



REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS
SMALL AND MEDIUM ENTERPRISE DEVELOPMENT BANK OF THAILAND
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Office of the Auditor General

AUDITOR'S REPORT



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

The Office of the Auditor General has audited the balance sheets of the Small and Medium Enterprise Development Bank of Thailand as at December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audits.

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

In the opinion of the Office of the Auditor General, the financial statements referred to above present fairly, in all material respects, the financial position of the Small and Medium Enterprise Development Bank of Thailand as at December 31, 2008, and 2007, and the results of operations, the changes in shareholders' equity, and the cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying an opinion on these financial statements, the Office of the Auditor General of Thailand would like to draw attention to Note 3.23, contingent liabilities (off-balance sheet items), the Bank had annulled the contracts with the commercial banks and the contractor proceeded then a litigation against the Bank so that the Bank make a debt repayment in accordance with the contracts.

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

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

Office of the Auditor General

March 3, 2009

Balance Sheets

Small and Medium Enterprise Development Bank of Thailand

As at December 31, 2008 and 2007

Unit : Baht

	Notes	2008	2007
Assets			
Cash		191,759.70	900,108.50
Interbank and Money Market Items	3.1		
Domestic Items			
Interest Bearing		10,155,481,907.40	1,418,060,671.72
Non - Interest Bearing		443,557,873.96	440,836,836.40
Foreign Items			
Interest Bearing		873,601,224.12	-
Non - Interest Bearing		7,814,828.32	-
Total Interbank and Money Market Items		11,480,455,833.80	1,858,897,508.12
Securities Purchased under Resale Agreements	3.2	-	3,337,000,000.00
Investments	2.2.7 3.3		
Current Investments - Net		59,437,800.16	1,492,321,913.65
Long - term Investments - Net		2,023,481,946.37	2,111,812,292.74
Total Investments - Net		2,082,919,746.53	3,604,134,206.39
Loans and Accrued Interest Receivable			
Loans	2.2.4 3.4	43,438,584,945.47	43,161,670,307.75
Accrued Interest Receivable	3.4	147,442,497.61	163,162,862.94
Total Loans and Accrued Interest Receivable		43,586,027,443.08	43,324,833,170.69
Less Allowance for Doubtful Accounts	2.2.5 3.5	6,065,058,559.58	5,000,342,780.38
Total Loans and Accrued Interest Receivable - Net		37,520,968,883.50	38,324,490,390.31
Properties Foreclosed - Net	2.2.10 3.6	349,187,854.65	313,592,619.40
Premises and Equipment - Net	2.2.9 3.7	1,018,661,320.01	831,871,705.23
Assets In Process	3.8	33,911,787.33	260,237,416.54
Advance for Legal Costs - Net	3.9	-	-
Intangible Assets - Net	3.10	68,441,015.99	66,845,224.51
Other Assets - Net	3.11	149,546,415.49	223,056,975.86
Total Assets		52,704,284,617.00	48,821,026,154.86

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

Small and Medium Enterprise Development Bank of Thailand
As at December 31, 2008 and 2007

Unit : Baht

	Notes	2008	2007
Liabilities and Shareholders' Equity			
Deposits in Baht	3.12	23,106,289,257.63	12,889,337,801.05
Interbank and Money Market Items	3.13		
Domestic Items			
Interest Bearing		3,068,593,000.00	4,422,721,031.88
Foreign Items			
Interest Bearing		16,306,733,700.00	15,793,803,000.00
Total Interbank and Money Market Items		19,375,326,700.00	20,216,524,031.88
Liabilities Payable on Demand		10,144,690.40	38,068,455.73
Borrowings	3.14		
Short-term Borrowings		3,627,208,290.68	6,061,615,447.93
Long-term Borrowings		181,772,148.60	1,183,963,948.60
Total Borrowings		3,808,980,439.28	7,245,579,396.53
Accrued Interest Payable		498,775,081.94	494,973,683.67
Support Fund from the Assets Capitalization Bureau	3.15	3,474,087.52	28,736,450.13
Support Fund from the Operation Center for Resolving Debts of the Public	3.16	2,682,212.74	2,807,107.74
Difference on Revaluation - Cross Currency swap	3.17	1,523,062,550.00	2,040,097,000.00
Other Liabilities	3.18	1,071,212,697.03	443,386,392.32
Total Liabilities		49,399,947,716.54	43,399,510,319.05

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

Balance Sheets (Continued)

Small and Medium Enterprise Development Bank of Thailand

As at December 31, 2008 and 2007

Unit : Baht

	Notes	2008	2007
Liabilities and Shareholders' Equity			
Shareholders' Equity			
Share capital	3.19		
Authorized 91,000,000 Ordinary Shares of Baht 100 each		9,100,000,000.00	8,500,000,000.00
Issued and Fully Paid-up 91,000,000 Ordinary Shares		9,100,000,000.00	8,500,000,000.00
Revaluation Surplus on Investments	3.3	69,650,000.00	78,570,000.00
Government Support Fund for Investments	3.20	193,550,000.00	193,550,000.00
Retained Earnings	3.22		
Appropriated			
Legal Reserve	2.2.12	43,291,423.63	43,291,423.63
Reserve for Investments	2.2.13	216,457,118.20	216,457,118.20
Unappropriated		(6,318,611,641.37)	(3,610,352,706.02)
Total Shareholders' Equity		3,304,336,900.46	5,421,515,835.81
Total Liabilities and Shareholders' Equity		52,704,284,617.00	48,821,026,154.86
<u>Off-Balance Sheet Items-Contingencies</u>			
Letters of Credit	3.23	4,093,247.98	5,375,235.66
Other Contingencies		25,462,447,373.07	25,284,901,136.60

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

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

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

Statements of Income

Small and Medium Enterprise Development Bank of Thailand
For the years ended December 31, 2008 and 2007

Unit : Baht

	Notes	2008	2007
Interest and Dividend Income			
Loans		1,896,753,858.79	2,080,527,280.50
Interbank and Money Market Items		138,729,919.30	312,450,871.70
Leasing		76,933,355.70	77,426,312.00
Investments		98,587,238.04	169,337,007.94
Total Interest and Dividend Income		2,211,004,371.83	2,639,741,472.14
Interest Expenses			
Deposits		537,572,481.18	330,450,901.88
Interbank and Money Market Items		1,787,721,733.27	1,170,735,482.43
Short-term Borrowings		111,986,706.17	270,633,434.10
Long-term Borrowings		14,002,690.82	102,157,134.41
Total Interest Expenses		2,451,283,611.44	1,873,976,952.82
Net Interest and Dividend Income		(240,279,239.61)	765,764,519.32
Doubtful Accounts		1,064,715,779.20	833,159,548.31
Net Interest and Dividend Income After Doubtful Accounts		(1,304,995,018.81)	(67,395,028.99)
Non-Interest Income			
Gains (Losses) on Investments		(62,959,408.90)	(42,857,877.61)
Fees and Service Income			
Acceptances, Avals and Guarantees		13,672,735.52	17,713,143.53
Others		96,498,858.09	99,049,153.90
Gains (Losses) on Exchanges		1,447,174.53	-
Other Income		31,712,271.84	45,295,584.29
Total Non-Interest Income		80,371,631.08	119,200,004.11
Non-Interest Expenses			
Personnel Expenses		931,629,596.20	633,093,839.44
Premises and Equipment Expenses		269,964,318.62	275,952,666.63
Taxes and duties		469,713.55	491,411.55
Fees and Service Expenses		50,733,806.82	30,711,423.62
Directors' Remuneration		2,215,500.00	2,141,600.00
Other Expenses		228,622,612.43	174,223,531.64
Total Non-Interest Expenses		1,483,635,547.62	1,116,614,472.88
Net Losses		(2,708,258,935.35)	(1,064,809,497.76)
Basic Earnings per Share	2.2.14	(31.85)	(14.55)

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

Statements of Changes in Shareholders' Equity

Small and Medium Enterprise Development Bank of Thailand

For the years ended December 31, 2008 and 2007

Unit : Baht

	Issued and paid up Share capital	Excess capital from change in investment value	Government support fund for investment	Retained earnings	Total
Opening Balance at January 1, 2007	7,300,000,000.00	73,480,000.00	193,550,000.00	(2,285,794,666.43)	5,281,235,333.57
Share Capital					
Issued 12,000,000 Shares of Baht 100 each	1,200,000,000.00	-	-	-	1,200,000,000.00
Revaluation Surplus on Investments	-	5,090,000.00	-	-	5,090,000.00
Net Losses	-	-	-	(1,064,809,497.76)	(1,064,809,497.76)
Closing Balance at December 31, 2007	8,500,000,000.00	78,570,000.00	193,550,000.00	(3,350,604,164.19)	5,421,515,835.81
Share Capital					
Issued 6,000,000 Shares of Baht 100 each	600,000,000.00	-	-	-	600,000,000.00
Revaluation Deficit on Investments	-	(8,920,000.00)	-	-	(8,920,000.00)
Net Losses	-	-	-	(2,708,258,935.35)	(2,708,258,935.35)
Closing Balance at December 31, 2008	9,100,000,000.00	69,650,000.00	193,550,000.00	(6,058,863,099.54)	3,304,336,900.46

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

Statements of Cash Flows

Small and Medium Enterprise Development Bank of Thailand

For the years ended December 31, 2008 and 2007

Unit : Baht

	2008	2007
Cash Flows from Operating Activities		
Net Losses	(2,708,258,935.35)	(1,064,809,497.76)
Items to Reconcile Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	103,447,352.04	90,090,665.67
Doubtful Accounts	1,154,036,227.44	864,915,551.83
(Gains) Losses from Sale of Assets	(158.79)	(13,799.05)
Decrease in Accrued Income	-	9,290,020.48
Increase (Decrease) in Accrued Expenses	1,440,369.38	(135,478,860.30)
Loss from Depreciation of Capital	63,000,504.90	42,857,877.61
Loss from Depreciation of Properties Foreclosed	45,650.40	22,541,161.95
Adjusted the Asset In Process of the previous period to the expenses in the current period	124,050.00	-
	(1,386,164,939.98)	(170,606,879.57)
Net Interest and Dividend Income	240,279,239.61	(765,764,519.32)
Cash Received Interest and Dividend	2,226,724,737.16	2,683,171,305.36
Cash Paid Interest Expense	(2,447,482,213.17)	(2,031,542,188.97)
Losses from Operations before Changes in Operating Assets and Liabilities	(1,366,643,176.38)	(284,742,282.50)
(Increase) Decrease in Operating Assets		
Interbank and Money Market Items	(9,696,105,325.68)	2,198,258,575.87
Securities Purchased under Resale Agreements	3,337,000,000.00	(177,000,000.00)
Loans	(276,914,637.72)	820,144,932.55
Properties Foreclosed	(35,640,885.65)	(105,225,080.49)
Other Assets	(15,809,887.87)	66,388,022.42
Increase (Decrease) in Operating Liabilities		
Cash Deposits in Baht	10,216,951,456.58	6,626,422,014.38
Interbank and Money Market Items	(841,197,331.88)	(8,454,007,088.88)
Liabilities Payable on Demand	(27,923,765.33)	(4,995,086.97)
Support Fund from the Assets Capitalization Bureau	(25,262,362.61)	28,736,450.13
Support Fund from the Operation Center for Resolving Debts of the Public	(124,895.00)	1,931,791.16
Support Fund from the Bureau of the Budget	-	(113,852.80)
Other Liabilities	109,393,175.33	859,352,546.32
Net Cash from Operating Activities	1,377,722,363.79	1,575,150,941.19

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

Statements of Cash Flows (Continued)

Small and Medium Enterprise Development Bank of Thailand

For the years ended December 31, 2008 and 2007

Unit : Baht

	2008	2007
Cash Flows from Investment Activities		
Increase in Time Deposits	74,547,000.00	(39,630,518.67)
Cash Paid for Securities Investment	(3,033,191,957.50)	(5,583,418,804.78)
Cash Paid for Purchase of Premises and Equipment	(21,454,677.50)	(26,683,178.94)
Cash Paid for Purchase of Intangible Assets	(9,568,269.40)	(1,831,474.80)
Cash Paid for Purchase of Assets In Process	(34,658,341.65)	(55,508,685.23)
Cash Received from Assets In Process	-	8,538,600.00
Cash Received from Reimbursement of Assurance Claims	8,578.25	55,688.33
Cash Received from Securities Investment	4,482,485,912.46	8,677,662,993.98
Net Cash from Investment Activities	1,458,168,244.66	2,979,184,619.89
Cash Flows from Financing Activities		
Cash Paid for Repayment of Borrowings	(979,786,936.30)	(5,815,103,941.25)
Cash Received from Borrowings	2,543,187,979.05	52,188,488.67
Cash Paid for Debenture	(5,000,000,000.00)	-
Cash Received from Shares Issued and Fully Paid	600,000,000.00	1,200,000,000.00
Net Cash Used in Financing Activities	(2,836,598,957.25)	(4,562,915,452.58)
Net Decrease in Cash and Cash Equivalents	(708,348.80)	(8,579,891.50)
Opening Balance of Cash and Cash Equivalents	900,108.50	9,480,000.00
Closing Balance of Cash and Cash Equivalents	191,759.70	900,108.50

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

NOTES TO FINANCIAL STATEMENTS

SMALL AND MEDIUM ENTERPRISE DEVELOPMENT BANK OF THAILAND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. Establishment Objectives and Operations

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

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

The Bank's head office is located at 310 SME BANK TOWER Phahonyothin Road, Sam Sen Nai District, Phayathai Bangkok. The Bank has branch offices located throughout all regions of Thailand. Total employees as at December 31, 2008 and 2007 were 1,556 and 1,776 respectively.

2. Basis of Presentation and Significant Accounting Policies

2.1 Basis of Presentation of Financial Statements

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

2.2 Summary of Significant Accounting Policies

2.2.1 Cash and Cash Equivalents

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

2.2.2 Recognition of Income

- Interest income

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

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

- Penalties income

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

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

- Fees and service income

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

2.2.3 Recognition of Interest Expense

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

2.2.4 Loans

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

2.2.5 Allowance for Doubtful Accounts

In regard to the loans' debtors, the allowance for doubtful accounts has been considered by the loan of each debtor, based on the possibilities of debt repayment, the value of existing collaterals, and the debtors' classification, conducted by the Bank, as specified by Bank of Thailand, regarding the basis of assets classification and provisioning dated on August 3, 2008. Having performed, partly, in accordance with the basis of Bank of Thailand, the Bank is needed to set still the provisioning at the rate of 20% and 50% of the debt value after deducting for the collaterals, while the Bank of Thailand has implemented the provisioning at the rate of 100%, in case the debtor has not been adjudged by the Court and classified as substandard assets for doubtful accounts. According to the Cabinet's resolution dated on May 29, 2007, the Special Financial Institution could gradually perform in accordance with International Accounting Standard No. 39 until 2009.

2.2.6 Troubled Debt Restructuring

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

2.2.7 Investments

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

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

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

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

2.2.8 Translation of Foreign Currencies

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

2.2.9 Premises and Equipment - Net

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

2.2.10 Properties Foreclosed - Net

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

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

2.2.11 Provident Fund for staff

The Bank established and registered the Provident Fund in accordance with the Act of Provident Fund of 1987, with the approval from the Ministry of Finance on November 29, 1996.

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

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

2.2.12 Legal Reserve

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

2.2.13 Reserve for Investment

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

2.2.14 Basic Earnings / (Loss) per Share

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

3. Supplementary Information

3.1 Interbank and Money Market Items (Assets) comprise the following:

Unit : Million Baht

	2008			2007		
	Demand	Time	Total	Demand	Time	Total
Domestic Items						
Bank of Thailand	306.48	8,510.00	8,816.48	25.43	-	25.43
Commercial Banks	132.09	1,298.88	1,430.97	385.73	1,000.00	1,385.73
Other Banks	4.99	342.92	347.91	29.68	417.47	447.15
Total Domestic Items	443.56	10,151.80	10,595.36	440.84	1,417.47	1,858.31
Add Accrued interest receivable	-	3.68	3.68	-	0.59	0.59
Total	443.56	10,155.48	10,599.04	440.84	1,418.06	1,858.90

Unit : Million Baht

	2008			2007		
	Demand	Time	Total	Demand	Time	Total
Foreign Items						
US Dollar	7.61	873.59	881.20	-	-	-
EURO	0.20	-	0.20	-	-	-
Total Foreign Items	7.81	873.59	881.40	-	-	-
Add Accrued interest receivable	-	0.01	0.01	-	-	-
Total	7.81	873.60	881.41	-	-	-
Total Domestic and Foreign Items	451.37	11,029.08	11,480.45	440.84	1,418.06	1,858.90

As at December 31, 2008 and 2007 the domestic deposits of other Banks amounted to 342.92 million Baht and 417.47 million Baht respectively , would be recognized as the loans guarantee for the Housing Projects of Bank's staff.

3.2 Securities Purchased under Resale Agreements comprise the following:

Unit : Million Baht

	2008	2007
Government Bonds	-	510.00
Bonds of the Financial Institutions - Development Fund	-	2,827.00
Total	-	3,337.00

3.3 Investments comprise the following:

Unit : Million Baht

	2008			
	Cost/ Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
3.3.1 Current investments				
Held - to - maturity debt securities				
Government and state enterprise securities	59.44	-	-	59.44
Total Current investments	59.44	-	-	59.44
3.3.2 Long-term investments				
Held - to - maturity debt securities				
Government and state enterprise securities	1,000.00	69.65	-	1,069.65
Private enterprise debt securities	501.11	-	-	501.11
Add Allowance for revaluation	69.65	-	-	-
Total	1,570.76	-	-	1,570.76
General investments				
Non-marketable Equity Securities	633.32	-	180.60	452.72
Less Allowance for impairment	(180.60)	-	-	-
Total	452.72	-	-	452.72
Total Long-term investments - net	2,023.48	-	-	2,023.48

Unit : Million Baht

	2007			
	Cost/ Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value
3.3.1 Current investments				
Held - to - maturity debt securities				
Government and state enterprise securities	1,492.32	-	-	1,492.32
Total Current investments	1,492.32	-	-	1,492.32
3.3.2 Long-term investments				
Held - to - maturity debt securities				
Government and state enterprise securities	1,000.00	78.57	-	1,078.57
Private enterprise debt securities	501.52	-	-	501.52
Add Allowance for revaluation	78.57	-	-	-
Total	1,580.09	-	-	1,580.09
General investments				
Non-marketable Equity Securities	649.32	-	117.60	531.72
Less Allowance for impairment	(117.60)	-	-	-
Total	531.72	-	-	531.72
Total Long-term investments - net	2,111.81	-	-	2,111.81

3.3 Investments (Continued)

Unit : Million Baht

	2008			
	Maturity			
	Within 1 Year	Over 1 to 5 years	Over 5 years	Total
3.3.3 Remaining Maturity of Debt Securities				
Held - to - maturity debt securities				
Government and state enterprise securities	59.44	-	1,000.00	1,059.44
Private enterprise debt securities	-	501.11	-	501.11
<u>Add</u> Allowance for revaluation	-	-	69.65	69.65
Total	<u>59.44</u>	<u>501.11</u>	<u>1,069.65</u>	<u>1,630.20</u>

Unit : Million Baht

	2007			
	Maturity			
	Within 1 Year	Over 1 to 5 years	Over 5 years	Total
3.3.3 Remaining Maturity of Debt Securities				
Held - to - maturity debt securities				
Government and state enterprise securities	1,492.32	-	1,000.00	2,492.32
Private enterprise debt securities	-	501.52	-	501.52
<u>Add</u> Allowance for revaluation	-	-	78.57	78.57
Total	<u>1,492.32</u>	<u>501.52</u>	<u>1,078.57</u>	<u>3,072.41</u>

3.4 Loans and Accrued Interest Receivable

3.4.1 Classified by Type of Loans

Unit : Million Baht

	2008	2007
Loans	41,940.68	41,812.98
Hire purchase receivable	1,705.96	1,601.89
Loans - Welfare	76.17	-
Total	<u>43,722.81</u>	<u>43,414.87</u>
<u>Add</u> Accrued interest receivable	147.44	163.16
Total	<u>43,870.25</u>	<u>43,578.03</u>
<u>Less</u> Unearned discounts	(284.22)	(253.20)
Loans and accrued interest receivable	<u>43,586.03</u>	<u>43,324.83</u>
<u>Less</u> Allowance for doubtful accounts	(6,065.06)	(5,000.34)
Loans and accrued interest receivable - net	<u><u>37,520.97</u></u>	<u><u>38,324.49</u></u>

3.4 Loans and Accrued Interest Receivable (Continued)

3.4.2 Classified by remaining maturity

Unit : Million Baht

	2008	2007
Up to 1 year	11,815.25	6,441.06
Over 1 years	31,907.56	36,973.81
Total	43,722.81	43,414.87
<u>Add</u> Accrued interest receivable	147.44	163.16
Total	43,870.25	43,578.03
<u>Less</u> Unearned discounts	(284.22)	(253.20)
Loans and accrued interest receivable	<u>43,586.03</u>	<u>43,324.83</u>

3.4.3 Classified by Loan Classification

Unit : Million Baht

	2008			
	Loans and Accrued Interest Receivable	Debt net of Collateral	Allowance for Doubtful Accounts percent	Allowance Established
Pass	20,412.36	2,610.64	1	26.11
Special mention	1,785.36	241.56	2	4.83
Substandard				
- Provisions non IAS 39	2,263.22	235.61	20*	47.12
- Provisions under IAS 39	91.26	39.98	100	39.98
Doubtful				
- Provisions non IAS 39	2,743.80	553.41	50*	276.71
- Provisions under IAS 39	285.02	87.08	100	87.08
Doubtful of loss	16,289.23	5,583.23	100	5,583.23
Total	43,870.25	<u>9,351.51</u>		<u>6,065.06</u>
<u>Less</u> Unearned discounts	(284.22)			
Loans and accrued interest receivable	43,586.03			
<u>Less</u> Allowance for doubtful accounts	(6,065.06)			
Loans and accrued interest receivable-net	<u>37,520.97</u>			

* According to Bank of Thailand's basis, the provisioning has been set at the rate of 100%, as notified in No.2.2.5

3.4 Loans and Accrued Interest Receivable (Continued)

3.4.3 Classified by Loan Classification (Continued)

Unit : Million Baht

	2007			
	Loans and Accrued Interest Receivable	Debt net of Collateral	Allowance for Doubtful Accounts percent	Allowance Established
Pass	22,260.16	3,004.44	1	30.04
Special mention	2,009.98	249.86	2	5.00
Substandard				
- Provisions non IAS 39	2,151.34	284.20	20*	56.84
- Provisions under IAS 39	23.39	11.36	100	11.36
Doubtful				
- Provisions non IAS 39	2,651.78	636.62	50*	318.31
- Provisions under IAS 39	54.55	30.39	100	30.39
Doubtful of loss	14,426.83	4,548.40	100	4,548.40
Total	43,578.03	8,765.27		5,000.34
<u>Less</u> Unearned discounts	(253.20)			
Loans and accrued interest receivable	43,324.83			
<u>Less</u> Allowance for doubtful accounts	(5,000.34)			
Loans and accrued interest receivable-net	38,324.49			

* According to Bank of Thailand's basis, the provisioning has been set at the rate of 100%, as notified in No.2.2.5

As at December 31, 2008 and 2007, loans whose interest income recognition has ceased totaled 21,656.00 million Baht and 19,280.93 million Baht, accounting for 49.36 and 44.24 percent respectively of loans and accrued interest receivable.

3.4.4 Troubled Debt Restructuring

Details of restructured debts of the Bank and its subsidiaries for the years ended December 31, 2008 and 2007 are as follows :

Unit : Million Baht

Forms of Restructuring	2008				
	Number of Accounts	Outstanding Debts		Transferred Assets	
		Before	After	Types	Fair Value
Changes of repayment conditions	7,144	22,568.01	21,096.45	-	-
Transfers of assets	175	496.69	285.12	Land	211.57
Total	7,319	23,064.70	21,381.57	Land and Premises	

3.4 Loans and Accrued Interest Receivable (Continued)

3.4.4 Troubled Debt Restructuring

Unit : Million Baht

	2007				
	Number of Accounts	Outstanding Debts		Transferred Assets	
		Before	After	Types	Fair Value
Forms of Restructuring					
Changes of repayment conditions	4,988	17,667.98	16,678.77	-	-
Transfers of assets	153	411.20	256.83	Land	154.37
				Land and Premises	
Total	5,141	18,079.18	16,935.60		

3.5 Allowance for Doubtful Accounts comprise the following:

Unit : Million Baht

	2008					
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Opening Balance	30.04	5.00	68.20	348.70	4,548.40	5,000.34
Doubtful Accounts	(3.93)	(0.17)	18.90	15.09	1,034.83	1,064.72
Closing Balance	26.11	4.83	87.10	363.79	5,583.23	6,065.06

Unit : Million Baht

	2007					
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Opening Balance	31.41	8.08	49.12	1,038.56	3,040.01	4,167.18
Doubtful Accounts	(1.37)	(3.08)	19.08	(689.86)	1,508.39	833.16
Closing Balance	30.04	5.00	68.20	348.70	4,548.40	5,000.34

In regard to the allowance for doubtful accounts, the Bank would gradually perform in conformity with the basis of Bank of Thailand (No.2.2.5). If the Bank had completely performed, in conformity with, the basis of Bank of Thailand dated December 31, 2008 and 2007, the allowance for doubtful accounts would have been increased to 465.19 million Baht and to 545.67 million Baht respectively as indicated in No.3.4.3

3.6 Properties Foreclosed - Net comprise the following:

Unit : Million Baht

	2008			
	Opening Balance	Additions	Disposals	Closing Balance
Acquired from debt settlement				
Immovable assets	303.77	41.64	(10.51)	334.90
Movable assets	34.21	16.78	(16.71)	34.28
Total	337.98	58.42	(27.22)	369.18
<u>Less</u> Allowance for Properties foreclosed impairment	(24.39)	(3.03)	7.43	(19.99)
Properties foreclosed - net	<u>313.59</u>	<u>55.39</u>	<u>(19.79)</u>	<u>349.19</u>

Unit : Million Baht

	2007			
	Opening Balance	Additions	Disposals	Closing Balance
Acquired from debt settlement				
Immovable assets	219.46	91.41	(7.10)	303.77
Movable assets	17.42	27.55	(10.76)	34.21
Total	236.88	118.96	(17.86)	337.98
<u>Less</u> Allowance for Properties foreclosed impairment	(5.97)	(22.54)	4.12	(24.39)
Properties foreclosed - net	<u>230.91</u>	<u>96.42</u>	<u>(13.74)</u>	<u>313.59</u>

3.7 Premises and Equipment - Net comprise the following:

Unit : Million Baht

	2008								
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Net
Land	264.76	-	-	264.76	-	-	-	-	264.76
Premises	413.68	95.20	-	508.88	13.68	14.15	-	27.83	481.05
Office equipment	263.85	42.00	(1.44)	304.41	156.74	35.78	(0.09)	192.43	111.98
Furniture	100.22	142.06	-	242.28	85.04	20.05	-	105.09	137.19
Vehicles	165.70	-	-	165.70	120.88	21.14	-	142.02	23.68
Total	<u>1,208.21</u>	<u>279.26</u>	<u>(1.44)</u>	<u>1,486.03</u>	<u>376.34</u>	<u>91.12</u>	<u>(0.09)</u>	<u>467.37</u>	<u>1,018.66</u>

Total premises price amounted to 508.88 million Baht, comprising of Head Office Building 499.66 million Baht, and Branches Offices 9.22 million Baht.

3.7 Premises and Equipment - Net (Continued)

Unit : Million Baht

	2007								
	Cost				Accumulated Depreciation				Net
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Land	264.76	-	-	264.76	-	-	-	-	264.76
Premises	404.79	8.89	-	413.68	3.12	10.56	-	13.68	400.00
Office equipment	232.39	31.53	(0.07)	263.85	121.71	35.06	(0.03)	156.74	107.11
Furniture	92.45	7.77	-	100.22	73.17	11.87	-	85.04	15.18
Vehicles	163.78	1.92	-	165.70	95.45	25.43	-	120.88	44.82
Total	<u>1,158.17</u>	<u>50.11</u>	<u>(0.07)</u>	<u>1,208.21</u>	<u>293.45</u>	<u>82.92</u>	<u>(0.03)</u>	<u>376.34</u>	<u>831.87</u>

Total premises price amounted to 413.68 million Baht, comprising of Head Office Building 404.46 million Baht, and Branches Offices 9.22 million Baht.

3.8 Assets In Process comprise the following:

Unit : Million Baht

	2008			
	Opening Balance	Additions	Disposals	Closing Balance
Acquired from debt settlement				
Office Building Renovation	257.26	-	257.00	0.26
Installation of computer system	2.97	33.37	3.07	33.27
Furniture	-	1.28	0.90	0.38
Total	<u>260.23</u>	<u>34.65</u>	<u>260.97</u>	<u>33.91</u>

As such, the installation of computer system increase amounted to 33.37 million Baht, including the core banking system amounted to 32.70 million Baht, while the carrying amount of the contract at 326.99 million Baht.

3.8 Assets In Process (Continued)

Unit : Million Baht

	2007			
	Opening Balance	Additions	Disposals	Closing Balance
Acquired from debt settlement				
Office Building Renovation	253.75	8.55	5.04	257.26
Office equipment	0.78	-	0.78	-
Installation of computer system	31.77	45.89	74.69	2.97
Furniture	2.35	1.07	3.42	-
Total	288.65	55.51	83.93	260.23

3.9 Advance for Legal Costs - Net comprise the following:

Unit : Million Baht

	2008	2007
Advance for legal costs	116.05	65.36
<u>Less</u> Allowance for doubtful accounts	(116.05)	(65.36)
Advance for legal costs - net	-	-

3.10 Intangible Assets - Net comprise the following

Unit : Million Baht

	2008				2007			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
Right to rent	0.37	-	(0.17)	0.20	0.20	0.17	-	0.37
<u>Less</u> Accumulated Amortization	(0.11)	(0.15)	0.17	(0.09)	(0.02)	(0.09)	-	(0.11)
Total	0.26	(0.15)	-	0.11	0.18	0.08	-	0.26
Installation of Computer System	84.08	13.97	-	98.05	30.28	53.80	-	84.08
<u>Less</u> Accumulated Depreciation	(17.50)	(12.22)	-	(29.72)	(10.41)	(7.09)	-	(17.50)
Total	66.58	1.75	-	68.33	19.87	46.71	-	66.58
Total Intangible Assets - Net	66.84	1.60	-	68.44	20.05	46.79	-	66.84

3.11 Other Assets - Net comprise the following:

	Unit : Million Baht	
	2008	2007
Interest receivables from securities purchased under resale agreements	-	1.39
Accrued interest receivables - Held - to - maturity debt securities	22.68	47.68
Accrued interest receivables - Cross currency swaps - net	-	32.63
Prepaid expenses	19.23	25.14
Deposits	6.41	10.91
Guarantees	5.41	5.23
Asset in transit for hire purchase	3.16	1.98
Accounts receivable - Revenue Department	50.89	57.41
Right to rent building	1.50	1.50
Supply	0.86	0.45
Other account receivables	39.41	38.74
Insurance premium refundable	59.80	29.77
Loan guarantee fees refundable	38.26	29.66
Total	247.61	282.49
<u>Less</u> Allowance for doubtful accounts - Insurance premium refundable and Loan guarantee fees refundable	(98.06)	(59.43)
Total	149.55	223.06

3.12 Deposits in Baht comprise the following:

	Unit : Million Baht	
	2008	2007
<u>Product</u>		
Saving Deposits	214.61	302.17
Time Deposits		
- Less than 6 months	9,931.43	8,043.89
- 6 months - less than 1 year	3,724.06	2,299.68
- 1 year and over	8,330.19	1,243.60
Certificate of Deposits	906.00	1,000.00
Total	23,106.29	12,889.34

3.13 Interbank and Money Market Items (Liabilities)

These are promissory notes and bills of exchange issued to financial institutions as at December 31, 2008 and 2007, for the total amount of 19,375.32 million Baht and 20,216.52 million Baht, with interests rates of 0.01 - 5.20 percent per year.

3.13.1 Domestic Item

3.13.1.1 Short-term

Unit : Million Baht

	2008			2007		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand	-	163.59	163.59	-	712.72	712.72
Commercial Banks	-	-	-	-	1,900.00	1,900.00
Other Banks	-	1,300.00	1,300.00	-	100.00	100.00
Total	-	1,463.59	1,463.59	-	2,712.72	2,712.72

3.13.1.2 Long-term

Unit : Million Baht

	2008			2007		
	Demand	Time	Total	Demand	Time	Total
Other Financial Institutions	-	1,605.00	1,605.00	-	1,710.00	1,710.00
Total	-	1,605.00	1,605.00	-	1,710.00	1,710.00
Total Domestic Item	-	3,068.59	3,068.59	-	4,422.72	4,422.72

3.13.2 Foreign Item

Long-term

Unit : Million Baht

	2008			2007		
	Demand	Time	Total	Demand	Time	Total
US Dollar	-	15,025.81	15,025.81	-	14,511.21	14,511.21
EURO	-	1,280.92	1,280.92	-	1,282.59	1,282.59
Total Foreign Item	-	16,306.73	16,306.73	-	15,793.80	15,793.80
Total Domestic & Foreign Item	-	19,375.32	19,375.32	-	20,216.52	20,216.52

3.14 Borrowings

Unit : Million Baht

	2008			2007		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Short-term borrowings	3,627.21	-	3,627.21	6,061.62	-	6,061.62
Long-term borrowings	181.77	-	181.77	1,183.96	-	1,183.96
Total	<u>3,808.98</u>	<u>-</u>	<u>3,808.98</u>	<u>7,245.58</u>	<u>-</u>	<u>7,245.58</u>

Short-term borrowings as at December 31, 2008 and 2007 totaled 3,627.21 million Baht and 6,061.62 million Baht respectively, consisting of :

(1) Support fund from the National Science and Technology Development Agency (NSTDA) in the form of joint lending with SME BANK to private-sector projects, not exceeding 20 million Baht per project, for a period of 5 years ending on June 1, 2002 and the agreement has been rolled over for a further period of 5 years, ending on June 2, 2007. NSTDA provides two-thirds of the loan amount while SME BANK provides the remaining one-third. The loan is to be repaid to NSTDA within 30 days from the date of principle repayment by the private sector borrower. Loans outstanding as of December 31, 2007 totaled 0.11 million Baht.

(2) Borrowing from the individual, juridical person, state-enterprise and government affairs issued as promissory notes as at December 31, 2008 and 2007 totaled 2,627.21 million Baht and 1,061.51 million Baht respectively with fixed interest rates of 0.25-3.70 percent per annum. Maturity is within 1 year. Interest payment dates are as indicated on the notes.

(3) Debentures of 1,000 million Baht

On July 16, 1999, SME BANK issued unsecured debenture (guaranteed by the Ministry of Finance) lot number 1/1999 divided into 10 units at a face value and selling price of 100 million Baht per unit, totaling 1,000 million Baht, and with maturity of 10 years and a floating coupon rate based on Krung Thai Bank's 12 months deposit interest rate. The debenture was sold to the Social Security Office. Coupons are paid twice a year, on January 16, and July 16, of every year. The principle is due on July 16, 2009. The first interest installment was scheduled in January 2000. The last interest installment is on the maturity date.

(4) Debentures of 5,000 million Baht

On July 22, 2003, SME BANK issued unsecured and non-subordinated debenture lot number 1/2003 divided into 5 million units at a face value and selling price of 1,000 Baht per unit, totaling 5,000 million Baht, with maturity of 5 years and a fixed coupon rate of 2.20 percent per year. Coupons are paid twice a year, on January 22, and July 22, of every year. The principle is due on July 22, 2008. The first interest installment is scheduled in January 2004. The last interest installment is on the maturity date.

Long-term borrowings as at December 31, 2008 and 2007 totaled 181.77 million Baht and 1,183.96 million Baht respectively, consisting of :

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

(2) Borrowing from the individual, juridical person, state-enterprise and government affairs issued as promissory notes as at December 31, 2008 and 2007 totaled 6.32 million Baht and 8.51 million Baht respectively with fixed interest rate of 2.25 - 5.20 percent per year.

3.15 Support Fund from the Assets Capitalization Bureau

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

In 2008, the Bank showed the opening balance with the total subsidy remaining at 28.74 million Baht, while the expenses really paid amounted to 25.27 million Baht as at December 31, 2008. with total subsidy remaining at 3.47 million Baht, which was not determined to reimburse to Ministry of Finance by end of project.

3.16 Support Fund from the Operation Center for Resolving Debts of the Public

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

In 2008, the Bank showed the opening balance with amount remaining at 2.81 million Baht, the expenses really paid amounted to 0.13 million Baht as at December 31, 2008, the support fund remaining at 2.68 million Baht.

3.17 Difference on Revaluation Derivative

Unit : Million Baht

	2008			2007		
	Demand	Time	Total	Demand	Time	Total
Cross Currency Rate Swap Contract						
US Dollar	-	1,582.18	1,582.18	-	2,096.79	2,096.79
EURO	-	(55.02)	(55.02)	-	(56.69)	(56.69)
Total	-	1,527.16	1,527.16	-	2,040.10	2,040.10
Forward Contract						
US Dollar	-	(4.10)	(4.10)	-	-	-
Total	-	(4.10)	(4.10)	-	-	-
Total Foreign Item	-	1,523.06	1,523.06	-	2,040.10	2,040.10

3.18 Other Liabilities comprise the following:

	Unit : Million Baht	
	2008	2007
Accrued interest payable - interest rate swaps - net	14.16	6.33
Accrued interest payable - cross currency rate swaps - net	700.22	-
Accrued expenses	52.06	50.62
Advance receivables	43.11	58.84
Deposit for insurance premium	22.20	20.47
Advance revenue	8.84	8.63
Deposit loan guarantee fees	1.74	1.87
Deposit for collateral valuation fees	0.19	0.19
Guarantees	152.38	155.26
Deposit	0.12	0.04
Creditor - New Entrepreneurs Creation Project	0.09	5.40
Creditor - Project to develop the Counsellor for Business Improvement	-	8.00
Other creditors	76.10	127.73
Total	<u>1,071.21</u>	<u>443.38</u>

3.19 Share Capital

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

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

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

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

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

As at December 31, 2008 and 2007, the Bank has fully paid up registered capital of 91 million shares and 85 million shares at 100 Baht per share, amounting to 9,100 and 8,500 million Baht respectively. Ministry of Finance of shareholders 97.53 percent.

3.20 Government Support Fund for Investments

In 2002, the Bank obtained from the Government a free obligation contribution of 193.55 million Baht accounting for 49 percent of registered capital as invested capital for the Allied Retail Trade Company. According to the Cabinet's resolution dated October 16, 2007, the Cabinet approved to close down the Allied Retail Trade Company because of its losses retained in excess of the invested capital. For the moment, it is being under examination for the accounts.

The invested capital amounted to 193.55 million Baht would appear in the General Invested Capital as indicated in No.3.3.2, showing the cost value to be adjusted, in according to the result of the examination for accounts and support fund.

3.21 Derivatives

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

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

3.22 Retained Earnings

At the General Meeting of Shareholders on April 25, 2008, the meeting passed a resolution not to set retained earnings.

3.23 Contingent Liabilities (Off - Balance Sheet Items)

	Unit : Million Baht	
	2008	2007
Letters of credit	4.09	5.38
Other contingencies		
Other guarantees	859.10	859.00
Currency swaps contracts		
Bought	17,833.90	17,833.90
Sold	1,577.45	-
Interest rate swaps contracts	5,192.00	6,592.00
Total	<u>25,462.45</u>	<u>25,284.90</u>
Grand Total	<u>25,466.54</u>	<u>25,290.28</u>

On July 7, 2008, the Bank annulled the contract of cross currency swaps with a commercial bank, with the amount of \$270 million (10,381.50 million Baht) from August 7, 2006 to August 7, 2011, based on the averaged rate of interest for six-month fixed deposit from four commercial banks, plus 2.30 percent and limit range of the interbank rate Libor. In case the Libor interest in excess of the determined limit range, there would be a penalty, on condition that the interest would be paid in every six-month; as of February and August. But these commercial banks proceeded a litigation at the Court against the Bank in order that the Bank make a debt repayment in accordance with the contract of interest rate swaps (IRS).

3.24 Reclassification

The Bank reclassified some type of accounts on the financial statements, ended at December 31, 2007, in accordance with the financial statements showing as at December 31, 2008, and recorded the decreased price of land, premises, office equipment net amounted to 68.33 million Baht, and other assets amounted to 0.11 million Baht so as to show the intangible asset increase net at 68.44 million Baht.

3.25 Approval of Financial Statement

This financial statement has been approved by Managing Director for issuing the financial statement dated on March 3, 2009.