Sector and Political, Class 5, National Defence College
- Energy Literacy for a Sustainable Future TEA (Class 5)
- Government Administration and Public Laws Program, King Prajadhipok's Institute (Class 6)
- Public Director Certification Program, Class 3, Public Director Institute (PDI), King Prajadhipok's Institute
- Director Certification Program (DCP), Class 72, Audit Committee Program (ACP), Class 24, Monitoring the System of Internal Control and Risk Management (MIR), Class 13/2012 and Role of the Chairman Program (RCP) Class 37/2015, Thai Institute of Directors (IOD)

Other in Positions

- Deputy Chairman, Financial Institutions Development Fund (FIDF)
- Director, Dhipaya Insurance Public Co., Ltd.

Experience

- Advisor of State Enterprise Development, State Enterprise Policy Office
- Deputy Director – General, State Enterprise Policy Office

**Mr. Lavaron Sangsnit**

Director

Age 48

Education

- M.S. (Economic Policy and Planning), Northeastern University, U.S.A.
- Bachelor of Economics, Chulalongkorn University

Training

- Certificate, Director Diploma Examination DCP 205/2015, Thai Institute of Directors
- Certificate, Financial Executive Development Program, the Thai Institute of Banking and Finance Association
- Certificate, the Civil Service Executive Development Program: Visionary and Moral Leadership, Office of the Civil Service Commission
- Advance Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute

Other in Positions

- Director, NEP Realty and Industry Public Company Limited
- Director, Deposit Protection Agency
- Director, Credit Information Protection Committee

Experience

- Deputy Director-General, Fiscal Policy Office, Ministry of Finance
- Director, Financial System and Financial Institutions Policy Bureau, Fiscal Policy Office
- Director, Financial Benefit Protection System Policy Bureau, Fiscal Policy Office

**Mr. Anusorn Muttaraid***

Director

Age 61

Education

- Bachelor of Science (Honors), Kasetsart University

Training

- Director Certification Program (DCP 37), Thai Institute of Directors Association (IOD)

Other in Positions

- Chairman of Committee on Thailand - Indian Business Council, the Thai Chamber of Commerce
- Director, DET International Holding
- Managing Director, Delta Green Industrial (Thailand) Co., Ltd.

Experience

- Director, Delta Electronics Components (Thailand) Co., Ltd.
- Director, Palo Alto Manufacturing (Thailand) Co., Ltd.
- Director, Palo Alto Plastic (Thailand) Co., Ltd.

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Somchai Harnhirun, Ph.D.

Director

Age 59

Education

- Ph.D. (Economics) Concordia University, Canada
- Master of Art (Economics) Queen's University, Canada
- Master of Development Economics, NIDA
- BA (Economics) Thammasat University

Training

- Energy Science Program Executive (Thailand Energy Academy)
- Top Executive Program in Commerce and Trade : TEPCoT, Ministry of Commerce
- Certificate, Nation Defence College (Class 52), National Defence College

Other in Positions

- The Board of Investment of Thailand
- Committee of the Energy Conservation Center of Thailand

Experience

- Director - General, Department of Industrial Promotion, Ministry of Industry, Thailand (October 2014 - Present)
- Director - General, Office of Industrial Economics, Thailand (May 2013 - October 2014)
- Inspectors General, Ministry of Industry, Thailand (December 2010 - May 2013)



Mr. Vitaya Suriyawong*

Director

(30 Jul 2014 - 4 Jul 2015)

Age 53

Education

- Master of Criminology, University of Melbourne, Australia
- Bachelor of Social Work, Thammasat University, Thailand

Training

- Certificate, Nation Defence College (Class 52), National Defence College
- Certificate in Director Certification Program (DCP 148), Thai Institute of Directors Association (IOD)
- Senior Executive Program, Class 63rd, London Business School, University of London, UK

Other in Positions

- Individual Expert Member, Board of Directors, Thailand Institute of Justice (Public Organization)

Experience

- Director - General, Department of Corrections, Ministry of Justice
- Director - General, Office of Justice Affairs, Ministry of Justice
- Director, Thai Oil Company Limited
- Member of the Audit Committee, Small and Medium Enterprise Development Bank of Thailand



Mr. Vichit Kornvityakoon*

Director

(30 Jul 2014 - 8 Apr 2015)

Age 66

Education

- Master of Business Administration Program, Thammasat University
- Bachelor of Accountant, Chulalongkorn University
- Bachelor of Laws, Thammasart University

Training

- Director Certification Program (DCP 75), Thai Institute of Directors Association (IOD)
- Advanced Audit Committee Program (AACP 14), Thai Institute of Directors Association (IOD)
- Anti - Corruption for Executive Program (ACEP 14), Thai Institute of Directors Association (IOD)

Other in Positions

- Audit Committee, Sri Ayudhya Capital PCL
- Audit Committee, Sri Ayudhya General Insurance PCL

Experience

- Director, Planning and Development Department, Bank of Thailand (BOT)
- Director, Financial Institutions Policy Group, Bank of Thailand (BOT)



Seree Nonthasoot Ph.D.*

Director

Age 41

Education

- Doctor of Philosophy, University of Oxford, United Kingdom
- LL.M. (International Trade Law), Columbia University School of Law, New York, USA (Fulbright Scholarship)
- BARRISTER - AT - LAW, Bar Association of Thailand
- LL.B., Thammasat University, Bangkok, Thailand (1990)

Training

- Institute of Directors, Directors Certification Programme (DCP) 205 (2015)
- Executive Certificate Programme in Good Governance for Medical Executives (1st Class) King Prajadhipok Institute (2013)
- Capital Market Academy (14th Class) Stock Exchange of Thailand (2012)

Other Positions

- Representative of Thailand to the ASEAN Intergovernmental Commission on Human Rights (AICHR)
- Director&Chairman of Audit Committee, KTB Law, Co., Ltd
- Director, Krungthai Computer Services, Co., Ltd
- Senior Executive Vice President, Institute of Research and Development for Public Enterprises (www.IRDP.org)

Experience

- Legal Counsel, State Enterprise Policy Office, Ministry of Finance (2003-2013)
- Legal Advisor, Office of the Council of State (1995-2000)

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Mr. Praphaisith Tankeyura*

Director

Age 62

Education

- Master of Business Administration (Finance), Florida State University
- Bachelor of Statistics (Applied Business), Faculty of Commerce & Accountancy, Chulalongkorn University, Bangkok

Training

- Regional Credit Seminar, Citicorp - S. Korea
- Valuation & Restructuring, Citicorp - Singapore
- Real Estate Project Finance, Citicorp - USA

Other Positions at Present

- MD. of Boathouse Hua Hin Co., Ltd.
- Director & CEO of Ma Boon Yong Real Estate Co., Ltd.
- Chief Advisor of JWS Construction Co., Ltd.

Experience

- President of Bank of Ayudhya Plc.
- Chairman of Ayudhya Development Leasing Co.,Ltd.
- CEO & Director of Ayudhya Insurance Plc.
- Chairman & Managing Director of Citicorp Finance & Securities (Thailand) Co., Ltd./ Vice President of Citibank Thailand



Mr. Supot Arevart

President

Director and Secretary
(1 Jan - 30 Sep 2015)

Age 55

Education

- Honorary Doctorate of Business Administration, Rajamangala University of Technology Lanna
- Master of Business Administration in Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Arts in Applied Linguistics, Victoria University of Wellington, New Zealand
- Bachelor of Education, Srinakharinwirot University

Training

- Graduate Diploma in Arts Specialising in Second Language Teaching, Victoria University of Wellington, New Zealand

Experience

- Executive Vice President, Community Banking, Government Savings Bank
- Managing Director, Regional Urban Development Fund Office
- Director, National Village and Urban Community Fund Office
- Director to the Board of Directors and Board of Risk Management, National Credit Bureau Co., Ltd.



Mrs. Intira Phokpoonarak

Senior Executive Vice President Acting President
Officiate as Director and Secretary
(31 Aug – 30 Oct 2015)

Age 56

Education

- Master of Public Administration, Chulalongkorn University
- Master of Business Administration, Major in Accounting, University of the Thai Chamber of Commerce
- Bachelor of Business Administration, Major in Accounting, Ramkhamhaeng University

Training

- Finance Executive Development Program (FINEX 13), the Thai Institute of Bank and Finance Association
- Federation of Accounting Professions CFO Certification Program (Class 9)
- King Prajadhipok's Institute Advanced Certificate Course in Public Administration and Law for Executives (Class 9)
- The 2th Training Course on Administrative Justice for Executives, the Administrative Court.
- The National Defence College, National Defence Course (NDC.2555)

Experience

- Executive Vice President, Small and Medium Enterprise Development Bank of Thailand (SME Bank)
- Executive Director, the Thai Institute of Banking and Finance Association
- Financial Accounting Manager, Standard Chartered Nakornthon Bank Public Company Limited
- Financial Controller, the Industrial Bank of Japan Limited
- Vice President of Accounting Department, Siam City Bank Public Company Limited
- Executive Director, Siam City IT Company Limited.



Mr. Woramit Krutto

Senior Executive Vice President Acting President
Officiate as Director and Secretary
(2 Nov – 31 Dec 2015)

Age 56

Education

- Master of Economics, National Institute of Development Administration (NIDA)
- Bachelor of Economics, Ramkhamhaeng University

Training

- Financial Executive Development Seminar FINEX XI Year 2002, the Thai Institute of Banking and Finance Association
- Executive Management Seminar II Year 2006, Association of Capital Market Academy Alumni

Experience

- Senior Executive Vice President of Branch Operation Group 1
- Senior Executive Vice President of Loan Group 1
- Senior Executive Vice President of Risk Management Group
- Senior Executive Vice President of Loan Division
- Executive Vice President of Development and Entrepreneur Department
- Executive Vice President of Portfolio Management Department
- Executive Vice President of Business Organization & Network Department
- Director of Research and Development Department
- Director of Internal Auditing Management Department
- Manager of Kon Kaen Branch
- Head of Business Development of Industrial Division Department of Industrial Promotion

Remark : *Independent Director refers to the member of SME Bank's Board of Directors who holds require expertise and has no position in any relevant state enterprise or government agency.

Board of Executive Directors



1. Mrs. Pankanitta Boonkrong
Chairperson



2. Mr. Anusorn Muttaraid*
Director
3. Somchai Harnhirun, Ph.D.
Director
4. Mr. Vichit Kornvityakoon*
Director



5. Mr. Praphaisith Tankeyura*
Director
6. Mr. Supot Arevart
President
Director and Secretary
7. Mrs. Intira Phokpoonyarak
Senior Executive Vice President
Acting President
Officiate as Director and Secretary
(31 Aug – 30 Oct 2015)
8. Mr. Woramit Krutto
Senior Executive Vice President
Acting President
Officiate as Director and Secretary
(2 Nov – 31 Dec 2015)

Remark : *Independent Director refers to the member of SME Bank's Board of Directors who holds require expertise and has no position in any relevant state enterprise or government agency.

Mr. Vichit Kornvityakoon held the position from July 30, 2014 to April 8, 2015.

Mr. Praphaisith Tankeyura has held the position since November 9, 2015.

SME Bank Reorganization Committee

1. Mrs. Salinee Wangtal	Chairperson
2. Mr. Vichit Kornvityakoon	Director
3. Board of Directors	Director
4. President of SME Bank	Director
5. Senior Vice President / Vice President of Office of the President	Secretary

Audit Committee

1. Mr. Atsadang Chiewthada	Chairperson
2. Mrs. Saowanee Kamolbutr	Director
3. Seree Nonthasoot, Ph.D.	Director
4. Senior Vice President / Vice President of Internal Audit Department	Secretary

Risk Management Committee

1. Mr. Lavaron Sangsnit	Chairperson
2. Miss Sapatporn Tharmmaphornphilas	Director
3. Miss Vorrachaya Latthayaporn	Director
4. Asst. Prof. Dr. Pacharavalai Jayapani	Director
5. President of SME Bank	Director
6. Risk Management Group Responsibility	Secretary
7. Risk Management Division Responsibility	Assistant Secretary

Employee Relations Committee

1. Mr. Anusorn Muttaraid Board of Directors Chairperson

Employer

1. Mr. Surachai Kampalanonwat Senior Executive Vice President Director
 2. Miss Parichatara L. Sirivong Senior Executive Vice President Director
 3. Mr. Somdul Chatunart Executive Vice President Director
 4. Mr. Samanpong Klienglumyong Executive Vice President Director
 5. Mr. Phongchan Samphaengern Executive Vice President Director
 6. Miss Nartnaree Rathapat Senior Vice President Director
 7. Mr. Saree Musigerst Vice President Director

Employee

1. Mr. Khemmachat Apiratchatanont Chairperson, the State Enterprise Labor Union Director
 2. Mr. Chusak Chowchong Vice Chairperson, the State Enterprise Labor Union Director
 3. Mr. Tassana Phandech Vice Chairperson, the State Enterprise Labor Union Director
 4. Miss Nongluck Nilwongsanuwat Director, the State Enterprise Labor Union Director
 5. Mr. Pawat Wongmaneevan Director, the State Enterprise Labor Union Director
 6. Mr. Sornchai Banchongaksorn Director, the State Enterprise Labor Union Director
 7. Mr. Somporn Atipanan Director, the State Enterprise Labor Union Director

Nomination and Remuneration Committee

1. Mr. Anusorn Muttaraid Chairperson
 2. Mr. Lavaron Sangsnit Director
 3. Mr. Vichit Kornvityakoon Director
 4. Mr. Weidt Nuchjalearn Director
 5. Mr. Metha Suvanasan Director
 6. President of SME Bank Director and Secretary
 7. Senior Vice President / Vice President of Human Resources Department Assistant Secretary

Information Technology Committee

1. Mr. Anusorn Muttaraid	Chairperson
2. Mr. Supachai Jongsiri	Director
3. Mrs. Urairat Boonakas	Director
4. Gen. Dr. Vichit Satharanond	Director
5. President of SME Bank	Director
6. Executive Vice President of Information Technology Department	Secretary

Corporate Governance Committee

1. Lt. Gen. Pissanu Puttawong	Corporate Governance Specialist
2. Mr. Pittaya Thammanijakul	Corporate Governance Consultant
3. Somchai Harnhirun, Ph.D.	Chairperson
4. Mr. Anusorn Muttaraid	Director
5. Senior Executive Vice President of Management Group Responsibility	Director
6. Senior Vice President / Vice President of Human Resources Department	Secretary

Venture Capital Committee

1. President of SME Bank	Chairperson
2. Mrs. Penthip Pornchadet	Vice President
3. Miss Atcharawan Jearthanaporn	Director
4. Mr. Woramit Krutto	Director
5. Mr. Surachai Kampalanonwat	Director
6. Mr. Saree Musigerst	Director
7. Mr. Boonsek Phanudom	Director and Secretary

SME Bank Executives



1. Mr. Supot Arevart
President
(1 Jan - 30 Sep 2015)



2. Mrs. Intira Phokponyarak
Senior Executive Vice President
Acting President
(31 Aug - 30 Oct 2015)
Branch Operation Group 2 Responsibility



3. Mr. Woramit Krutto
Senior Executive Vice President
Acting President
(2 Nov - 31 Dec 2015)
Branch Operation Group 1 Responsibility



4. Mr. Surachai Kampalanonwat
Senior Executive Vice President
Marketing and Credit Support Group
Responsibility



5. Miss Parichatara L. Sirivong
Senior Executive Vice President
Administrative Support Group
Responsibility



6. Mr. Pongsak Chajiamjan
Specialist level 15



7. Mr. Kongdacha Chairatana
Senior Executive Vice President



8. Mr. Somdul Chatunart
Executive Vice President
Information Technology Division
Responsibility



9. Mr. Samanpong Klienglumyong
Executive Vice President
Operation Division Responsibility



10. Mr. Phongchan Samphaengern
Executive Vice President
Credit Analysis Division Responsibility



11. Mr. Tiravutti Jirachaisri
Executive Vice President
Branch Division 4 Responsibility & Acting
as Branch Division 3 Responsibility



12. Miss Nartnaree Rathapat
Executive Vice President
Management Support Division
Responsibility



13. Miss Malin Wuvanich
Executive Vice President
Treasury and Accounting
Division Responsibility



14. Mrs. Chongrak Politanont
Executive Vice President
Risk Management Division
Responsibility



15. Miss Kethsiree Piroonmethee
Specialist level 14



16. Mr. Tanarug Issadisai
Specialist level 14

Qualifications of Senior Executive Vice President



Mrs. Intira Phokpoonyarak
Senior Executive Vice President
Acting President (31 Aug – 30 Oct 2015)

Branch Operation Group 2 Responsibility
Age 56

Education

- Master of Public Administration, Chulalongkorn University
- Master of Business Administration, Major in Accounting, University of the Thai Chamber of Commerce
- Bachelor of Business Administration, Major in Accounting, Ramkhamhaeng University

Training

- Finance Executive Development Program (FINEX 13), the Thai Institute of Bank and Finance Association
- Federation of Accounting Professions CFO Certification Program (Class 9)
- King Prajadhipok's Institute Advanced Certificate Course in Public Administration and Law for Executives (Class 9)
- The 2th Training Course on Administrative Justice for Executives, the Administrative Court.
- The National Defence College, National Defence Course (NDC.2555)

Experience

- Executive Vice President, Small and Medium Enterprise Development Bank of Thailand (SME Bank)
- Executive Director, the Thai Institute of Banking and Finance Association
- Financial Accounting Manager, Standard Chartered Nakornthon Bank Public Company Limited
- Financial Controller, the Industrial Bank of Japan Limited
- Vice President of Accounting Department, Siam City Bank Public Company Limited
- Executive Director, Siam City IT Company Limited.



Mr. Woramit Krutto
Senior Executive Vice President
Acting President (2 Nov – 31 Dec 2015)

Branch Operation Group 1 Responsibility
Age 56

Education

- Master of Economics, National Institute of Development Administration (NIDA)
- Bachelor of Economics, Ramkhamhaeng University

Training

- Financial Executive Development Seminar FINEX XI Year 2002, the Thai Institute of Banking and Finance Association
- Executive Management Seminar II Year 2006, Association of Capital Market Academy Alumni

Experience

- Senior Executive Vice President of Branch Operation Group 1
- Senior Executive Vice President of Loan Group 1
- Senior Executive Vice President of Risk Management Group
- Senior Executive Vice President of Loan Division
- Executive Vice President of Development and Entrepreneur Department
- Executive Vice President of Portfolio Management Department
- Executive Vice President of Business Organization & Network Department
- Director of Research and Development Department
- Director of Internal Auditing Management Department
- Manager of Kon Kaen Branch
- Head of Business Development of Industrial Division Department of Industrial Promotion



Mr. Surachai Kampalanonwat
Senior Executive Vice President

Marketing and Credit Support Group Responsibility
Age 54

Education

- Master of Business Administration, Sripatum University
- Bachelor of Business Administration, Ramkamhaeng University

Training

- Competitive Marketing Strategies in the Global (Class 1)
- Pocket MBA in Marketing (Class 1)
- Public Administration and Law for Executives (Class 8), King Prajadhipok's Institute
- Politics and Governance in Democratic Systems for Executives (Class 14), King Prajadhipok's Institute
- Investment Opportunities in Myanmar (Class 1), Republic of the Union of Myanmar
- Leadership Succession Program (Class 1), Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (TLP 6)

Experience

- Executive Vice President, Thaiday.com Co., Ltd.
- Director of Business Research and Communication Department, Institute of Social and Economic Policy
- Executive Director and Director of Marketing Department, Siamturakij Newspaper
- Sector Head, Collection and Payment Division, Siam Commercial Bank



Miss Parichatara L. Sirivong
Senior Executive Vice President

Administrative Support Group Responsibility
Age 60

Education

- Executive MBA Kasetsart University, Bangkok
- BA, Accounting Thammasat University, Bangkok

Training

- Withantasa Meditation Course (Class 4), Willpower Institute, King Prajadhipok's Institute
- Advanced Certificate Course in Public Economics Management for Executives, 12/2014, King Prajadhipok's Institute
- Thammasat Leadership Program, TLP 2/2012, Thammasat University
- Chief Financial Officer Program, CFO 15/2012 Federation of Accounting Professions
- Chief Industrial Officer Program (Class 9), Ministry of Industry
- Director Certification Program, DCP 75/2013, Thai Institute of Directors Association

Other in Positions

- Subcommittee, Board of Subcommittee Private Teacher Aid Fund, Ministry of Education
- Director, Board of Director Private Teacher Aid Fund, Ministry of Education

Experience

- Director, Board of Director National Credit Bureau Co., Ltd.
- Director, Board of Risk Director National Credit Bureau Co., Ltd.
- Senior Executive Vice President ACL Securities CO., LTD.
- Deputy Managing Director (Chief Operation Officer) SIAM City Securities CO., LTD.
- Associate Director, DBS Vickers Securities (Thailand) CO., LTD.



Mr. Pongsak Chajiamjan

Specialist level 15

Age 57

Education

- M.A. (Public Affair), Thammasat University
- B.B.A. (Majoring in Accounting), Ramkhamhaeng University
- LL.B. (Majoring in Laws), Thammasat University

Training

- Diploma, Advance HR: Survival Beyond Tomorrow (Class 2), Thammasat University
- Diploma, Human Resource & Organizational Development (Class 3), Thammasat University
- Economics in Public Administration for High – Level Administrators (Class 1), King Prajadhipok’s Institute
- Democratic Politics and Governance for High – Level Administrator (Class 8), King Prajadhipok’s Institute
- Diploma, Understanding and Analysis of Financial, Bangkok University

Experience

- The Ad Hoc Committee, House of Representatives and the Senate Ad Hoc Committee Draft Act Small and Medium Enterprise Development Bank of Thailand
- Chairman of Credit Risk Rating System Development Committee
- Academic Support and Service Committee, Bureau of Academic Support and Service



Mr. Kongdacha Chairatana

Senior Executive Vice President

Age 56

Education

- M. Econ. (Project Appraisal), National Institute of Development Administration (NIDA)
- LL.B., Thammasat University

Training

- Economics in Public Administration for High-Level Administrators (Class 9), King Prajadhipok’s Institute
- Director Certification Program “Thammasat Leadership Program” (Class 1), Thammasat University
- Leadership Succession Program (Class 2), Institute of Research and Development for Public Enterprises of Thailand (IRDP)
- Systematic Thinking
- Small Business Counselor APEC-IBIZ, Department of Industrial Promotion
- Integrated Marketing Communication (IMC)

Experience

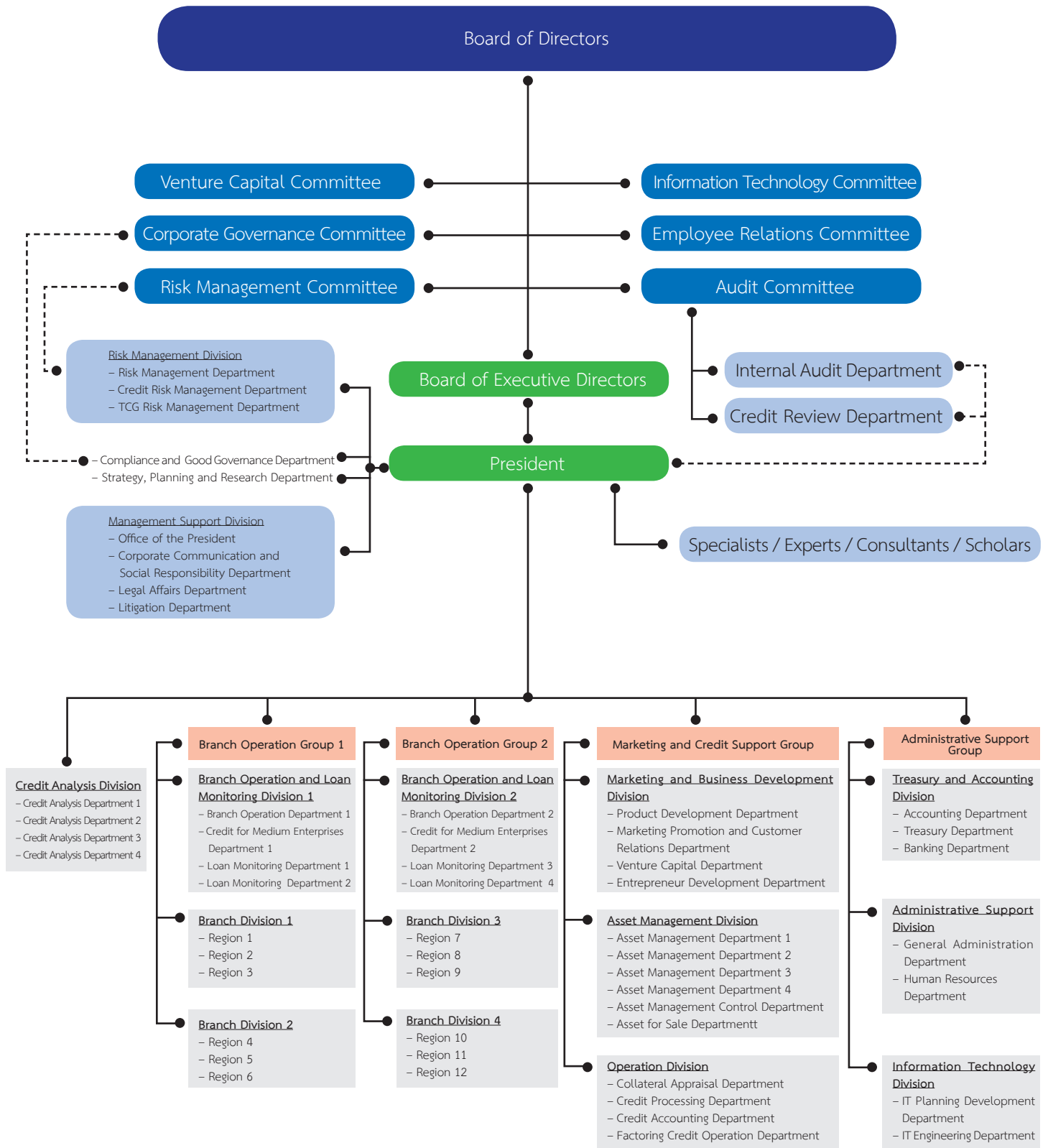
- Credit Management and Branch Banking, Kasikorn Bank
- Credit Management and Branch Banking, Bank of Asia
- Credit Management and Branch Banking, Government Housing Bank

SME Bank Management

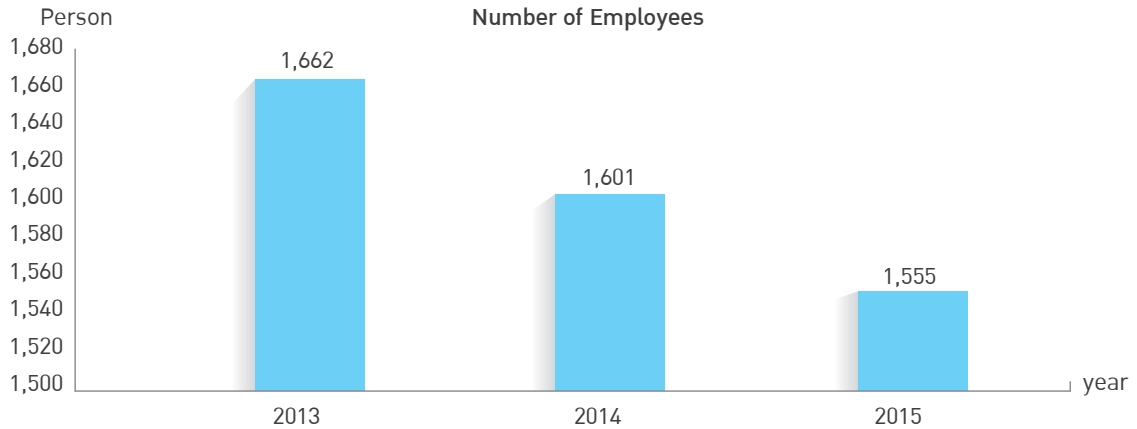
Mr. Sumeth Anusithsupakarn	Senior Vice President	Officiate as Branch Operation and Loan Monitoring Division 1 Responsibility
Mr. Pongprayoon Termtechatipong	Senior Vice President	Officiate as Marketing and Business Development Division Responsibility
Mr. Kantaphon Kaewmanee	Senior Vice President	Officiate as Branch Division 2 Responsibility and Acting as Branch Division 1 Responsibility
Mr. Jarin Tiasakul	Senior Vice President	Officiate as Asset Management Division Responsibility
Mrs. Wannipa Vudthivat	Senior Vice President	Officiate as Branch Operation and Loan Monitoring Division 2 Responsibility
Mr. Kodchagone Ludchasawee	Senior Vice President	Loan Monitoring Department 4
Mr. Amnart Benjasopit	Senior Vice President	Asset Management Department 3
Miss Yupin Thanativakul	Senior Vice President	Corporate Communication and Social Responsibility Department
Mr. Boonsek Phanudom	Senior Vice President	Asset Management Department 4
Mr. Piwat Chaiyanukij	Senior Vice President	Loan Monitoring Department 3
Mr. Jessada Chor. Charoenying	Senior Vice President	Internal Audit Department
Mr. Praves Masawat	Senior Vice President	Human Resources Department
Mr. Cherdchai Ouanmin	Senior Vice President	Region 8, Branch Operation Group 2
Mr. Weerawud Rujirakul	Senior Vice President	Venture Capital Department
Mr. Vitoon Buasakdi	Senior Vice President	Risk Management Department
Mr. Satien Tantipipop	Senior Vice President	Credit Analysis Department 1
Mr. Thitarat Pootrakull	Senior Vice President	Compliance and Good Governance Department
Mr. Pichit Mitrawong	Specialist	Product Development Department
Mr. Nopadol Sookajit	Specialist	
Mr. Yingyong Athisirikul	Specialist	

Mr. Suthat Kanthasaibour	Vice President	Banking Department
Mr. Sittisak Sachchavedha	Vice President	Credit Analysis Department 3
Mr. Arnat Wiboonkanarak	Vice President	Credit for Medium Enterprise Department 2
Mr. Chatri Wetsoranasutee	Vice President	Entrepreneur Development Department and Acting as Vice President of Strategy, Planning and Research Department
Mr. Jakkrid Karoonsit	Vice President	IT Engineering Department
Mr. Kreingkrai Kerdkokeo	Vice President	Treasury Department
Mrs. Neeranart Chutiwong	Vice President	Asset Management Control Department
Mr. Charin Hiengkul	Vice President	Region 1, Branch Operation Group 1
Mr. Prakob Umplod	Vice President	Region 12, Branch Operation Group 2
Mr. Pissanu Nagasara	Vice President	Loan Monitoring Department 2
Mr. Thanongsak Sangwannakool	Vice President	Region 5, Branch Operation Group 1
Mr. Sirichai Loyprasert	Vice President	Region 7, Branch Operation Group 2
Miss Benjamas Amornchaichan	Vice President	IT Planning and Development Department
Mr. Thakoon Pattamagovit	Vice President	Asset Management Department 1
Mr. Somsak Detpittayanan	Vice President	Credit Risk Management Department
Mr. Amnat Hialong	Vice President	Region 3, Branch Operation Group 1
Mrs. Chuthamas Nualpring	Vice President	Credit Review Department
Mrs. Ubolrat Karpang	Vice President	Marketing Promotion and Customer Relations Department
Mr. Saree Musigerst	Vice President	Legal Affairs Department
Mr. Watthana Kaewpraju	Vice President	Region 11, Branch Operation Group 2
Mr. Prasij Virasilpa	Vice President	Credit Analysis Department 4
Miss Petcharat Tantiwanich	Vice President	Branch Operation Department 2
Mr. Janyarit Songmanee	Vice President	Credit for Medium Enterprise Department 1
Mrs. Jintana Khumprakob	Specialist	
Mr. Booncherd Thongmung	Vice President	Human Resources Department

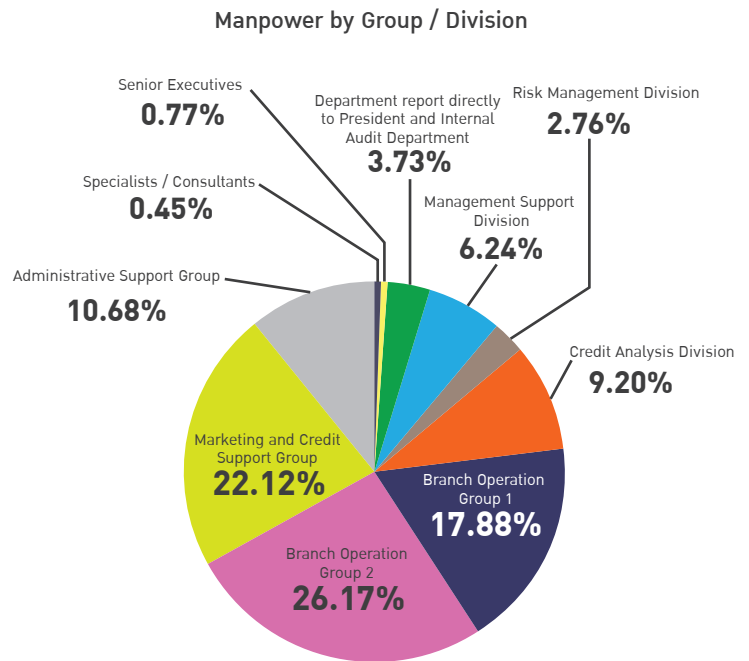
Organization Chart



Workforce Structure



Number of Employees by Group / Division	
Group / Division	Amount
Senior Executives	12
Specialists / Consultants	7
Departments report directly to President and Internal Audit Department	58
Management Support Division	97
Risk Management Division	43
Credit Analysis Division	143
Branch Operation Group 1	278
Branch Operation Group 2	407
Marketing and Credit Support Group	344
Administrative Support Group	166
Total	1,555



Unit: million baht

Executive Remuneration	Year		
	2015	2014	2013
Total	18.26	18.36	21.64

Remark: The executive remuneration consists of salaries and pension funds.

Unit: million baht

Total Cost of Employees	Year		
	2015	2014	2013
Total	1,028.30	911.90	902.21

Remark: Total cost of employees consists of salaries, temporary living expenses, extra temporary living expenses, risk expenses, depreciation expenses of motorcycles, monthly child allowances, position expenses, transportation expenses, overtime, bonuses, and gratuities. All expenses are before withholding tax.

Shareholders Structure

Small and Medium Enterprise Development Bank of Thailand
As at December 31, 2015

Shareholders	Number of Shares	Value (Baht)	%
Public Sector			
1. Ministry of Finance	161,558,159	13,530,000,000	98.6264
2. Government Savings Bank	550,000	55,000,000	0.3358
3. Krungthai Bank (Public) Co., Ltd.	222,000	22,200,000	0.1355
4. Financial Institutions Development Fund	18,000	1,800,000	0.0110
Public Sector Total	162,348,159	13,609,000,000	99.1087
Private Sector			
1. Ladawan Investment Co., Ltd.	400,000	40,000,000	0.2442
2. Members of Thai Banker's Association	697,711	69,771,100	0.4259
3. Members of Association of Finance Companies	359,389	35,938,900	0.2194
4. Others	2,900	290,000	0.0018
Private Sector Total	1,460,000	146,000,000	0.8913
Grand Total	163,808,159	13,755,000,000	100.0000

Report of the Nomination and Remuneration Committee

SME Bank's board of directors passed a resolution to appoint the Nomination and Remuneration Committee consisting of the Bank's directors and independent directors as follows:

- | | | |
|---|----------------------------------|------------------------|
| 1. Mr. Anusorn Muttaraid | Member of the board of directors | Chairperson |
| 2. Mr. Lavaron Sangsnit | Member of the board of directors | Director |
| 3. Mr. Vichit Kornvityakoon | Independent expert | Director |
| 4. Mr. Weidt Nuchjalearn | Independent expert | Director |
| 5. Mr. Metha Suvanasan | Independent expert | Director |
| 6. President of SME Bank | | Director and Secretary |
| 7. Senior Vice President/Vice President of Human Resources Department | | Assistant Secretary |

The Nomination and Remuneration Committee has carried out functions within the scope of duties and responsibilities by determining policies, criteria, and methods for selecting qualified persons to be the Bank's executives such as Senior Vice President, and Executive Vice President, before presenting to the board of directors for consideration. The committee is also assigned to set up the guideline for annual performance evaluation, remuneration increase or other benefits for top level executives and approve criteria and method for selecting middle level management as proposed by the President of the Bank, as well as perform other functions related to nomination and remuneration assigned by the board of directors of the Bank.

In 2015, the Nomination and Remuneration Committee held 15 meetings. The committee considered the criteria of selecting middle level management, criteria for performance evaluation, remuneration increase for the top level executives and also reviewed nomination system for top level executives such as Executive Vice President in order to ensure that the Bank's human resources management would be improved continually as human asset was a key driving force of the Bank to achieve the goals under the government's policy.



(Mr. Anusorn Muttaraid)

Chairperson of the Nomination and Remuneration Committee



Good Corporate Governance

Good Corporate Governance

As a state-owned bank, SME Bank has always adhered to the principle of good governance for the state-owned enterprise as directed by the Ministry of Finance as well as relevant international standards. The achievement of these missions depends on well-prepared policy, plan and working procedure, especially good corporate governance. Therefore, SME Bank has always been focusing on the establishment of corporate culture based on good governance by setting up the Corporate Governance Committee (CG) to be specifically responsible for good corporate governance matters and put it into action along with improve fundamental of good corporate governance organization. Throughout 2015, SME Bank has organized activities to promote the importance of the good corporate governance among all level of executives and officers.

Since 2010, SME Bank has operated its business based on good corporate governance to ensure good and transparent management system under which data and information is accessible and verifiable. This will help SME Bank to grow sustainably and steadily with competitiveness and to eliminate possible conflict of interest and to establish confidence among its shareholders, investors and stakeholders.

Principle of Good Corporate Governance

SME Bank has set up its organizational structure and internal management system in order to link between board of directors, executives and employees by taking into account the balance of interest of all stakeholders. Those organizational structure and management system reflect the 7 key standard principles as follows:

1. Accountability

Responsibility toward one's decisions and actions

2. Responsibility

Hold understanding and competency to carry out one's duties and assignments

3. Creation of Long-Term Value of all Stakeholders

Create long-term value for all stakeholders

4. Transparency

Transparent, explainable and verifiable

5. Vision to Create Long-Term Value

Determination of vision, strategy and create sustainable value added

6. Ethics

Conduct one's business with ethic, moral and integrity

7. Social and Environmental Responsibility

Awareness toward social and environmental responsibility

Practical Guidelines under the Principle of Good Corporate Governance

SME Bank conducts its businesses in accordance with the guidelines under good corporate governance consisting of the rules of law, merit, transparency, participation, responsibility, worthiness and governance. In 2015, SME Bank has treated its stakeholders as follows:

Shareholders: SME Bank treats all shareholders equally in terms of complete, adequate, fair and transparent disclosure of its information; and clearly determines the voting rights in shareholders' meetings; and also effectively manages its business with knowledge and abilities for its business growth and for proper returns on investment to its shareholders. The Bank organizes shareholders' meetings in the manner which supports equal treatment and opportunities for all shareholders to express their opinions and recommendations.

Customers: SME Bank is committed to satisfy its customers by offering variety of quality products and excellent services and is prepared to meet customers' demands with care and responsibility. The Bank treats its customers with honesty, fairness and always protects customers' interests by not abusing their data for its own benefit and regularly informs correct and complete information.

Employees: SME Bank considers its employees as the most valuable resources and commits to develop

all employees to be all-around capable persons, provides equal and fair treatment to all employees with respect to their honors, dignity and privacy, gives proper compensation to their duties, performances and responsibilities, provides proper welfare, hygienic and safe workplace and work environment, as well as promotes and supports employees for continuous progress in their career path.

Other Financial Institutes and Competitors:

SME Bank operates its businesses on the basis of fair competition and provides cooperation in information disclosure as well as promotes actions or activities bringing about good understanding.

Ethics and Code of Conduct

SME Bank, as a state-owned enterprise regulated by the Ministry of Finance and the Ministry of Industry, is established with an aim to carry out businesses involving in development, promotion and giving support to the establishment, operation, expansion or improvement of small and medium enterprises with a will to be a part of driven force for sustainable growth of Thai economy under good corporate governance practices. SME Bank, therefore, has prepared **SME Bank's Manual of Ethics and Code of Conduct for Executives and Officers**. The manual contains mechanism and system of effective enforcement as well as procedures for disciplinary action and sanctions reflecting the seriousness of the act, in which the Bank has constantly reviewed and updated.

To implementing the good corporate governance, SME Bank prescribes that the board of directors, executives and officers shall adhere to and strictly follow the **"SME Bank's Manual of Ethics and Code of Conduct"** to ensure that they shall fairly conduct their duties to preserve the benefit of the general public and maintain integrity and dignity in order to obtain credibility from customers and the general public.

Conflict of Interest Prevention Policy

SME Bank's conflict of interest prevention policies / measures are as follows:

1. Officers are noted and realized that what kind of action should not be done or practiced.
2. Officers are required to prepare the report on conflict of interest and if any possible conflict of interest has been found, they must seek for permission/ approval from their superior who will determine whether such matter should be continued or stopped.
3. For those officers who not qualified as an employee of the state owned enterprise according to the Act of Standard Qualifications for Director and Employee of State Owned Enterprise B.E. 2518 and as amended, and fail to obtain permission from the President of the Bank, if they have been discovered later by the Bank, may be dismissed.
4. Any officer who has been reported of having conflict of interest but continues to do such act or behave in such manner (in case the Bank has directed that such act shall be suspended), may be subject to disciplinary action according to the Bank's Regulation regarding Human Resource Management B.E. 2553.

Indicators of Conflict of Interest

1. Received as personal benefit of money, gift, present and entertainment, enter into contract or conclude engagement, exploit one's title to influence other's decision.
2. Inappropriately exercise one's influence to demand for or receive undue benefit.
3. Misuse organization's information or property.
4. Carry out transaction or business with the third person in conflict of the organization's interest.
5. Misappropriate office property and/or working time.

Acts considered as conflict of interest that an officer should refrain from doing them.

1. Spouse or close relatives, both in legal sense and factual sense, work in the same unit in the organization.

2. Disclose confidential information to the third person e.g. financial information, business plan, marketing plan, remuneration information and performance appraisal of the Bank and its customers.
3. Agree to assume the position as director or consultant of the third entity leading to business competitor/conflict of interest without approval/permission from the organization.
4. Use the organization's property for personal benefit.
5. Receive gift, present and entertainment, both in the form of money or objects.
6. Conduct business with the organization on behalf of oneself, family or corporate entity without informing the organization before assuming the role.
7. Use the position or power for personal interests, not for the organization's interests.
8. Taking other jobs that operate the same business as the organization.
9. Pay or receive a bribe for job employment or promotion.
10. Conceal information about oneself which might effect on the reputation, status and operation of the Bank.

Board of Directors

According to the Small and Medium Enterprise Development Bank of Thailand Act B.E. 2545, provides that a board shall be set up called "the Board of Directors of the Small and Medium Enterprise Development Bank of Thailand" consisting of 1 chairperson and another directors not exceeding 9 persons elected by the shareholders while the president shall be ex officio director.

A director shall have the term in position of 3 years. A director whose term of position has expired may be re-elected but may not hold the position for more than 2 consecutive terms.

Qualifications of Director

The Bank's board of directors shall consist of qualified persons holding skill and experience from various fields which can be of benefit for the organization. In particular, such person must holds qualifications stipulated in the Act for Standard Qualifications of Director and Employee of the State Enterprise B.E. 2518 and as amended as well as the Small and Medium Enterprise Development Bank of Thailand Act B.E. 2545.

Duties and Responsibilities:

1. Draw up policy and generally supervise the Bank's operation within the scope of its objectives relating to development, promotion and support the establishment, operation, expansion or improvement of small and medium enterprises through credit, guarantee, venture capital, advice and consultation on financial, technical, production development, marketing, management and administration matters or helping SMEs to access to financial, managerial or technical services or other necessary services.

2. Appoint the board of executive directors consisting of the chairperson and other executive directors of not exceeding 3 persons while the president of the Bank shall be an ex officio executive director.

3. Determine rules and regulations to be applied to the Bank's business as follows:

- 3.1 Regulations regarding the Bank's shares.
- 3.2 Regulations regarding loan, guarantee, sale or discount of financial institution bill, pledge, mortgage and other banking businesses.
- 3.3 Regulations regarding the Bank's management and administration.
- 3.4 Regulations regarding the Bank's human resource management, remuneration and other costs and expenses.
- 3.5 Regulations regarding the Bank's purchasing, finance, asset, accounting and internal audit.
- 3.6 Regulations regarding employee welfares for the Bank's officers, employee and their family members.
- 3.7 Setting up branch or representative office.

Disclosure of Data of Directors of SME Bank (As of 31 December 2015)

	Mrs. Salinee Wangtal Chairperson	Mrs. Saowanee Kamolbutr Director	Mr. Atsadang Chiewthada Director	Mr. Vitaya Suriyawong Director	Mrs. Pankanitta Boonkrong Director	Mr. Lavaron Sangsnit Director	Mr. Anusorn Muttaraid Director							
Remark				From Jul 30, 2014 to Jul 4, 2015										
1. Assumption of an office of director in state enterprises and/or juristic persons that such state enterprises are shareholders (not exceeding 3 organizations).	The Board of Directors of SME Bank are allowed to hold the position within 3 state enterprises.													
2. Related reports between directors and close relatives and SME Bank.	The Board of Directors of SME Bank, spouses, and children under the age of 20 do not have personal credits transaction or being a trading partner with SME Bank nor in any juristic person that Board of Directors is a shareholder, authorized director, executives or guarantor.													
3. Assumption of an office or share holding in companies of which shares are held by SME Bank	I	NI	I	NI	I	NI	I	NI	I	NI	I	NI	I	NI
1. Thai Credit Guarantee Corporation (TCG)		X		X		X		X		X		X		X
2. National Credit Bureau Co., Ltd.		X		X		X		X		X		X		X
3. Wattasarn Media Co., Ltd.		X		X		X		X		X		X		X
4. Bi-tech Coolblock Co., Ltd.		X		X		X		X		X		X		X
5. Power and Saving Intania Co., Ltd.		X		X		X		X		X		X		X
6. Thai Fashion Center Co., Ltd.		X		X		X		X		X		X		X
7. Bangkok Marine Engineering Co., Ltd.		X		X		X		X		X		X		X
8. Manee Taming Co., Ltd.		X		X		X		X		X		X		X
9. A.P.Z. Corporation Co., Ltd.		X		X		X		X		X		X		X
10. Autowood (Thailand) Co., Ltd.		X		X		X		X		X		X		X
11. Pet-tech Inter Group Co., Ltd.		X		X		X		X		X		X		X
12. Techno Asia Tire Co., Ltd.		X		X		X		X		X		X		X
13. Thai Umaporn Textile Co., Ltd.		X		X		X		X		X		X		X
14. We Thai Dot Co., Ltd.		X		X		X		X		X		X		X
15. Chao Phaya Insurance Plc.		X		X		X		X		X		X		X
16. Trinity Education Co., Ltd.		X		X		X		X		X		X		X
17. NPT Engineering Solution Co., Ltd.		X		X		X		X		X		X		X

Remark: 1. The Small and Medium Enterprise Development Bank of Thailand (SME Bank) becomes one of the shareholders in 17 companies.
(Data from Venture Capital Department as of December 31, 2015)

Disclosure of Data of Directors of SME Bank (As of 31 December 2015)

	Somchai Harnhirun, Ph.D. Director	Mr. Vichit Kornvityakoon Director	Seree Nonthasoot, Ph.D. Director	Mr. Prapaisit Tankeyura Director	Mr. Supot Arevart President, Director and Secretary	Mrs. Intira Phokpoonyarak Senior Executive Vice President, Acting President, Officiate as Director and Secretary	Mr. Woramit Krutto Senior Executive Vice President, Acting President, Officiate as Director and Secretary							
Remark		From Jul 30, 2014 to Apr 8, 2015	Assume the role on Nov 9, 2015	Assume the role on Nov 9, 2015	From Jan 1, 2015 to Sep 30, 2015	From Aug 31, 2015 to Oct 30, 2015	From Nov 2, 2015 to Dec 31, 2015							
1. Assumption of an office of director in state enterprises and/or juristic persons that such state enterprises are shareholders (not exceeding 3 organizations).	The Board of Directors of SME Bank are allowed to hold the position within 3 state enterprises.													
2. Related reports between directors and close relatives and SME Bank.	The Board of Directors of SME Bank, spouses, and children under the age of 20 do not have personal credits transaction or being a trading partner with SME Bank nor in any juristic person that Board of Directors is a shareholder, authorized director, executives or guarantor.													
3. Assumption of an office or share holding in companies of which shares are held by SME Bank	I	NI	I	NI	I	NI	I	NI	I	NI	I	NI	I	NI
1. Thai Credit Guarantee Corporation (TCG)	X		X		X		X		X		X		X	
2. National Credit Bureau Co., Ltd.	X		X		X		X	X*			X		X	
3. Wattasarn Media Co., Ltd.	X		X		X		X		X		X		X	
4. Bi-tech Coolblock Co., Ltd.	X		X		X		X		X		X		X	
5. Power and Saving Intania Co., Ltd.	X		X		X		X		X		X		X	
6. Thai Fashion Center Co., Ltd.	X		X		X		X		X		X		X	
7. Bangkok Marine Engineering Co., Ltd.	X		X		X		X		X		X		X	
8. Manee Taming Co., Ltd.	X		X		X		X		X		X		X	
9. A.P.Z. Corporation Co., Ltd.	X		X		X		X		X		X		X	
10. Autowood (Thailand) Co., Ltd.	X		X		X		X		X		X		X	
11. Pet-tech Inter Group Co., Ltd.	X		X		X		X		X		X		X	
12. Techno Asia Tire Co., Ltd.	X		X		X		X		X		X		X	
13. Thai Umaphorn Textile Co., Ltd.	X		X		X		X		X		X		X	
14. We Thai Dot Co., Ltd.	X		X		X		X		X		X		X	
15. Chao Phaya Insurance Plc.	X		X		X		X		X		X		X	
16. Trinity Education Co., Ltd.	X		X		X		X		X		X		X	
17. NPT Engineering Solution Co., Ltd.	X		X		X		X		X		X		X	

- Remark: 1. The Small and Medium Enterprise Development Bank of Thailand (SME Bank) becomes one of the shareholders in 17 companies. (Data from Venture Capital Department as of December 31, 2015)
2. Mr. Supot Arevart, President, has become a member of the Board of Directors and the Board of Risk Management of the National Credit Bureau (NCB). SME Bank holds 20% of the NCB shares.

Board of Executive Directors

The SME Bank Act B.E.2545 provides that the board of directors of SME Bank shall have the power to appoint the board of executive directors consisting of the chairperson and other executive directors of not exceeding 3 persons while the president of the Bank shall be an ex officio executive director. The board of executive directors shall have the term in office of 2 years.

Duties and Responsibilities:

1. Determine guidelines and methods of operation of SME Bank in accordance with the policies and goals as prescribed by the board of directors which shall not interfere with the authorities and duties of the president of the Bank as per Section 25 of the Act.
2. Report the operating results to the board of directors on quarterly basis.
3. Approve the request for amendment of budgets within the limit according to the regulations of SME Bank and report to the board of directors for acknowledgment.
4. Approve the adjustment of organization structure and scope of responsibilities of departments under supervision of senior executive vice president and report to the board of directors for acknowledgment.
5. Set forth the rates of annual bonus payment and extra payments and propose to the board of directors for consideration and approval.
6. Set forth the rates of annual increases of wage payment to officers and propose to the board of directors for consideration and approval.
7. Provide job placement, appointment and promotion as well as fix the rates of remuneration for senior executive vice president and propose to the board of directors for consideration and approval.
8. Appoint sub-committees working groups for any operation within the scope of authorities and duties assigned.
9. Approve the procurement and lease of supplies as from the limit of 20 million baht but not exceeding 50 million baht.
10. Approve the travelling for overseas operation of person who is not an officer of SME Bank.
11. Appoint or employ independent expert or specialist as deemed appropriate or otherwise seek for professional opinion from relevant person or independent expert at the Bank's expenses.
12. Perform other action assigned by the board of directors.

SME Bank Reorganization Committee Duties and Responsibilities:

1. Supervise and monitor the operation to be in accordance with strategic plan on SME Bank reorganization.
2. Supervise and monitor due diligence process and improve credit administration.
3. Determine measures and criteria for handling doubtful account.
4. Screen credit granting and debt restructuring before submitting to the board of directors for approval.
5. Set up a working group to support the operation of SME Bank reorganization sub-committee.
6. Perform other function as assigned by the board of directors.

Audit Committee Duties and Responsibilities:

To supervise operations in accordance with the laws, rules, regulations, including related Council of Ministers' resolutions based on the criteria and practices issued by the Audit Committee in State Enterprises and to enhance the efficiency in value addition of organizations, to create credibility and confidence in operations to the extent that they are conducted with careful supervision, fairness and transparency as per authorities, duties and responsibilities as prescribed in the Charter of the Audit Committee. The audit committee shall report the operating results to the board of directors of SME Bank.

Risk Management Committee Duties and Responsibilities:

1. Determine the policy framework, strategies and guidelines for preparation of work plans relating to risk management to be in accordance with the overall strategies of SME Bank and propose it to the board of directors for consideration regarding the overall risk management, covering different aspects of significant risks as per the standard indicators and criteria acceptable to the regulatory authority and the related third parties in terms of general management and information technology for effective management.
2. Review the master plan for risk management, policies, strategic plans, action plans on risk management in order to be able to identify sources of risk, measuring tool, criteria for indication, operating results, monitoring and evaluation procedures, reporting and risk control to a proper and practically acceptable level of SME Bank and to always improve them according to the environment of SME Bank.
3. Review the adequacy of policies, strategic plans, action plans and risk management system as well as efficiency and effectiveness of operation system and the compliance with the risk management policy as prescribed by taking into account objectives of risk classification, risk monitoring processes and provision of risk preventive, corrective and control measures and proper reporting.
4. Launch organization-wide risk management projects in conformity with SME Bank's working processes and organizational structure.
5. Supervise and follow up the implementation of the master plan for risk management, policies, strategic plans and action plans and consider the operating results compared to the prescribed work plans or goals for at least on quarterly basis.
6. Approve all kinds of non-derivatives products except non-collateral loan of more than 1 million baht per one account.
7. Screen all kinds of derivative products and non-derivative products with non-collateral loan of more than 1 million baht per account and loan products under the Government's policy.
8. Determine and review guidelines for risk management and approve the tools of risk limits and methods of risk assessment and control as well as review the adequacy of resources for risk management.
9. Approve the business continuity management including the business continuity plan of all departments within SME Bank for use when necessary.
10. Consider and approve the related project implementation to achieve the master plan of risk management, strategic plans and action plans.
11. Submit the report and opinion to the board of directors on matters that must be improved for the benefit of overall risk management in terms of more integrated system under the standards and criteria for indication of Ministry of Finance, including the criteria of the Bank of Thailand, the Office of the Securities and Exchange Commission as well as international standards.
12. Determine levels of risk management of SME Bank under the criteria for performance assessment of the state enterprise which can maintain the credibility to all stakeholders.
13. Perform other duties as assigned by the board of directors.

Employee Relations Committee Duties and Responsibilities:

1. Consider and give opinions on improvement of operational efficiency of SME Bank as well as improvement and development of labor relations.
2. Seek for agreement and resolution of dispute occurred within SME Bank.
3. Consider and improve working rules and regulations for the benefit of the employer, employees and SME Bank.

4. Manage to have discussion about solution to the complaints raised by employee or SME Bank labor union including complaints relating to disciplinary actions.
5. Discuss on how to improve employment condition.

Nomination and Remuneration Committee Duties and Responsibilities:

1. Determine policies, criteria and methods of officer recruitment level 14 or above.
2. Select personnel whose qualifications are in accordance with the prescribed criteria and methods to take the position of officer level 14 or above and propose to the board of directors for consideration.
3. Determine guidelines for performance evaluation and wage increase and other fringe benefits to the officer level 14 or above on yearly basis.
4. Consider and approve the criteria and method of recruitment of officer level 11-13 as proposed by the president of the Bank.
5. Take other actions relating to recruitment and determination of remuneration as assigned by the board of directors.

Information Technology Committee Duties and Responsibilities:

1. Determine IT Policy and IT Road Map and plan to implement proper information technology to SME Bank's direction and operation plan.
2. Provide opinion on developing IT Master Plan that conforms to SME Bank's business plan while taking into account the integration of information technology systems with IT Security Policy and IT Standards.
3. Determine policy and guidelines for IT Security Policy to be in accordance with standards and laws.
4. Consider, screen and provide opinion on procurement and development of IT system and infrastructure as well as monitor to assure the achievement of the set goal.

5. Report IT operation result to the board of directors for acknowledgment on quarterly basis.

Corporate Governance Committee Duties and Responsibilities:

1. Consider and determine the criteria for good corporate governance for effective and efficient operations of SME Bank by developing and promoting the understanding of the principle of good corporate governance to SME Bank personnel.
2. Supervise and promote the operations of SME Bank to be in conformity with the principle of good corporate governance.
3. Evaluate and review the policies on good corporate governance of SME Bank continuously to ensure that they are in line with international practices and recommendations of the Ministry of Finance.
4. Give advice on the operations of SME Bank to the management team and the related committees about the application of the principle of good corporate governance to get effective performance.
5. Set up sub-committee to support the operation relating to good corporate governance.
6. Perform other function as assigned.

Venture Capital Committee Duties and Responsibilities:

1. Determine code of conduct and orders for venture capital such as criteria and methods, including category and amount of investment, duration, fee, interest rate, discount or benefits from investment, hedging, guarantee or withdrawing for debt payment, settlement for withdraw, sell or shares of the venture capital, contract cancellation, debt restructuring, prosecutions and other related matters to be in compliance with regulations and policies of the SME Bank.
2. Determine criteria, conditions, details, duties and responsibilities of internal or external departments to provide consultations and

guidelines for venture capital companies to be in compliance with policies of the Bank as well as conducting on other matters related to venture capital that SME bank has assigned.

3. Approve on venture capital at the amount and portion depicted in the Regulations of Venture Capital. If the amount exceed 5 million baht, it shall get approval from the board of directors.

4. Approve, extend or change criteria, condition and method of the venture capital, as well as decreasing or increasing the amount within 5 million baht per company. In case of the amount exceed 5 million baht, it shall be proposed and get approval from the board of directors.
5. Withdraw or sell of shares of venture capital within 5 million baht. In case of the amount

Table of Summary : Meeting Attendances and Meeting Allowances for the board of directors in 2015

No.	Name-Surname	Monthly Allowances Total	Committees												
			Board of Directors	Board of Executive Directors	SME Bank Reorganization	Audit	Risk Management	Employee Relations	Nomination and Remuneration	Information Technology	Corporate Governance	Venture Capital			
			(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)	(No. of Meeting Attendances)			
1	Mrs. Salinee Wangtal	240,000	Chairperson (25/25)		Chairperson (25/25)										
2	Mrs. Saowanee Kamolbutr	120,000	Director (23/25)			Director (11/13)									
3	Mr. Atsadang Chiewthada	120,000	Director (21/25)			Chairperson (13/13)									
4	Mrs. Pankanitta Boonkrong	120,000	Director (23/25)	Chairperson (24/24)	Director (12/25)										
5	Mr. Lavaron Sangsnit	110,000	Director (18/25)				Chairperson (13/13)		Director (2/5)						
6	Mr. Anusorn Muttaraid	120,000	Director (17/25)	Director (19/24)				Chairperson (5/5)	Chairperson/Director (14/15)	Chairperson (7/7)	Director (4/4)				
7	Somchai Hamhirun, Ph.D.	120,000	Director (18/25)	Director (17/24)							Chairperson (3/4)				
8	Mr. Vitaya Suriyawong	30,000	Director (3/13)			Director (4/6)									
9	Mr. Vichit Kornvityakoon	30,000	Director (9/9)	Director (22/22)	Director (24/25)			Chairperson (3/3)	Chairperson/Director (14/15)						
10	Seree Nonthasoot, Ph.D.	20,000	Director (4/4)			Director (3/3)									
11	Mr. Praphaisith Tankeyura	20,000	Director (4/4)	Director (2/2)	Director (2/2)										
12	Mr. Supot Arevart	80,000	Director & Secretary (16/17)	Director & Secretary (19/19)	Director (15/18)		Director (7/8)		Director & Secretary (10/10)	Director (2/2)				Chairperson (2/2)	
13	Mrs. Intira Phokpoonyarak	20,000	Senior Executive Vice President, Acting President, Officiate as Director & Secretary (4/4)	Senior Executive Vice President, Acting President, Officiate as Director & Secretary (2/2)	Senior Executive Vice President, Acting President, Officiate as Director (4/4)		Senior Executive Vice President, Acting President, Officiate as Director (2/2)		Senior Executive Vice President, Acting President, Officiate as Director & Secretary (4/4)	Senior Executive Vice President, Acting President, Officiate as Director (2/2)					
14	Mr. Woramit Krutto	20,000	Senior Executive Vice President, Acting President, Officiate as Director & Secretary (4/4)	Senior Executive Vice President, Acting President, Officiate as Director & Secretary (3/3)	Senior Executive Vice President, Acting President, Officiate as Director (2/2)		Senior Executive Vice President, Acting President, Officiate as Director (3/3)		Senior Executive Vice President, Acting President, Officiate as Director & Secretary (1/1)	Senior Executive Vice President, Acting President, Officiate as Director (1/3)				Senior Executive Vice President, Acting President, Officiate as Chairperson (1/1)	
Meeting Allowances for the board of directors in 2015		1,170,000	1,080,000	470,000	338,000	348,333.02	137,500	100,000	212,800	87,500	37,500	-			

- Remark:
1. Payments of remuneration and meeting allowance for the Board of Directors shall be in accordance with the regulation of the State Enterprise Policy Office (SEPO) Memo No. KorKhor. 0805/1630 LorWor., on May 24, 2004.
 2. The board of directors of SME Bank were appointed at the Annual General Meeting 1/2014 on July 30, 2014.
 3. Mr. Vichit Kornvityakoon held the position from July 30, 2014 to July 4, 2015. (at the age of 65 years old)
 4. Mr. Vitaya Suriyawong held the position from July 30, 2014 to April 8, 2015.
 5. Seree Nonthasoot, Ph.D. has been appointed on November 9, 2015.
 6. Mr. Praphaisith Tankeyura has been appointed on November 9, 2015.
 7. Mr. Supot Arevart held the position from January 1, 2015 to September 30, 2015.
 8. Mrs. Intira Phokpoonyarak was an acting president and officiate as director and secretary from August 31, 2015 to October 30, 2015.
 9. Mr. Woramit Krutto was an acting president and officiate as director and secretary from November 2, 2015 to December 31, 2015.

exceed 5 million baht, it shall be proposed and get approval from the board of directors.

6. Appoint personnel to be directors in the venture capital companies.
7. Approve on having legal unit proceed on legal action with venture capital companies when dispute occurs.
8. Appoint advisors to the committee, sub-committee and working team to take action on venture capital matters.
9. Authorize personnel or group of personnel to take action on matters in the power of the committee.
10. Report venture capital results to the board of directors at least once a year.

Compliance with the Official Information Act B.E. 2540

SME Bank has fulfilled the requirements of disclosure of its information to the general public as stipulated in the Official Information Act B.E. 2540 completely and continuously, for the benefits of the general public to access information of SME Bank. The overview of its operations can be summarized as follows:

1. SME Bank has appointed the Information Committee of SME Bank with authorities and duties to determine criteria and guidelines for classifying type of information of SME Bank, in terms of management, organization and provision of information service of SME Bank, including operations under the regulations governing the provision of information of SME Bank to the general public in accordance with the Official Information Act B.E. 2540

2. SME Bank has announced and disseminated its organizational structure, list of the board of directors, list of executives and their authorities and duties under the SME Bank Act B.E. 2545 so that the general public can search them on the website: www.smebank.co.th

3. SME Bank has made public announcement on an invitation to the bid and inquiry for procurement, their cancellation and the list of awarded bidders on the

website of SME Bank and at its public relations signboard at SME Bank Tower.

4. SME Bank has provided channels available for the general public to ask for information and services or to give feedback and complaint to SME Bank through its Call Center 1357.

5. SME Bank has submitted compliance report of the Official Information Act B.E. 2540 to Office of the Official Information Commission and the Ministry of Finance on an annual basis.

6. Disclosure of SME Bank data and its customer data to the third party either government agency or individual may be done provided that such third party has officially requested for such information subject to the provisions of law and the Bank's regulations as follows:

- 6.1 Agencies authorized by law to ask for data verification or to demand for documents and evidences or to ask the Bank's officer to present and give statement as a witness include the court of law, Legal Executive Department, the Revenue Department, Department of Special Investigation, Royal Thai Police, Office of the Consume Protection Board, Social Security Office, the Securities and Exchange Commission, Office of the National Anti-Corruption Commission, Anti-Money Laundering Office, Office of the Narcotics Control Board, Office of the Auditor General of Thailand, Inspector General of the Ministry of Finance, the ombudsman and Bank of Thailand etc.

- 6.2 For agencies or persons unauthorized to ask for verification of information, either public or private agency, SME Bank shall not be able to disclose such information as the Official Information Act B.E. 2540 Section 24 provides that a state agency shall not disclose personal information in its control to other state agencies or other persons without prior or immediate consent given in writing by the person who is the subject thereof.

Key Factors Affecting Bank's Performance

External Factors

- **Thai and Global Economic Condition**

The 2015 economy growth is lower than expected due to the slow-down of Chinese economy, resulting in a negative impact on trading and growth of emerging countries. On the other hand, major economies such as the European Union and Japan have improved at the low rate, except the USA economy which has recovered continually from the consumption and private investment as well as labor market. This causes FED to increase Fed Fund Rate for the first time in 7 years. However, central banks such as ECB and BOJ continue loose monetary policy to stimulate economies. The differences in monetary policy of each country result in the fluctuation in global capital markets.

Thai economy has recovered gradually due to domestic supporting factors, especially state spending and investment as well as the continually growth of tourism. However, the growing economy is also weighed down by the shrinking number of export due to the slow-down economy of major trading partners, especially China. The low oil prices pressure export products to reduce their prices. In addition, the low prices of agricultural products and income of agriculturists which is lower than previous year have impact on household's spending and capability to pay debt.

- **Banking Business and Competition**

Under the slow-recovery of the economy, the Bank faces risk factors causing slow growth of credit offering and poorer credit quality. Setting up higher reserve fund contributes to lower performance. In addition, the Bank

of Thailand decreased policy interest rate twice to stimulate the economy throughout the year therefore the net income from interests is decreased even though the credit rate is increased in the last quarter due to government policies, especially the SME entrepreneur aids and real estate stimulus policy while the Bank's deposits are slow-down due to the Bank focuses more on capital management to be aligned with loans.

- **Technology**

Apart from economic risk, the Bank also faces technology movement that has impact on its operations and importantly the change of consumer behaviors. Consumers expect more on service quality, rapidity and lower cost of services. Consequently, banks have to develop banking innovation by offering various types of financial services to meet the needs of consumers and create advantages in competition.

- **Government Policy**

Under the economic reform to enhance capability of Thailand, the government pays attention to promote and support growth of medium and small businesses by releasing monetary policy to aid SMEs such as low interest rate program to be working capital, revising criteria and condition in guaranteeing the loan-guarantee program, venture capital for Start-up SMEs, measures to reduce income tax for juristic person, and other measures supporting the New Start-up. Consequently, both government and private banks have set directions to be aligned with the government policies to maintain existing customers and expanding new customer base.

A tall skyscraper with a curved facade and a blue-tinted overlay. The building is the central focus, with a blue gradient overlaying the top half of the image. The text 'Risk Management' is written in white on a dark blue background that spans across the middle of the image. A green square is located on the right side of the blue overlay.

Risk Management

Risk Management

Risk Management

1. Risk Management Overview

SME Bank has adopted international standards for risk management and internal control (COSO-ERM) guidelines given by the Bank of Thailand and Ministry of Finance as the framework for its risk management. The goal is to ensure that SME Bank's operation shall achieve the set targets with stability and in conformity with the principle of good governance. During the 2015 fiscal year, SME Bank drew up its directions and strategies towards risk management in order to support its overall operation and to achieve its objectives and goals as follows:

1. Adopt risk management approaches that meet recognized standards and are suitable for SME Bank's missions and activities.
 - Set up plans and measures for risk management leading to harmonized operations while existing risk management approaches shall be reviewed on continual basis to ensure more effective risk management.
2. Utilize the results from managing the risks in creating business opportunities or value addition, as well as, distributing risk and minimizing loss in the operation.
 - SME Bank underlines certain major systems relating to risk management by putting in place risk management system, developing operational risk management system and loss data storing system in order to make available of database necessary for determining sufficiency of the fund as required by international standard. The Bank has also developed early warning system that can monitor and make a warning by linking with major risk factors of the Bank.
3. It is the responsibility of the SME Bank board of directors, executives, and staff, to take into account the importance of managing daily operational risks and taking risk management as organizational culture.
 - Importance is placed upon communication for understanding among SME Bank's stakeholders on matters relating to risk management and internal control via various channels such as corporate website, printing materials, and reports. The aim is to create awareness to the extent that risk management will become a part of organizational culture. In addition, SME Bank has had risk management integrated with its organizational administration under the integrated scheme of Governance Risk Management and Compliance (GRC).
4. Develop personnel and tools necessary for risk management on continual basis to ensure that they can manage risk at acceptable level and responsive to the Bank's goals.
5. In order to allow SME Bank's risk management to be in accordance with the principle of Enterprise Risk Management (ERM), SME Bank is committed to develop risk management to become its organizational culture where the Bank's board of directors, risk management committee, the management, and all related departments in the Bank, will participate in managing risk.
 - At the directorial level, SME Bank's board of directors has appointed Risk Management Committee (RMC), consisting of representatives from the board of directors, independent experts, the Bank's president, and senior executives to determine policy, strategies, and risk management framework as well as review risk factors, develop risk management plan, monitor and regulate risk management to be in accordance with the policy and strategies that can maintain risk at acceptable level, and also review and evaluate the adequacy of the Bank's internal control.

- At the managerial level, SME Bank's senior executives in charge of different areas will supervise risk management in each area and of the units under their supervisions. They will also take part in risk management as members of various committees.
- At operational level, the departments which own risks (risk owners) will carry out Control Self-Assessment (CSA) for relevant matters under supervision of the risk management and internal control committee within the departments to ensure that operational objectives will be achieved.

In addition, SME Bank has a department specifically responsible for risk management in general, the risk management department, assigned to perform the duties of preparing and proposing the policy on risk management, defining the scope of risk management, as well as, monitoring the results of risk management and reporting risks status to the Bank's risk management committee.

2. Risk Factors and Risk Management

To implement risk management, SME Bank refers to the guideline provided by the Bank of Thailand and Ministry of Finance in categorizing risks into 2 main groups / 6 types of risks which are; financial risks: credit risk, market risk, and liquidity risk; and non-financial risks: strategic risk, operational risk, and compliance risk. In 2015, SME Bank identified risk factors at organization level based on categories mentioned above. SME Bank also prepared risk map as a tool to systematically integrating all risks together, also known as, Enterprise Risk Management (ERM).

Strategic Risk

Strategic risk means the risk resulted from the determination of strategic plans, operation plans, and their implementations, which are not proper or inconsistent with external factors or external environments which could affect incomes, funds, or the existence of the business.

SME Bank's strategic risks were managed as follows:

1. Set up and reviewed of strategic risk management

policy to be implemented as a framework to manage the Bank's strategic risk.

2. Determined SME Bank's strategies and goals as well as the process of monitoring and controlling operating results with the setting goals using data obtained from analyzing SWOT of internal and external environments such as operating results, current situations of the Bank, economic condition, business situation of the SMEs, the government policies, and the Bank's customers' satisfaction results, etc.

3. The risk management guidelines provided by COSO were applied to the process for developing the Bank's risk management plan which was also in line with the quality assessment system for state enterprises by linking the risk management process, risk factors, and risk management with the goals and strategic plans of the Bank. SME Bank analyzed and assessed both the internal and external risks that might affect the Bank's business goals, defined the risk appetite and risk tolerance, and developed risk map and risk handling plan to minimize risks to acceptable level and to facilitate achievement of the Bank's business goals. Moreover, SME Bank would follow up and report the results of risk management to the related committees for consideration on quarterly basis, and would review the interim risk management plan to ensure proper risk management.

4. SME Bank would follow up and report the status of strategic risks to the related committees on a regular basis and would also report to the risk management committee on a monthly basis and to the board of directors on a quarterly basis so that the operational guidelines could be revised to attain the targeted goals.

Credit Risk

Credit risk refers to the risks from debtors' insolvency or potential insolvency resulted in credit rating downgrade, which may affect the operating results and status of funds of SME Bank.

SME Bank is a specialized financial institute with specific missions of helping SMEs. The loans of not exceeding 15 million baht were provided, making an 80%

portion of the total loans, so that such credit service expansion met the desired target of the Bank. SME Bank sought to help customers who did not have collaterals by making an agreement with Thai Credit Guarantee Corporation (TCG) to guarantee the loans for the SMEs. The risk management unit of TCG was set up to control and monitor the credit ports which had TCG as guarantor.

SME Bank has realized the importance of the standard improvement of credit provision, credit quality control, and risk mitigation in operation through check and balance. Therefore, the market unit and the credit analysis unit were set up with distinctively separated functional descriptions to prevent NPLs. The Bank worked proactively by setting up credit quality control units in each area of operation so that the doubtful accounts would be tracked in a timely manner and the NPLs would be reduced effectively.

To manage credit risk, SME Bank set measures and controlled risks to maintain at acceptable level. Significant credit risk management of SME Bank were as follows:

1. Reviewed credit risk management policy and loan policy annually to make certain that those policies would be in line with the Bank's missions and strategic plans, and valid to be used as standard frameworks of effective credit operation.

2. Set up market and credit analysis units to standardize the credit service of the Bank and to have a good internal control. The Bank improved the credit service process for the credit limit of 15 million baht, and credit quality screening process. The Bank also made credit operation manual, revised the credit request form to have a standard and a unified format, and trained the staff in order to increase their competency and skills relating to credit operation.

3. Stored and managed credit database to develop tools to assess the credit risks as designed by the Bank in order to reduce credit risk and to set the interest rates appropriate with the market conditions.

4. Appointed various committees to manage credit risk through the process of considering and approving so that the Bank's credit risk was at acceptable level. The

committees were the board of directors, management committee, risk management committee, credit committee, credit product screening working team, committee on regulation improvement for new product release, committee on credit guarantee, and debt restructuring committee, etc.

5. Controlled the risks of the credit portfolios to stay at acceptable level by limiting the risk ceiling of each industry and factoring credit. The Bank reviewed risk ceiling annually to prevent and control the cluster within one industry that would impact the overall credit port balance beyond acceptable level by the Bank. All the departments in the Bank would be informed of the balance status through the Bank's intranet.

6. Managed its credit portfolios and managed to report monthly to analyze and track the credit service results and NPLs. As of December 31, 2015, the total outstanding loans of the Bank were equal to 86,128 million baht, and NPLs were at 23,452 million baht or accounting to 27.23% of the total loans. The credit portfolios divided into retail businesses, auto fitting, personal consumption, and household 32%; production businesses 29% and to hotel and restaurant businesses 12%.

7. Controlled and prevented downgraded loans. The Bank had early warning sign reports delivered to the credit departments for their precautions. The Bank also set loan monitoring and collection department to control and closely follow up debts of not exceeding 15 million baht which had been weakened in order to prevent them to become NPLs.

8. Strictly followed the NPLs management plan by setting up a committee to control and follow the NPLs, to reconstruct, negotiate the debts, and to do NPLs bidding. In 2015, SME Bank managed to reduce NPLs from the previous year of 31,960 million baht or 37.61% of the total outstanding loans to 23,452 million baht or 27.23% of the total outstanding loans.

Market Risk

Market risk refers to risks originated from fluctuation of interest rates, foreign exchange rates, and value of financial

instruments in money and capital markets which may have adverse effect on the Bank's income and funds.

1. Interest rate risk is the risk that income or funds may be adversely affected by alternation of interest rate of assets, liabilities, and all other off balance sheet items which are rate sensitive items that may affect net interest income, marketing values of trading accounts, and other incomes and expenses correlated with interest rates.

SME Bank gives priority to interest rate risk management by taking into account the inconsistent changes of interest rate (basic risk) that may adversely affect its net interest income (NII) as the interest rate can vary subject to economic cycle that can be fluctuated at any time. Interest rate also relates to interest rate management of loans and deposits of SME Bank. Therefore, SME Bank carefully takes precaution in its determination of interest rate, as well as, portfolio management of both loans and deposits. Various steps are taken including application of policies, measures, and tools for risk management such as re-pricing gap analysis that can control impact from interest rate change to be within acceptable level or risk appetite.

2. Foreign exchange rate risk is the risk that income or fund may be adversely affected by the fluctuation of foreign exchange rate in connection with transaction or assets and liabilities in foreign currencies.

SME bank has no policy on speculation of exchange rate and only maintains foreign currencies for general transactions with its customers. This has made SME Bank to be able to manage and maintain exchange rate risk at minimum level within the permitted limit.

3. Price risk refers to the risk that the Bank's income or fund may be adversely affected by changes in value of debt securities or equity instruments resulting in the decrease of trading and available for sale investment portfolio.

SME bank has no policy on investment in debt securities either for trading or available for sale which is in line with its investment policy and results in low level of price risk.

From the overall picture of market risk management, SME Bank is able to efficiently maintain market risk within the limit as approved which is in harmony with regulatory guideline by the Bank of Thailand (BOT). Furthermore, SME Bank has no investment in any account intended for trading.

Liquidity Risk

Liquidity risk means the risks resulted from SME Bank's inability to secure cash or cash equivalents for the amount sufficient for cash demand or any other obligations. This is due to maturity mismatching or such risk of loss from securing funds at cost higher than appetite level or being forced to sell its assets at prices lower than acceptable prices.

In managing liquidity risk, SME Bank has set up policies, measures, and procedures for risk management to be in line with the business context of the Bank, market condition, and risk management guideline drawn up by the BOT, covering liquidity risk management policy, risk ceiling to maintain risk at appetite level, and application of financial tools for risk management such as liquidity gap, liquidity ratio, and maturing gap to forecast and monitor future liquidity.

Operational Risk

Operation risk means the risks that can cause damages due to lack of good corporate governance and control which probably associate with internal operating procedures, personnel, work systems, or external factors, and have negative impacts on income and fund of the Bank.

In 2015, SME Bank focused on the continually improvement of credit administration by having the consultant specializing in credit administration to audit and supervise the entire system which would be the basis for improvement aiming at creating better and more efficient service for the customers with the least number of errors.

In addition, credit portfolios which were guaranteed by TCG were checked by the TCG Risk Management Department. The Department, operating under Risk Management Division, was in charge of the whole works and processes relating to TCG. It had key responsibilities of controlling, checking, and managing all TCG-guaranteed credit portfolios,

to make certain that the credit process would be done with efficiency and loss protection. The Department was set up on October 2015.

SME Bank adopted Control Self-Assessment (CSA) to allow each unit to reconsider its operation under changing environments on whether the existing control system was still practical and adequate. This would help minimize operation errors. In addition, SME Bank put in place notification system for loss data to collect operational loss data which would be used as a tool to minimize error and loss from operation in the future.

Compliance Risk

Compliance risk refers to those risks resulted from failures to observe the law, cabinet resolution, rules and regulations, and relevant official notifications, that may affect the operation and damage reputations and images of the Bank.

SME Bank realized and prioritized the compliance risk management by drawing a policy on compliance risk management and continually monitoring observance of official rules and regulations, setting a center for providing recommendations, advices, while evaluating works of relevant units to ensure that SME Bank's operation should not violate and be in line with official rules and regulations, as well as, internal rules and regulations of the Bank.

Internal Control

SME Bank prioritizes its internal control system through continual development as this is seen as a key to support and maximize effectiveness and efficiency of SME Bank's operations along with good corporate governance, transparency, and compliance with statutory requirements and related rules and regulations. Internal control has always been included as part of the Bank's normal operation which all departments either at the head office or regional offices are assigned with the duty to adopt CSA as a tool to manage risks and internal control according to the regulations set by the State Audit Commission regarding the Determination of Internal Control Standard B.E. 2544 and the framework for risk management

and internal control of COSO-ERM. There are 5 major components of internal control as follows:

1. Control Environments

SME Bank has the Code of Ethics and Business Conduct for the Small and Medium Enterprise Development Bank of Thailand B.E. 2553, underlining integrity, ethics, transparency, and free from conflicts of interests. In 2014, SME Bank had revised the elements of the corporate governance and corporate social responsibility committee, in charge of regulating and promoting management under the principles of good corporate governance to ensure that morals, ethics, and integrity, were established among the Bank's executives and officers in their operation by referring to SME Bank's code of ethics and business conducts. Through internal communication channels, SME Bank's personnel were aware of the code and encouraged to take the code into actions.

SME Bank has had annual plans and revised the plans during the year. The Bank has also revised organizational structure while setting rules and regulations appropriate with the new structure. There has been also department taking care of personnel morality, and fair treatment to the customers. Having proper organization structure and environment for business operation will support the internal control system to achieve its set policy and result in adequate internal control.

2. Risk Assessment

SME Bank assesses risk of internal control in systematic manner by its executives and staff who will participate in identifying and evaluating risks from the operations under their responsibilities. This will lead to appropriate risk management towards problems associating with the operations. To this end, tools for risk assessment have been clearly linked and developed along with determining purpose and goal of each department and each operation in order to achieve the mission with pre-determined budget and resources.

SME Bank has taken into account the importance of managing risks from both internal and external. SME Bank has set up risk management group and assigned risk management committee of which their roles and

responsibilities in setting the framework, reviewing policies, strategies, and directions of managing the risks, and controlling the organization to execute the risks control according to the Bank's directions.

3. Control Activities

SME Bank has set operational framework by having written policies, regulations, orders, and guidelines which will be adopted by executives and staff in order to minimize or control risks from operations. The Bank always reviews compliance with the law, requirements, set by authorities, internal and external regulators, and reports overall operation results to the president, the audit committee, and the board of directors of SME Bank.

SME Bank has had written regulations on the authority of each managerial level in governing and approving the budget of each activity. Their scope of authority and commands are specified separately for the auditing and cross-checking can be done appropriately.

4. Information and Communication

SME Bank has put in place information technology system appropriate for its operation and for their executives to perform their managerial works, including communication to the Bank's management, staff, and other related parties, internal and external, in appropriate manners. Those having received information and updates can further their duties effectively and successfully according to the Bank's objectives. Also, information technology contingency plan has been set up in order to mitigate emergency and disasters and maintain the continuity of the Bank's services.

SME Bank has applied accounting policy according to accounting standards for businesses. The Bank has also developed the information technology, and other databases, to be available in time for the changing situations.

5. Monitoring

SME Bank has monitoring system for internal control on regular basis. In particular, implementation of the improvement plan of divisions/departments level will be done on quarterly basis while reports will be submitted to the risk management committee and certificate of

internal control assessment will be delivered to the Office of the Auditor General of Thailand as scheduled.

SME Bank has had annual plan and reports referring to the set targets. The Bank will review and adjust the plan to match with the changing situations. The Bank has independent audit department to perform according to the setting internal control system and direct for improvements as suggested, as well as, following up the results of improvements on a regular basis.

Internal Audit

The internal audit is a crucial factor in achieving the missions of SME Bank with effectiveness and efficiency. Internal audit also prevents and reduces operational risks as well as reducing damages that may occur in the Bank's operation. Internal audit is an important part of internal control in the Bank's normal operation which requires proper procedures according to regulations and law. The Bank's executives can use the internal audit results as a part of management process in order to achieve the objectives of the Bank.

The Internal Audit Department is directly report to the Audit Committee. It applies generally accepted professional standards of internal audit operation, internal audit guideline for the state enterprise, and code of professional conducts for internal audit. Strategic plan for the audit is set out to link with the Bank's strategic plan and goals while feedback from the Audit Committee, top executives, chief auditor, and organizational risk report are taken into account in preparing the annual audit plan based on significant risk assessment (risk based approach) before being approved by the Audit Committee and the Board of Directors. The Internal Audit Department gives precedence to capacity building of the internal auditors to ensure that they can provide correct opinions on the risk causes and useful suggestions for the Bank.

To audit the Bank, the auditors from the Office of the Auditor General of Thailand will perform the task and approve the Bank's financial statements as required by law. The audit fee for 2015 was equal to 1,470,000 baht.

Financial Information

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015, 2014, and 2013

Particulars	2015		2014		2013	
	Amount	Increase (Decrease)	Amount	Increase (Decrease)	Amount	Increase (Decrease)
Financial position (Unit: million baht)		%		%		%
Interbank and money market items - net	7,957.49	(55.98)	18,078.86	444.35	3,321.20	(35.06)
Investment - net	9,058.79	86.94	4,845.81	52.90	3,169.29	(57.39)
Loans and accrued interest receivable - net	73,957.55	5.92	69,827.05	(11.85)	79,217.15	(5.50)
Total assets	95,660.90	0.63	95,060.24	7.68	88,283.71	(10.72)
Deposits	75,954.67	(8.06)	82,614.74	8.91	75,853.94	(15.82)
Interbank and money market items - net (liabilities)	10,455.41	138.18	4,389.76	(7.07)	4,723.66	160.44
Borrowings	310.06	(24.41)	410.17	(14.09)	477.45	(12.72)
Total liabilities	89,827.56	(1.81)	91,479.86	7.76	84,888.47	(11.88)
Issued and paid-up share capital	16,380.82	28.43	12,755.00	-	12,755.00	4.55
Premium (discount) on share capital	(2,625.82)	-	-	-	-	-
Shareholders' equity	5,833.34	62.93	3,580.38	5.45	3,395.24	32.98
Operation results (unit: million baht)						
Interest income	5,427.02	7.06	5,069.07	(7.82)	5,498.87	4.00
Non-interest income	805.20	109.31	384.70	(50.03)	769.89	77.16
Total income	6,232.22	14.27	5,453.77	(13.00)	6,268.76	9.55
Interest expenses	2,713.32	14.68	2,365.92	(7.26)	2,551.12	(23.48)
Non-interest expenses	844.49	(57.22)	1,973.80	(4.20)	2,060.37	7.84
Total expenses	3,557.81	(18.02)	4,339.72	(5.89)	4,611.49	(12.07)
Profit (loss) from operations-net	2,674.41	140.06	1,114.05	(32.78)	1,657.27	247.09
Impairment loss of loans and debt securities	1,439.15	53.51	937.52	(25.67)	1,261.23	(72.08)
Net profit (loss)	1,235.26	599.75	176.53	(55.43)	396.04	(109.80)
Profit (loss) per share (baht)	8.56	520.29	1.38	(56.05)	3.14	(109.21)
Capital adequacy ratio	13.64%		7.46%		6.38%	

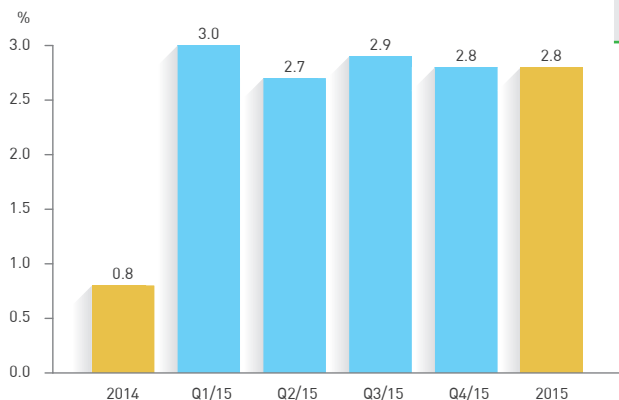
The background of the entire page is a photograph of a tall, modern skyscraper with a curved facade, likely the One World Trade Center. The image is heavily overlaid with a semi-transparent blue filter. A horizontal band of solid blue color runs across the middle of the image, containing the word "Performances". To the right of this band, there is a vertical strip of solid green color. Below the blue band, the word "2015" is written in a bold, blue, sans-serif font. The bottom portion of the image shows a lower, more rectangular building with a grid of windows, and a road or bridge structure in the foreground.

Performances

2015

2015 Performances

Thai Economic Growth Rate



Source: The Office of National Economic and Social Development Board

Economic Projection for 2016

	2014	2015	2016F
GDP (%)	0.8	2.8	2.8-3.8
Private Consumption (%)	0.6	2.1	2.7
Government Consumption (%)	2.1	2.2	3.7
Private Investment (%)	-1.0	-2.0	3.2
Public Investment (%)	-7.3	29.8	11.2
Export (%)	-0.4	-5.8	1.2
Import (%)	-9.1	-11.0	1.3
Inflation (%)	1.9	-0.9	(-0.1) to 0.9

Source: The Office of National Economic and Social Development Board

1. 2015 Economic Situations and 2016 Outlook

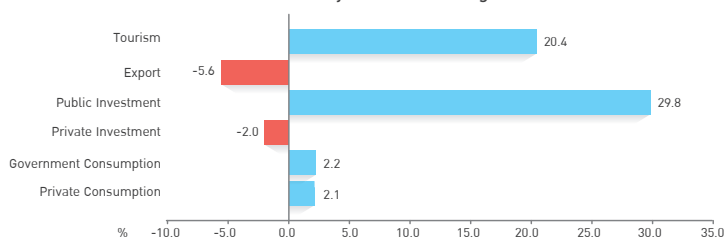
1.1 In 2015, Thai economy grew slowly by 2.8% comparing to the previous year growth at 0.8%. The major driving forces were government expenditure, public investment, and the tourism sector which grew well. The export sector did not recover due to the demand slowdown of major trading partners, low export prices together with low global commodity prices, as well as the competitive edge of Thailand.

Amid negative impacts toward Thai economic growth, the government applied monetary policy to boost the country’s economic growth in order to achieve the set target especially through public investment which expanded enormously to drive Thai economy. Additional measures to boost the economy were aiding packages to help low-income group, small-sized project investment, liquidity supports for the SMEs, economic stimulus measures for property sector, and the change in investment promotion policy. These government policies had helped boost the confidence of the people and business sectors, as a result, private consumption and investment recovered compare to the same period of the past year. In 2016, external risks still exist due to the export sector which has been affected by the economic downturn of major trading partner countries

who, therefore, demanded less Thai products. The government has set the target for year 2016 to be the year of investment in infrastructure projects which will be the major driving force of the country.

1.2 The economic growth in 2016 will grow moderately with the economic growth forecast at 2.8-3.8%. The major variable factor driving Thai economic growth is the domestic demand especially the public investment in transportation and the Public Private Partnership Fast Track (PPP Fast Track) which will inject the money into the economic system along with the grassroots economic promotion measures. In addition, the investment promotion in the targeted industrial projects will attract funds from abroad and become the new driving force of the country; all these factors will drive the economic growth of Thailand in 2016, amid the challenging global economic downturn.

Key Economic Driving Forces of Thailand



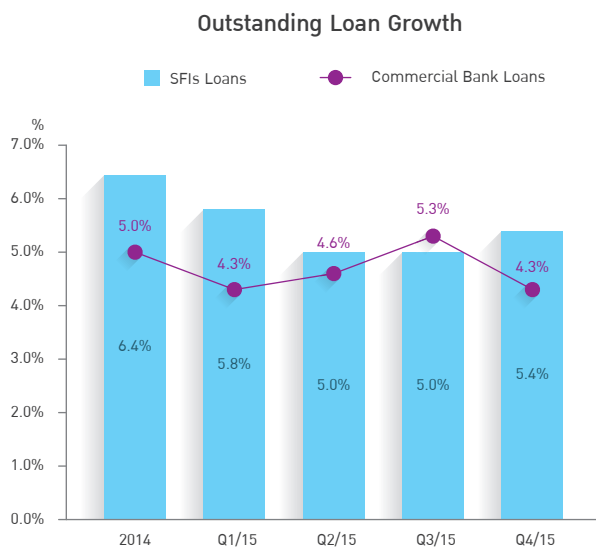
Source: The Office of National Economic and Social Development Board

1.3 The Overview of Specialized Financial Institutes in 2015 and the Outlook of 2016

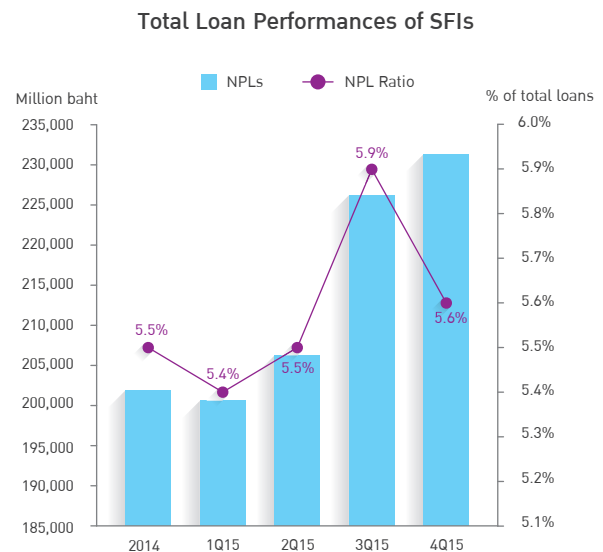
In 2015, Specialized Financial Institutes (SFIs) played a larger role in supporting private sector as the government had released monetary measures to foster the economic growth. Those measures were carried out through the roles of SFIs to help the low-income group and small and medium entrepreneurs with many programs created included low interest rate loans, urgent SMEs promotion measure, village-level livelihood promotion measure, property sector promotion measure,

etc. Therefore, SFIs credit growth expanded by 5.4%, comparing to the credit growth rate of commercial banks which was at 4.3%. The credit growth of SFIs came mostly from the loans in agriculture and service sectors, whereas, the consumer credit growth expanded within a downward range in line with the decreasing of personal loans.

Total loan performances as of year-end 2015, the ratio of NPL to total loans was 5.6%, a slight underperformance comparing to year 2014 at 5.5%. The underperformance was caused mainly from the loans in business and household sectors in alignment with the



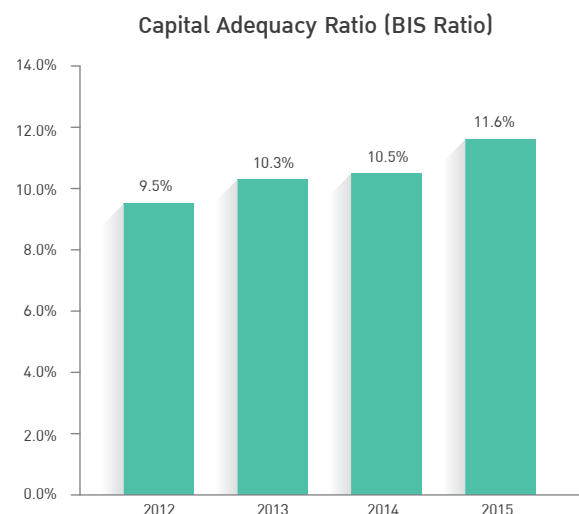
Source: The Bank of Thailand



Source: Fiscal Policy Office

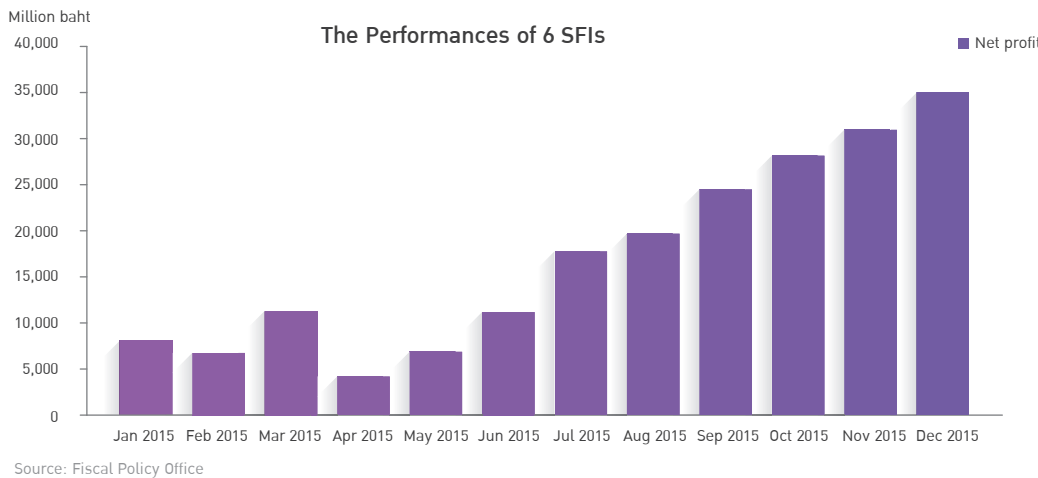
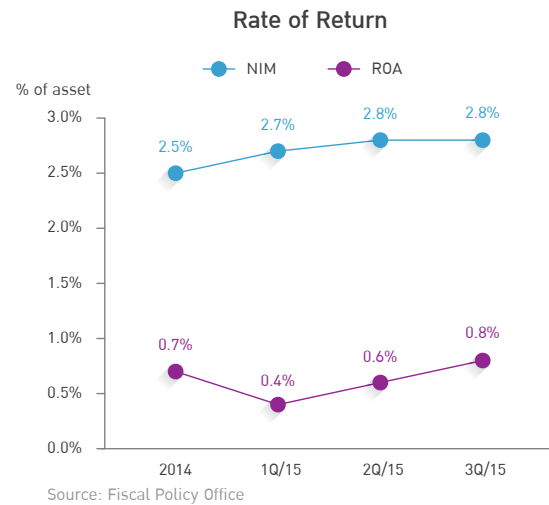
2015 SFIs Loans			
SFIs	Loans (million baht)	% of Total	%YoY
GSB	1,659,115	39.9%	3.4%
BAAC	1,381,520	33.2%	7.8%
GHB	862,832	20.7%	8.6%
ibank	98,373	2.4%	-10.5%
SME Bank	85,875	2.1%	1.5%
EXIM Bank	73,537	1.8%	0.5%
Total 6 SFIs	4,161,252	100.0%	5.4%

Source: The Bank of Thailand



slow economic growth. However, SFIs had a high level of loan loss reserve at 172.92%, an adequate level to support non-performing loans. Moreover, the capital adequacy ratio (BIS Ratio) was at 11.6%, an adequate level for SFIs to continue their normal operation.

SFIs performances as of year-end 2015 gained a net profit increase of 5.7% from last year. With the credit growth according to the government policy and the low financial cost, the net interest margin (NIM) rose 2.8% from 2.5%, and the return on asset (ROA) rose 0.8% from 0.7%.



2016 Outlook

SFIs will still have important roles toward the country’s economic growth as significant tools to execute the government policy on supporting funds for the low-income group, agricultural group, and SMEs, according to the continued economic boost-up measures of the government, especially the grassroots economy, through the measures such as 1) the development of rural infrastructure 2) agricultural-industrial SMEs creation 3) market creation for agricultural sector 4) new tourism attractions and 5) internet and broadband investment in every sub-districts in order to open up new channels for e-commerce. These measures reflect the roles of SFIs in supporting policy and SFIs credit expansion in the next phase.

However, if the slow economic recovery and the failure to inject liquidity to cover all the sectors happen,

the government measure on loans may have impacts on the loan performances of the SFIs in the future, especially the loans in the household sector accounting for 60% of the total loans of SFIs.

2. Nature of Business

Small and Medium Enterprise Development Bank of Thailand (SME Bank) is a financial institution specially established under the ACT B.E. 2545 aimed at providing fund for SMEs, OTOP entrepreneurs, community enterprises, to assist them to access formal capital, and to fill the financial gap for the SMEs which conventional commercial banks could not fill in.

Moreover, SME Bank has provided venture capital service to many business operators in various business types and has held share portions of more than 25% in the following companies:

- Bangkok Marine Engineering Co., Ltd., Business Type: shipyard, Principle Office Address: 21/772 Mu 12, Bangna - Trad Rd., Bangna, Bangkok 10260, Tel. 0 2744 5151-2, Fax. 0 2388 2450, Authorized Capital: 100 million baht, SME Bank's Proportion of Share: 40%
- Bi-tech Coolblock Co., Ltd., Business Type: manufacture and distribute light - weighed concrete block, Principle Office Address: 34 Bi-tech Holding Tower, Soi Ladprao 101 Kittichit, Ladprao Rd., Khlongchan, Bangkok, Bangkok 10240, Tel. 0 2376 0990, Fax. 0 2513 2314-5, Authorized Capital: 25 million baht, SME Bank's Proportion of Share: 40%
- Wattasarn Media Co., Ltd., Business Type: printing material and magazine, Principle Office Address: 77/118, Fl. 28th, Sinthorn Tower, Krungthongburi Rd., Khlongtongsa, Khlongsan, Bangkok 10600, Tel. 0 2424 3355, Fax. 0 2424 3999, Authorized Capital: 60 million baht, SME Bank's Proportion of Share: 33.33%
- Trinity Education Co., Ltd., Business Type: international school, Principle Office Address: 30 Soi Naphasap Junction 2, Sukhumvit 36 Rd., Khlongtan, Khlongtoey, Bangkok 10110, Tel. 0 2661 3993, Fax. 0 2661 3992, Authorized Capital: 40 million baht, SME Bank's Proportion of Share : 30%
- Power and Saving Intania Co., Ltd., Business Type: manufacture and distribute lightning and surge protection system, Principle Office Address: 700/110 Mu 5, Soi Nikhom Amatanakhon, Klomgtamru, Muang Chonburi, Chonburi, 20000, Tel. 0 3846 8698, Fax. 0 3846 8690, Authorized Capital: 130 million baht, SME Bank's Proportion of Share: 28.85%
- Thai Umaphon Textile Co., Ltd., Business Type: manufacture and distribute towel, Principle Office Address: 194 Mu 2, Soi Suksawat 76, Suksawat Rd., Bangchak, Phrapradaeng, SamutPrakan, Tel. 0 2817 7834-6, Fax. 0 2817 7837, Authorized

Capital: 40 million baht, SME Bank's Proportion of Share: 25%

Apart from the fund support, SME Bank has also been focusing on becoming the Bank for SMEs development that assist entrepreneurs in various ways such as product development, the increase of channels for sales, and entrepreneurs training. SME Bank has been a sole financial institute in Thailand that capable of developing SMEs continually without depending on the government budget.

3. 2015 Performance

In 2015, SME Bank granted loans worth a total of 31,393.17 million baht to 12,038 entrepreneurs, which increased from 2014 loans amount to 15,545.14 million baht, or 98.09% increase, as a result of more loans granted to SMEs according to the government policy through the Bank's loan program and government policy loan program such as the Soft Loan program which being served as working capital for SMEs and the Policy Loan program which had initiated since July 2015. Therefore, at 2015 year-end, the total outstanding loans amounted to 86,127.99 million baht were granted to 85,014 entrepreneurs, creating value added for Thai economy worth at 84,450 million baht while maintaining employment rate in the economic system for 142,308 workers. At the same time, the total non-performing loans (NPLs) of the Bank were at 23,451.70 million baht, or 27.23% of the total outstanding loans, which decreased from 2014 by 8,508.63 million baht. SME bank gained a net profit of 1,235.25 million baht.

3.1 Financial Aspect

In 2015, the Bank's total revenue amounted to 6,232.22 million baht, a rise from the previous year by 778.45 million baht, or a 14.27% increase. The bank's total expense amounted to 3,557.81 million baht, a 781.91 million baht or an 18.02% decrease from last year. The Bank had bad debt, doubtful account and impairment loss of 1,439.15 million baht. Therefore, the Bank earned a net profit of 1,235.26 million baht.

- **Net interest income** was at 5,427.02 million baht, a 357.95 million baht or 7.06% rise from last year

- **Non-interest income** (consisting of revenue from fees and service charges, net gain (loss) on trading and foreign currency exchange transaction, net profit from financial liabilities designated at fair value, net gain (loss) from investment, and other revenues, was at 805.20 million baht, a 420.50 million baht or a 109.31% increase from last year.

- **Interest expense** was at 2,713.32 million baht, a 347.40 million baht or a 14.68% increase from last year.

- **Non-interest expense** (consisting of fees and service expenses, and other operating expenses) was at 844.49 million baht, a 1,129.31 million baht or 57.22% decrease from last year.

- **Doubtful account** (consisting of bad debt, doubtful account and impairment loss) was at 1,439.15 million baht, a 501.63 million baht increase from last year.

- **Net profit (loss)** of SME Bank was at 1,235.26 million baht, an increase from last year by 1,058.73 million baht or 599.75%.

3.2 Financial Position

- **Assets** as of December 31, 2015, SME Bank had assets worth a total of 95,660.90 million baht, a 600.66 million baht or 0.63% increase from last year. The added items were net investment, and other net assets.

- **Liabilities and shareholders' equity** of the Bank were at 89,827.56 million baht, a 1,652.30 million baht or 1.81% decrease from last year. The decreased items were deposits, debt issued and borrowings, and support fund from the Bureau of the Budget.

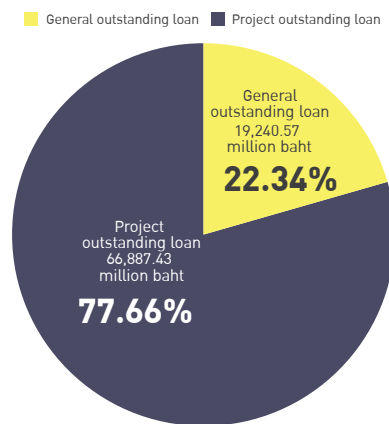
SME Bank had shareholders' equity worth at 5,833.34 million baht, a 2,252.96 million baht or 62.93% increase from last year due to the capital increase worth 1,000 million baht and a net profit from 2015 performance at 1,235.26 million baht.

- **Capital adequacy ratio** as of December 31, 2015, SME Bank had a total capital of 5,859.77 million baht, and risk-weighted assets of 42,955.37 million baht, as a result, its capital adequacy ratio equal to 13.64%, an increase from 2014 due to the Bank's improving performance and the 1,000 million baht capital increase.

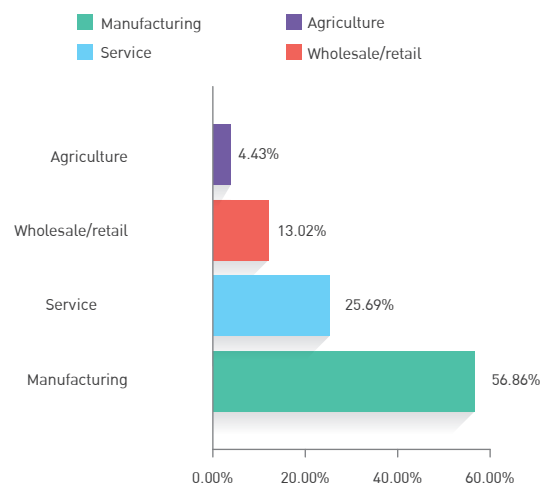
3.3 Key Present and Future Investments

In 2015, SME Bank invested in 4 important information technology management projects which were the improvement and development of server consolidation, data center, MIS report, and web conference. The first 3 projects were for the improvement of the existing information system to become more efficiency covering the Bank's transactions while linking with other systems for a better and more effectively processing system. The web conference was for the improvement of the internal communication system of the Bank to become faster, more convenient, and more cost-saving by reducing the employees' travel expenses to the head office and between the branches to attend the conference or to perform other day-to-day operations. The total investment was at 28.67 million baht.

Outstanding loans of 86,127.99 million baht sorted by types of loan



Outstanding loans sorted by business sector



3.4 Loans

1) Outstanding Loans

- The outstanding loans amounted to 86,127.99 million baht to 85,014 entrepreneurs, a 1,142.13 million baht or 1.34% rise from last year, consisting of general outstanding loan of 19,240.57 million baht to 5,211 entrepreneurs, and project outstanding loan at 66,887.43 million baht to 79,803 entrepreneurs, or 77.66% and 93.87% of the total outstanding loans accordingly.

- The outstanding loans of year 2015 increased due to the Bank had granted more loans to SMEs according to the government policy through the Bank's loan program and government policy loan program in which the cabinet passed the resolution to SME Bank to release new loans such as Policy Loan to be the working capital for SMEs and Soft Loan which SME Bank had initiated since July 2015.

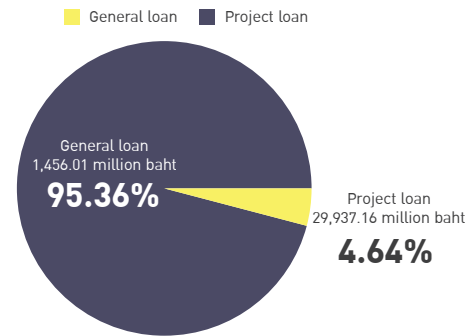
- The proportion of loans granted divided into manufacturing sector 56.86%, service sector 25.69%, wholesale/retail sector 13.02%, and agricultural sector 4.43%.

2) Disbursement of loans

In 2015, SME Bank granted loans amounted to 31,393.17 million baht to 12,038 entrepreneurs, a 15,545.14 million baht or 98.09% rise from last year because SME Bank granted loans according to government policy through various loan programs especially the government loan program such as Policy Loan and Soft Loan to be the working capital for SMEs. 2015 new loans were divided into:

- General loans** amounted to 1,456.01 million baht to 268 entrepreneurs
- Project loans** amounted to 29,937.16 million baht to 11,770 entrepreneurs. Most of the loans released were the loans under the government campaigns such as Productivity Improvement Loan (PIL) phase 2, Policy Loan to be the working capital for SMEs, and Soft Loan to support entrepreneurs according to the strategic plan of the Industry Ministry.

Disbursement of Loans sorted by loan types



3) Project Loans

(1) SME Bank's project loans

SME Bank launched several products to respond to the Ministry of Finance's policy under the concept "9 credit menus return happiness to SMEs" in 2014, which covered a wide range of business operators through 10 programs as follows:

1.1 Loan for OTOP entrepreneur or community enterprise aimed at providing fund for expansion, improvement, or as working capital for them.

1.2 Strong SMEs Loan (for buying asset to be used as a business establishment) was a project for SMEs who wish to invest in assets to be used as their business establishment or to improve or repair their existing assets.

1.3 Productivity Improvement Loan (PIL) Phase 2 project aimed at providing loan for SMEs who wish to improve their business performance or expand their business.

1.4 Loan for Entrepreneur under Strategic Plan of the Ministry of Industry or alliances was a project initiated to support SMEs under the strategies set by the Industry Ministry and its alliances. This project would help enhance SMEs' competitive edge and their readiness for AEC.

1.5 Happy Loan Project was the project aiming at allowing micro SMEs to access capital source in the system. The fund would be used as working capital or for the expansion, improvement, or development of the business.

1.6 Private Factoring Loan was the project supporting fund as working capital to SMEs entrepreneurs

who had entered into contracts or whose account receivables were private agencies.

1.7 Special SMEs loan was a project offering fund for business liquidity, improvement or expansion to existing customers with good credit profiles.

1.8 Smile Factoring Loan was the project aiming at supporting fund as working capital to SMEs who had entered into the contracts or whose account receivables were the government agencies, state enterprises, private companies, or listed companies.

1.9 Extra SMEs Loan was the project introduced by SME Bank in order to enhance liquidity of existing customers with good credit profiles. The loan will be guaranteed by the Credit Guarantee Corporation and/or by individual and/or juristic person. The fund will be used as working capital for investment, expansion and improvement of the businesses.

1.10 Small SMEs Loan aimed at providing funds for small entrepreneurs to use for their investment, to improve or use as working capital in order to expand their businesses. This loan was an additional campaigns initiated in Q4/2014, apart from the “9 credit menus return happiness to SMEs”, following the government policy to assist small entrepreneurs specifically to access more the source of capital.

(2) Government policy loan

In 2015, the cabinet had had a resolution on SME Bank to release loans as follow:

2.1 Policy Loan to help small SMEs who confront with liquidity problem and to support them to build up their capacity in business improvement and competitive edge increase.

2.2 Soft Loan Phase 1 and 2 to help SMEs as the working capital for their businesses and to ease the problem of accessibility to source of fund as most of them encountering the lack of liquidity to continue their businesses.

3.5 NPLs Management

In 2015, the net NPLs amounted to 23,451.70 million baht or 27.23% of total outstanding loans. This was a better performance than 2014 as the present SME Banks' board of directors who had come into their offices since August 2014 had set up policy, guideline, and measures

that clear and practical with the debtors' cash flow to manage NPLs along with maintaining the quality of the debtors to prevent debt relegation. Therefore, the Bank could reduce the number of NPLs worth 16,202 million baht through the following measures: (a) sale of claim with collateral worth 6,180.32 million baht (b) debt restructuring, payment collection from the NPLs, and other measures worth 10,021.68 million baht. Meanwhile, relegated debts amounted to 7,693.74 million baht, most were the existing debtors. The amount of debt relegation of 2015 reduces to an average 641 million baht per month, a drastic drop from the average amount of 2014 which was at 886 million baht per month. The Bank could prevent new loans of 2015 to become NPLs not to exceed 5% according to the target set by State Enterprise Policy Committee or SEPO.

3.6 Entrepreneur development in 2015

As a financial institution, SME Bank has played its role on developing the entrepreneur, according to the founding missions of the bank, which were to provide support and facilitation to SMEs either pre or post-loan as follows:

(1) SME capacity enhancement project was the project assisting entrepreneurs at the pre-loan stage by organizing activities to provide knowledge for the entrepreneurs before accessing the fund source from the preparation of the document for loan request including business plans writing, financial planning, marketing planning, production planning, administration planning, and coaching at entrepreneurs' sites as well as invite them to set up a booth and sell their products at the Bank's exhibitions in various seminars such as the exhibition at Khlong Phadung Krung Kasem market, or at various events organized by the Bank's alliances.

To this end, SMEs joined the Bank's activities and our coaching amounting to 1,155 entrepreneurs. Among these people, there were 652 people who wish to submit the loan request with SME Bank and 270 of them were granted the loans worth 243.49 million baht.

(2) Productivity improvement loan was the project that SME Bank had conducted following the cabinet resolution on April 25, 2012, with the budget of

20,000 million baht to support small entrepreneurs who need to improve their efficiency to access source of fund at the maximum amount of 5 million baht with the special interest rate of 3% subsidized by the government, as well as providing training courses, entrepreneurs development by educational institutes of each regions throughout the country to provide consulting for entrepreneurs so that there would be more opportunities created, disadvantage reduction, the advancement from small to medium entrepreneurs. The budget of this project came from the Industry Ministry, having the objective to improve the productivity of 3,500 entrepreneurs through business training and coaching at their sites. The expecting results were the increase of revenues, cost saving, having accounting systems, loss reduction, employment rate increase, and more investment.

The successes of the project were the productivity improvement of SMEs whose business operating results were improved as follows:

- Accounting and IT systems 741 entrepreneurs
- Investment 671 entrepreneurs
- Revenue 558 entrepreneurs
- Cost-saving 465 entrepreneurs
- Loss reduction 206 entrepreneurs
- Employment 123 entrepreneurs

(3) Successes of “The Best of SMEs, Top Products of Thailand” at Khlong Phadung Krung Kasem market activity

SME Bank was assigned by the campaign committee, appointed by Prime Minister General Prayut Chan-o-cha, of which presided by Miss Renu Tunkachivangoon, Deputy Secretary - General to the Prime Minister for Political Affairs, the Secretariat of the Prime Minister, to join the activity together with the Ministry of Commerce and Cooperative Auditing Department, to set up an exhibition booth to provide consulting service to entrepreneurs, as well as, inviting the Bank’s customers to have their products sold at the booth as examples of how to run businesses. The activity held during May to December 2015. SME Bank had an honor to be the host of the activity during

October, 2-25, under the title “The Best of SMEs, Top Products of Thailand”, with the key concept of “right kind of food, right goods for souvenirs, right various sources of fund, right time to start business” of which the Prime Minister presided and officially launched the activity, along with high-ranking government officers, public and private top executives, to join the event.

3.1 Displaying and selling products of activity joined the activity were the Bank’s customers, and SMEs from nationwide. The products sold were developed and innovated by local operators. There were also special-priced products to help reduce the cost of livings of the people sold in 194 public welfare outlets. The special-priced products were processed farm products, fresh food, processed food, spa products, skin products, house decorations, souvenirs, garment, leather goods, and jewelries.

3.2 The value of products sold

- Total retail sale 15,885,441 baht
- Placed orders 1,899,920 baht
- Services charged to the activity participants 2,805,950 baht
- Total Participants of the whole 24 days 66,566 people, 66,164 Thais and 402 foreigners

3.3 Consulting activity “All-about SMEs” was the collaboration with alliances, detailed activity as follows:

- 1) National Credit Bureau (NCB) provided credit bureau checking service for 675 people
- 2) Office of Small and Medium Enterprises Promotion (OSMEP) provided SMEs registration service, and consulting service for 279 people
- 3) Thai Credit Guarantee Corporation (TCG) provided credit guarantee consulting service for 37 people
- 4) Ministry of Commerce provided business consulting service for 102 people
- 5) Cooperative Auditing Department provided consulting service on household accounting for 397 people

3.7 Corporate Social Responsibility (CSR)

SME Bank’s social and environmental responsibilities

under the good corporate governance could be divided into 4 aspects as follows:

(1) Social and environmental development activities were

1.1 “Change garbage into gold” activity held on March 2, 2015, in collaboration with alliances, Phayathai District Office and Wongpanit Co.,Ltd., had 300 people joining the activity, earning 18,342 baht from selling the garbage.

1.2 Volunteer activity “SME Bank Plant the Forest, Build happiness, for the Society” in 2015 National Tree day, at Udomsup Dhamma Practice Center, Asokaram Temple, Thanyaburi District, Pathumthani, on June 20, 2015, had 60 people joining the activity to plant 400 of Bullet Wood and Bush Willow trees.

1.3 “SME Bank Returns Good People to the Society” activity was the contract signing between SME Bank, Department of Probation, Ministry of Justice, and Christian Prison Ministry Foundation (House of Blessing), to help former prisoners to find honest jobs to support their families. The activity was held during September to December 2015, providing non-interest funds for 10 people (with the loan period of not exceeding 2 years and loan limit of not exceeding 50,000 baht per person)

(2) Educational development activities were

2.1 “Sharing with the underprivileged” activity had SME Bank officers volunteer in repairing and painting school toilets, playgrounds, and library landscape improvement, along with the donation of 40,000 baht, 30 sacks of rice, 6 sets of desks and chairs, school uniforms, clothes, and shoes. There were 200 SME Bank officers participating on May 9, 2015, at Tung Heing Temple School, Phanat Nikhom District, Chonburi.

2.2 Scholarship for the children of the Bank’s customers who had good studying records in “SME Bank &Alliances Meet SMEs in the South Fair” where 30 scholarships, 3,000 baht each, or a total of 90,000 baht, were given to the students, on May 30, 2015, at City Municipal Conference Hall (Tung Ta Lad), Nakornsithamarat.

2.3 Sponsorship for the Thai State Enterprise Quality Fair worth 30,000 baht on March 18, 2015.

2.4 Sponsorship for the training courses “Rule of Law for Democracy” on “Rule of Law Creates Rule of Law Principle, Enhancing Democracy” worth 30,000 baht, at Winsor Suite Hotel, Sukhumvit 20, Bangkok, on June 23, 2015.

2.5 Scholarships to the children of TDR entrepreneurs in “New Beginning Day” activity which 9 scholarships, 18,000 baht or 2,000 baht each, were given, on June 25, 2015, at SME Tower Bank, Bangkok.

(3) Religion Preservation

3.1 “SME Bank Sharing with Society” activity was the support of Islamic region at Da Raw Sa-arda mosque, Sumutprakan, on August 22, 2015, as well as giving 40 scholarships to the underprivileged school children, while there were 120 people joining the activity.

3.2 “SME Bank Brings Happiness” was the activity of paying homage to the Buddha image and getting the blessing at 9 temples. There were 100 people joining the activity.

3.3 “SME Bank Sharing with Society” activity in supporting the education of the children at the Christian Prison Ministry Foundation (House of Blessing), on December 1, 2015 by giving 34 scholarships, necessity goods and supporting sufficiency economy project (fish breed, fish feed, and mushroom germ) and other expenses.

3.4 Donation of 1,000 rice sacks, worth a total of 70,000 baht to the Muslim families in the southern part of the country, Yala, on July 12, 2015.

3.5 “SME Bank’s Kathin 2015”, at Tung Heing Temple, Phanat Nikhom District, Chonburi, on November 8, 2015, with 500 people participating, to donate 1,200,000 baht to build the public multi-purpose platform, maintain the religion, provide scholarships and sports equipment for 2 schools which were:

- Tung Heing Temple School, 30 scholarships, 1,000 baht each, total of 30,000 baht and 10,000 baht sports equipment
- Tung Heing Pittayakom School, 15 scholarships, 2,000 baht each, total of 30,000 baht and 10,000 baht sports equipment

(4) Public benefits, on collaboration with alliances

4.1 National Children's Day, to provide learning materials, on January, 10, 2015, to 4 receivers which were:

- Bangsue Police Station
- Foundation for Slum Child Care
- Office of Women's Affairs and Family Development
- Koklamduan School, Nakhon Nayok

4.2 Donation of 5,363 baht to buy sports equipment, presenting to the 1st Infantry Regiment King's Own Bodyguard, to give to Huay Ban Tung School, Kanchanaburi, on March 5, 2015

4.3 Being a part of Red Cross Fair Committee 2015, to sponsor the fair organizing to the Finance and Industry Ministries, 200,000 baht each.

3.8 Corporation with other agencies and organizations

(1) Cooperation with domestic organizations

The SME Bank signed an agreement on the "competency promotion for the SMEs" in collaboration with Office of Small and Medium Enterprises Promotion (OSMEP), and on the program to build new entrepreneurs who had creativity and innovation or start-up, with OSMEP and Rajamangala University of Technology, to create new entrepreneurs among the start-up, university student, new generation people, who wish to run their own businesses. The creation processes included theories, practices, and supports of fund and venture capital service. These collaborations were the integration of the participating parties to create tangible successes according to the government policy. Also, there was an agreement signing on offering Soft Loan with the Government Saving Bank to the entrepreneurs to start up their businesses with low interest rate loans.

In 2015, there were 154 organizational alliances signing agreements with SME Bank. Those organizations were divided into 28 government agencies which were Department of Industrial Promotion, Institute for Small and Medium Enterprises Development (ISMED), Office of Small and Medium Enterprises Promotion (OSMEP),

National Science and Technology Development Agency (NSTDA), and Community Development Department, etc.; and 126 private organizations which were Provincial Chamber of Commerce, Thai Association of Small and Medium Entrepreneurs and its alliances, Provincial Business and Tourism Association, and Thai Hotels Association, etc., these organizations would select and present lists of entrepreneurs to SME Bank. In 2015, 10,108 SMEs (with a total amount of 43,997.24 million baht) were presented to the Bank. There were 7,975 SMEs submitted loan requests (31,938.50 million baht) to the Bank. The Bank approved loans to 4,814 SMEs with loans worth a total of 16,082.88 million baht.

(2) Cooperation with international organizations

Welcoming visitors who had their site visits and technical tours at the Bank

1) J.P. Morgan Thailand visited the Bank to exchange views on Thai economic outlook and finance, on February 4, 2015.

2) The Oversea Human Resource and Industry Development Association (HIDA) visited the Bank to learn about the policy and measures promoting automobile industry of Thailand, on February 18, 2015.

3) Government of Bangladesh visited the Bank to study and share experiences on Thai financial system and SME loan, on March 12, 2015.

4) Rastriya Banjiya Bank, Nepal, visited the Bank to learn about "Credit Risk Management", on March 19, and September 22, 2015.

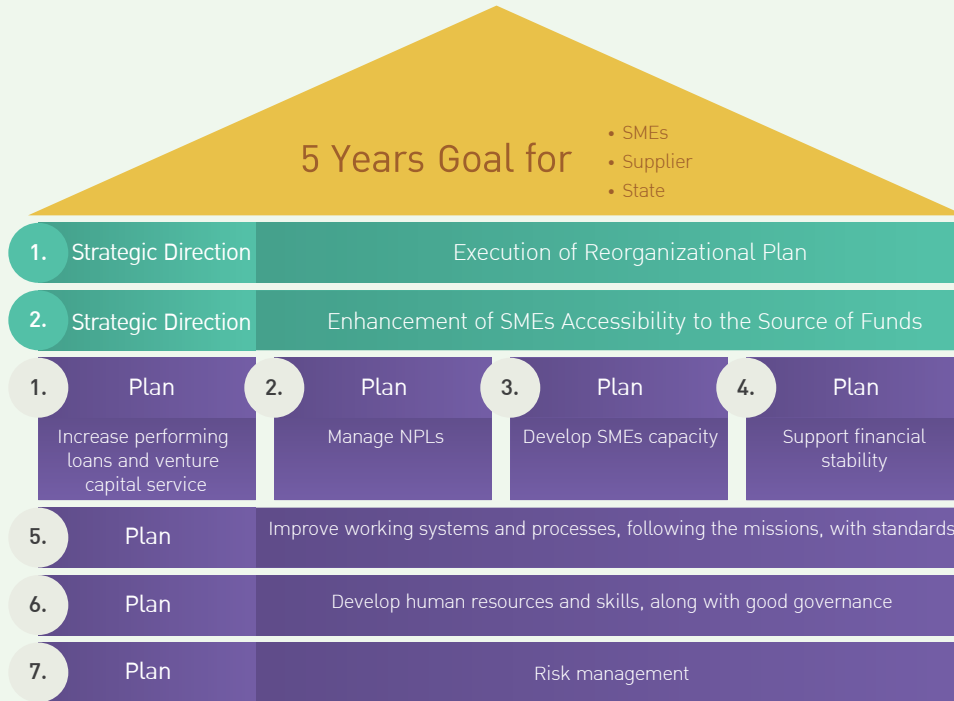
5) SME Bank Malaysia visited the Bank to study about "Entrepreneur Development", on April 8, 2015.

6) The workshop on "SME Forum on Innovation Financing for SMEs" with the Bank's Chairwoman as a speaker sharing her view on "Regulating Alternative Finance - Addressing Challenges and Identifying Opportunity", on May 20, and 21, 2015.

7) A group from Republic of Mauritius visited the Bank to study about the development of Thai SMEs, on August 18, 2015.

8) Lao PDR visited the Bank to study about the development of Thai SMEs, on September 23, 2015.

2016 Operational Directions



In 2016, SME Bank has set up operational directions in alignment with strategic directions set by the Ministry of Finance which are:

1. Offer credit to micro enterprises
2. Support the accessibility to the source of funds of SMEs

2.1 Focus on providing financial services to SMEs especially the small enterprises which most of them need loans not more than 15 million baht. The Bank is required to develop new financial products and services apart from the credit service such as the venture capital.

2.2 Focus on providing services for the SMEs following the SMEs development policy of the government, for example, new SMEs who have just started their businesses, SMEs who have value added innovations, SMEs who have invested under the cluster/ supply chain, and SMEs who have invested in the special economic zone.

2.3 Provide financial literacy and enhance the Bank's role as a financial institute for SMEs development through focusing on SMEs capacity development especially the small enterprises to enhance their competency in business operations.

SME Bank has established 2 strategies and 7 principle plans for its operational directions as follows: **Strategic Direction 1: Execution of Reorganizational Plan, Strategic Direction 2: Enhancement of SMEs Accessibility to the Source of Funds**, consisting of:

1. Plan to Increase Performing Loan and Venture Capital Service: SME Bank will support SMEs the accessibility to the fund especially the small enterprises whose loan requests not exceeding 15 million baht and focus on targeted SMEs according to the government policy such as SMEs in cluster business group, SMEs in the special economic zone and SMEs in AEC. The Bank will differentiate itself by supporting financial services to SMEs and helping them develop their business simultaneously. The Bank will also develop and improve its financial products and services that meet the needs of both new and existing customers including venture capital service. Moreover, SME Bank will be ready for the counter-cyclical role in time of economic downturn, or global economic crisis, or natural disasters, when commercial banks cannot render their services to SMEs. In 2016, the 4 targeted SMEs are:

- 1.1 Thailand Startup Nation: New, innovative, start-up entrepreneurs
- 1.2 OTOP to SMEs: Upgrading community and OTOP enterprises to SMEs
- 1.3 Smart SMEs: Strengthening existing SMEs' competitiveness to continue their businesses
- 1.4 Business Turn Around: Resolving the troubled SMEs to return to normal operations

2. Plan to Manage NPLs: SME Bank will continue to follow the 2015 directions by clearly categorizing the debtors into groups based on their quality and provide generally accepted standard guidelines for each group of debtors which help reducing the Bank's non-performing loans.

3. Plan to Develop SMEs Capacity: In 2016, SME Bank will revise its mission by increasing the role of "SMEs Capacity Development" in order to become

"The Real Development Bank". Developing the capacity of SMEs, the Bank will enhance SMEs competitiveness by improving their product/service standard through innovation and packaging design together with financial aid. SME Bank will not compete with commercial banks but the Bank will fill in the gap which commercial banks are not interested in rendering their services.

SME Bank will be SMEs Development Agency who will continually develop SMEs through:

- Building up and developing startup
- Upgrading OTOP to become SMEs
- Strengthening existing SMEs
- Coordinating with R&D departments of the universities and Ministry of Science and Technology to bring the technologies and innovations to apply with SMEs' products and help launching to the markets
- Integrating the Bank's operation with public and private alliances to create ecosystem for the startup and for the continued growth of Thai SMEs

SME Bank allocates the budget for the SMEs development by focusing on targeted SMEs according to the National SMEs Development Plan/ Project (Policy Based Financing) in the normal economic situation and plays Counter-Cyclical Role as mentioned above. To this end, SME Bank will perform the following tasks:

- Set up **Startup Advisory Board** inside the Bank
- Adjust the roles of the Bank's branches to render credit service and venture capital service to startup and cooperate with other organization in Pracharat campaign (Each branch still renders financial service to SMEs who cannot access other private fund sources)
- Add up the Bank's branches the roles of coaching as mentor to SMEs and participate in all the government's campaigns with the Bank's alliances such as the Office of SMEs Promotion (OSMEP), the Federation of Thai SME, Ministry of Industry and Ministry of Commerce

- Revise the former abbreviation in the Bank's logo from **SME Bank** to **SME Development Bank**

4. Plan to Support Financial Stability: In 2016, SME Bank will continue to apply financial management plan from 2015 which has been implemented successfully resulting in the Bank's stronger fund compare to 2014. SME Bank will put all efforts to generate higher profit without causing the burden to the government, along with an effective liquidity management plan through keeping short-term deposit base and finding long-term fund source in form of the long-term loans guaranteed by Ministry of Finance, other long-term loans and deposits.

5. Plan to Improve Working Systems and Processes, Following the Missions, with Standards: As aforementioned that SME Bank will extend its roles as **SME Development Bank**. Therefore, SME Bank will improve its working systems and processes, including programs to support the Bank's core mission, to expand its performing loan, venture capital service, as well as manage NPLs, and develop entrepreneur. As a result the Bank determines the operation guidelines to increase the effectiveness of the credit rendering by reducing the working procedures and unnecessary tasks, and to align with the policy of the Bank. The improvement will meet the customers' expectation with standards. For the information technology, it will be improved to support all transactions to align with the information technology master plan, and to support all the working systems and processes more effectively.

6. Plan to Develop Human Resources and Skills, along with Good Governance: It is an on-going operation from last year to increase the efficiency of both Human Resource Management (HRM) and Human Resources Development (HRD) to create professionalism at all dimensions and support the roles of **SME Development Bank**. Also, the Bank strives to instill ethics, integrity, transparency, through corporate values, role models, and the fostering of the SME Bank's core values "FIRST" as a framework to build corporate governance and culture.

7. Plan to Manage Risk and Internal Control: SME Bank realizes the importance of the risk management and the internal control as operational fundamentals of a financial institute. Therefore, the Bank has set up guidelines to manage each type of risks according to best practices and good governance. SME Bank has preventive procedures to mitigate risks systematically and in accordance with the strategically reorganizational plan of the Bank, according to resolutions of the State Enterprise Policy Committee, and the Specialized Financial Institutes (SFIs) supervision of the Bank of Thailand (BOT). In 2016, the Bank has set up risk management plan to manage strategic, credit, operational, marketing, liquidity, and compliance risks of the Bank.

The Board of Directors' Responsibility Statement on Financial Report

The board of directors of SME Bank realized its duties and responsibilities to ensure accuracy and completeness of financial statements and other financial information disclosed in the Bank's annual report. The financial statements were properly prepared in accordance with generally accepted accounting standards. The careful judgment was made to select and apply appropriate accounting policies to accurately reflect the Bank's operating performance. Also, the Bank's operating performance and important information was adequately and transparently disclosed in notes to financial statements.

The board of directors of SME Bank set up and maintained the risk management system, internal control system, internal audit system, and appropriate and effective governance to ascertain that the Bank's financial statements were correct, complete, and adequate in order to maintain the Bank's assets, and to prevent corruptions or any significant wrong-doings.

The board of directors of SME Bank appointed Audit Committee, composing of independent directors, to review the accuracy and reliability of financial statements. Also, the board of directors appointed Risk Management Committee, composing of eligible directors, to review suitability and adequacy of internal control system. Therefore, the financial statements were reliable according to the opinions of the Audit Committee as shown in the Report by the Audit Committee in this annual report.

The financial statements of SME Bank were audited by certified auditors from the Office of the Auditor General of Thailand. Information and documents of the Bank as requested by the auditors were provided that the auditors could audit and gave their views according to the accounting standards. The views of auditor were reported in the auditor's report in this annual report.

The board of directors of SME Bank agreed that internal control system of SME Bank was sufficient and efficient enough to create reliability of this financial statement report as of December 31, 2015.

(Signed) Salinee Wangtal
(Mrs. Salinee Wangtal)
Chairperson

(Signed) Mongkon Leelatham
(Mr. Mongkon Leelatham)
President



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 accompany financial statements of the Small and Medium Enterprise Development Bank of Thailand, which comprise the statement of financial position as of December 31, 2015, the statement of comprehensive income, the statement of changes in shareholders' equity, and the statement of cash flows for the year ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these financial statements. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand comply with ethical requirements, as well as, planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the rationality of accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

The Office of the Auditor General of Thailand believes that the audit evidence which the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's audit opinion.

Opinions

In the opinion of the Office of the Auditor General of Thailand, the above mentioned financial statement presents proper financial position of the Small and Medium Enterprise Development Bank of Thailand as of December 31, 2015 and its financial performance and cash flow for the year ended in accordance with Thai Financial Reporting Standards.

(Signed) Jurairat Thipsatien
(Jurairat Thipsatien)
Director of Financial Audit Office No.1

(Signed) Chaluaysri Vipusaporn
(Chaluaysri Vipusaporn)
Division Director

Statements of Financial Position

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	Notes	2015	2014
Assets			
Cash		270	782
Interbank and money market items-net	5.2	7,957,495	18,078,864
Derivatives assets	5.14	15	11
Investments-net	5.3	9,058,789	4,845,813
Loans to customers and accrued interest receivables-net	5.4		
Loans to customers		86,127,995	84,985,862
Accrued interest receivables		311,244	300,914
Total loans to customers and accrued interest receivables		86,439,239	85,286,776
Less deferred revenue		252,668	367,134
Less allowance for doubtful accounts	5.5	12,229,023	15,092,588
Total loans to customers and accrued interest receivables-net		73,957,548	69,827,054
Properties for sale -net	5.6	998,079	1,099,617
Premises and equipment-net	5.7	773,947	852,152
Assets in process	5.8	11,844	38,320
Advance for legal costs-net	5.9	0	0
Other intangible assets-net	5.10	41,127	47,141
Sale of other receivables		2,533,456	-
Other assets-net	5.11	328,329	270,481
Total assets		95,660,899	95,060,235

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

Statements of Financial Position (continued)

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	Notes	2015	2014
Liabilities and shareholders' equity			
Deposits	5.12	75,954,669	82,614,739
Interbank and money market items-net	5.13	10,455,412	4,389,759
Liabilities payable on demand		19,977	19,689
Derivative liabilities	5.14	76,470	62,351
Debt issued and borrowings	5.15	310,059	410,170
Provisions	5.16	1,373,231	2,278,231
Accrued interest payable	5.17	608,053	509,780
Support fund from the Bureau of the Budget	5.18	65,453	98,338
Other liabilities	5.19	964,237	1,096,802
Total liabilities		89,827,561	91,479,859

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

Statements of Financial Position (continued)

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	Note	2015	2014
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital			
5.20			
Authorized share capital			
300,000,000 common shares of Baht 100 each			
200,000,000 common shares of Baht 100 each			
Issued and paid-up share capital			
163,808,159 common shares of Baht 100 each			
127,550,000 common shares of Baht 100 each			
Premium or discount on common share			
Other reserves			
5.21			
Retained earnings			
Appropriated			
Legal reserve			
Others			
Unappropriated			
Total retained earnings			
Total shareholders' equity			
Total liabilities and shareholders' equity			

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

(Signed) Salinee Wangtal
(Mrs. Salinee Wangtal)
Chairperson

(Signed) Mongkon Leelatham
(Mr. Mongkon Leelatham)
President

Statements of Comprehensive Income

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	Note	2015	2014
Interest income	5.22	5,427,013	5,069,071
Interest expenses	5.23	2,713,317	2,365,919
Interest income-net		2,713,696	2,703,152
Fees and service income		350,317	224,161
Fees and service expenses		73,944	59,215
Fees and service income -net	5.24	276,373	164,946
Gain (loss) on trading and foreign exchange transactions	5.25	10,656	(1,118)
Gain (loss) on financial instrument designated at fair value through profit or loss (fair value option)	5.26	(2,130)	2,681
Gains on investment -net	5.27	15,880	40,307
Other operating incomes			
Dividend incomes		8,917	7,636
Gain from sale of receivables		276,874	-
Other incomes		144,687	111,029
Total operating incomes		3,444,953	3,028,633
Other operating expenses			
Employee's expenses	5.28	947,658	1,190,886
Directors' remuneration		6,213	4,618
Premises and equipment expenses		366,780	358,142
Taxes and duties		21	29
Reversal of estimated liabilities		(938,709)	-
Other expenses		388,581	360,909
Total other operating expenses		770,544	1,914,584
Impairment loss of loans and debt securities	5.29	1,439,154	937,513
Net Profit		1,235,255	176,536
Other comprehensive income			
Revised lists of gain/loss items			
Gain on remeasuring available for sale investment		18,013	8,380
Total comprehensive income		1,253,268	184,916
Basic earnings per share		8.56	1.38

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

(Signed) Salinee Wangtal
(Mrs. Salinee Wangtal)
Chairperson

(Signed) Mongkon Leelatham
(Mr. Mongkon Leelatham)
President

Statements of Changes in Shareholders' Equity

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	Issued and paid up share capital	Premium or discount on share capital	Other reserves	Retained Earnings			Total
				Revaluation surplus (deficit) on investment	Appropriated legal reserve	Appropriated others	
Balance as of January 1, 2014	12,755,000	-	(1,259)	48,192	216,457	(9,623,153)	3,395,237
Revaluation surplus on investment	-	-	223	-	-	-	223
Total comprehensive income	-	-	8,380	-	-	176,536	184,916
Balance as of December 31, 2014	12,755,000	-	7,344	48,192	216,457	(9,446,617)	3,580,376
Rights offering	3,625,816	-	-	-	-	-	3,625,816
Discount on common share	-	(2,625,816)	-	-	-	-	(2,625,816)
Revaluation deficit on investment	-	-	(306)	-	-	-	(306)
Total comprehensive income	-	-	18,013	-	-	1,235,255	1,253,268
Balance as of December 31, 2015	16,380,816	(2,625,816)	25,051	48,192	216,457	(8,211,362)	5,833,338

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

(Signed) Salinee Wangtal
(Mrs. Salinee Wangtal)
Chairperson

(Signed) Mongkon Leelatham
(Mr. Mongkon Leelatham)
President

Statements of Cash Flow

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	2015	2014
Cash flow from operating activities		
Net profits from operations	1,235,255	176,536
Adjustment to reconcile net profit (loss) to cash received (paid) from operating activities		
Depreciation and amortization expenses	96,631	100,290
Bad debt and doubtful accounts	(2,878,585)	1,014,774
Gains (loss) from disposal of assets	(148)	(10)
Increase (decrease) in accrued expenses	(230,378)	81,265
Increase (decrease) in provisions	(905,000)	35,145
Reversal of impairment of investment	(15,880)	(40,307)
Loss on impairment of properties for sale	41,204	85,333
Surplus on financial investment	17,434	1,940
	(2,639,467)	1,454,966
Net interest income	(2,722,614)	(2,710,788)
Proceeds from interest income	5,416,684	5,107,190
Cash paid on interest expenses	(2,615,044)	(2,248,520)
Proceeds from dividend income	8,917	7,636
Gain (loss) from operating income before changes in operating assets and liabilities	(2,551,524)	1,610,484
Increase (decrease) in operating assets		
Interbank and money markets items	10,105,421	(14,781,864)
Loans to customers	(1,256,599)	8,414,463
Properties for sale	93,831	27,640
Sale of other receivables	(2,533,457)	-
Other assets	(42,832)	4,260
Increase (decrease) in operating liabilities		
Deposits	(6,660,070)	6,760,796
Interbank and money market items	6,065,654	(333,904)
Liabilities payable on demand	289	5,932
Support fund from the Bureau of the Budget	(32,885)	86,765
Other liabilities	112,602	(94,732)
Net cash provided by operating activities	3,300,430	1,699,840

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

Statements of Cash Flow (continued)

Small and Medium Enterprise Development Bank of Thailand

As of December 31, 2015

Unit : thousand baht

	2015	2014
Cash flows from investment activities		
Decrease in deposits	15,948	24,198
Purchases of securities investment	(4,346,824)	(2,203,553)
Purchase of premises and equipment	(10,503)	(11,082)
Purchase of intangible assets	(309)	(13,450)
Cash paid for purchase of assets in process	(9,143)	(2,860)
Proceeds from sale of premises and equipment	-	10
Proceeds from securities investment	150,000	574,000
Net cash used in investing activities	(4,200,831)	(1,632,737)
Cash flows from financing activities		
Repayment of borrowings	(100,111)	(67,279)
Cash received from issuance of share and paid up	1,000,000	-
Net cash provided by (used in) financing activities	899,889	(67,279)
Net increase (decrease) in cash and cash equivalents	(512)	(176)
Beginning balance of cash and cash equivalents	782	958
Ending balance of cash and cash equivalents	270	782

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

As of December 31, 2015

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, which effectively came into force since December 20, 2002. The Bank's main business is development, promotion, and support the establishment operation, expansion or improvement of small and medium enterprises with the provision of loans, guarantees, venture capital consulting and recommended or other necessary services by the Act.

The Bank has been transferred all the entire business, assets, liabilities, capital, retained earnings, reserves, rights and liability of the Small Industry Finance Corporate as provided on the day which Act are expected to be effective were transferred to SME Bank .

The Bank's head office is situated at 310 SME BANK TOWER, Phahonyothin Road, Sam Sen Nai Sub - district, Phayathai District, Bangkok. The Bank has branches covering all regions of Thailand.

2. Basis of Presentation and Significant Account Policies

2.1 Basis of Presentation of Financial Statement

The Bank's financial statements are prepared and disclose item in accordance with the specified in the announcement of Bank of Thailand No. SOR NOR SOR 21/2558 dated December 4, 2015 regarding presentation and announcement of financial statement of commercial banks, and parent companies of financial holding group, and financial statement were prepared in accordance with the generally accepted account principle under the Accounting Act B.E. 2543.

The financial statements issued for Thai reporting and this English translation has been prepared for the convenience of readers who are not conversant with Thai language.

2.2 The New and Revised Standard of Accounting and Financial Reporting Standards

2.2.1 The Bank has adopted Accounting Standards and Financial Reporting Standards that announced and revised, those are effective for the financial statement of the beginning on or after January 1, 2015 as follows:

Accounting Standard

No. 1 Presentation of Financial Statements (Revised 2014)

No. 7 Statement of Cash Flow (Revised 2014)

No. 17 Leases (Revised 2014)

No. 18 Revenue (Revised 2014)

No. 19 Employee Benefits (Revised 2014)

No. 24 Related Party Disclosure (Revised 2014)

No. 34 Interim Financial Statements (Revised 2014)

No. 36 Impairment of Assets (Revised 2014)

No. 38 Intangible Assets (Revised 2014)

The implement of the new and revised accounting standards will not have any material impact to the financial statements presented.

2.2.2 The Federation of Accounting Professions has announced Accounting Standard and Financial Reporting Standards, those are related to the Bank's businesses as follows:

<u>Accounting Standard</u>	<u>Effective Date</u>
No. 1 Presentation of Financial Statement (Revised 2014)	January 1, 2015
No. 7 Statement of Cash Flow (Revised 2014)	January 1, 2015
No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2014)	January 1, 2015
No. 10 Events after the Reporting Period (Revised 2014)	January 1, 2015
No. 13 Fair value measurement	January 1, 2015
No. 16 Premises and Equipment (Revised 2014)	January 1, 2015
No. 17 Leases (Revised 2014)	January 1, 2015
No. 18 Revenue (Revised 2014)	January 1, 2015
No. 19 Employee Benefits (Revised 2014)	January 1, 2015
No. 23 Borrowing Costs (Revised 2014)	January 1, 2015
No. 24 Related Party Disclosures (Revised 2014)	January 1, 2015
No. 33 Earnings per Share (Revised 2014)	January 1, 2015
No. 34 Interim Financial Statements (Revised 2014)	January 1, 2015
No. 36 Impairment of Assets (Revised 2014)	January 1, 2015
No. 37 Provisions, Contingent Liabilities and Contingent Assets (Revised 2014)	January 1, 2015
No. 38 Intangible Assets (Revised 2014)	January 1, 2015

<u>Financial Reporting Standard</u>	<u>Effective Date</u>
No. 5 Non-current Assets Held for Sale and Discontinued Operation (Revised 2014)	January 1, 2015

The Bank has considered that adopting related Accounting Standard and Financial Reporting Standard as above mentioned, will not have material impact on the Bank financial statements.

2.3 Significant Accounting Policies

2.3.1 Cash and Cash Equivalents

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

2.3.2 Recognition of Income

- Interest Income

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

- Fees and Service Income

The Bank recognized fees and service income from loans approval on cash basis, exception for fees income from issuance of guarantee letter is recognized on right basis.

2.3.3 Recognition of Expense

Interest expense on deposits and borrowing is recognized on proportion of time basis using the effective interest rate method.

2.3.4 Loans

Loans represent the outstanding principle amount, which included interest receivables presented as a separate item, deferred revenue are presented as a deduction from the loans.

2.3.5 Allowance for Doubtful Accounts

The Bank's allowance for doubtful accounts are set up in compliance with the Bank of Thailand's Notification No. SOR NOR SOR 31/2551 dated August 3, 2008, regarding Regulation on Assets Classification and Provision of Financial institutions and with the BOT's Regulation on Evaluation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment dated December 9, 2009. The notification and policy regulation are as follows:

1) The Bank has set the provision for impaired-debtors at 100% of the difference between the book value of loans and the present value of expected cash flow from the disposals of collateral as to the practice stipulated by the BOT.

2) Collateral to be calculated the present values of expected cash flows from the sales are immovable properties, movable properties and leasehold rights. Other types of collateral are calculated by using the valuation rate specified by the BOT.

3) Collateral valuation has been conducted according to the BOT's regulation of types of collateral, valuation method, valuation frequency, and values of collateral that can be deduct before provisioning. The underlying collateral is required to reappraise or revalue on 3-years basis.

The Bank also considers provisioning on quantitative basis by assessing debtor's solvency and collateral value, the additional debt categories accordance to monitoring reports of the Bank of Thailand, as Memorandum of the Ministry of Finance, Fiscal Policy office No. GOR KOR 1006/2170 dated March 28, 2013, regarding Regulation on the recovery strategy of SME Bank.

In writing-off bad debts, the Bank will compensate the same amount from the provision set aside for doubtful accounts while bad debt recoveries will be recorded as other incomes in the statements of comprehensive incomes. Therefore, the Bank has set up write-off guideline for bad debts and bad debt recoveries by cutting off debts that debtors fail to pay back and set full amount of provision to compensate such debts.

2.3.6 Trouble Debt Restructuring

The Bank considers debtors that expected to be able to pay their debts if there is a compromise condition without any losses of account according to the procedure of the Bank. The Bank uses practices regarding troubled debt restructuring, such as transfer of asset to pay debt, change to terms of payments and other troubled debt restructuring according to BOT's Announcement No. SOR NOR SOR 31/2551 dated August 3, 2008, regarding Regulation on: Classification and Provision of Financial Institution.

2.3.7 Investments

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

Investment in marketable investment units classified as trading and available-for sale securities are stated at fair value with their net assets value.

The debt securities that the Bank has intention and ability to hold to maturity classified as held-to maturity are stated at the amortized cost. Premiums or discounts on held to maturity are adjusted to interest income at the end of each month by using the straight-line method. The interest income from held-to maturity debt securities are recorded using the effective interest rate method.

Other investments are stated at cost adjustment net of allowance for impairment (if any). Losses in impairment are recognized to expense in the statements of comprehensive income.

2.3.8 Foreign Currency Translation

Assets and liabilities in foreign currencies including forward foreign exchange contracts are recorded in Thai Baht at exchange rate of each currency prevailing at the transaction dates. And at the date in the financial statement, the rate will be translated into Thai Baht using the reference exchange rate of BOT. Gains or losses on foreign exchange and foreign currency translation are presented as gain (loss) in the period.

2.3.9 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 are calculated on a straight-line method over the useful lives, for building 20 years and for equipment 5-10 years. Equipment with an acquisition cost not over Baht 2,000 is charge directly to expense in the period of acquisition.

2.3.10 Other Intangible Assets – Net consisted of:

Software licenses and computer system development are stated at cost after deducting accumulated amortization is calculated on a straight-line method over their useful lives 5-10 years and recognized in the statements of comprehensive income.

Leasehold right are stated at cost less accumulated amortization. Amortization is calculated on a straight-line method under the appropriation of time period specified in the agreement and recognized in the statement of comprehensive income.

2.3.11 Properties for Sale – Net

Properties for sale are the Bank's asset. As the Bank has purchased assets that mortgaged to SME Bank from the public auction ordered by the court and the Bank has the intention to sell the property later.

Properties for sale are stated at the value of the transfer payment or value from the sale by public auction and record to some debt repayment less allowance for impairment (if any). The property has been assessed against the transfer market price by the Bank. Losses in impairment are recognized as other operation expenses or income in the statement of comprehensive income. The Bank will not deduct depreciation from buildings but recognize gain (loss) when sold and after remaining debt is repaid.

According to the BOT's Policy No. THOR PO THOR. PHOR NOR SOR.(21)WOR.2470/2552 dated December 9, 2009, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale Received from Financial Institutions, the properties for sale in the amount exceeding 50 million baht are appraised by the external appraisers, and the amount of not exceeding 50 million baht can be appraised by internal or external appraisers depending on the Bank's judgement.

2.3.12 Derivatives

Assets and liabilities with risk protection recognized gain (loss) according to the fair value. Hedging instrument of assets or liabilities will recognized as gain (loss) are subsequently measured at fair value under the appropriation of time periods.

Hedging instrument of assets or liabilities will recognized accrued interest payable and receivable under the appropriation of time periods.

2.3.13 Provident Fund for Employees

The Bank established a provident fund under the Provident Fund Act B.E. 2530 and entered to the registered fund approved by the Ministry of Finance on November 29, 1996. The provident fund is managed by the Krung Thai Assets Management Public Company Limited as a fund manager

Employees of the Bank are entitled to apply for membership according to Provident Fund regulation. Employees can contribute to the fund at the rate 3-9% according to the period of employment and the Bank contributed to this fund with the rate of 5-10% according to the period of employment. And the Bank employees will be reimbursed the benefits when resigned according to the employee's period of employment.

The Bank contributed to the provident fund for employees as to expense for employees in the statement of comprehensive income.

2.3.14 Employee Benefits Plan

The Bank have defined benefits plan for the retirement employees. The estimate of employees benefits obligations from payment to retired employees with present value by the forecasting the benefits which employees will receive when they retire. By an actuary using the actuarial techniques of insurance mathematical calculation to calculated remuneration which employees will received when they retired by using information about their salaries, resignation rate, death rate, duration of employment and other factors. To estimate from present value of expected future payment to future cash flows using a discount rate that is similar to the interest rate on government bond.

2.3.15 Rented Assets

Operating lease contract, The Bank has classified to operating leases and recorded as non-interest expense in the statements of comprehensive income for monthly payment, throughout the term of the contract.

2.3.16 Legal Reserve

The Bank shall allocate not less than 5% of its annual net profit to a legal reserve account until it reaches an amount not less than 10% of the registered authorized share capital.

2.3.17 Reserve for Investment

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

2.3.18 Basic Earnings (Loss) Per Share

Basic earnings (loss) per share are calculated by dividing the net income with the number of weighted-average issued and paid-up share capital.

3. Risk Management

3.1 The Bank's Risk Information

Credit risk

Credit risk refers to the risks from debtors' insolvency or potential insolvency resulted in credit rating downgrade, which may affect the status of funds and incomes of SME Bank.

SME Bank is a specialized financial institute with specific missions of helping SMEs. The loans of not exceeding 15 million baht were provided, making an 80% portion of the total loans, so that such credit service expansion met the desired target of the Bank.

SME Bank has realized the importance of the improvement of credit provision measures, credit quality control, and risk mitigation in operation through check and balance. To prevent NPLs, SME Bank set measures and controlled risks to maintain at acceptable level as follows:

1. Reviewed credit risk management policy and loan policy annually to make certain that those policies would be in line with the Bank's missions and strategic plans, and valid to be used as standard frameworks of effective credit operations.

2. Improved the credit service process for the credit limit of 15 million baht, credit quality check process as well as credit operation manual and revised the credit request form to have standard and unified format. Moreover, training has been provided for staff in order to achieve the set goal.

3. Stored and managed credit database to develop tools to assess the credit risks as designed by the Bank in order to reduce credit risk and to set the interest rates appropriate with the market conditions.

4. Appointed various committees to manage credit risk through the process of considering and approving so that the Bank's credit risk was at acceptable level. The committees were the board of directors, the management, the risk management committee, credit committee, committee on regulation improvement for new product release, committee on credit guarantee, and debt restructuring committee, etc.

5. Controlled the risks of credit portfolios to stay at acceptable level by limiting risk tolerance of each industry and factoring credit. The Bank reviewed risk tolerance annually to prevent and control concentration in either industry as the concentration would impact the overall credit portfolio balance beyond acceptable level by the Bank. All the departments in the Bank would be informed of the balance status through the intranet.

6. Managed its credit portfolios and managed to report monthly to analyze and track credit service results, and NPLs. As of December 31, 2015, the total outstanding loans of the Bank were equal to 86,128 million baht, and NPLs were at 23,452 million baht or accounting to 27.23% of the total loans. The credit portfolios divided into retail businesses, auto fitting, personal consumption, and household 32%; production businesses 29% and hotel and restaurant businesses 12%.

7. Controlled and prevented downgraded loans by creating early warning sign reports to credit departments for their precautions. The Bank also set loan monitoring and collection department to control and closely follow up debts of not exceeding 15 million baht in order to prevent NPLs.

8. Strictly followed the NPLs management plan by setting up a committee to control and follow the NPLs, to reconstruct, negotiate the debts, and to do NPLs bidding. In 2015, SME Bank managed to reduce NPLs from the previous year by 31,960 million baht or 37.61% of the total outstanding loans. NPLs in 2015 were, therefore, equal to 23,452 million baht or 27.23% of the total outstanding loans.

Strategic risk

Strategic risk means the risk resulted from the determination of strategic plans, operation plans, and their implementations, which are not proper or inconsistent with external factors or external environments which could affect incomes, funds, or the existence of the business.

SME Bank's strategic risks were managed as follows:

1. Set up and reviewed of strategic risk management policy to be implemented as a framework to manage the Bank's strategic risk.

2. Determined SME Bank's strategies and goals as well as the process of monitoring and controlling operating results with the setting goals using data obtained from analyzing SWOT of internal and external environments such as operating results, current situations of the Bank, economic condition, business situation of the SMEs, the government policies, and the Bank's customers' satisfaction results, etc.

3. The COSO risk management guidelines were applied in the developing of the Bank's risk management plan which in line with the quality assessment system for state enterprises by linking the risk management process, risk factors, and risk management with the goals and strategic plans of the Bank. SME Bank analyzed and assessed both internal and external risks that might affect the Bank's business goals, defined risk appetite and risk tolerance,

and developed risk map and risk handling plan to minimize risks to acceptable level and to facilitate achievement of the Bank's business goals. Moreover, SME Bank would follow up and report the results of risk management to the related committees for consideration on quarterly basis, and would review the interim risk management plan to ensure proper risk management.

4. Follow up and report the status of strategic risks to the related committees on a regular basis and would also report to the risk management committee on a monthly basis so that the operational guidelines could be revised to attain the targeted goals.

Market Risk

Market risk refers to risks caused by fluctuation of interest rate, foreign exchange rates and prices of equity securities which may have adverse effect on the Bank's revenue and capital.

SME Bank has managed the market risk in accordance with guidelines provided by the BOT as follows:

1. Determination/review of policies relating to market risk management includes policy on market risk management, policy on interest rate risk management in banking accounts and policy on management of trading book and banking book; to be used as policy framework and guidelines for management and control of market risk of SME Bank.

2. Development of tools for measurement and evaluation of market risk include:

- Analysis of difference of enforcement date of new interest rate or the remaining term of contracts between assets, liabilities and off-balance sheet transactions (Reprising Gap) and consideration of impacts from changes of interest rates on the net incomes of SME Bank.

- Measurement of impacts of changes of risk factors such as impacts from changes in rates of returns in debt instrument markets upon values of debt instruments (DV01), evaluation of fair values of debt instruments and foreign currency transaction.

- Calculation of fund adequacy to support market risks under the standardized approach in conformity with the criteria for regulating market risks and retention of funds to support the market risks prescribed by the Bank of Thailand.

3. Follow-up and control of market risks will be implemented as follows:

- Determine Market Risk Limits and review them on annually basis to ensure its appropriateness i.e. NII Sensitivity Limit, FX Net Open Position for each and all currencies.

- Prepare investment status report and market risk status report and submit them to the Board and relevant executives on regular basis.

- Supervise market risks by the executives and related committees including Asset and Liability Management Committee and Risk Management Committee.

Operational risk

Operation risk means the risk that can cause damages due to lack of good corporate governance and control which probably associate with internal operating procedures, personnel, work systems, or external factors, and have negative impacts on income and fund of the Bank.

Regarding the operational risk management, the board of directors has assigned the Risk Management Committee to determine policies and guideline for operational risk management to be in conformity with the operational guideline of the regulatory authorities. The Risk Management Department will develop tools for risk identification, evaluation, reporting and monitoring by setting scope of responsibilities for the operational risk management with other departments in the Bank using tools and processes as follows:

1. Control self-assessment

SME Bank has assigned all departments within the Bank to carry out the control self-assessment to manage their own operational risks by identifying important risks, evaluating control efficiency, as well as, setting the plan to reduce or prevent risks to maintain the risks at appetite level on yearly basis.

2. Operational damage report

The Bank has assigned all departments to report operational damages through an assigned channel. The report shall help each department to develop their own processes of operational risk management and to prevent the same losses in the future.

3. Key risk indicators (KRIs) and early warning systems

To make certain the risks remain at appetite level or manageable level in case an incident occurs. The Bank has set Key Risk Indicators to be used for considering the trend of risks as an early warning systems for exploring cause and how to intervene in timely manner as approved by the risk management committee. This facilitates quantities risk management and is considered as internal control activity reflecting correlation of risk management in an organization.

4. Complaints receiving system

SME Bank realizes the importance of reputation risk and the customer satisfaction. Therefore, the Bank has set up a department and set of procedures to manage customers' complaints. Compliance and Good Governance Department has been set up to manage customers' complaints systematically. It will report complaint analysis and suggestions on problem-solving to the president, executives, to set up guidelines to improve the Bank's operation.

5. Revision of the policy

The Bank has revised its policy on operational risks regularly for at least once a year such as policy on operational risk management, business continuity management policy, and external service procurement policy etc. The revision is to update the Bank's operations and risk management to meet the changing situations and environments.

6. Business continuity management plan

Risks from external factors, or force majeure, the Bank has been ready to manage them. All of the departments must analyze business impacts and set up plans to continue their daily operations. The Bank tests its business continuity plan annually to make certain that it will be ready for any situations and the Bank is capable of recovering its normal operation to provide the services to its stakeholders continually, the whole service or partial within the set period of time, to maintain the customers' trust and the reputations of the Bank.

7. The capacity increase of the loan services

The Bank aims to increase its capacity regarding the loan service by inviting external specialists to assess and check loan service process of the Bank. The specialists will also provide suggestions for the Bank to develop and improve its loan service process to become more efficient in order to reduce risks and provide opportunities for business expansion in loan product and service.

8. Operational Audit

Internal Audit Department is responsible for checking the operational system, as well as, the risk management of other departments of the Bank. Internal Audit Department reports directly to the audit committee. Compliance and Good Governance Department is responsible for checking and following up the operations of other departments in the Bank to make sure that they perform according to the laws and regulations of the governing authorities.

Liquidity Risk

Liquidity risk means the risks resulted from SME Bank's inability to secure cash or cash equivalents for the amount sufficient for cash demand or any other obligations. This is due to maturity mismatching or such risk of loss from securing funds at cost higher than appetite level or being forced to sell its assets at prices lower than acceptable prices.

SME Bank has managed its liquidity risk in accordance with guidelines provided by the Bank of Thailand which can be summarized as follows:

1. Policies relating to the liquidity risk management shall be determined as the policy framework and guidelines for liquidity risk management and control of SME Bank.
2. Tools for measurement and evaluation of liquidity risks include:
 - Preparation of liquidity gap report
 - Measurement and evaluation of liquidity risk by applying financial ratios such as of large account concentration, maintenance of liquid assets and mismatch etc.
3. Follow-up and control of liquidity risks shall be implemented as follows:
 - Determine liquidity risk limits and review them on annually basis to ensure its appropriateness i.e. large account concentration and maintenance of liquid assets.
 - Prepare liquidity risk gap report to be presented to the board of directors and related executives on regular basis.
 - Review and test emergency response plan on yearly basis.
 - Regulate liquidity risk by the executives and related committees e.g. Assets and Liability Management Committee and Risk Management Committee.

As of December 31, 2015 and 2014, SME Bank had important assets and liabilities based on remaining time to maturity as follows:

Unit : million baht

	2015			2014		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
Assets						
Interbank and money market items	7,957.49	-	7,957.49	18,078.86	-	18,078.86
Investment-net	884.43	8,174.36	9,058.79	124.11	4,721.70	4,845.81
Loans to customers	21,617.71	64,510.28	86,127.99	20,448.77	64,537.09	84,985.86
Total	30,459.63	72,684.64	103,144.27	38,651.74	69,258.79	107,910.53
Liabilities						
Deposits	69,109.14	6,845.53	75,954.67	78,728.68	3,886.06	82,614.74
Interbank and money market items	1,273.83	9,181.58	10,455.41	3,373.02	1,016.74	4,389.76
Debt issued and borrowings	134.61	175.45	310.06	234.72	175.45	410.17
Total	70,517.58	16,202.56	86,720.14	82,336.42	5,078.25	87,414.67

3.2 Fair Value of Financial Instruments

Unit : million baht

Type of Debt Instrument	2015		2014	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Cash	0.27	0.27	0.78	0.78
Interbank and money market items – net	7,957.49	7,957.49	18,078.86	18,078.86
Derivatives assets	0.02	0.02	0.01	0.01
Investments – net	9,058.79	9,058.79	4,845.81	4,845.81
Loans to customers – net	73,957.55	73,957.55	69,827.05	69,827.05
Total	90,974.12	90,974.12	92,752.51	92,752.51
Financial Liabilities				
Deposits	75,954.67	75,954.67	82,614.74	82,614.74
Interbank and money market items - net	10,455.41	10,455.41	4,389.76	4,389.76
Liabilities payable on demand	19.98	19.98	19.69	19.69
Derivatives liabilities	76.47	76.47	62.35	62.35
Debt issued and borrowing	310.06	310.06	410.17	410.17
Total	86,816.59	86,816.59	87,496.71	87,496.71

3.3 Statutory Capital Fund

Unit: million baht

	2015	2014
Tier 1 Capital		
Paid-up share capital	16,380.82	12,755.00
Discount on share capital	(2,625.82)	-
Legal reserves	48.19	48.19
Investments reserves	216.46	216.46
Retained earnings unappropriated	(8,211.36)	(9,446.62)
Total Tier 1 Capital	5,808.29	3,573.03
Tier 2 Capital		
Reserve for normal assets (See Note 5.4.4)	51.48	71.15
Total Tier 2 Capital	51.48	71.15
Total Capital Fund	5,859.77	3,644.18

The Bank's capital fund was calculated on the basis of Ministerial Regulation, B.E. 2549 dated January 24, 2006 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 regulation, a ratio of the capital fund to assets and contingencies must not less than 8.5% and that of Tier 1 Capital must not be less than 4.25% as of December 31, 2015 and 2014, the Bank maintained a ratio of capital fund to asset and obligations as follows:

	Percentage	
	2015	2014
Capital Fund	13.64	7.46
Tier 1 Capital	13.52	7.31

4. Estimated and Hypothesis

The preparation of this financial statements conformed to the financial reporting standards requiring managements to make estimation and assumptions reflecting the application of policies and the reported numbers of assets, liabilities, income and expenses. Actual results might differ from estimates.

Estimates and hypothesis were reviewed on regular basis. Revisions to accounting estimates were recognized in the period in which estimates were revised and in any future periods affected. Information about estimation uncertainty and significant hypothesis in defining accounting policies had significant effect on the amount recognized in the financial statements.

5. Supplementary Information

5.1 Supplementary Information about cash flows

Significant non-cash items as of year ended December 31, 2015 and 2014 were as follows:

	Unit: million baht	
	2015	2014
Revaluation surplus (deficit) on investment increase (decrease) in shareholders' equity	17.71	8.60
Total	17.71	8.60

5.2 Interbank and Money Market Items - Net (Assets)

	Unit: million baht					
	2015			2014		
	Demand	Time	Total	Demand	Time	Total
Domestic Items						
Bank of Thailand	28.76	1,160.00	1,188.76	24.59	8,510.00	8,534.59
Commercial banks	373.58	4,714.60	5,088.18	296.77	6,053.70	6,350.47
Specialized financial institutions	8.71	1,636.57	1,645.28	25.58	3,152.52	3,178.10
Total	411.05	7,511.17	7,922.22	346.94	17,716.22	18,063.16
Add Accrued interest receivable	-	1.47	1.47	-	0.97	0.97
Total Domestic Items	411.05	7,512.64	7,923.69	346.94	17,717.19	18,064.13

5.2 Interbank and Money Market Items - Net (Assets) (continued)

Unit: million baht

	2015			2014		
	Demand	Time	Total	Demand	Time	Total
Foreign Items						
US Dollars	33.38	-	33.38	14.50	-	14.50
Euro	0.41	-	0.41	0.21	-	0.21
Yen	0.01	-	0.01	0.02	-	0.02
Total Foreign Items	33.80	-	33.80	14.73	-	14.73
Total Domestic and Foreign Items	444.85	7,512.64	7,957.49	361.67	17,717.19	18,078.86

As of December 31, 2015 and 2014, the domestic deposits of specialized financial institutions amounted to 136.57 million baht and 152.52 million baht respectively, be recognized as the loans guarantee for the housing loans of the Bank's employee.

5.3 Investment - Net

Unit: million baht

	2015	2014
	Fair Value	Fair Value
5.3.1 Available-for-sale securities		
Government and state enterprise securities	2,445.41	700.64
<u>Add</u> Allowance for revaluation	25.20	7.18
Total	2,470.61	707.82

Unit: million baht

	2015	2014
	Cost/Price Amortization	Cost/Price Amortization
5.3.2 Held-to-maturity debt securities		
Government and state enterprise securities	6,002.05	4,007.43
<u>Add (Less)</u> Allowance for revaluation	(0.15)	0.16
Total	6,001.90	4,007.59

5.3 Investment – Net (Continued)

Unit: million baht

	2015	2014
	Cost	Cost
5.3.3 General Investments		
Domestic non-marketable debt securities	760.78	320.78
<u>Less</u> Allowance for impairment	(174.50)	(190.38)
Total	586.28	130.40
Total investment – net	9,058.79	4,845.81

As of December 31, 2015 and 2014 the allowance for revaluation of investments (Other reserves: Revaluation surplus (deficit) on investment) amounted to 25.05 million baht and 7.34 million baht respectively (See Note 5.21)

5.4 Loans to Customers and Accrued Interest Receivable - Net

5.4.1 Classified by Type of Loans

Unit: million baht

	2015	2014
Loans to customers	84,301.79	82,494.60
Hire purchase receivable (See Note 5.4.7)	1,636.21	2,301.74
Welfare receivables	189.99	189.52
Total	86,127.99	84,985.86
<u>Less</u> Deferred revenue	(252.67)	(367.13)
Total loans to customers-net from deferred revenue	85,875.32	84,618.73
<u>Add</u> Accrued interest receivables	311.25	300.91
Total loans to customers-net from deferred revenue, plus accrued interest receivable	86,186.57	84,919.64
<u>Less</u> Allowance for doubtful accounts		
1. Minimum reserve under the Bank of Thailand's regulations	(10,793.17)	(13,601.97)
2. Excess reserve	(1,435.85)	(1,490.62)
Total loans to customers-net	73,957.55	69,827.05

As of December 31, 2015, the Bank's total loans amounted to 86,127.99 million baht consisting of 20,866.66 million baht for the projects in response to government policy and 65,261.33 million baht for public sector cooperation project and commercial projects.

As of December 31, 2014, the Bank's total loans amounted to 84,985.86 million baht consisting of 28,269.59 million baht for the projects in response to government policy and 56,716.27 million baht for public sector cooperation project and commercial projects.

5.4 Loans to Customers and Accrued Receivable- Net (Continued)

5.4.2 Classify by Currencies and Customer's Residence

Unit: million baht

	2015	2014
Thai baht	86,127.99	84,985.86
US dollars	-	-
Total	86,127.99	84,985.86

5.4.3 Classify by Business Types and Loan Classification

Unit: million baht

	2015					
	Pass	Special Mention	Sub Standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	2,007.45	249.96	91.79	55.19	887.68	3,292.07
Manufacturing and commercial	18,169.31	1,902.19	1,123.39	1,174.46	11,845.42	34,214.77
Real estate and construction	991.37	56.94	37.90	78.60	869.38	2,034.19
Public utilities and services	37,443.82	1,650.80	615.13	743.17	5,920.70	46,373.62
Housing loans	189.99	-	-	-	-	189.99
Others	14.29	0.17	2.09	0.19	6.61	23.35
Total	58,816.23	3,860.06	1,870.30	2,051.61	19,529.79	86,127.99
Less Deferred revenue						(252.67)
Total loans to customers-net from deferred revenue						85,875.32

Unit: million baht

	2014					
	Pass	Special Mention	Sub Standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	2,526.73	117.54	99.45	132.76	1,308.77	4,185.25
Manufacturing and commercial	29,232.06	1,385.66	640.51	2,314.07	15,409.85	48,982.15
Real estate and construction	1,455.76	121.21	108.73	59.63	1,419.45	3,164.78
Public utilities and services	16,789.00	1,194.84	440.66	1,923.87	8,095.16	28,443.53
Housing loans	189.52	-	-	-	-	189.52
Others	13.20	-	0.82	2.11	4.50	20.63
Total	50,206.27	2,819.25	1,290.17	4,432.44	26,237.73	84,985.86
Less Deferred revenue						(367.13)
Total loans to customers-net from deferred revenue						84,618.73

5.4 Loans to Customers and Accrued Interest Receivable – Net (Continued)

5.4.4 Classified by Loan Classification

Unit: million baht

	2015			
	Loans and Accrued Interest Receivable	Net Amount for Allowance for Doubtful Accounts	Allowance for Doubtful Accounts Percent	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's regulations				
Pass	59,044.84	5,148.27	1	51.48
Special mention	3,911.33	539.61	2	10.79
Substandard	1,872.02	638.86	100	638.86
Doubtful	2,054.48	803.24	100	803.24
Doubtful of Loss	19,556.57	9,288.80	100	9,288.80
Total	86,439.24	<u>16,418.78</u>		10,793.17
Less Deferred revenue	(252.67)			
Loans to customers and accrued interest receivable	86,186.57			
Less Allowance for doubtful accounts (See Note 5.5)	(12,229.02)			
Loans to customers and accrued interest receivable - net	<u>73,957.55</u>			
2. Excess allowance				1,435.85
Total				<u>12,229.02</u>

Unit: million baht

	2014			
	Loans and Accrued Interest Receivable	Net Amount for Allowance for Doubtful Accounts	Allowance for Doubtful Accounts Percent	Allowance for Doubtful Accounts
1. Minimum reserve under BOT's regulations				
Pass	50,426.97	7,114.45	1	71.15
Special mention	2,853.73	528.91	2	10.58
Substandard	1,293.23	281.79	100	281.79
Doubtful	4,438.84	1,217.37	100	1,217.37
Doubtful of Loss	26,274.00	12,021.08	100	12,021.08
Total	85,286.77	<u>21,163.60</u>		13,601.97
Less Deferred revenue	(367.13)			
Loans to customers and accrued interest receivable	84,919.64			
Less Allowance for doubtful accounts (See Note 5.5)	(15,092.59)			
Loans to customers and accrued interest receivable - net	<u>69,827.05</u>			
2. Excess allowance				1,490.62
Total				<u>15,092.59</u>

5.4 Loans to Customers and Accrued Interest Receivable – Net (Continued)

5.4.4 Classify by Loan Classification

As of December 31, 2015 and 2014, the Bank set allowance for doubtful accounts as set forth by the Bank of Thailand's Announcement No. SOR NOR SOR. 31/2551 dated August 3, 2008 on Classification and Reserves of Financial Institutions Regulation

The Bank has determined the debtor classification based on the overdue of interest or principal payables according to conditions or time periods as stated in the contracts or as requested by the Bank or make claims to pay back, whichever comes first, including with restructuring debts based on Debts Restructure of Financial Institution as required by the Bank of Thailand's regulation and in according to the Bank of Thailand's (BOT) Notification No. SOR NOR SOR 31/2551 dated August 3, 2008, regarding Regulation on Classification and Reserves of Financial Institutions, the additional debt categories accordance to monitoring reports of the Bank of Thailand, as Memorandum of the Ministry of Finance, Fiscal Policy office No. GOR KOR 1006/5170 dated Mach 28, 2013, regarding Regulation on the strategic reorganization of the SME Bank.

As of December 31, 2015 and 2014, the Bank has the loans with reserves and without reserves as follows:

Unit: million baht

	2015		2014	
	Loans and Accrued Interest Receivable	Percentage of Loans and Accrued Interest Receivable	Loans and Accrued Interest Receivable	Percentage of Loans and Accrued Interest Receivable
Loans with reserves	80,691.22	93.62	77,637.92	91.43
Loans without reserves	5,495.35	6.38	7,281.72	8.57
Total	<u>86,186.57</u>		<u>84,919.64</u>	

Loans without reserves mean debtors or individuals or juristic persons that the Council of Ministers passed the resolution to compensate future damage according to the Memorandum of the Ministry of Finance, Fiscal Policy Office No. GOR KOR 1006/5170 dated March 28, 2013, regarding regulation on the strategic reorganization of the SME Bank.

The Bank has excess reserves of 200 million baht for the loans without reserves in order to compensate the loss without guarantees that might occur, to prevent and alleviate the impacts on the Bank's financial status.

As of December 31, 2015 and 2014, the Bank restrained the recognition of loan income amounting to 23,451.70 million baht and 31,960.34 million baht accordingly, representing 27.13% and 37.47% respectively of loans to customers and accrued interest receivable.

5.4 Loans to Customers and Accrued Interest Receivable – Net (Continued)

5.4.5 Classified by Non-Performing Loans

As of December 31, 2015 and 2014, the Bank had non-performing loans as follows:

Unit: million baht

	2015		2014	
	Non-Performing Loans	Percentage of Non-Performing Loans	Non-Performing Loans	Percentage of Non-Performing Loans
Government policy project	7,028.04	29.97	6,463.13	20.22
Public cooperation project and commercial	16,423.66	70.03	25,497.21	79.78
Total	23,451.70		31,960.34	

5.4.6 Troubled Debts Restructuring

Troubled debts restructuring for the year ended December 31, 2015 and 2014 was set out as follows:

Unit: million baht

	2015				
	No. of Cases	Outstanding Debt		Transferred Assets	
		Debt Before Restructuring	Debt After Restructuring	Types of Assets	Fair Value
Changes of repayment conditions	14,336	25,317.92	22,553.91	-	-
Transfer of assets	425	2,390.15	1,293.71	Lands, Premises	1,096.44
Total	14,761	27,708.07	23,847.62		

Unit: million baht

	2014				
	No. of Cases	Outstanding Debt		Transferred Assets	
		Debt Before Restructuring	Debt After Restructuring	Types of Assets	Fair Value
Changes of repayment conditions	12,671	26,984.37	24,045.27	-	-
Transfer of assets	634	3,508.03	2,073.33	Lands, Premises	1,434.70
Total	13,305	30,492.40	26,118.60		

5.4 Loans to Customers and Accrued Interest Receivable – Net (Continued)

5.4.7 Finance Lease Receivable means Hire Purchase Receivable (See Note 5.4.1)

Unit: million baht

	2015			
	The Amounts Due to Pay of the Contracts			
	Not over 1 yr.	Over 1-5 yrs.	Over 5 yrs.	Total
Gross investment of minimum lease payment	475.54	1,042.95	117.72	1,636.21
<u>Less</u> Unearned finance income				(243.74)
Present value of minimum lease payment				1,392.47
Allowance for doubtful accounts				(921.64)
Finance lease receivable – net				<u>470.83</u>

Unit: million baht

	2014			
	The Amounts Due to Pay of the Contracts			
	Not over 1 yr.	Over 1-5 yrs.	Over 5 yrs.	Total
Gross investment of minimum lease payment	632.48	1,497.03	172.23	2,301.74
<u>Less</u> Unearned finance income				(351.49)
Present value of minimum lease payment				1,950.25
Allowance for doubtful accounts				(1,045.47)
Finance lease receivable – net				<u>904.78</u>

5.5 Allowances for Doubtful Accounts

Unit: million baht

	2015						
	Pass	Special Mention	Sub Standard	Doubtful	Doubtful of loss	Allowance In Excess	Total
Beginning balance	71.15	10.58	281.79	1,217.37	12,021.08	1,490.62	15,092.59
Doubtful balance	(19.67)	0.21	357.07	(403.77)	1,558.90	(54.77)	1,437.97
Accounts write off	-	-	-	(10.36)	(4,291.18)	-	(4,301.54)
Ending balance	<u>51.48</u>	<u>10.79</u>	<u>638.86</u>	<u>803.24</u>	<u>9,288.80</u>	<u>1,435.85</u>	<u>12,229.02</u>

5.5 Allowances for Doubtful Accounts (Continued)

Unit: million baht

	2014						
	Pass	Special Mention	Sub Standard	Doubtful	Doubtful of loss	Allowance In Excess	Total
Beginning balance	90.52	9.23	667.43	1,760.67	10,271.43	1,355.79	14,155.07
Doubtful balance	(19.37)	1.35	(385.64)	(543.30)	1,749.65	134.83	937.52
Ending balance	71.15	10.58	281.79	1,217.37	12,021.08	1,490.62	15,092.59

The calculated table of Allowance for Doubtful Accounts in Note 5.4.4

As at December 31, 2015 and 2014, the Bank recorded allowance for doubtful accounts in accordance with the Bank of Thailand Announcement No. SOR NOR SOR. 31/2551 dated August 3, 2008 on Classification and Reserves of Financial Institutions Regulation amounting to 12,229.02 million baht and 15,092.59 million baht respectively.

5.6 Properties for Sale – Net

Unit: million baht

	2015			
	Beginning Balance	Addition	Disposals	Ending Balance
Assets from debt repayment				
Immovable properties	1,121.46	151.85	(255.35)	1,017.96
Movable properties	146.65	64.44	(79.75)	131.34
Total	1,268.11	216.29	(335.10)	1,149.30
Less Allowance for impairment	(168.49)	(41.21)	58.48	(151.22)
Total properties for sale - Net	1,099.62	175.08	(276.62)	998.08

Unit: million baht

	2014			
	Beginning Balance	Addition	Disposals	Ending Balance
Assets from debt repayment				
Immovable properties	1,152.65	220.76	(251.95)	1,121.46
Movable properties	153.58	30.22	(37.15)	146.65
Total	1,306.23	250.98	(289.10)	1,268.11
Less Allowance for impairment	(93.64)	(85.33)	10.48	(168.49)
Total properties for sale - Net	1,212.59	165.65	(278.62)	1,099.62

As of December 31, 2015 and 2014, the Bank's allowance for impairment incurred from the transactions of losses from impairment amounting to 151.22 million baht and 168.49 million baht respectively and the Bank has generated gains from sale of properties for sale 73.56 million baht and 63.82 million baht respectively, prices estimation was done by internal estimator.

5.7 Premises and Equipment – Net

Unit: million baht

	2015								
	Cost				Accumulated Depreciation				Premises and Equipment, Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	293.98	-	(19.78)	274.20	-	-	-	-	274.20
Buildings	515.06	0.92	-	515.98	170.88	26.38	-	197.26	318.72
Office equipment	287.59	8.81	(13.71)	282.69	226.10	16.29	(13.49)	228.90	53.79
Building decorations	411.71	10.80	-	422.51	259.24	36.04	-	295.28	127.23
Vehicles	2.66	-	(0.01)	2.65	2.63	0.01	-	2.64	0.01
Total	1,511.00	20.53	(33.50)	1,498.03	658.85	78.72	(13.49)	724.08	773.95

Building of 515.98 million baht comprising of head office building 498.41 million baht and branch office 17.57 million baht.

As at December 31, 2015, the Bank had a number of fully depreciated but still in use assets equal to 12,298 items, with the cost value of 12,175 baht.

Unit: million baht

	2014								
	Cost				Accumulated Depreciation				Premises and Equipment, Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	293.98	-	-	293.98	-	-	-	-	293.98
Buildings	515.06	-	-	515.06	145.13	25.75	-	170.88	344.18
Office equipment	273.09	14.53	(0.03)	287.59	210.89	15.24	(0.03)	226.10	61.49
Building decoration	409.25	3.32	(0.86)	411.71	215.15	44.95	(0.86)	259.24	152.47
Vehicles	2.66	-	-	2.66	2.62	0.01	-	2.63	0.03
Total	1,494.04	17.85	(0.89)	1,511.00	573.79	85.95	(0.89)	658.85	852.15

Building of 515.06 million baht comprising of head office building 497.49 million baht and branch office 17.57 million baht.

As at December 31, 2014, the Bank has a number of fully depreciated but still in use assets equal to 13,692 items, with the cost value of 13,577 baht.

5.8 Assets in Process

Unit: million baht

	2015			
	Beginning Balance	Addition	Disposals	Ending Balance
Office building renovation	14.63	-	(14.63)	-
Office equipment	1.09	-	(1.09)	-
Computer system	11.58	0.99	(11.58)	0.99
Computers	0.40	5.85	(0.40)	5.85
Decorations	10.62	2.30	(7.92)	5.00
Total	38.32	9.14	(35.62)	11.84

Unit: million baht

	2014			
	Beginning Balance	Addition	Disposals	Ending Balance
Office building renovation	14.63	-	-	14.63
Office equipment	1.44	-	(0.35)	1.09
Computer system	25.20	-	(13.62)	11.58
Computers	8.69	-	(8.29)	0.40
Decorations	9.21	2.86	(1.45)	10.62
Total	59.17	2.86	(23.71)	38.32

5.9 Advances for Legal Costs – Net

Unit: million baht

	2015	2014
Advances for legal costs	175.23	198.31
Less Allowances for doubtful accounts	(175.23)	(198.31)
Advances for legal costs - net	0.00	0.00

5.10 Other Intangible Assets – Net

Unit: million baht

	2015								
	Cost				Accumulated Depreciation				Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Additions	Disposals	Ending Balance	
Leasehold rights	5.00	-	-	5.00	0.70	0.19	-	0.89	4.11
Computer system	143.93	11.89	-	155.82	101.09	17.72	-	118.81	37.01
Total	148.93	11.89	-	160.82	101.79	17.91	-	119.70	41.12

5.10 Other Intangible Assets – Net (continued)

Unit: million baht

	2014								
	Cost				Accumulated Depreciation				Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Additions	Disposals	Ending Balance	
Leasehold rights	5.00	-	-	5.00	0.52	0.18	-	0.70	4.30
Computer system	113.55	30.38	-	143.93	86.95	14.14	-	101.09	42.84
Total	118.55	30.38	-	148.93	87.47	14.32	-	101.79	47.14

5.11 Other Assets – Net

Unit: million baht

	2015	2014
Accrued interest receivables	57.95	30.16
Prepaid expenses	3.50	5.66
Insurance expenses and loan guarantee fees refundable	309.24	256.01
Other account receivable and miscellaneous asset	215.40	196.80
	586.09	488.63
<u>Less</u> Allowance for doubtful accounts	(249.75)	(210.12)
Allowance for impairment properties for sale	(8.01)	(8.03)
Total	328.33	270.48

The Bank set aside allowances for doubtful accounts, insurance expenses loan guarantee fees refundable at the same rate as the debt's classification.

5.12 Deposits

5.12.1 Classified by Type of Deposit

Unit: million baht

	2015	2014
Products		
Savings deposits	2,344.88	2,246.79
Time deposits	73,556.79	80,306.27
Negotiable certificates of deposits	53.00	61.68
Total	75,954.67	82,614.74

Most of time deposits were owned by state enterprises, with interest rate as per Bank's announcement.

5.12 Deposits (Continued)

5.12.2 Classified by Currencies and Residence of Deposits

Unit: million baht

	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	75,954.67	-	75,954.67	82,614.74	-	82,614.74
Total	75,954.67	-	75,954.67	82,614.74	-	82,614.74

5.13 Interbank and Money Markets Items - Net (Liabilities)

These were promissory notes and bills of exchange issued to financial institutions and foreign long-term borrowing as of December 31, 2015 and 2014, amounting to 10,455.41 million baht and 4,389.76 million baht respectively, with interest rate of 0.01–3.525% per year.

5.13.1 Domestic Items

Unit: million baht

	2015			2014		
	Demand	Time	Total	Demand	Time	Total
Specialized financial institutions	-	4,444.26	4,444.26	-	3,348.38	3,348.38
Other commercial banks	-	5,010.00	5,010.00	-	-	-
Total domestic items	-	9,454.26	9,454.26	-	3,348.38	3,348.38

5.13.2 Foreign Items

Unit: million baht

	2015			2014		
	Demand	Time	Total	Demand	Time	Total
Euro	-	1,001.15	1,001.15	-	1,041.38	1,041.38
Total foreign items	-	1,001.15	1,001.15	-	1,041.38	1,041.38
Total domestic and foreign items	-	10,455.41	10,455.41	-	4,389.76	4,389.76

5.14 Derivatives Liabilities

Fair value and contract amounts, classified by risk types:

Unit: million baht

Risk Types	2015			2014		
	Fair Value		Contract	Fair Value		Contract
	Assets	Liabilities	Price	Assets	Liabilities	Price
Exchange rates	0.02	76.47	1,117.92	0.01	62.35	1,122.24
Total	0.02	76.47	1,117.92	0.01	62.35	1,122.24

5.14 Derivatives Liabilities (Continued)

Derivative assets were fair value adjustment as of December 31, 2015 and the price as of the date of buying or selling of derivations and profits from foreign currency value-derivatives adjustment.

Derivative liabilities were fair value adjustment as of December 31, 2015 and the price as of the date of buying or selling derivations and losses from foreign currency value-derivatives adjustment.

5.15 Debts Issued and Borrowing

Unit: million baht

	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Short-term borrowings	134.61	-	134.61	234.72	-	234.72
Long-term borrowings	175.45	-	175.45	175.45	-	175.45
Total	310.06	-	310.06	410.17	-	410.17

Short-term Borrowings as of December 31, 2015 and 2014 amounting to 134.61 million baht and 234.72 million baht respectively, borrowings from individuals, juristic persons, state-enterprise and government affairs as promissory notes with interest rates of 0.25–2.00% per annum. Interest payment dates were due on demand.

Long-term Borrowings as of December 31, 2015 and 2014, the Bank had 175.45 million baht borrowing from the Ministry of Finance, transfer of business from Small Industry Finance Office, Department of Industrial Promotion, at 1992 which has capital amounting to 250.45 million baht. On October 21, 1992, transfer payment in the Small Industry Finance Corporation total number of shares is 750,000 shares with a par value of 100 baht per share or 75 million baht, with the remaining outstanding balance of 175.45 million baht.

5.16 Provisions

As of December 31, 2015 and 2014, provisions amounted to 1,373.23 million baht and 2,278.23 million baht respectively, consisting of:

5.16.1 Employee Benefits

The Bank estimated the costs of benefits awarded to retired employee by using the actuarial technique of insurance mathematical calculation to calculate remuneration which estimates are revised and in any future periods affected such as reduction rate, employee salaries and other factors including population estimation on death rate, resignation rate. For the year ended December 31, 2010, the costs amounted to 128.23 million baht. The Bank adjustment with the beginning of retained earnings in 2011 according to Urgent Memorandum from Ministry of Finance, State Enterprise Policy Office at GOR KOR 0805.1/WOR.95 dated October 20, 2011: Compliance to Thai Financial Reporting Standard (TFRS).

5.16 Provisions (Continued)

5.16.1 Employee Benefits (Continued)

For the year ended December 31, 2015 and 2014, the Bank set aside provisions for the benefits of retired employee as past service costs and current service costs amounting to 279.19 million baht and 245.48 million baht respectively, as follows:

	Unit: million baht	
	2015	2014
Beginning balance	245.48	210.34
Current service costs *	24.34	25.07
Interest costs *	17.04	16.31
Benefit paid during the year	(7.67)	(6.24)
Ending balance	279.19	245.48

* Shown as employee expense in the statement of comprehensive income

Main hypothesis to forecast benefits of retired employees was as follows:

Rate of salary raise	6.5%
Average rate of resignation	3.0%
Discount rate	2.38% - 4.27%

5.16.2 Provision for Derivatives

As of December 31, 2015 and 2014, provision for derivatives were 1,094.04 million baht and 2,032.75 million baht respectively (See Note 5.31.2).

The Bank revised its estimates on derivative reserves as the civil court had ruled on the reversal of the reserve amounting to 938.71 million baht.

5.17 Accrued Interest Payable

	Unit: million baht	
	2015	2014
Deposits	592.41	497.45
Interbank and money markets items	7.12	0.11
Short-term borrowing	8.52	12.22
Total	608.05	509.78

5.18 Support Fund from the Bureau of the Budget

5.18.1 Debt moratorium for general farmers and low-income people whose outstanding debts are less than 500,000 baht project

On July 19, 2013, the Bank was allocated a budget for a debt suspension scheme for general farmers and low-income people whose outstanding debts were less than 500,000 baht, amounting to 1.67 million baht. The project started in April 2013.

5.18 Support Fund from the Bureau of the Budget (Continued)

5.18.1 Debt moratorium for general farmers and low-income people whose outstanding debts are less than 500,000 baht project (Continued)

Disbursements of the support fund for the project, the Bank gradually recognized the fund as income compensated for training cost 2,500 baht each. In the 12 month period ended December 31, 2015, the Bank had the remaining support fund of 1.57 million baht.

5.18.2 Strategic development project for entrepreneurs (Productivity Improvement Loan: PIL)

The Bank received the budget for strategic development project for entrepreneur (Productivity Improvement Loan: PIL) amounting to 205.00 million baht. The project started in October 2013. Loans were granted to different activities as follows:

- Loan for machine development	45.00 million baht
- Loan for work process development	160.00 million baht

On November 21, 2013, the Bank was allocated the project budget of 10.00 million baht and on October 14, 2014 for the amount of 92.50 million baht as follows:

- Loan for machine development	22.50 million baht
- Loan for work process development	80.00 million baht

Disbursement of the support fund for strategic development project for entrepreneur (Productivity Improvement Loan: PIL), the Bank gradually recognized the fund as income compensated as follows:

- Loan for machine development was worth of 15,000.00 baht per business. In the 12 months period ended December 31, 2015, the Bank gradually recognized the fund as income compensated in the amount of 0.89 million baht and the remaining support fund in the amount of 21.48 million baht.

- Loan for work process development amounted to 40,000.00 baht per business. In the 12 months period ended December 31, 2015, the Bank gradually recognized the fund as income compensated in the amount of 32.00 million baht and the remaining support fund in the amount of 42.40 million baht.

5.19 Other Liabilities

Unit: million baht

	2015	2014
Accrued expenses	246.65	477.03
Payables-Revenue Department	1.81	2.89
Other payables	306.78	388.50
Insurance	133.00	145.51
Others	276.00	82.87
Total	964.24	1,096.80

5.20 Share Capital

The Bank was established in accordance to the Act of Small and Medium Enterprise Development Bank of Thailand B.E. 2545 which was effective on December 20, 2002. The Bank received the shares transferred from Small Industry Finance Corporation. A total number of the shares received was 28 million shares with a par value of 100 baht per share or 2,800 million baht.

5.20 Share Capital (Continued)

Registered share capital

As of December 31, 2015 and 2014, the Bank had total registered capital of 300 million shares with a par value of 100 baht per share or 30,000 million baht, and 200 million shares with a par value of 100 baht per share or 20,000 million baht, respectively.

Issued and paid-up share capital

As of December 31, 2015, the Bank had paid-up share capital of 163.81 million shares with a par value of 100 baht per share or 16,380.82 million baht, and the discount on common share worth of 2,625.82 million baht. The Ministry of Finance held 98.63% of total shares (according to the resolution from the Bank's annual general shareholders' meeting of year 2014, on April 21, 2014, on the capital increase of 2,000 million baht with a par value of 100 baht per share. Later, on January 13, 2015, the extraordinary general shareholders' meeting No. 1/2015 changed the par value of 100 baht per share to 27.58 baht per share, which was the accounting value as of September 30, 2014. On July 15, 2015, the Bank received the first batch of capital increase worth 1,000 million baht from the Ministry of Finance or equal to 36.26 million common shares).

As of December 31, 2014, the Bank's paid-up share capital was 127.55 million shares with a par value of 100 baht per share or 12,755 million baht. The Ministry of Finance held 98.24% of the total shares.

5.21 Other Components of Equity

Unit: million baht

	2015			2014		
	Beginning Balance	Change during Period	Ending Balance	Beginning Balance	Change during Period	Ending Balance
Revaluation surplus (deficit)						
on investments	7.34	17.71	25.05	(1.26)	8.60	7.34
Total	7.34	17.71	25.05	(1.26)	8.60	7.34

5.22 Interest Income

Interest income for the year ended December 31, 2015 and 2014 was as follows:

Unit: million baht

	2015	2014
Interbank and money market items	309.96	147.27
Investments	209.84	129.99
Loans	4,837.79	4,697.70
Hire-purchase lease	69.43	94.11
Total interest income	5,427.02	5,069.07

5.23 Interest Expenses

Interest expenses for the year ended December 31, 2015 and 2014 were as follows:

Unit: million baht

	2015	2014
Deposits	2,520.85	2,219.91
Interbank and money market items	190.41	142.32
Borrowings	2.05	3.68
Borrowings fee	0.01	0.01
Total interest expense	2,713.32	2,365.92

5.24 Fee and Service Income – Net

Fee and service income - net for the year ended December 31, 2015 and 2014 were as follows:

Unit: million baht

	2015	2014
Fee and service income		
- Acceptance, avals and guarantee	9.53	11.77
- Others	340.79	212.39
Total fees and service income	350.32	224.16
Fees and service expenses	(73.95)	(59.21)
Fee and service income - Net	276.37	164.95

5.25 Gain (Loss) on Trading and Foreign Exchange Transactions – Net

Net gains (losses) on trading and foreign exchange transaction for the year ended December 31, 2015 and 2014 were as follows:

Unit: million baht

	2015	2014
Gain (loss) on trading and foreign exchange transactions		
- Gain (loss) on foreign exchange transactions	10.66	(1.12)
Total	10.66	(1.12)

5.26 Net Gains (Losses) from Financial Debts Presented in Fair Value

Net gains (losses) from financial debts presented in fair value for the year ended December 31, 2015 and 2014 were as follows:

	Unit: million baht	
	2015	2014
Change in fair value – net		
- Borrowing	(2.13)	1.59
- Other liabilities	-	1.09
Total	(2.13)	2.68

5.27 Gains on Investment - Net

Gains on investment – net for the year ended December 31, 2015 and 2014 were as follows:

	Unit: million baht	
	2015	2014
Gains on impairment		
- General investments	15.88	40.31
Total	15.88	40.31

5.28 Employee Expenses

The cost of employee expenses amounted to 947.66 million baht, of which a portion came from the reversal of pending bonuses amounting to 313.13 million baht recognized by the Bank as expenses and were set as pending budget of the year 2013 and 2014.

5.29 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities, and loss on debt-restructuring which already included in the gain or loss at the year-ends of December 31, 2015, and 2014, as follows:

	Unit : million baht	
	2015	2014
Loans to customers	1,437.98	937.51
Loss on debt-restructuring	1.17	-
Total	1,439.15	937.51

5.30 Remuneration for Important Executives

Remuneration for important management was benefits paid to directors and management of the Bank, which consisting of salaries and other benefits such as benefits binding in the retirement project and remuneration to directors.

Unit : million baht

	2015	2014
Short-term benefits		
Remuneration to management	28.73	31.23
Remuneration to directors	6.21	3.89
Benefits after resignation	23.68	18.62
Total	58.62	53.74

5.31 Long-term Leased comprising of

5.31.1 Operating Leases: The Bank had the lease on land and building for expanding its branches, including other rental contracts for vehicles and equipment. The Bank had commitment arising from lease agreement to payment as follows:

Unit : million baht

Types	2015			
	Within 1 year	Over 1-5 yrs.	Over 5 yrs.	Total
Land/building lease	32.35	36.10	-	68.45
Vehicles lease	48.94	134.16	-	183.10
Office equipment lease	49.18	49.95	-	99.13
Total	130.47	220.21	-	350.68

Unit : million baht

Types	2014			
	Within 1 year	Over 1-5 yrs.	Over 5 yrs.	Total
Land/building lease	28.46	14.58	-	43.04
Vehicles lease	9.67	4.45	-	14.12
Total	38.13	19.03	-	57.16

5.31 Long-term Leased comprising of

5.31.2 Service Contract: The Bank made service contract as of December 31, 2015 and 2014 as follows:

Unit : million baht

Types	2015			
	Within 1 year	Over 1-5 yrs.	Over 5 yrs.	Total
Service contract	10.41	-	-	10.41
Total	10.41	-	-	10.41

Unit : million baht

Types	2014			
	Within 1 year	Over 1-5 yrs.	Over 5 yrs.	Total
Service contract	23.40	-	-	23.40
Total	23.40	-	-	23.40

5.32 Contingent liabilities and contingencies

5.32.1 Contingencies

Unit : million baht

	2015	2014
Liabilities under immature import bills	-	15.82
Letters of credit	15.00	37.68
Other contingencies		
Other guarantees	310.57	430.72
Foreign exchange contract		
- Buying	1,080.32	1,105.75
- Selling	36.09	16.50
Spot exchange contract	1.52	-
Other contingencies	1,428.50	1,552.97
Total	1,443.50	1,606.47

5.32.2 Lawsuits

As of December 31, 2015, the Bank had contingent liabilities due to lawsuits which the exact amount of compensation could not be set. The Bank had 51 lawsuits worth a total of 2,278.55 million baht and US\$ 135.74 million.

Out of the total 51 cases, 3 of them were the case that a commercial bank had filed a charge of derivative default worth a total of 1,074.01 million baht and US\$ 135.74 million. All of the 3 cases were in appeal court and the estimated liabilities were recorded in the provisions for derivatives (note 5.16.2).

5.33 The Application of New Accounting Policy

As of January 1, 2015, the Bank applied the new accounting policy on measurement of fair value according to the financial reporting standards No. 13 Fair Value Measurement.

Fair value was the value gained from the selling of assets or the payment for balance transfer in the normal condition in the principle market among relating players at the date of measuring fair value. In case that there was no principle market, used the most advantageous market price which buyers/sellers were able to enter into the transaction.

As of December 31, 2015, the hierarchy of fair value of the Bank's financial assets and liabilities was as follows:

Unit : million baht

	December 31, 2015		
	Fair value		
	Level 1	Level 2	Total
Financial assets			
Derivative assets – foreign exchange rate	-	0.02	0.02
Available-for-sale investment	2,470.61	-	2,470.61
Total financial assets	2,470.61	0.02	2,470.63
Financial liabilities			
Derivative liabilities – foreign exchange rate	-	76.47	76.47
Total financial liabilities	-	76.47	76.47

The hierarchy set up of fair value

Level 1: quoted prices in the liquidity market which has the same assets or liabilities

Level 2: the value set by an evaluation technique with a direct and indirect data from the market (observable data) as an important factor in evaluating the fair value

Level 3: the value set by an evaluation technique with an unobservable data in the market as an important factor in evaluating the fair value

The fair value of the derivatives set at level 2 was a reference price value bought/sold in the market, quoted by the sale representatives, buying/selling prices of other resemble items, or by the simulation of value evaluation from the observable market data, adjusted by the credit risk rate of each trader.

5.34 Financial Statement Approval

This financial statement was approved for issuance by the President of the Bank as an attorney, as of April 21, 2016.

Board of Directors Directory

Board of Directors 2002

No.	Name	Position
1.	Mr. Manu Leopairote	Chairperson
2.	Mr. Utid Tamwatin	Vice Chairperson
3.	Mr. Bunphot Hongthong	Director
4.	Mr. Chanchai Musikanisakorn	Director
5.	Mrs. Sumonman Kalayasiri	Director
6.	Mr. Uttama Sawanayon	Director
7.	Mr. Santi Wilatsakdanon	Director
8.	Mr. Yongyos Palanitisea	Director
9.	Mr. Teerawat Thanyalakpark	Director
10.	Mr. Samran Phuanantanon	Director and Secretary

Board of Directors 2003

No.	Name	Position
1.	Mr. Manu Leopairote	Chairperson
2.	Mr. Utid Tamwatin	Vice Chairperson
3.	Mrs. Sumonman Kalayasiri	Director
4.	Mr. Chanchai Musikanisakorn	Director
5.	Mr. Uttama Sawanayon	Director
6.	Mr. Santi Wilatsakdanon	Director
7.	Mr. Teerawat Thanyalakpark	Director
8.	Mr. Yongyos Palanitisea	Director
9.	Mr. Chotisak Asapaviriya	Director and Secretary

Board of Directors 2004

No.	Name	Position
1.	Mr. Manu Leopairote	Chairperson
2.	Mr. Utid Tamwatin	Vice Chairperson
3.	Mr. Sakthip Krailerk	Director
4.	Mr. Chakramon Phasukavanich	Director
5.	Mrs. Sumonman Kalayasiri	Director
6.	Mr. Uttama Sawanayon	Director
7.	Mrs. Anchalee Chavanich	Director
8.	Prof. Dr. Phisut Chalakornkun	Director
9.	Mr. Kiattipong Nojjaiboon	Director
10.	Mr. Teerawat Thanyalakpark	Director
11.	Mr. Chotisak Asapaviriya	Director and Secretary

Board of Directors 2005

No.	Name	Position
1.	Mr. Manu Leopairote	Chairperson
2.	Mr. Utid Tamwatin	Vice Chairperson
3.	Mr. Sakthip Krailerk	Director
4.	Mr. Chakramon Phasukavanich	Director
5.	Mrs. Sumonman Kalayasiri	Director
6.	Mr. Uttama Sawanayon	Director
7.	Mrs. Anchalee Chavanich	Director
8.	Prof. Dr. Phisut Chalakornkun	Director
9.	Mr. Kiattipong Nojjaiboon	Director
10.	Mr. Teerawat Thanyalakpark	Director
11.	Mr. Chotisak Asapaviriya	Director and Secretary

Board of Directors 2006

No.	Name	Position
1.	Mr. Chakramon Phasukavanich	Chairperson
2.	Mr. Somchai Sujjapongse	Vice Chairperson
3.	Mr. Damri Sukhotanang	Director
4.	Mr. Thevan Vichitakul	Director
5.	Mr. Sutisak Laohachewin	Director
6.	Mr. Sorasit Soontornkes	Director
7.	Mr. Pongsak Chewcharat	Director and Secretary

Board of Directors 2007

No.	Name	Position
1.	Mr. Chakramon Phasukavanich	Chairperson
2.	Mr. Somchai Sujjapongse	Vice Chairperson
3.	Mr. Thevan Vichitakul	Director
4.	Mr. Damri Sukhotanang	Director
5.	Mr. Sutisak Laohachewin	Director
6.	Mr. Somchai Kuvijitsuwan	Director
7.	Ms. Wilaiporn Liwagasemsan	Director
8.	Mr. Kongkrit Hiranyakit	Director
9.	Ms. Ladawan Thanathanit	Director
10.	Mrs. Sukanya Chantrapannik	Director
11.	Mr. Pongsak Chewcharat	Director and Secretary

Board of Directors 2008

No.	Name	Position
1.	Mr. Pongpanu Svetarundra	Chairperson
2.	Mr. Phichit Akrahit	Director
3.	Mr. Vudhibhongse Vibulyawongse	Director
4.	Mr. Sakarindr Bhumiratana	Director
5.	Mr. Tanit Sorat	Director
6.	Mr. Pramode Vidtayasuk	Director
7.	Dr. Ekniti Nitithanprapas	Director
8.	Mr. Vichaya Vitheethum	Director
9.	Mr. Poonnis Sakuntanaga	Director
10.	Mr. Pongsak Chajiamjan	Senior Executive Vice President, Acting President, Officiate as Director and Secretary

Board of Directors 2009

No.	Name	Position
1.	Mr. Pongpanu Svetarundra	Chairperson
2.	Mr. Poonnis Sakuntanaga	Director
3.	Dr. Ekniti Nitithanprapas	Director
4.	Mr. Pramode Vidtayasuk	Director
5.	Dr. Sakarindr Bhumiratana	Director
6.	Mr. Vichaya Vitheethum	Director
7.	Mr. Vudhibhongse Vibulyawongse	Director
8.	Dr. Tanit Sorat	Director
9.	Mr. Abdul Laohapol	Director
10.	Mr. Boonsak Chiempricha	Director
11.	Mr. Soros Sakornvisava	Director and Secretary

Board of Directors 2010

No.	Name	Position
1.	Mr. Pongpanu Svetarundra	Chairperson
2.	Mr. Poonnis Sakuntanaga	Director
3.	Mr. Pramode Vidtayasuk	Director
4.	Dr. Sakarindr Bhumiratana	Director
5.	Mr. Vudhibhongse Vibulyawongse	Director
6.	Dr. Tanit Sorat	Director
7.	Mr. Adul Laohapol	Director
8.	Mr. Boonsak Chiempricha	Director
9.	Mr. Soros Sakornvisava	Director and Secretary

Board of Directors 2011

No.	Name	Position
1.	Dr. Naris Chaayasoot	Chairperson
2.	Mr. Pichai Chunhavajira	Director
3.	Mr. Witoon Simachokedee	Director
4.	Mr. Anusorn Muttaraid	Director
5.	Mr. Udom Wongviwatchai	Director
6.	Mr. Vudhibhongse Vibulyawongse	Director
7.	Mr. Sommai Khowkachaporn	Director
8.	Mrs. Wanee Thasanamontien	Director
9.	Mr. Adul Laohapol	Director
10.	Mr. Jirayut Rungsrithong	Director
11.	Mr. Soros Sakornvisava	Director and Secretary

Board of Directors 2012

No.	Name	Position
1.	Dr. Naris Chaayasoot	Chairperson
2.	Mr. Pichai Chunhavajira	Director
3.	Mr. Witoon Simachokedee	Director
4.	Mr. Vudhibhongse Vibulyawongse	Director
5.	Mr. Udom Wongviwatchai	Director
6.	Mrs. Wanee Thasanamontien	Director
7.	Mr. Anusorn Muttaraid	Director
8.	Mr. Sommai Khowkachaporn	Director
9.	Mr. Adul Laohapol	Director
10.	Mr. Jirayut Rungsrithong	Director
11.	Mr. Pongsak Chajiamjan	Senior Executive Vice President, Acting President, Officiate as Director and Secretary

Board of Directors 2013

No.	Name	Position
1.	Dr. Naris Chaayasoot	Chairperson
2.	Witoon Simachokedee, Ph.D.	Director
3.	Mr. Pichai Chunhavajira	Director
4.	Mr. Kritsda Udyanin	Director
5.	Somchai Harnhirun, Ph.D.	Director
6.	Patima Jeerapaet, Ph.D.	Director
7.	Mr. Vitaya Suriyawong	Director
8.	Mr. Anusorn Muttaraid	Director
9.	Mr. Jirayut Rungsrithong	Director
10.	Miss Parichatara L. Sirivong	Senior Executive Vice President, Acting President, Officiate as Director and Secretary

Board of Directors 2014

No.	Name	Position
1.	Mrs. Salinee Wangtal	Chairperson
2.	Mrs. Saowanee Kamolbutr	Director
3.	Mr. Atsadang Chiewthada	Director
4.	Mr. Vitaya Suriyawong	Director
5.	Mrs. Pankanitta Boonkrong	Director
6.	Mr. Lavaron Sangsnit	Director
7.	Mr. Anusorn Muttaraid	Director
8.	Somchai Harnhirun, Ph.D	Director
9.	Mr. Vichit Kornvityakoon	Director
10.	Miss Parichatara L. Sirivong	Senior Executive Vice President, Acting President, Officiate as Director and Secretary

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053 413 010, 053 218 038-9
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Rob Viang, Mueang, Chiangrai 57000
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053 714 501
Fax. 053 711 915
E-mail: Chiangrai@smebank.co.th

Chiangrai Branch

450/29-32 Mu 13, Phaholyothin Rd.,
Rob Viang, Mueang, Chiangrai 57000
Tel. 053 718 504, 053 714 096,
053 714 501
Fax. 053 711 915
E-mail: Chiangrai@smebank.co.th

Phayao Branch

286/22 Phaholyothin Rd.,
Maetum, Mueang, Phayao 56000
Tel. 054 480 222-3
Fax. 054 485 989
E-mail: Phayao@smebank.co.th

Maesai Branch

825/2 Mu 3, Phaholyothin Rd.,
Viang Phang Kam, Maesai,
Chiangrai 57000
Tel. 053 734 494-6
Fax. 053 734 497
E-mail: Maesai@smebank.co.th

Region 2

292-294 Lampang-Ngaw Super-Highway Rd.,
Pra Baht, Mueang, Lampang 52000
Tel. 054 821 549-53
Fax. 054 821 548
E-mail: Lampang@smebank.co.th

Zone 3

292-294 Lampang-Ngaw Super-Highway Rd.,
Pra Baht, Mueang, Lampang 52000
Tel. 054 821 549-53
Fax. 054 821 548
E-mail: Lampang@smebank.co.th

Lampang Branch

292-294 Lampang-Ngaw Super-Highway Rd.,
Pra Baht, Mueang, Lampang 52000
Tel. 054 821 549-53
Fax. 054 821 548
E-mail: Lampang@smebank.co.th

Phrae Branch

303/20-21 Mu 7, Na Juck, Mueang,
Phrae 54000
Tel. 054 533 997, 054 628 010-2
Fax. 054 533 996
E-mail: Phrae@smebank.co.th

Nan Branch

226/6 Mu 6, Dutai, Mueang Nan, Nan
55000
Tel. 054 772 500-2
Fax. 054 772 503
E-mail: Nan@smebank.co.th

Zone 4

642, 644 Charoensuk Rd., Nai Mueang,
Mueang, Kamphaengphet 62000
Tel. 055 773 205-8
Fax. 055 773 209
E-mail: Kamphaengphet@smebank.co.th

Kamphaengphet Branch

642, 644 Charoensuk Rd., Nai Mueang,
Mueang, Kamphaengphet 62000
Tel. 055 773 205-8
Fax. 055 773 209
E-mail: Kamphaengphet@smebank.co.th

Sukhothai Branch

1, 1/2-3 Jarod Withee Thong Rd.,
Thani, Mueang, Sukhothai 64000
Tel. 055 616 166-7
Fax. 055 616 168
E-mail: Sukhothai@smebank.co.th

Tak Branch

120, 120/1 Taksin Rd., Nong Luang,
Mueang, Tak 63000
Tel. 055 517 502, 055 514 002-3
Fax. 055 514 004
E-mail: Tak@smebank.co.th

Zone 5

838 Mittraphap Rd., Nai Mueang, Mueang,
Phitsanulok 65000
Tel. 055 221 575-6
Fax. 055 304 554
E-mail: Phitsanulok@smebank.co.th

Phitsanulok Branch

838 Mittraphap Rd., Nai Mueang, Mueang,
Phitsanulok 65000
Tel. 055 221 575-6
Fax. 055 304 554
E-mail: Phitsanulok@smebank.co.th

Phichit Branch

42/1-42/2 Ratkasemautid Rd., Nai Mueang,
Mueang, Phichit 66000
Tel. 056 616 550-2
Fax. 056 616 553
E-mail: Phichit@smebank.co.th

Phetchabun Branch

4/13-14 Samakkeechai Rd., Nai Mueang,
Mueang, Phetchabun 67000
Tel. 056 720 821-2, 056 720 922
Fax. 056 713 187
E-mail: Phetchabun@smebank.co.th

Uttaradit Branch

20/22-23 Jessadabodinnoun Rd.,
Tha It, Mueang, Uttaradit 53000
Tel. 055 411 872-3
Fax. 055 411 874
E-mail: Uttaradit@smebank.co.th

Region 3

919/28, 111 Mu 10, Phahonyothin Rd.,
Nakhonsawan Tok, Mueang Nakhonsawan,
Nakhonsawan 60000
Tel. 056 220 877-8, 056 232 976, 056 231 336
Fax. 056 220 879
E-mail: Nakhonsawan@smebank.co.th

Zone 6

919/28, 111 Mu 10, Phahonyothin Rd.,
Nakhonsawan Tok, Mueang Nakhonsawan,
Nakhonsawan 60000
Tel. 056 220 877-8, 056 232 976, 056 231 336
Fax. 056 220 879
E-mail: Nakhonsawan@smebank.co.th

Nakhonsawan Branch

919/28, 111 Mu 10, Phahonyothin Rd.,
Nakhonsawan Tok, Mueang Nakhonsawan,
Nakhonsawan 60000
Tel. 056 220 877-8, 056 232 976, 056 231 336
Fax. 056 220 879
E-mail: Nakhonsawan@smebank.co.th

Uthaithani Branch

137 Terbsiri Rd., Uthaimai, Mueang,
Uthaithani 61000
Tel. 056 571 401-3
Fax. 056 571 404
E-mail: Uthaithani@smebank.co.th

Chainat Branch

68/3-4 Phomprasert Rd., Nai Mueang,
Mueang, Chainat 17000
Tel. 056 416 741-3, 056 414 023, 056 414 050
Fax. 056 416 744
E-mail: Chainat@smebank.co.th

Region 4

497/1-3 Mu 2, Mittraphap Rd., Sila,
Mueang, Khonkaen 40000
Tel. 043 343 580-3, 043 393 889
Fax. 043 393 888
E-mail: Khonkaen@smebank.co.th

Zone 7

497/1-3 Mu 2, Mittraphap Rd., Sila,
Mueang, Khonkaen 40000
Tel. 043 343 580-3, 043 393 889
Fax. 043 393 888
E-mail: Khonkaen@smebank.co.th

Khonkaen Branch

497/1-3 Mu 2, Mittraphap Rd., Sila,
Mueang, Khonkaen 40000
Tel. 043 343 580-3, 043 393 889
Fax. 043 393 888
E-mail: Khonkaen@smebank.co.th

Chumpae Branch

1207, 1208 Mu 15, Maliwan Rd.,
Chumphae, Chumphae,
Khonkaen 40130
Tel. 043 313 091-2, 043 384 091
Fax. 043 311 323
E-mail: Chumpae@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: Chaiyaphum@smebank.co.th

Loei Branch

87/13 Maliwan Rd., Kudpong,
Mueang, Loei 42000
Tel. 042 833 785-7
Fax. 042 833 788
E-mail: Loei@smebank.co.th

Zone 8

751/10-11 Mittraphap Rd., Nai Mueang,
Mueang, Nakhonratchasima 30000
Tel. 044 262 418-20, 044 251 050-51
Fax. 044 262 418
E-mail: Nakhonratchasima@smebank.co.th

Nakhonratchasima Branch

751/10-11 Mittraphap Rd., Nai Mueang,
Mueang, Nakhonratchasima 30000
Tel. 044 262 418-20, 044 251 050-51
Fax. 044 262 418
E-mail: Nakhonratchasima@smebank.co.th

Pakchong Branch

71/4 Mittraphap Rd., Pakchong, Pakchong,
Nakhonratchasima 30130
Tel. 044 313 142, 044 313 555, 044 313 135
Fax. 044 313 546
E-mail: Pakchong@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

Region 5

499/3-4 Mu 7, Robmueang Rd., Makkang,
Mueang, Udonthani 41000
Tel. 042 211 844-6
Fax. 042 211 847
E-mail: Udonthani@smebank.co.th

Zone 9

499/3-4 Mu 7, Robmueang Rd., Makkang,
Mueang, Udonthani 41000
Tel. 042 211 844-6
Fax. 042 211 847
E-mail: Udonthani@smebank.co.th

Udonthani Branch

499/3-4 Mu 7, Robmueang Rd., Makkang,
Mueang, Udonthani 41000
Tel. 042 211 844-6
Fax. 042 211 847
E-mail: Udonthani@smebank.co.th

Nongkhai Branch

899/1-2 Mu 5, Nongkhai - Poanpisai Rd.,
Phochai, Mueang, Nongkhai 43000
Tel. 042 414 111-3
Fax. 042 414 114
E-mail: Nongkhai@smebank.co.th

Nongbualamphu Branch

3/1-2 Wiriyothin Rd., Nongbua, Mueang
Nongbualamphu 39000
Tel. 042 312 400, 042 312 700, 042 312 800
Fax. 042 312 875
E-mail: Nongbualamphu@smebank.co.th

Zone 10

228/8 Charoenmueang Rd.,
Thatchoengchum, Mueang,
Sakonnakhon 47000
Tel. 042 730 960-2, 042 716 534
Fax. 042 716 764
E-mail: Sakonnakhon@smebank.co.th

Sakonnakhon Branch

228/8 Charoenmueang Rd.,
Thatchoengchum, Mueang,
Sakonnakhon 47000
Tel. 042 730 960-2, 042 716 534
Fax. 042 716 764
E-mail: Sakonnakhon@smebank.co.th

Sawangdaendin Branch

909 Mu 11, Sawangdaendin,
Sawangdaendin, Sakonnakhon 47110
Tel. 042 722 515-7
Fax. 042 722 518
E-mail: Sawangdaendin@smebank.co.th

Nakhonphanom Branch

764/1 Suntomvichit Rd., Nai Mueang,
Mueang, Nakhonphanom 48000
Tel. 042 516 340-2
Fax. 042 516 343
E-mail: Nakhonphanom@smebank.co.th

Region 6

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

Zone 11

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

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

Yasothon Branch

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

Kalasin Branch

1/8 Kudyangsamakkee Rd.,
Kalasin, Mueang, Kalasin 46000
Tel. 043 812 446-7, 043 812 442
Fax. 043 812 424
E-mail: Kalasin@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

Zone 12

78 Tewa Phiban Rd., Nai Mueang, Mueang,
Roiet 45000
Tel. 043 511 100, 043 514 666,
043 514 775, 043 519 538-9
Fax. 043 514 535
E-mail: Roiet@smebank.co.th

Roiet Branch

78 Tewa Phiban Rd., Nai Mueang, Mueang,
Roiet 45000
Tel. 043 511 100, 043 514 666,
043 514 775, 043 519 538-9
Fax. 043 514 535
E-mail: Roiet@smebank.co.th

Mahasarakham Branch

453, 453/1 Nakhonsawan Rd., Talad, Mueang,
Mahasarakham 44000
Tel. 043 741 211-3
Fax. 043 741 214
E-mail: Mahasarakham@smebank.co.th

Surin Branch

297/4 Tessaban 3 Rd., Nai Mueang,
Mueang, Surin 32000
Tel. 044 713 141-2, 044 713 725-6
Fax. 044 713 143
E-mail: Surin@smebank.co.th

Zone 13

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

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

Detudom Branch

439 Mu 5, Mueangdet, Detudom,
Ubonratchathani 34160
Tel. 045 361 870, 045 362 670, 045 362 460
Fax. 045 361 240
E-mail: Detudom@smebank.co.th

Sisaket Branch

26/13 Sisaket - Ubonratchathani Rd.,
Mu 2 Pho, Mueang, Sisaket 33000
Tel. 045 617 880-2, 045 610 031
Fax. 045 617 883
E-mail: Sisaket@smebank.co.th

Region 7

289 Mu 4, Malai Maen Rd., Sanamchai,
Mueang, Suphanburi 72000
Tel. 035 501 584-5
Fax. 035 501 575
E-mail: Suphanburi@smebank.co.th

Zone 14

289 Mu 4, Malai Maen Rd., Sanamchai,
Mueang, Suphanburi 72000
Tel. 035 501 584-5
Fax. 035 501 575
E-mail: Suphanburi@smebank.co.th

Suphanburi Branch

289 Mu 4, Malai Maen Rd., Sanamchai,
Mueang, Suphanburi 72000
Tel. 035 501 584-5
Fax. 035 501 575
E-mail: Suphanburi@smebank.co.th

Kanchanaburi Branch

130, 132 Saengchooto Rd., Ban Tai,
Mueang, Kanchanaburi. 71000
Tel. 034 514 092-3, 034 514 101
Fax. 034 514 102
E-mail: Kanchanaburi@smebank.co.th

Lopburi Branch

41/29-30 Mu 1, Phahonyothin Rd. Tasala,
Mueang, Lopburi, 15000
Tel. 036 784 445-7
Fax. 036 784 448
E-mail: Lopburi@smebank.co.th

Singburi Branch

155/59-60 Mu 7, Bang Man Mueang,
Singburi 16000
Tel. 036 524 678-80
Fax. 036 524 166
E-mail: Singburi@smebank.co.th

Zone 15

58/9-10 Mu 1, Rodjana Rd., Thanu, Uthai,
Phranakhonsiyutthaya 13000
Tel. 035 345 334-6
Fax. 035 345 337
E-mail: Ayutthaya@smebank.co.th

Phranakhonsiyutthaya Branch

58/9-10 Mu 1, Rodjana Rd., Thanu, Uthai,
Phranakhonsiyutthaya 13000
Tel. 035 345 334-6
Fax. 035 345 337
E-mail: Ayutthaya@smebank.co.th

Saraburi Branch

88/24 Sudbuntud Rd., Mueang, Saraburi
18000
Tel. 036 221 112, 036 221 142, 036 231 121-2
Fax. 036 221 254
E-mail: Saraburi@smebank.co.th

Angthong Branch

14/5-6 Angthong-Singburi Rd.,
Thaladloang, Mueang, Angthong 14000
Tel. 035 625 116, 035 625 106, 035 625 198
Fax. 035 625 207
E-mail: Angthong@smebank.co.th

Nakhonnayok Branch

2-251/27-28 Nakhonnayok-Rangsit Rd.,
Nakhonnayok, Nakhonnayok,
Nakhonnayok 26000
Tel. 037 315 659-60, 037 316 161-2
Fax. 037 316 164
E-mail: Nakhonnayok@smebank.co.th

Region 8

5/74-75 Piboonsongkram Rd., Suanyai,
Mueang, Nonthaburi 110000
Tel. 0 2525 1991-2
Fax. 0 2525 1949
E-mail: Nonthaburi@smebank.co.th

Zone 16

5/74-75 Piboonsongkram Rd., Suanyai,
Mueang, Nonthaburi 110000
Tel. 0 2525 1991-2
Fax. 0 2525 1949
E-mail: Nonthaburi@smebank.co.th

Nonthaburi Branch

5/74-75 Piboonsongkram Rd., Suanyai,
Mueang, Nonthaburi 110000
Tel. 0 2525 1991-2
Fax. 0 2525 1949
E-mail: Nonthaburi@smebank.co.th

Bangbuathong Branch

88/12-13 Mu 4, Bangkruay-Sainoi Rd.,
Sanoloy, Bangbuathong, Nonthaburi 11110
Tel. 0 2571 2335-6, 0 2571 2342
Fax. 0 2571 2343
E-mail: Bangbuathong@smebank.co.th

Pathumthani Branch

40/40-42 Bangkok-Pathumthani Rd.,
Bang Prok, Mueang, Pathumthani 12000
Tel. 0 2581 7100-2, 0 2581 2914
Fax. 0 2581 7103
E-mail: Pathumthani@smebank.co.th

Rangsit Branch

132/15-17 Lamlukka Rd., Kukod,
Lamlukka, Pathumthani 12130
Tel. 0 2900 7244-6
Fax. 0 2900 7247
E-mail: Rangsit@smebank.co.th

Zone 17

497 Luangphang Rd., Tubyaw, Latkrabang,
Bangkok 10520
Tel. 0 2172 9680-2
Fax. 0 2172 9683
E-mail: Latkrabang@smebank.co.th

Latkrabang Branch

497 Luangphang Rd., Tubyaw, Latkrabang,
Bangkok 10520
Tel. 0 2172 9680-2
Fax. 0 2172 9683
E-mail: Latkrabang@smebank.co.th

Chatuchak Branch

1694, 1696 Phahonyothin Rd., Chankasem,
Chatuchak, Bangkok 10900
Tel. 0 2513 8226-7, 0 2513 8214
Fax. 0 2513 8215
E-mail: Chatuchak@smebank.co.th

PinKlao Branch

1/79 Boromratchonnee Rd., Arun Amarin
Bangkok Noi, Bangkok. 10700
Tel. 0 2434 9211, 0 2434 9178-9,
0 2265 3227-32
Fax. 0 2434 9177
E-mail: Pinklao@smebank.co.th

Zone 18

458/14-15 Sukhumvit Rd., Paknum,
Mueang, Samutprakan 10280
Tel. 0 2702 5830-2
Fax. 0 2702 5833
E-mail: Samutprakan@smebank.co.th

Samutprakan Branch

458/14-15 Sukhumvit Rd., Paknum,
Mueang, Samutprakan 10280
Tel. 0 2702 5830-2
Fax. 0 2702 5833
E-mail: Samutprakan@smebank.co.th

Prapradang Branch

105/11 Mu 10, Suk Sawat Rd.,
Bang Phueng, Phra Pradaeng,
Samutprakan 10130
Tel. 0 2462 8433-5
Fax. 0 2462 8436
E-mail: Prapradang@smebank.co.th

Sukhumvit 62 Branch

2150/9 Sukhumvit Rd., Bangchak,
Phakanong, Bangkok 10260
Tel. 0 2311 1819-22
Fax. 0 2311 1821
E-mail: Sukhumvit@smebank.co.th

Region 9

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

Zone 19

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

Chonburi Branch

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

Prachinburi Branch

173/7-8 Prachin Takam Rd., Nha Mueang,
Mueang, Prachinburi 25000
Tel. 037 216 818-9, 037 216 838
Fax. 037 216 820
E-mail: Prachinburi@smebank.co.th

Chachoengsao Branch

182-184 Chachoengsao-Bangpakong Rd.,
Namueang, Mueang, Chachoengsao 24000
Tel. 038 812 642-3, 038 513 363, 038 535 915
Fax. 038 535 082
E-mail: Chachoengsao@smebank.co.th

Pattaya Branch

245/155-156 Mu 9, Pattaya 3 Rd.,
Nongprue, Banglamung, Chonburi 20150
Tel. 038 416 805-7
Fax. 038 416 808
E-mail: Pattaya@smebank.co.th

Zone 20

51/32 Mu 3, Say 36 Rd., Thapma, Mueang,
Rayong 21000
Tel. 038 622 221, 038 622 258, 038 622 367
Fax. 038 621 191
E-mail: Rayong@smebank.co.th

Rayong Branch

51/32 Mu 3, Say 36 Rd., Thapma, Mueang,
Rayong 21000
Tel. 038 622 221, 038 622 258, 038 622 367
Fax. 038 621 191
E-mail: Rayong@smebank.co.th

Sakaeo Branch

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

Chanthaburi Branch

35/119 Mu 7, Trirat Rd., Chanthanimit,
Mueang, Chanthaburi 22000
Tel. 039 324 562-3
Fax. 039 313 216
E-mail: Chanthaburi@smebank.co.th

Trat Branch

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

Region 10

28/29-30 Yingpao Rd., Sanamjan, Mueang,
Nakhonpathom 73000
Tel. 034 258 405-6, 034 218 661-2,
034 275 765
Fax. 034 218 663
E-mail: Nakhonpathom@smebank.co.th

Zone 21

28/29-30 Yingpao Rd., Sanamjan, Mueang,
Nakhonpathom 73000
Tel. 034 258 405-6, 034 218 661-2,
034 275 765
Fax. 034 218 663
E-mail: Nakhonpathom@smebank.co.th

Nakhonpathom Branch

28/29-30 Yingpao Rd., Sanamjan, Mueang,
Nakhonpathom 73000
Tel. 034 258 405-6, 034 218 661-2,
034 275 765
Fax. 034 218 663
E-mail: Nakhonpathom@smebank.co.th

Aomnoi Branch

219/1277-1278 Mu 12, Phetkasem Rd.,
Aomnoi, Kratumban, Samutsakhon 74130
Tel. 0 2812 8785-6, 0 2812 8800
Fax. 0 2812 8787
E-mail: Aomnoi@smebank.co.th

Samutsakhon Branch

927/302-303 Settakit 1 Rd., Mahachai,
Mueang, Samutsakhon 74000
Tel. 034 811 478-80, 034 811 386-7
Fax. 034 811 481
E-mail: Samutsakhon@smebank.co.th

Samutsongkhram Branch

129/11-12 The Entrance Rd., Mae Klong,
Mueang, Samutsongkhram 75000
Tel. 034 723 661-2, 034 713 085
Fax. 034 723 663
E-mail: Samutsongkhram@smebank.co.th

Zone 22

260 Si Suriyawong Rd., Namueang,
Mueang, Ratchaburi 70000
Tel. 032 311 142-3, 032 338 958
Fax. 032 311 090
E-mail: Ratchaburi@smebank.co.th

Ratchaburi Branch

260 Si Suriyawong Rd., Namueang,
Mueang, Ratchaburi 70000
Tel. 032 311 142-3, 032 338 958
Fax. 032 311 090
E-mail: Ratchaburi@smebank.co.th

Banpong Branch

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

Phetchaburi Branch

45, 47 Chee-Sain Rd., Klogkacheng,
Mueang, Phetchaburi 76000
Tel. 032 410 301-2
Fax. 032 410 303
E-mail: Phetchaburi@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

Huahin Branch

22/52-53 Phet Kasem Rd., Huahin,
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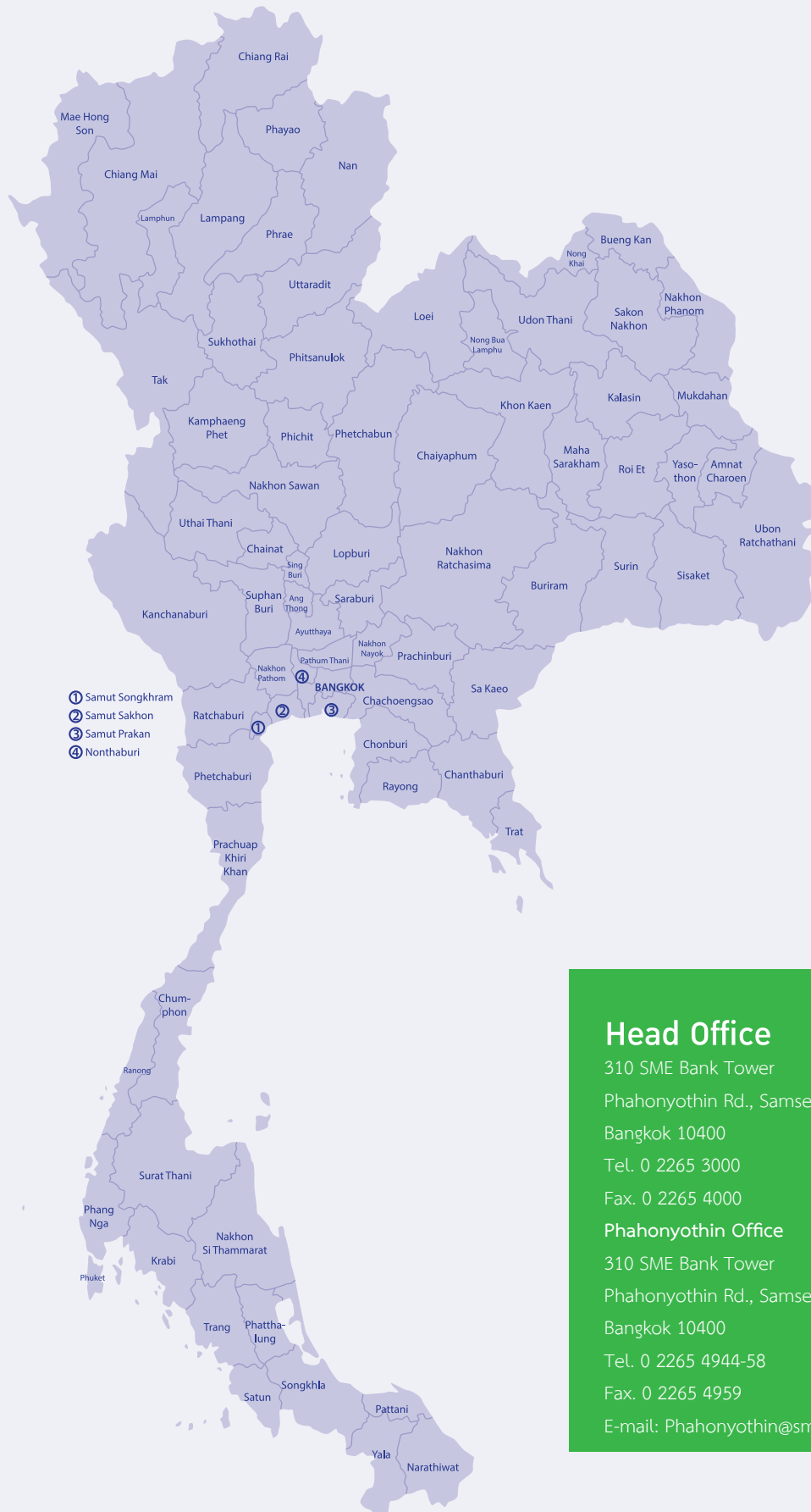
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