



Helping  
SMEs  
Thrive



Annual Report  
**2018**

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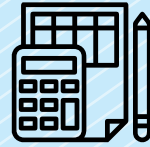
Board of Directors Directory

**147**

Branch Directory



# Customer Feedbacks



## Aura Farm

Tel: 095-659-2023  
Khon Kaen Province

Aura Farm

*"Aura Farm, we are just a small farmer. Therefore, getting a source of fund is not so easy. Fortunately, we've found SME D Bank. We've received a warm welcome as if we were a big farmer. When the Bank representatives visit us, they offer loans as well as ideas and practical knowledge. Sometimes business gets struck. The Bank gives resolutions or rehabilitation so that business can move on."*



Prasert Phophaithoon



## Doi Pha Mee Coffee

Tel: 095-686-1745  
Chiang Rai Province

*"I encourage anyone who wants to develop the community to become a tourist destination; to start a home-stay, restaurant, or cafe like we did. Try the service of SME D Bank. Staffs are friendly and helpfull. They advise on steps for the low-interest loan application, a hassle-free indeed. The Bank also introduced its "SME D Bank" platform to enable us to keep abreast of useful information for our business."*



Doi Pha Mee Coffee

Phakakarn Rungpracharat



## Plai Jawak - Pickled Fish Sauce

Tel: 085-177-9614  
Saraburi Province



*"I am thankful for the support from SME D Bank that supports knowledge along with financing to promote local products such as the "Plai Jawak pickled fish sauce" to go online worldwide. We are now well known among oversea customers and have received bustling orders. I can't imagine we have come this far and so proud of making the right decision using the service from SME D Bank."*



**Netdao Khunduang**

## Plai Jawak - Pickled Fish Sauce



## Royal Ceramics

Royal Ceramics Co., Ltd



**Niyom Chaokittisophon**



## Royal Ceramics

Tel: 093-132-9961  
Lampang Province



*"Royal Ceramic is the creator of a new innovation for Thai ceramic industry by applying robotic technology into the ceramic production process in response to the taste of the consumers who prefer products with square and triangular forms. In order to expand our market customer base, we need to acquire new machines, refurbishing the showroom for displays. Fortunately, we have known the Bank by joining the SME Idol Project brought us an opportunity to a low-interest rate loan."*



## Hemomin

Tel: 02-077-7593  
Bangkok

## Hemomin

Chaisupa Inthornprapong

*"It is almost impossible to get financial support for working capital if one has no collateral. Luckily, SME D Bank came in. In addition to supports, the Bank also bring business matching with our partners from Vietnam and Lao, including online marketing. Our market base expands, as a result."*



## Ratri Betta Farm

Tel: 086-751-0691  
Nakhon Pathom Province



*Ratri Sae Li, the founder of the Betta Farm, turned a crisis of agricultural low price and started a high-value Siamese fighting fish farm on her 3.5 Rai land. Her millions baht fish farm has dominated beautiful fish enthusiasts. Fishes are now exported to many countries such as Iran, China, Japan, and the USA. Ratti Beta Farm, also one of SME D Bank customer, obtains a working capital to build fish farming houses, enabling the breeding raised from 100,000 up to 160,000 fishes. She continues to expand the business through online bidding. Consequently, fishes price increase ranging from 10-20 baht up to 150-200 baht. Earning has risen ten thousand a month.*



Ratri Sae Li

Ratri Betta Farm

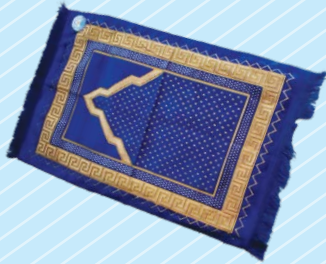


## Kayor Prayer Rug

Tel: 089-971-0970

Songkhla Province

*"Not only does SME D Bank provide loan but also help in marketing and PR. KAYOR is well accepted and popular through TV, newspaper, online media. Total sales have increased about 70-80%. We have received orders from countries such as Malaysia State of Kelantan and Kuala Lumpur. And we are planning to expand further to Saudi Arabia, Israel, and Jordan markets."*



Apisit Rodchawang

## Kayor Prayer Rug



## Chao Khun Pracha herbal product



Nairat Hariphotthaweekul



## Chao Khun Pracha herbal product

Tel: 02-274-2456

Bangkok

*"Chao Khun Pracha" herbal product has been inherited for generations and well accepted by customers. Now, SME D Bank has stepped in to enable us to further expand the business with a low-interest rate loan for working capital. Advising on marketing enables us to go online channel, reaching the teenage target group. We are now succeeding in export to China and Germany."*



# Entrepreneurs 4.0

SME D Bank supports innovative Thai entrepreneurs to compete in the world market.





Support  
**SMEs** through  
capital and  
knowledge

Create  
**40,289**   
Million Baht  
of economic  
added value

Retain  
**99,498**   
jobs  
in the economy

# Vision

To be the main state-owned financial institution with security and sustainability that assists and supports to Thai SMEs.

# Missions



To increase opportunities access to financing for micro SMEs that do not appeal to the commercial financial institutions, by providing financial services; loan and venture capital.



To drive the economy by providing proactive assistance and development with the focus on innovation, technology, and creativity to SMEs encompassing marketing, business management, and production.



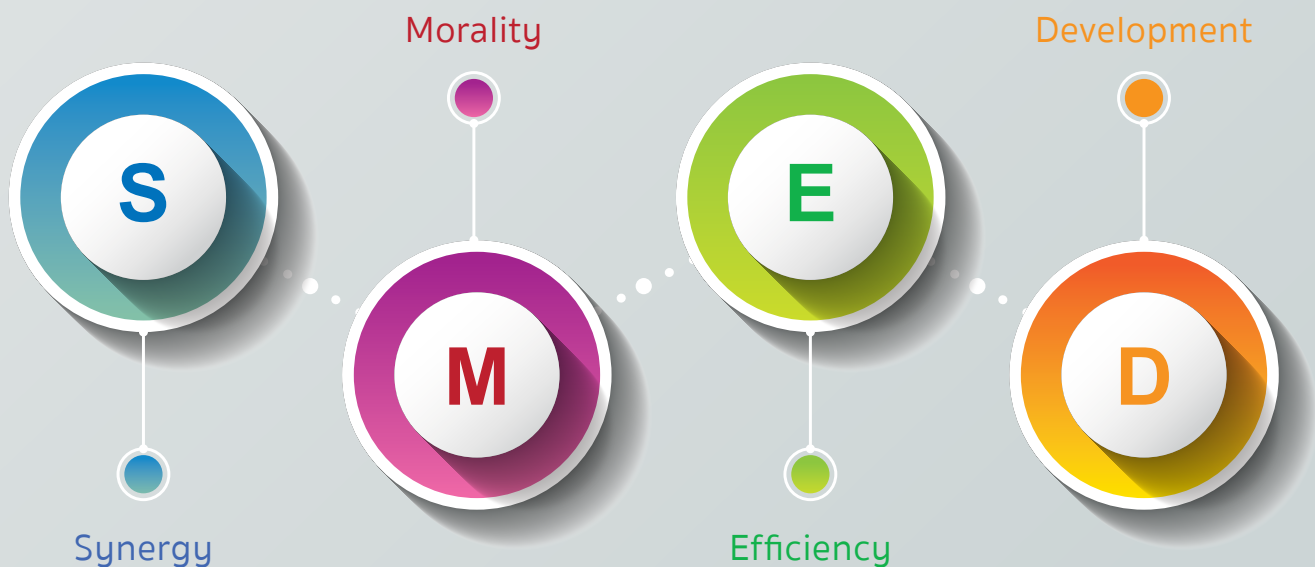
To create satisfaction and relationship with customers, partners, shareholders, and stakeholders under efficient services and business process through the use of modern information technology.

# Corporate Values

## SME-D CULTURE

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### SME Development





# Government Policies and SMEs Promotions

SME D Bank sets its business direction in line with the policies and strategies of the government, the Ministry of Finance, the Ministry of Industry, regulators, and other SME promotional agencies as follows.

## Government Policy

**Strategy 6: Enhancing the Country's Economic Potential**, strengthen and competitiveness of small and medium enterprises (SMEs) by increasing knowledge of efficiency enhancement for the production process, organizational management, access to financial resources, financial services and investment.

## The 20-Year National Strategy (2018-2037)

To achieve the vision "Security, Prosperity, Sustainability" through development, based on the Philosophy of Sufficiency Economy, leading to development of living standard, creation of high income and creation of happiness through the following related national strategies.

**Strategy 2: Creating Competitiveness**

- Creating access to financial service
- Adjusting the roles and access to government services

**Strategy 4: Creating Social Equality Opportunities**

- Restructuring grass-root economy
- Improving capability of local communities

**Strategy 6: Balancing and developing public administration systems**

- Anti-corruption and misconduct

## National Reform Plan

**Government Administrative Reform:** To expand the operation and communications linkage between government agencies with the system is streamlining and robust, to operate mainly for the benefits of the local people, to digitize administrative and service system, to develop personnel system that is centrally standardized, ethical and anti-corruption-minded.

**Legal Reform:** To establish the mechanism to ensure that laws are enacted to promote and develop systematic and integrated competitiveness of SME and start-up operations.

**Economic Reform:** To empower local communities and to develop community business operations by increasing opportunities to access markets and resources and promoting sustainable growth and income earning capability of the communities.

## The 12<sup>th</sup> National Economic and Social Development Plan (2017-2021)

**Strategy 3: Strengthening the Economy, and Underpinning Sustainable Competitiveness:** With an emphasis on strengthening the economy to grow with stability and sustainability, strengthening the economy in specific sectors that would lead to a change toward the Thailand 4.0 vision and innovative products, driven by innovative technology and the change from productivity to service.

## The 4<sup>th</sup> SMEs Promotion Plan (2017-2021)

**Strategy 1: Issue-based promotion and development** with a focus on the creation of an ecosystem to foster the growth and strength of SME operations.

**Strategy 2: Group-Specific SME Capability Enhancement** each group of SME has its specific and need different promotion and development schemes.

**Strategy 3: Development of Systematic SME Promotion Mechanism** by developing systems of effective and efficient SME promotion and development.

## Ministry of Finance (Fiscal Policy Office)

Two major action plans, based on the views of the Fiscal Policy Office.

- 1. The activities implemented under the action plan relating to FinTech** should at least include the followings:
  - Development of applications to provide convenience and services to the Bank's customers.
  - Development of credit risk assessment using Untraditional Data
- 2. Develop diverse financial products for SMEs**, including increasing efficiency in factoring credit facilities.

## The Ministry of Industry

The Ministry of Industry's Strategic Plan (2017-2021) focuses on building business growth and strength of industrial sector in order to promote and develop industries that are appropriate with basic potential of the country with an emphasis on technological and innovative research programs in order to increase productivity and to improve the industry's competitiveness through the establishment of SME Development Fund pursuant to the Government Pracharat scheme and micro SME operation assistance project, etc.

The Cabinet voted to approve a "Special Measures to Drive SME toward the 4.0 Era" as proposed by the Ministry of Industry with the emphasis on development through 9 SME promotional measures in 2018 and financial services and the improvement of SME entrepreneurs' capability through the Local Economy Loan program, worth Baht 50,000 million and SME Development Fund pursuant to the Government Pracharat scheme (Micro SME operations assistance project), worth Baht 8,000 million.

# State Shareholder Policy

## Strategies on SME Operations in Specific Sector (2017-2021) (SEPO)

The meeting of the State Enterprise Policy Office No. 1/2560 on January 9, 2017 approved the State Enterprise Strategic Plan for 2017-2021 and the meeting of the State Enterprise Policy Office No. 3/2560 on July 17, 2017 resolved to acknowledge the progress of the preparation of State Enterprise Strategic Plan in Specific Sector. The Prime Minister instructed all state enterprises to adopt the Strategies on SME Operations in Specific Sector as the basis for development of enterprise/business plan for 2018 and the State Enterprise Policy Office to consider and assign related state enterprises and agencies to adopt the strategy as the guideline for development of 2017 action plan, the 5 year action plan and the 20 year goals, based on the following strategies.



### Objectives and Goals

As stated in the Small and Medium Enterprise Development Bank of Thailand Act, B.E. 2545 that the “Small and Medium Enterprises are crucial to the development of the country’s strong and sustainable economy, employment, income generation and production base. It is, therefore, deemed appropriate to establish the Small and Medium Enterprise Development Bank of Thailand whose objectives were stipulated in Section 11 that “The objective of the Bank is to engage in the business of developing, promoting, assisting, and supporting the establishment, management, expansion or improvement of small and medium enterprises through the granting of credits, guaranteeing service, venture capital, provision of advice, recommendations and other necessary services.”



# Business Direction 2019

In 2019, SME D Bank shall pursue its business comply with the missions and the policies of the government agencies to strengthen SMEs business operation. To accomplish such policies, the Bank provides financial services along with education. The digital service channel is employed to complement fast service. As a result, entrepreneurs have access to more sources of financial supports. The Bank also uses IT technology to facilitate the improvement of products and the Bank's operational process in accordance with the government Thailand 4.0 policy and manages the organization, based on corporate governance and transparency.

## The chart showing policies of relevant agencies



### Under the SME Bank Act :

It requires the Bank to engage in the business of developing, promoting, assisting, and supporting the establishment, management, expansion or improvement of small and medium enterprises by granting of credits, guaranteeing, participating in investment, giving recommendations, suggestion, or providing other necessary services under this Act”

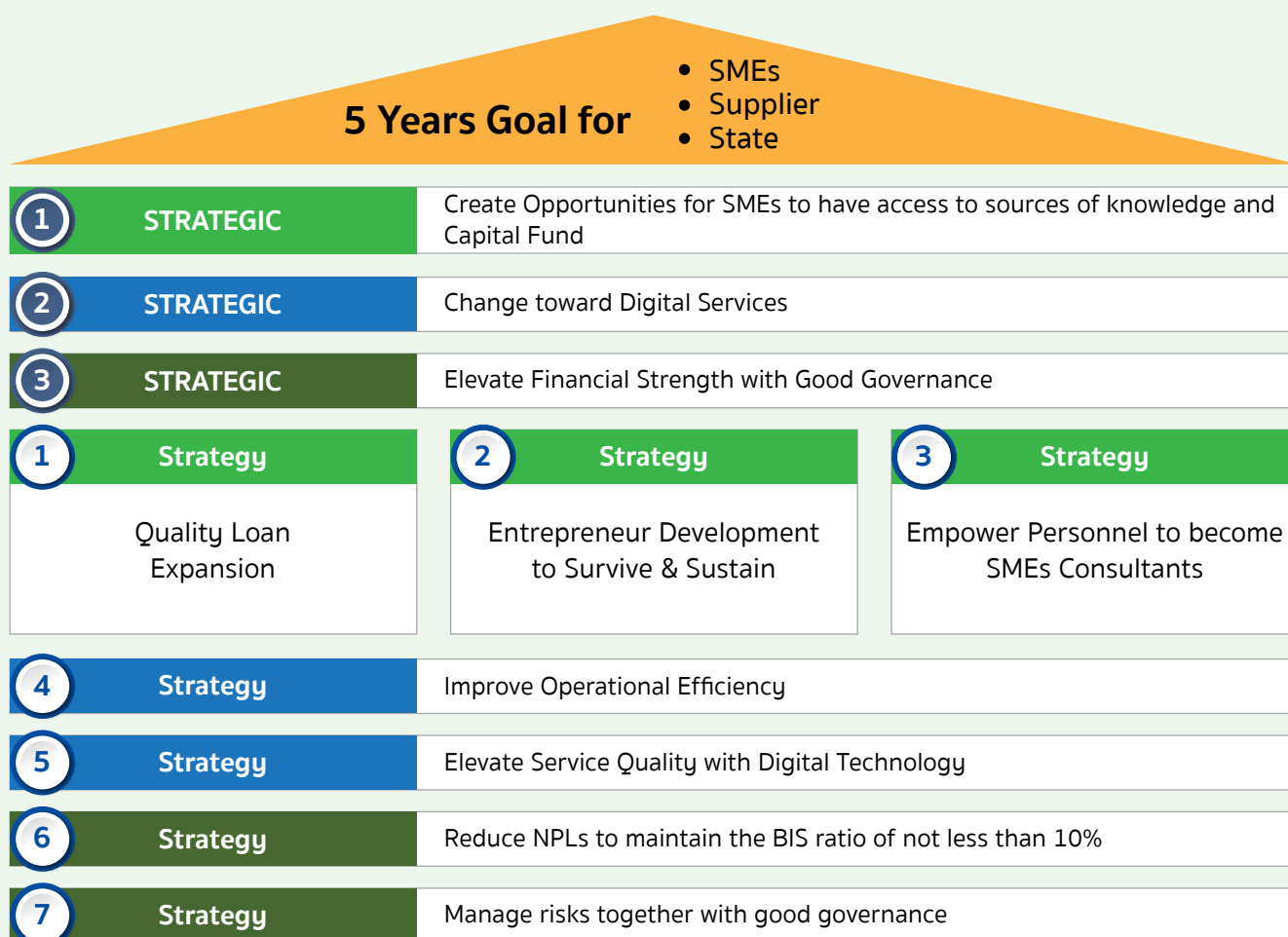
### Guidelines & Directions of SME Bank's Operations

SME Bank shall increase its role of micro entrepreneurial development to be more concentration and elevate as a core mission its status as

“ SME Development Bank ”

The Bank establishes its operational guidelines in seven strategies under three strategic plans as follows:

### The chart showing Strategic Plans year 2019-2023 and Strategies



**Strategies 1: Creating opportunities for SMEs to have access to the source of “Knowledge and Capital Fund”** in order to become a true “SME Development Bank” in terms of capital source and development of the entrepreneurs to be strong in all areas such as the promotion of financial inclusion, standard certification, increase of productivity, innovation and expansion to international market as well as development of operational efficiency of personnel in all levels, with a view to becoming the developer of SME entrepreneurs to support the implementation of this strategy as follows.

#### Expanding quality loans

The Bank aims to increase the number of new quality loans to the target groups who are entrepreneurs under the government policy and the entrepreneurs who are juristic persons by improving loan application process and reducing overlapping procedures, improving loan products to be in line with the government policies and target groups of customers and increasing service channels and opportunities for SME entrepreneurs. The Bank used IT system to support each process of services in order to increase channels for SME entrepreneurs to access funding source including the launching of mobile units to facilitate loan process and to help develop SME entrepreneurs in all localities under the “Refilling operating fund to promote SMEs all over Thailand quickly and at the community”. The Bank also provides access to loan services through smart phone and tablet, using the Bank’s Mobile Banking Application. With this system in place, SME entrepreneurs can apply for loan online everywhere and any time.

## Developing the entrepreneurs to have sustainable business survival

The Bank strives for strengthening entrepreneurs in all aspects, i.e., access to funding source, financial literacy, management, marketing, productivity, services, technology, and innovation, etc. The goal is to enable SMEs to be strong and thrive sustainably. The Bank collaborates with external partner agencies to nurture entrepreneurs to survive and promotes startup to have access to science, technology, digital innovation by linking the Ecosystem with government, private sector, and academic agencies. SME D Bank Platform and Mobile Banking Application will respond to the limitation of access to the Bank's services anywhere anytime.

## Developing personnel to become SMEs advisors

The Bank has prepared to develop and promote its personnel to become **"Smart People"** who have knowledge, capability and are ready to become the "SME Advisors" as part of the Bank's effort to become SME Development Bank, including the promotion of **"Good People"** concept. This is the Bank's project to lay a ground work for developing the Bank to become and ethical organization that is ready to drive the 4 main strategies of **"Develop Smart People, Promote Good People, Support Happiness Among Employees and Having Fun with Technology"**, by linking them with the core values of the Bank to create the **SME-D "Mak Mak"** (Very Good) which comprises of the following elements.

<b>S Synergy</b>	<b>Collaboration</b>
<b>M Morality</b>	<b>Commitment</b>
<b>E Efficiency</b>	<b>Cost-effective</b>
<b>D Development</b>	<b>Continuously</b>

And the Bank's unique ethical standard calls "Roo, Ruk, Samakkee" or Responsibility, Compassion, and Unity.

## Strategy 2: Changing toward digital service

This is the Bank's plan to develop and improve the efficiency of service system and operational process though modern information technology in order to respond to the needs and expectations of all groups of our customer. Followings are strategies laid out to achieve such goals.

## Improving operational efficiency to be fast and reaching local communities

The Bank has undertaken several strategies to improve its operational efficiency as to maintain liquidity to asset ratio and control liquidity risk to an acceptable level for supporting an emergency if a crisis incident occurs. It is also crucial to balance between acquiring an appropriate source of funding in terms of cost and time as to retain net interest margin and maintaining a proper level of liquidity to enable the Bank to respond to increasing demand for loans. The Bank has developed its operational efficiency to ensure fast, delivery, and response to the needs and expectations of the customers under the same standardized management. In addition to the improvement of the TCG'S operational system, the CA on Web, a credit approval system for loan request Baht 1- 5 million, is under development along with the Batch Annual Review System, prepared for the adoption of the IFRS 9.

## Improving service quality by digital technology

The Bank has improved service quality through an adoption of modern technology and innovation that enable the Bank to respond to the needs and expectation of each group of target customers with a view to creating customers' satisfaction according to the vision of Thailand 4.0. The Bank has adopted technology and innovation to improve a process to access source of funding with emphasis on the development of Core Business Process System and IT system to enable access to SME entrepreneurs and improve the efficiency of digital support system in response to the needs and expectation of each group of customer.

### Strategy 3: Improving financial strength by corporate governance principle

In order to strengthen the financial position and promote the Bank's personnel to have knowledge and understanding on risk management and internal control based on the principle of business best practice and to create a new normal of organizational culture in operation based on good governance, the Bank executes the following strategies.

## Reducing NPLs to maintain BIS ratio of not lower than 10%

To resolve the NPL problem to meet the set targets as well as to reduce the provision, the Bank has set a goal to manage NPLs and reduce the provision to maintain the BIS Ratio prescribed by the Bank of Thailand. The Bank has improved the efficiency of NPLs management, as a result, by monitoring closely to the quality of the new lending accounts, preventing the downgrades to bad debt, and the credit management with the Thai Credit Guarantee Corporation (TCG) not to exceed the TCG's guaranteed ceiling. Follow up and actions are taken to the debtors that have started to default. In terms of Non-Performing Loans, the Bank has emerged measures that suite to character types of debtor groups as well as process improvement and managing risk along with the expansion of credit. Beside, the Bank also promotes customers to elevate their business potential through collaboration with partner agencies.

## Performing risk management along with corporate governance

The Bank regards the importance of the improvement of risk management process according to the guidelines of the Bank of Thailand (BOT) and regulatory agencies by providing financial services along with the knowledge and solving problems relating to the management. The Bank creates awareness of risk management among its employees along with the promotion of good governance principle to ensure the adoption of risk management as a part of the organizational culture and use as a tool to develop toward an ethical bank with sustainable growth.



# Message from the Chairman

On January 19, 2018, the Bank was approved to exit the rehabilitation program by the State Enterprise Policy Commission because the operating performance of the Bank has improved continually since 2015 and has been assigned a AAA (tha) rating by the Fitch Rating for 4 consecutive years. Moreover, the Bank received over 90 points in the Integrity and Transparency Assessment (ITA) for 2 consecutive year.

The Bank has set a direction to become the “Development Bank” in pursuance to its stated mission and to be in line with the government’s policy to improve the strength of the SME entrepreneurs (SMEs), including the micro SME entrepreneurs (MSMEs) both in financial and non-financial areas with an emphasis on “Knowledge along with capital” to the entrepreneurs when providing the services and knowledge so they are able to further improve their business management by themselves. The Bank also focuses the effort on providing services that are quick and reach all local communities through its digital service channel, developed by the Bank called “SME D Bank Application” to ensure that all SMEs could file for loan request and other services from the Bank from anywhere twenty four hours every day of the week or 24/7. This is a part of the Bank’s effort to build a new type of consciousness of the Bank’s employees through a change in working platform and the launch of the mobile service unit called “Horse-drawn carriage to promote Thai SMEs Quickly and at the Local Community”. The program’s service hours begins from 8.00 a.m. to 8.00 p.m.

7 days a week or 8-8-7. The Bank also used IT technology to improve its product development and working process in pursuance to the policy of the government to eliminate weaknesses in SME business operation with the goal to maintain the survival, and growth of SME business operation which, in turn, would benefit the country’s economy through more employment, career creation and distribution of income in line with the Thailand 4.0 vision.

Moreover, the Bank have always been trusted by the government as the main agency to implement the “SME Development Fund under the Direction of Pracharat scheme”, initiated by the Ministry of Industry since 2017 until now to provide assistance to the SME entrepreneurs. The Bank has also been assigned to implement several other loan projects to promote the entrepreneurs pursuant to the policies of the government sector such as the Local Economy Loan and Transformation Loan, etc.

On behalf of the Bank’s Board of Directors, the management and all employees, I would like to thank Gen. Prayuth Chan-o-cha, the Prime Minister, the Government, the National Peace Keeping Council and the State Enterprise Policy Commission, the State Enterprise Problems Scrutiny Sub-Committee, Ministry of Finance, the Ministry of Industry and the Bank of Thailand for the very valuable support. I also would like to thank all of our customers, business partners, collaborators, and networking agencies for the supports given to the Bank in the past and in the future.



SME Bank have always been trusted by the government as the main agency to implement the **“SME Development Fund under the Direction of Pracharat scheme”**, initiated by the Ministry of Industry since 2017 until now

(Signed) Pasu Loharjun  
(Mr. Pasu Loharjun)  
Chairman

# Background



# Background

The Small and Medium Enterprise Development Bank of Thailand (SME D Bank) has been through 3 following stages of organizational development and changes.



## Small Industrial Finance Office

In 1963, the Cabinet passed a resolution to promote a small industrial loan project, which is included in the National Economic and Social Development Plan, No.1. A year later, the Office of Loans for Small Industry Promotion was established to be under the supervision of the Department of Industrial Promotion, Ministry of industry. Its main duty was to provide financial supports to small industrial businesses. The Office's name was subsequently changed to the Small Industrial Finance Office. However, as a governmental office, its capital limited to the only source from the government budget. Moreover, the Credit services provided under the same practice as all other government agencies make the office lack flexibility.



## Small Industry Finance Corporation

Since the status of the Small Industrial Finance Office limited its ability to generate capital and to provide financial services, the Ministry of Industry and the Ministry of Finance decided to upgrade its status to the Small Industry Finance Corporation (SIFC), a juristic entity under the Civil and Commercial Code with the initial registered capital 300 million baht. In 2000, the Ministry of Finance injected 2,500 more million baht capital, thus, the total registered capital increased to 2,800 million Baht. However, in 1997, a currency crisis occurred and posed significant impacts on the business sector, especially the small and medium enterprises that suffered liquidity problem. These businesses subsequently became the non-performing debtors. The Ministry of Industry, in conjunction with the Ministry of Finance, therefore, initiated the concept of elevating SIFC to be a main financial institution for SMEs development.



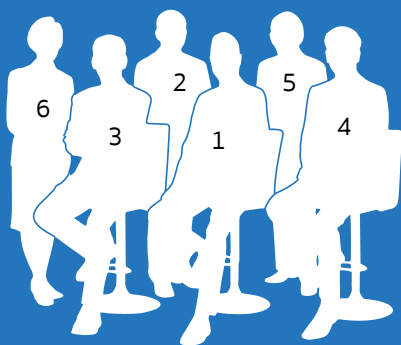
## Small and Medium Enterprise Development Bank of Thailand

In 2001, the government agreed to increase the role and scope of the Small Industry Finance Corporation by changing its status to become the Small and Medium Enterprise Development Bank of Thailand or SME Bank. The Ministry of Industry and Ministry of Finance jointly drafted the Act of the Small and Medium Enterprise Development Bank of Thailand Act (A.D. 2002) that became effective on 20 December 2002. That date was, thus, recognized as the establishment day of the SME Bank. The Ministry of Finance increased its share capital by 11,955 million Baht during 2004- 2016. As a result, the amount of share capital of SME Bank rose to 20,006.63 million Baht, which is lower than the value of the ordinary shares by 5,251.63 million Baht.

- In 2004, the Ministry of Finance increased its capital by 2,000 million baht, resulting in an increase in the share capital to 4,800 million baht.
- In 2005, the Ministry of Finance increased its capital by 2,500 million baht, resulting in an increase in the share capital to 7,300 million baht.
- In 2007, the Ministry of Finance increased its capital by 1,200 million baht, increasing its share capital to 8,500 million baht.
- In 2008, the Ministry of Finance increased its capital by 600 million baht, resulting in the share capital increase to 9,100 million baht.
- In 2009, the Ministry of Finance increased its capital by 2,500 million baht, resulting in the increase in the share capital to 11,600 million baht.
- In 2012, the Ministry of Finance increased its capital by 600 million baht, resulting in the share capital 12,200 million baht.
- In 2013, the Ministry of Finance increased its capital by 555 million baht, resulting in the increase in the share capital to 12,755 million baht.<sup>vi</sup>
- In 2015, the Ministry of Finance increased its capital by 1,000 million baht, resulting in the increase in the share capital to 16,380.82 million baht, lower than the ordinary share value by 2,625.82 million baht.
- In 2016, the Ministry of Finance increased its capital by 1,000 million baht, resulting in the increase in the share capital to 20,006.63 million baht, which was lower than the ordinary share by 5,251.63 million baht.



# Board of Directors



1. Mr. Pasu Loharjun  
Chairman
2. Mr. Lavaron Sangsrit  
Director  
(8 Nov 2017 - 30 Sep 2018)
3. Mr. Chanvit Nakburee  
Director
4. Mr. Seree Nonthasoot  
Director
5. Mr. Praphaisith Tankeyura  
Director
6. Mrs. Poonsuk Musiklad  
Director  
(8 Nov 2017 - 4 Dec 2018)



7. Mr. Pornlert Lattanan

Director  
(8 Nov 2017 - 26 Jan 2018)

8. Mr. Prakit Sheepakdee

Director

9. Mrs. Jaree Wuthisanti

Director

10. Miss Tippawan Pinwanichkul

Director  
(8 Nov 2017 - 29 Nov 2018)

11. Mr. Veerapong Malai

Director

12. Mr. Mongkon Leelatham

Director and Secretary

\* As of 30 December 2018

# Profiles of the Board of Directors



**Mr. Pasu Loharjun**  
Chairman

Age: 59

## Education

- Ph.D. (Industrial Engineering and Operations research), Virginia Polytechnic Institute and State University, USA (1986)
- M.S. (Industrial Engineering), Polytechnic Institute of New York, USA (1982)
- B.S. (Electrical Engineering), Chulalongkorn University, Bangkok, Thailand (1980)

## Training

- Director Certification Program#213/2015
- Top Executive Program in Capital Market Academy#22
- Top Executive Program in Commerce and Trade (TEPCoT)#8
- Executive Creative Economy Program (EXCET Program - 1), The Office of Knowledge Management and Development (OKMD), 2010

## Other Positions

- President of Chulalongkorn University Preparatory School Alumni Association Under His Royal Patronage 2015 (CUPSAA 2015)
- President of Chulalongkorn Engineering Alumni (year group 1976)

## Work Experience

- 2017 - Present Permanent Secretary Ministry of Industry
- Director General Department of Industrial Promotion
- Director General Department of Industrial Works
- Deputy Permanent Secretary, Ministry of Industry
- Deputy Secretary General, Board of Investment



**Mr. Lavaron Sangsnit**  
Director

(Nov 8, 2017 – Sep 30, 2018)

**Age: 51**

**Education**

- M.S. (Economic Policy and Planning), Northeastern University, USA
- B.S. (Econ), Chulalongkorn University

**Training**

- Energy Literacy for the world, Batch 12, Thailand Energy Academy
- Capital Market Leader Program, Batch 25, Capital Market Academy
- Thailand National Defence College, Batch 58, National Defence Studies Institute

**Other Positions**

- Member of the Bank of Thailand Board
- Director, Krung Thai Asset Management Plc.
- Director, Deposit Protection Agency

**Work Experience**

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

**Mr. Chanvit Nakburee**  
Director

**Age: 54**

**Education**

- M.B.A. (General Business Administration), Ramkhamheang University
- B.B.A. (Accounting), Ramkhamheang University

**Training**

- Thailand National Defence College Class 61
- Executive Development Program: Public Service Management Level (Course group 8)
- Corporate Governance for Board of Director and Executives of State Enterprise and Public Organization, Public Development Institutes (PDI 9)
- Executive Development Program: Visionary and Morality Leadership (Course group 77)

**Other Positions**

- Board of Director of National Credit Bureau
- Board of Director of SME Development Bank
- Chairman of Board of Director of Neutral Gateway & Data Center

**Work Experience**

- September 2016 - Present: Deputy Director - General, State Enterprise Policy Office, Ministry of Finance
- 2011- September 2016: Director of Policy and Planning Bureau, State Enterprise Policy Office, Ministry of Finance





## Mr. Seree Nonthasoot

### Director

Age: 44

#### Education

- Doctor of Philosophy, University of Oxford, United Kingdom
- LL.M. (International 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 Director, Directors Certification Program (DCP 205) (2015)
- Certificate Program in Good Governance for Medical Executives (1<sup>st</sup> Class) King Prajadhipok Institute (2013)
- Senior Executive Program (14<sup>th</sup> Class), Capital Market Academy

#### Other Positions

- Representative of Thailand to the ASEAN Intergovernmental Commission on Human Rights (AICHR)
- Director & Chairman of Audit Committee, KTB Law Co., Ltd.
- Director, KTB Computer Services Co., Ltd.
- Director, Thailand Post Co., Ltd.
- Board Member and Member of Corporate Governance Committee, Government Pension Fund
- Governor, The Stock Exchange of Thailand
- Senior Executive Vice President, Institute of Research and Development for Public Enterprises (WWW.IRDP.ORG)

#### Work Experience

- Legal Counsel, State Enterprise Policy Office, Ministry of Finance (2003-2012)
- Legal Advisor, Office of the Council of State (1995-2000)

## Mr. Praphaisith Tankeyura

### Director

Age: 64

#### Education

- M.B.A. (Finance), Florida State University, USA
- Bachelor of Statistics (Applied Business), Faculty of Commerce & Accountancy, Chulalongkorn University

#### Training

- Role of the Chairman Program (RCP), Thai Institute of Directors (IOD)
- Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations, King Prajadhipok's Institute
- Director Certificate Program (DCP), Thai Institute of Directors (IOD)
- Regional Credit Seminar, Citicorp - South Korea
- Valuation & Restructuring, Citicorp - Singapore
- Real Estate Project Finance, Citicorp - USA

#### Other Positions

- Managing Director Boathouse Hua-Hin Co., Ltd.
- Chief Advisor of JWS Construction Co., Ltd.
- Independent Director, Chairman of Audit, Corporate Governance & Social Responsibilities Committee Nominating & Remuneration Committee, Krungthai Card Plc.

#### Work 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



**Mrs. Poonsuk Musiklad**  
Director

(Nov 8, 2017 - Dec 4, 2018)

Age: 65

**Education**

- M.B.A. Murray State University, Kentucky, USA
- Master of Computer Science, Chulalongkorn University
- B.A. (Statistics), Thammasart University

**Training**

- Advanced Audit Committee Program (ACCP) Course group 29/2018, IOD
- Green Science and Technology (Course group 2) (2013)
- Wharton Advance Management (2010)
- Director Certification Program (DCP - 2006)

**Work Experience**

- Senior Executive Vice President, Bank for Agriculture and Agricultural Cooperatives (2009-2014)

**Mr. Pornlert Lattanan**  
Director

(Nov 8, 2017 - Jan 26, 2018)

Age: 65

**Education**

- M.B.A. (Marketing and Finance), Columbia University, USA
- B.Eng., (Mechanical Engineering), Chulalongkorn University
- LL.B. (First Class Honor), Chulalongkorn University
- Barrister at Law, The Thai Bar Association

**Training**

- Peace Building Program, King Prajadhipok Institute
- Management Development, Harvard Business School
- Directors Certification Program, IOD

**Other Positions**

- Facilitator DCP, IOD
- Associate Judger ,The Central Court for Intellectual Property and International Trade

**Work Experience**

- President, GE Corporation (Thailand)
- Chairman of the Board, GE Money Retail Bank
- Managing Director, Post Publishing Plc.
- Managing Director, SCF Finance and Securities Plc. (Siam City Bank Group)



**Mr. Prakrit Sheeppakdee**  
Director

Age: 63

**Education**

- M.P.A., National Institute of Development Administration
- B.B.A. (Accounting), Chulalongkorn University

**Training**

- Diploma, National Defence College, The State , Private Sector and Political Sectors Course (2005)

**Work Experience**

- Executive Vice President, Government Saving Bank
- Executive Vice President, SME Development Bank of Thailand
- The Siam Commercial Bank Plc.

**Mrs. Jaree Wuthisanti**  
Director

Age: 61

**Education**

- Diploma, Advanced International Bank Management Program, The Swedish International Development Cooperation Agency (SIDA)

- M.B.A., National Institute of Development Administration (NIDA)
- B.B.A.(Accounting) (First Class Honor), Chiang Mai University

**Training**

- Top Executive Program in Commerce and Trade: (TEPCOT 9), Thai Chamber of Commerce Academy University (2016)
- Capital Market Academy Leadership Program (Course group 16), The Stock Exchange of Thailand
- Diploma, National Defence College, The Joint State - Private Sector Course group 19 (2006)

**Other Positions**

- Chairman of the Investment Board, Dhipaya Insurance
- Director, KTB Advisory Co., Ltd.

**Work Experience**

- Senior Executive Vice President, Krungthai Bank Plc.
- Senior Executive Vice President, Thanachart Bank Plc.
- Senior Executive Vice President, Siam City Bank Plc.



**Miss Tippawan Pinwanichkul**  
Director

Age: 52

(Nov 8, 2017 - Nov 29, 2018)

**Education**

- Ph.D., Management of Technology, Asian Institute of Technology
- M.B.A., Management of Technology, Asian Institute of Technology
- B.A., Faculty of Commerce and Accountancy, Thammasat University

**Training**

- Advanced Audit Committee Program (ACCP) Course group 23/2016, IOD
- Company Reporting Program (CRP), IOD
- Governance for University Development Program (Course group 7), Knowledge Network Institution of Thailand

**Other Positions**

- Vice President for Property and Finance, King Mongkut's University of Technology Thonburi
- Committee and Treasurer, Thai Business Incubators and Science Parks Association (Thai-BISPA)
- Independent and Audit Committee, Mudman Co., Ltd. and Affiliated corporations
- Consultant, Baker Tilly Thailand Co., Ltd.

**Work Experience**

- Senior Consultant, PA Associate Consulting Co., Ltd.
- Senior Analysis, Thai Rating & Information Service Co., Ltd.
- Accountant, Loan Pulang Roller Co., Ltd.
- Auditor Assistant, S.G.V. Arthur Anderson Co., Ltd.

**Mr. Veerapong Malai**  
Director

Age: 46

**Education**

- Ph.D. (International Business), Asian Institute of Technology (AIT)
- M.A. in Economic Laws, Chulalongkorn University
- M.B.A. in General Business, Bangkok University
- B.B.A. in Marketing (Second Class Honors), Bangkok University

**Training**

- The Public Director Certification Program (Course group 13), King Prajadhipok Institute & State Enterprise Policy Office
- The Prince of Wales's Business & Sustainability Program University of Cambridge, UK.
- How to Measure the Success of Corporate Strategy (HMS - Course group 3/2013), Thai Institute of Directors (IOD)

**Other Positions**

- Vice president for Innovation and Creative Entrepreneurship Development, Bangkok University
- Board member, Central Laboratory (Thailand) Co., Ltd.
- Associate Judge, The Central Intellectual Property and International Trade Court

**Work Experience**

- Executive Director & CEO, Biodiversity Based-Economy Development Office (Public Organization), Ministry of Natural Resources and Environment, Thailand
- Dean, School of Business Administration, Bangkok University
- Key Account Manager, Diethelm & Co., Ltd. (DKSH)





**Mr. Mongkon Leelatham**  
Director and secretary

Age: 59

### Education

- Master Degree in Economic Development, NIDA (1983)
- B.B.A. (Accounting), Thammasart University (1981)
- B.B.A. (Econ), Ramkhamheang University (1980)

### Training

- Advanced Master of Management Program (AMM), National Institute of Development Administration (2019)
- Energy Literacy For The World, Thailand Energy Academy (TEA) (2018)
- (6<sup>th</sup>) National Anti-Corruption Strategy Management SANYA DHARMAKTI INSTITUTE FOR COUNTER-CORRUPTION (SDI-CC)
- SEC. Capital Market Leader Program: Building Competitiveness of Nation and Thai Capital Markets, IMD - SEC Partnership Program, IMD - World Competitiveness Center
- Broadcasting Executive Forum Certificate (BCF) Broadcasting Executive Forum Certificate (BCF) - 1<sup>st</sup> (Award) National Broadcasting and Telecommunications Commission (NBTC) 2013
- Top Executive Program in Commerce Trade - TEPCoT 6 Commerce Academy, MOC, MOI, MOF and UTCC (1983)
- Certificate of Executive Program, Capital Market Academy - 13<sup>th</sup> (2012)

- Directors Certification (DCP 35), Thai Institute of Director (2004)
- Construction Planning (Honorary), Sukothai Thammatirat University (1983)
- Certificate of Economic Development, NIDA (1982)

### 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.
- SEVP, Institute of Research and Development for Public Enterprises (www.IRDP.org)

### Work Experience

- Board of Executive Directors and Deputy Vice President, Thai Public Broadcasting Service (Thai PBS)
- Committee, National Credit Bureau (NCB)
- Chairman, Board of Executive Directors, Thai Credit for Retail Co., Ltd.
- Chairman, Board of Executive Directors, Thamabun Co., Ltd.
- Board of Executive Directors & Managing Director, Credit Francier Thai Kaeha Co., Ltd.

# Board of Executive Directors



1. Mr. Chanvit Nakburee  
Chairman



2. Mr. Lavaron Sangsnit  
Chairman  
(19 May 2017 - 30 Sep 2018)



3. Mr. Praphaisith Tankeyura  
Director



4. Mrs. Jaree Wuthisanti  
Director



5. Mr. Mongkon Leelatham  
Director and Secretary

## Audit Committee

- |  |           |
|--|-----------|
| 1. Mr. Seree Nonthasoot                    | Chairman  |
| 2. Mrs. Poonsuk Musiklad                   | Director  |
| 3. Mr. Veerapong Malai                     | Director  |
| 4. Executive Vice President                | Secretary |
| Responsible for Compliance and Audit Group |           |

## Risk Management Committee

- |   |                           |
|---|---------------------------|
| 1. Mr. Prakit Sheepakdee                              | Chairman                  |
| 2. Mr. Chanvit Nakburee<br>(9 Nov 2017 - 26 Sep 2018) | Chairman                  |
| 3. Mr. Mongkon Leelatham                              | Director                  |
| 4. Mr. Woramit Krutto                                 | Director                  |
| 5. Mr. Phongcharn Samphaongern                        | Director                  |
| 6. Ms. Nartnaree Rattapat                             | Director                  |
| 7. Mrs. Chongrak Politanont                           | Director<br>and Secretary |
| 8. Mr. Vitoon Buasakdi                                | Assistant Secretary       |

## Nomination and Remuneration Committee

- |   |                     |
|---|---------------------|
| 1. Mr. Kriengkrai Rukkulchon              | Consultant          |
| 2. Mr. Prakit Sheepakdee                  | Chairman            |
| 3. Mr. Weerapong Malai                    | Director            |
| 4. Miss Tippawan Pinvanichkul             | Director            |
| 5. Executive Vice President               | Secretary           |
| Strategic & Resources Management Group    |                     |
| 6. Vice President / Senior Vice President | Assistant Secretary |
| Human Resources Department                |                     |

## Employee Relations Committee

- |                      |          |
|----------------------|----------|
| Mr. Chanvit Nakburee | Chairman |
| Board of Directors   |          |

## Employer Representatives

- |  |          |
|--|----------|
| 1. Senior Executive Vice President<br>Designated                                 | Director |
| 2. Executive Vice President<br>Strategic & Resources Management Group            | Director |
| 3. Executive Vice President<br>IT & Management Support Group                     | Director |
| 4. Executive Vice President<br>Treasury & Accounting Group                       | Director |
| 5. Executive Vice President<br>Risk Management Group                             | Director |
| 6. Vice President / Senior Vice President<br>Branch Operation Control Department | Director |
| 7. Vice President / Senior Vice President<br>Legal Department                    | Director |

## Employee Representatives

- |  |          |
|--|----------|
| 1. Mrs. Jidapa Nimnoi<br>Chairman, the State Enterprise Labor Union              | Director |
| 2. Mr. Wirote Pronlertprong<br>Vice Chairman, the State Enterprise Labor Union   | Director |
| 3. Mr. Boonrit Suntornlimsiri<br>Vice Chairman, the State Enterprise Labor Union | Director |
| 4. Mr. Putthinan Suyanan<br>Vice Chairman, the State Enterprise Labor Union      | Director |
| 5. Mr. Paskon Suriyo<br>Director, the State Enterprise Labor Union               | Director |
| 6. Miss Pinyapat Arthamaneeya<br>Director, the State Enterprise Labor Union      | Director |
| 7. Mr. Prakit Kopolrutana<br>Secretary, the State Enterprise Labor Union         | Director |

## Information Technology Committee

- |  |                           |
|--|---------------------------|
| 1. Col.Dr.Jearanai Vongsaard<br>Information Technology Advisor   | Consultant                |
| 2. President of SME Development Bank   | Chairman                  |
| 3. Senior Executive Vice President<br>(Mr. Worarnit Krutto)<br>New Product & Target Group, BPI, &<br>Risk Management | Director                  |
| 4. Senior Executive Vice President<br>(Mr. Phongcharn Samphaongern)<br>Responsible for Loan Growth                   | Director                  |
| 5. Senior Executive Vice President<br>(Miss Nartnaree Rattapat)<br>Asset Management and NPL                          | Director                  |
| 6. Executive Vice President<br>(Mrs. Chongrak Politanont)<br>Risk Management Group                                   | Director                  |
| 7. Mr. Maythapolnun Athimethphat<br>External Expert  | Director                  |
| 8. Mr. Krit Won-in<br>External Expert  | Director                  |
| 9. Executive Vice President<br>IT & Management Support Group   | Director<br>and Secretary |
| 10. Senior Vice President<br>(Mr. Ataporn Tragulmalee)<br>IT Strategic & Performance<br>Improvement Department       | Assistant<br>Secretary    |

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

- |                               |                                     |
|-------------------------------|-------------------------------------|
| 1. Gen. Pissanu Puttawong     | Corporate Governance<br>Specialist  |
| 2. Mr. Pittaya Thammanijakul  | Corporate Governance<br>Consultant  |
| 3. Soontorn Koonchaimang Ph.D | Social Responsibility<br>Consultant |
| 4. Mr. Prakit Sheeppakdee     | Chairman                            |
| 5. Mr. Mongkon Leelatham      | Director                            |
| 6. Miss Nartnaree Rattapat    | Director                            |
| 7. Mr. Saree Musigerst        | Director                            |
| 8. Mrs. Ubolrat Karpang       | Director                            |
| 9. Mrs. Siriporn Sangchan     | Secretary                           |

## Venture Capital Committee

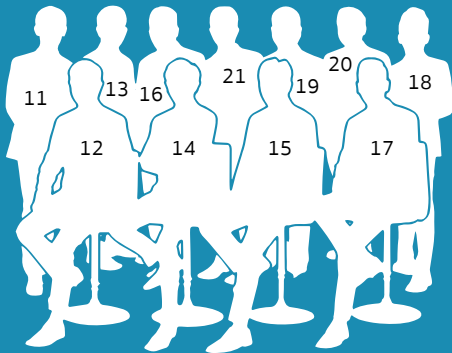
- |  |           |
|--|-----------|
| 1. Mr. Mongkon Leelatham   | Chairman  |
| 2. Mr. Weidt Nuchjalearn   | Director  |
| 3. Mr. Krisada Sektrakul   | Director  |
| 4. Mrs. Julaporn Namchaisiri                                     | Director  |
| 5. Mrs. Jitwatana Jaruwatanachai                                 | Director  |
| 6. Mr. Suwanchai Lohawatanakul                                   | Director  |
| 7. Executive Vice President<br>Entrepreneurial Development Group | Secretary |



# The Management



1. Mr. Mongkon Leelatham  
President
2. Mr. Woramit Krutto  
Senior Executive Vice President
3. Mr. Phongcharn Samphaongern  
Senior Executive Vice President
4. Miss Nartnaree Rattapat  
Senior Executive Vice President
5. Mr. Kongdacha Chairatana  
Professional Level
6. Mr. Samanpong Klienglumyong  
Executive Vice President
7. Mr. Somdul Chatunart  
Executive Vice President
8. Miss Malin Wuvanich  
Executive Vice President
9. Mrs. Chongrak Politanont  
Executive Vice President
10. Miss Wipha Luengmanee  
Executive Vice President



- |  |  |
|--|--|
| 11. Mr. Jessada Chor. Charoenying<br>Senior Vice President | 17. Mr. Amnat Hialong<br>Senior Vice President         |
| 12. Mr. Kantaphon Kaewmanee<br>Senior Vice President       | 18. Mr. Damrong Tangtanakan<br>Senior Vice President   |
| 13. Mr. Kodchagone Ludchasawee<br>Senior Vice President    | 19. Mr. Chatri Wetsoranasutee<br>Senior Vice President |
| 14. Mr. Cherdchai Ouanmin<br>Senior Vice President         | 20. Mr. Sirichai Loyprasert<br>Senior Vice President   |
| 15. Mr. Arnat Wiboonkanarak<br>Senior Vice President       | 21. Mr. Prakob Umplod<br>Senior Vice President         |
| 16. Mr. Saree Musigerst<br>Senior Vice President           |  |

# Senior Executive Vice Presidents



## Mr. Woramit Krutto

Responsible for target group and new product, Business Process Improvement, Risk Management. Supervise Marketing & Government Policy group, Risk Management group and Inspector.

**Age: 59**

### Education

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

### Training

- Top Executive Program in Commerce and Trade (TEPCot course group11), 2019
- Executive Management Seminar II, 2006, organized by Capital Market Academy
- Financial Executive Development Program FINEX XI, 2002, organized by The Thai Institute of Banking and Finance Association

### Work Experience

- Senior Executive Vice President of Branch Operation Group 1
- Senior Executive Vice President of Risk Management Group
- Senior Executive Vice President of Loan Department
- Executive Vice President of Entrepreneur Development Department
- Executive Vice President of Portfolio Management Department
- Executive Vice President of Business Organization & Network Development Department
- Director of Research & Development Department
- Director of Internal Auditing Department
- Manager of Kon Kaen Branch
- Head of Industrial Business Development Division Industrial Promotion Center (Region 5)



## Mr. Phongcharn Samphaongern

Responsible for Loan Growth. Supervise Credit Analysis group, Operation group and Credit for Medium Enterprise Department

**Age: 59**

### Education

- Master of Public Administration Science, National Institute of Development Administration (NIDA)
- Bachelor of Economics and Business Administration, Ramkhamhaeng University

### Training

- Advanced Master of Management Program (AMM) by National Institute of Development Administration
- Digital Economy for Executives Program by the Foundation for Government Research and Development Institute, 2017
- Executive Management Program by Ministry of Industry, 2011

### Work Experience

- Responsible for Loan Growth, Supervise Credit Analysis and Operation Groups
- Executive Vice President responsible for Credit Analysis Group
- Executive Vice President of responsible for Credit Operation Group
- Executive Vice President responsible for Loan Group and Medium Enterprise Loan Department 3
- Executive Vice President responsible for Central Loan Department 1
- Executive Vice President Loan Division
- Senior Vice President Loan Department 2





## Miss Nartnaree Rattapat

Responsible for Asset Management & Legal Group, Entrepreneur Development & VC Group, and Core Business Process System & ERP project

**Age: 48**

### Education

- LL.B., Chulalongkorn University, 2007
- M.B.A. (Finance), National Institute of Development Administration (NIDA), 1997
- M.S. (Biotechnology), Chulalongkorn University, 1997
- B.S. (Biochemistry), Chulalongkorn University, 1993

### Training

- Political & Democracy for Leadership Program (Course group 22); King Prajadhipok's Institution (KPI), 2018
- Director Certification Program (DCP 245), Thai Institution of Directors, IOD, 2017
- Leadership Succession Program (LSP 6), Institute of Research & Development, 2016
- Thammasart Leadership Program (TLP 4), 2014
- Financial Executive Development Program (Finex21), Thai Institute of Banking and Finance Association, 2010

### Work Experience

- Executive Vice President, responsible for Entrepreneur Development and Venture Capital Group, and Information Technology and Management Support Group, 2015 - 2018
- Executive Vice President, responsible for Entrepreneur Development and Venture Capital Group and Management Supports Group, 2016 - 2017
- Senior Vice President; Office of the President, 2010 - 2015
- Vice President; Debt Expedition Department, 2007 - 2009
- Deputy Vice President; Asset Management Department, 2003 - 2006



## Mr. Kongdacha Chairatana | Age: 59

Professional Level

### Education

- Master of Economics (Project Appraisal), National Institute of Development Administration (NIDA)
- Bachelor of Laws, Thammasat University

### Training

- Budget Management for Executive (Course group 3), Bureau of the Budget
- Economics in Public Administration for High-Level Administrators (Course group 9), King Prajadhipok's Institute
- Director Certification Program "Thammasat Leadership Program" (Course group 1), Thammasat University
- Leadership Succession Program (Course group 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)

### Work Experience

Credit Management and Branch Banking

- Kasikorn Bank Plc.
- Bank of Asia
- Government Housing Bank



# Vice Presidents

## Marketing and Government Policy Group

Mr. Janyarit Songmanee	Vice President	Product Development Department
Mrs. Laongdao Dhirarattana	Vice President	Process Development Department
Mr. Chainarong Chatrattanawaree	Vice President	SMEs Core Portal Department

## Risk Management Group

Mr. Vitoon Buasakdi	Senior Vice President	Risk Management Department
Miss Somsri Likitpreeda	Senior Vice President	Credit Risk Management Department
Miss Chansatit Vekavakyanont	Vice President	TCG Risk Management Department

## Credit Analysis Group

Mrs. Mena Geerajasadaporn	Vice President	Credit Analysis Department 1
Mr. Weerasak Kwankijarun	Vice President	Credit Analysis Department 2
Miss Niramol Techathanasub	Deputy Vice President (acting VP)	Credit Analysis Department 3
Mrs. Jitraporn Unsuwan	Deputy Vice President (acting VP)	Credit Analysis Department 4
Mr. Yongyut Suwannarit	Deputy Vice President (acting VP)	Credit Analysis Department 5

## Operation Group

Mr. Praves Masawat	Senior Vice President	Credit Processing Department
Miss Jindarat Promthong	Deputy Vice President (acting VP)	Credit Accounting Department
Mr. Satien Tantipipop	Senior Vice President	Factoring Credit Operation Department
Mr. Thakoon Pattamagovit	Vice President	Collateral Appraisal Department

## Asset Management Group

Mrs. Neeranart Chutiwong	Vice President	Asset Management Control Department
Mr. Chavalit Tangyooopuwadol	Deputy Vice President (acting VP)	Asset Management Department 1
Mr. Khemmachat Apiratchatanont	Vice President	Asset Management Department 2
Mr. Boonsek Phanudom	Senior Vice President	Asset Management Department 3
Mr. Prasij Virasilpa	Vice President	Litigation Department 1
Mr. Saree Musigerst	Senior Vice President (acting VP)	Litigation Department 2

## Loan Monitoring Group

Mr. Pramaun Rattanalertlop	Vice President	Loan Monitoring Department 1
Mr. Pissanu Nagasara	Senior Vice President	Loan Monitoring Department 2
Mr. Vachirapon Vichienwan	Vice President	Loan Monitoring Department 3
Mrs. Hathairat Nilkamhaeng	Deputy Vice President (acting VP)	Loan Monitoring Department 4
Mr. Passapong Thaina	Deputy Vice President (acting VP)	Loan Monitoring Department 5
Miss Sopitrawee Sriwaratpaphat	Deputy Vice President (acting VP)	Credit for Medium Enterprise Department

## Entrepreneur Development & Venture Capital Group

Mr. Anupong Sangarunthong	Vice President	Entrepreneur Development & Ventrue Capital Department 1
Mr. Damrong Tangtanakan	Senior Vice President (acting VP)	Entrepreneur Development & Ventrue Capital Department 2
Mr. Chatri Wetsoranasutee	Senior Vice President (acting VP)	Entrepreneur Development & Ventrue Capital Department 3
Mr. Narongkorn Khongmongkol	Deputy Vice President (acting VP)	Entrepreneur Development & Ventrue Capital Department 4
Mr. Prakob Umplod	Senior Vice President (acting VP)	Entrepreneur Development & Ventrue Capital Department 5
Miss Lucksanavadee Lertsaravuth	Vice President	Trust Management for Ventrue Capital Department
Miss Yupin Thanativakul	Senior Vice President	Entrepreneur Development Promotion Department
Mr. Weerawud Rujirakul	Senior Vice President	Entrepreneur Assistance Support Department

## Information Technology and Management Support Group

Mr. Somchanok Palakawong	Vice President	Office of the President
Mr. Saree Musigerst	Senior Vice President (acting VP)	Legal Department
Mrs. Ubolrat Karpang	Senior Vice President	Marketing Promotion Customer Relations and CSR Department
Miss Benjamas Amornchaichan	Senior Vice President	IT Planning and Development Department
Mr. Jakkrid Karoonsit	Vice President	IT Engineering Department
Miss Sumavee SalasuK	Senior Vice President	E-Commerce Department
Mr. Ataporn Tragulmalee	Senior Vice President	IT Strategic & Performance Improvement Department

## Treasury and Accounting Group

Miss Jintana Suchonchart	Vice President	Treasury Department
Miss Malin Wuvanich	Executive Vice President (acting VP)	Accounting Department
Mr. Suthat Kanthasaibour	Vice President	Banking Department

## Strategy and Resources Management Group

Mr. Sahadchai Lertporngulrat	Vice President	Strategy Planning and Research Department
Mr. Suksun Rataveissanun	Senior Vice President	Human Resources Department
Mr. Boonchorb Krutbua	Vice President	General Administration Department
Miss Papataree Glangjai	Vice President	Supplies Management Department

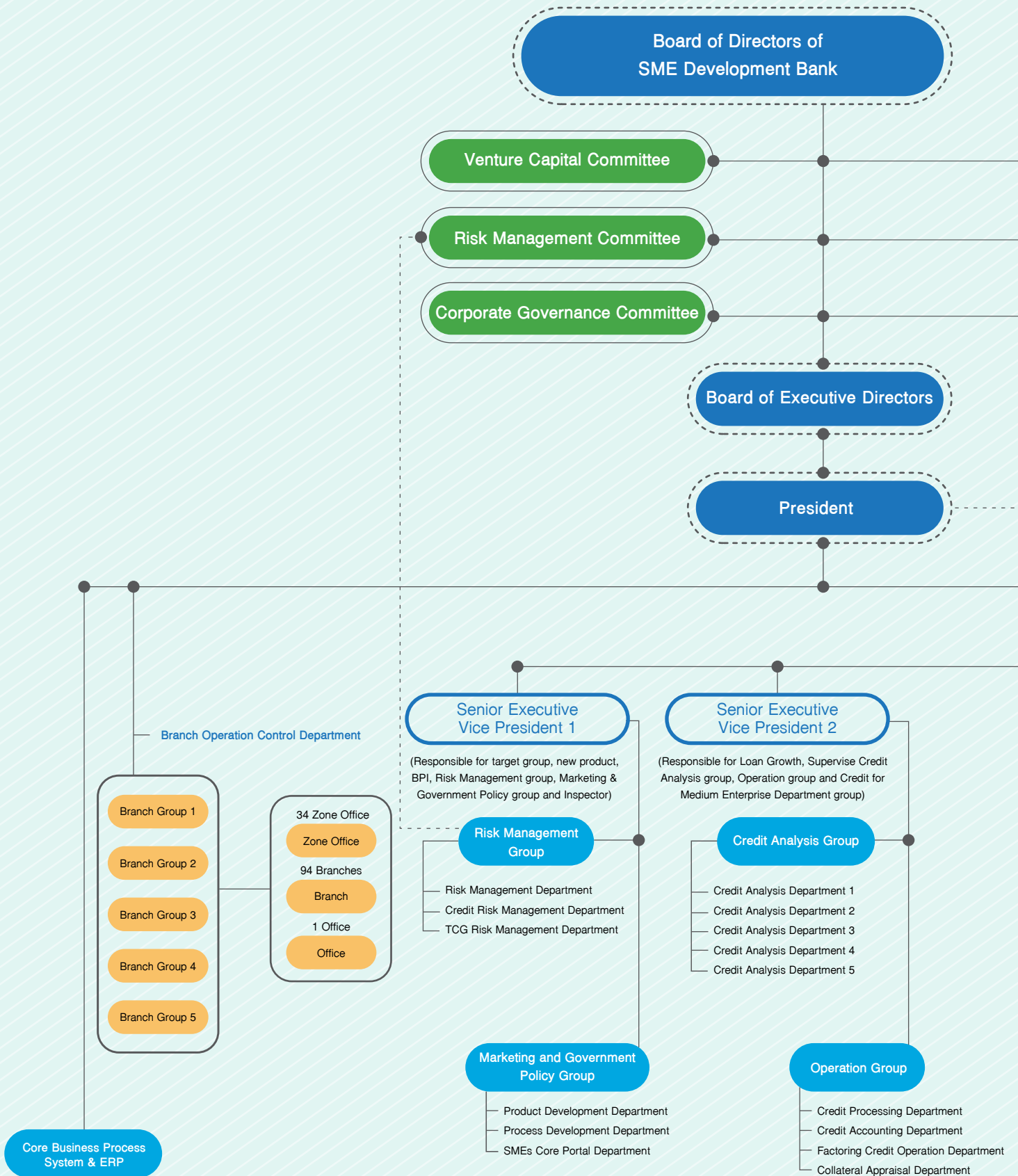
## Compliance and Audit Group

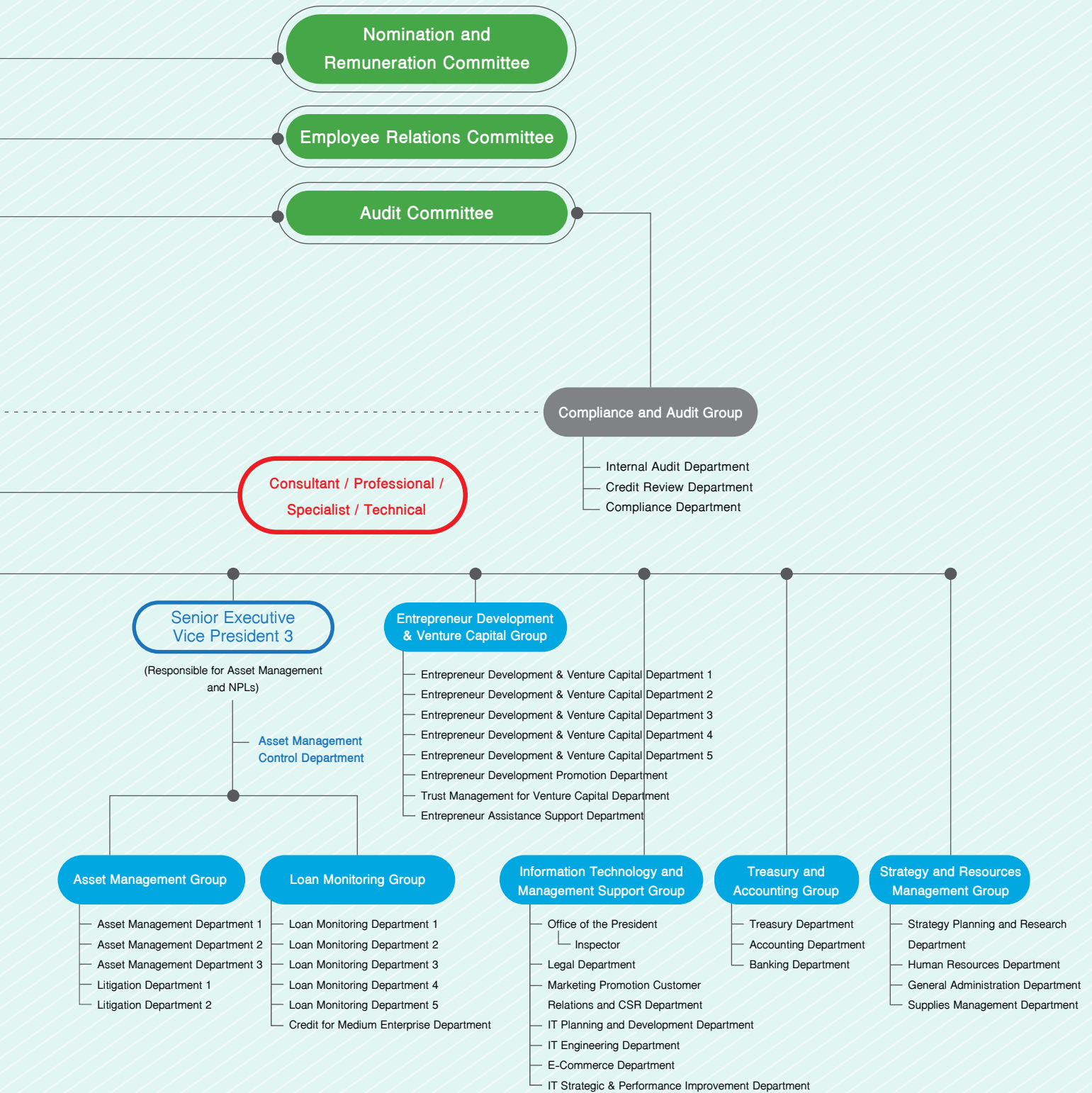
Mrs. Chuthamas Nualpring	Senior Vice President	Internal Audit Department
Miss Nartruede Kijvithee	Deputy Vice President (acting VP)	Credit Review Department
Mr. Chottinun Bhuchuyai	Deputy Vice President (acting VP)	Compliance Department

## Under Supervision of the President

Mr. Ataporn Tragulmalee	Senior Vice President	Core Business Process System & ERP Project
Mr. Sahachat Waenthong	Vice President	Branch Operation Control Department
Mr. Sumeth Anusithsupakarn	Senior Vice President	Inspector of the Branch Group 1
Mr. Chokchai Raumtawee	Vice President	Inspector of the Branch Group 2
Mr. Piwat Chaiyanukij	Senior Vice President	Head of the Inspector and acting as the Inspector of in the Branch Group 3
Mr. Phanurak Boonphaisarn	Deputy Vice President (acting VP)	Inspector of the Branch Group 4
Mr. Ramet Rattana-Arun	Deputy Vice President	Inspector of the Branch Group 5

# Organization Chart





As of 30 Dec 2018

17 Groups / 52 Departments / 5 Inspectors / 1 office / 34 Zone Offices / 95 Branches



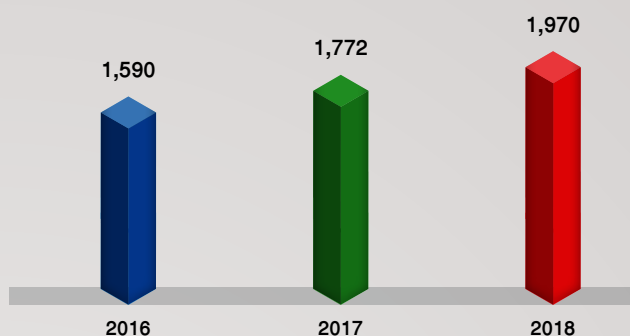
# Workforce Structure

unit : person

Number of Employees by Group	
Operation	264
Loan Monitoring	195
Asset Management	156
Branch Group 1	147
Under Supervision of the President	143
Credit Analysis	140
Branch Group 2	137
IT & Management Support	133
Branch Group 5	104
Strategy & Resources Management	102
Branch Group 3	98
Branch Group 4	88
Entrepreneur Development & VC	77
Treasury & Accounting	54
Compliance & Audit	40
Risk Management	40
Marketing & Government Policy	31
Top Management	21
<b>Total</b>	<b>1,970</b>

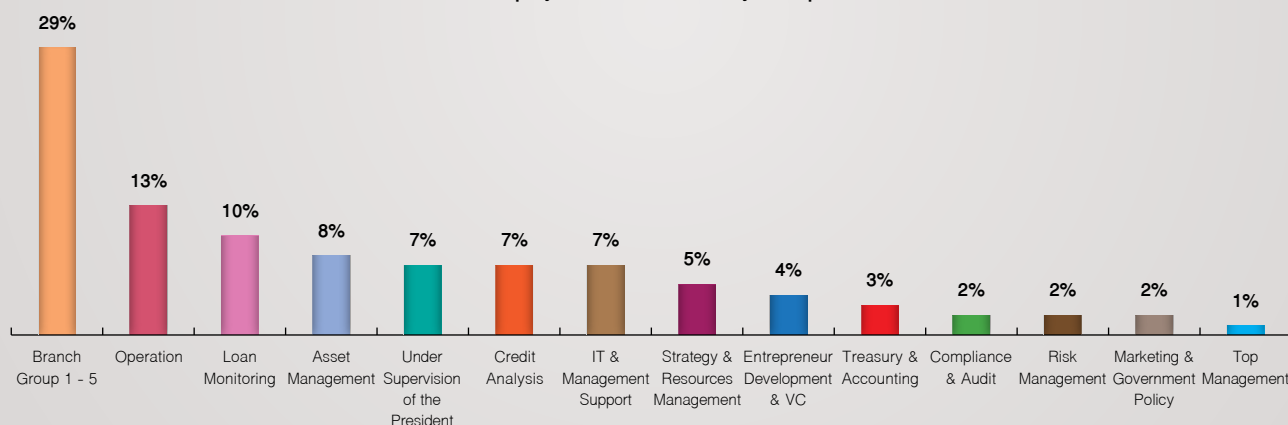
### Total Employees by Year

unit : person



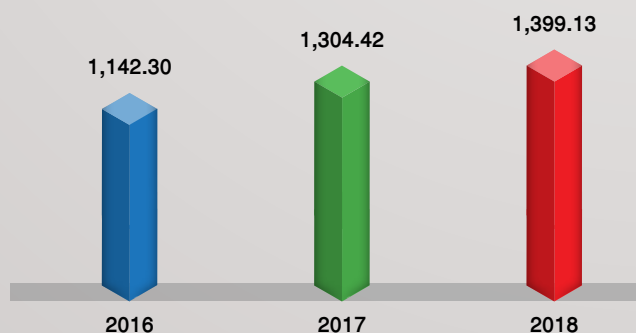
As of December 31, 2018, total employees were 1,970 persons, an increase of 11.17% from the previous year to support the mission and goals of the operational functions; branch and IT units. The ratio of the front office to the back office was 76:24, resulting in the employee expenses rise to align with the increase in employees. Meanwhile, the remuneration expenses of top management decreased from the previous year owing to the resignation and retirements.

### Employee ratio classified by Group



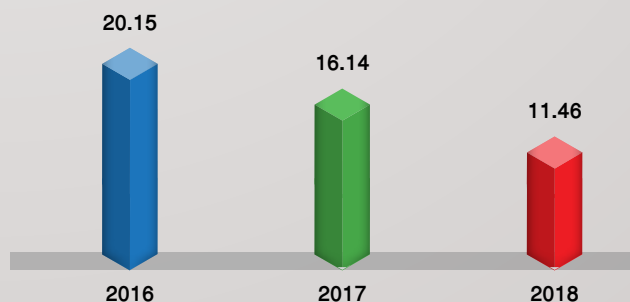
### Employee's Compensation by year

unit : million baht



### Remuneration of Top Management by year

unit : million baht



**Note:** Employee expenses were before withholding tax including salary, temporary cost of living, extra money for living temporarily, insurance for specific risk, depreciation of motorcycle, monthly child allowance, bonus, overtime, and medical expenses.

**Note:** Remuneration of the President and Senior Executives consist of salaries and providential funds contribution.

# Shareholders Structure

Small and Medium Enterprise Development Bank of Thailand  
As of December 31, 2018

Shareholders	number of Share	amount (baht)	%
<b>Public Sector</b>			
1 Ministry of Finance	197,816,318	14,530,000,000	98.8754
2 Government Saving Bank	550,000	55,000,000	0.2749
3 Krungthai Bank (Public) Co., Ltd.	222,000	22,200,000	0.1110
4 Financial Institutions Development Fund	18,000	1,800,000	0.0090
<b>Public Sector Total</b>	<b>198,606,318</b>	<b>14,609,000,000</b>	<b>99.2702</b>
<b>Private Sector</b>			
1 Ladawan Investment Co., Ltd.	400,000	40,000,000	0.1999
2 Members of Thai Banker's Association	697,711	69,771,100	0.3487
3 Members of Association of Finance Companies	359,389	35,938,900	0.1796
4 Others	2,900	290,000	0.0014
<b>Private Sector Total</b>	<b>1,460,000</b>	<b>146,000,000</b>	<b>0.7298</b>
<b>Grand Total</b>	<b>200,066,318</b>	<b>14,755,000,000</b>	<b>100.0000</b>

# Good Corporate Governance

The management mechanism of SME Development Bank has been structured to ensure effective inter-relationship between the board of directors, the management, and employees. The important objective is to create appropriate benefits and to take into account the interest of all stakeholders. Such organizational and managerial structure was designed to reflect the following 7 pillars of principles that are based on international standards:

- 1. Accountability:** Responsibilities over the performing of duties.
- 2. Responsibility:** A sense of duty with sufficient competency and efficiency.
- 3. Equitable Treatment:** The fair and equal treatment of all stakeholders.
- 4. Transparency:** The undertaking of business operation that is transparent and auditable. The information and operational result must also be transparently disclosed to all relevant parties.
- 5. Value Creation:** The creation of added value to the Bank in both short-term and Long-term in which any change or increase in such value should result in an improvement of competency in all aspects for competitiveness.
- 6. Ethics:** The promotion of good corporate governance and business ethical conduct.
- 7. Participation:** The promotion and development of a sense of participation and distribution of opportunities among the people to participate in any action that may have an impact on the environment, health, quality of life and community well-being.

As a state-owned bank, SME Development Bank has adhered to the principle of good corporate governance in compliance with the policy of the Ministry of Finance and international standards. The success of such missions relies heavily on a well-planned policy and working process, especially on the concept of good corporate governance. As a result, the Bank has committed to building a corporate culture in accordance with good corporate governance concept with a view to attain a concrete results. The Bank also made some fundamental adjustment to its Corporate Governance (CG) structure throughout the organization. A series of activity was implemented to promote good corporate

governance in the bank on a regular basis to promote the Bank's executives and employees to realize the importance of good corporate governance. As a result, they have clearly expressed their intention to adopt corporate culture and integrity within the organization by adhering to the following five principles:

- 1. Transparency:** Performing duties with a sense of fairness, honesty, transparency, and auditability by disclosing and providing access to information on various aspects of operations including allowing opportunity to participate and to audit by stakeholders.
- 2. Accountability:** Performing duties according to the roles and responsibilities by taking into account the achievement through integrity and good corporate governance and to be responsible for own decisions and actions.
- 3. Corruption-free:** Encouraging all levels of executives and employee to perform duties with a sense of fairness and transparency as well as to deny bribery or the misuse of positions for self-interest.
- 4. Integrity Culture:** Upholding moral principle and creating good attitude and honesty culture in the organization. Able to distinguish between self-interest and common interest and preventing conflict of interests.
- 5. Work Integrity:** Promoting compassion and fairness in all areas of management, namely the human resource, budgeting, job assignment, workplace environment by emphasizing on the common interest and basing on cost-effective principle and maximum benefit for the organization.

To ensure a concrete results of good corporate governance implementation, the Bank participated in the assessment of the morality and operational transparency of government agencies with the National Anti-Corruption Commission (NACC), Office of the State Enterprise Policy (SEPO), and other 54 state enterprises. The Bank has participated in the program the fourth consecutive year since 2015. According to the results of the assessment in 2018, the Bank with scoring 91.91%, ranked the 14<sup>th</sup> among 54 state enterprises that undertook the assessment.



## Guidelines to good corporate governance principles

The Bank aims to communicate with all stakeholders; employees, shareholders, customers, partners, and society to realize and adhere to pursue good governance. The board of directors and the management have expressed their intention to promote and encourage the practice of good corporate governance throughout the bank to ensure that it becomes the corporate culture, including the development of standardized internal control process, compliance and risk management. The Bank also promotes the practice of fair treatment and provide the opportunity for the stakeholders to participate in important events of the Bank, and to build the trust and acceptance among the customers or SME operators.

**The shareholders:** The Bank shall treat shareholders equally by ensuring that all necessary information is disclosed completely, adequately, fairly, and transparently. It shall clearly prescribe the rules and regulations on voting rights in shareholders' meetings and to perform its duties with utmost competence to ensure business growth and appropriate return to the shareholders. The shareholders' meeting shall be held in a manner that supports equal treatment of shareholders and equal opportunity to provide feedback and suggestions.

**The Customers:** The Bank has a commitment to ensure customer's satisfaction by offering a variety of quality financial and non-financial products and services and is always ready to respond to customer's needs, to take good care, be responsible and treat the customers in good faith, fairness and trustworthy. The Bank shall not exploit customer's information for benefits and shall provide accurate, complete and useful information to customer regularly to ensure customer satisfaction.

**Employees:** The employees play crucial roles in driving the mission to achieve the bank's vision. Maintaining personnel is as important as recruiting the right person with knowledge and competency. Opportunity for career advancement is clearly set. The Bank strives to empower its employees the necessary skills needed to accomplish the job and to meet customer satisfaction. In return, the Bank provides remuneration and welfare package appropriate to the duties, performance and responsibility, safety workplace, friendly working environment, including the promotion of career advancement.

**Other financial institutions and competitors:** The Bank treats all trade partners equally to ensure transparency and fairness to all stakeholders, based on the highest interest of the Bank and

without taking into account the personal or allied interests. The Bank shall perform duties transparently and accountably throughout the promotion of good understanding with others. Correct information is released based on facts without misleading or incompleteness.

## Ethics and Code of Conducts

The Bank recognizes the importance of corporate governance, which is the main factor that supports the Bank become a leading financial institution with management excellence and moral in business operation, transparent, auditable, value-added creation in the long run, and protect the interests of stakeholders. These are crucial factors in driving the mission to achieve the Bank's vision.

The Bank, therefore, prepares the code of practice for members of the Board of Directors, the management, and the employees. It would bring about a mechanism and a good management system that will lead to being a state-owned financial institution and make contribution to sustainable SMEs development. However, the handbook shall be revised on a regular basis.



## Policy to prevent conflicts of interest

The Bank has developed policy and action to prevent conflicts of interest as follows:

1. Prepare the Bank's order regarding the code of practice on the conflict of interest.
2. Require immediate reporting on the cases where conflict of Interest occurred and at the end of fiscal year, if the case is not related to a conflict of interest.
3. Prefer the benefits of the Bank over personal interests and have no conflict of interest.
4. Review and prescribe measures to prevent conflict of interest among departments on a yearly basis.
5. Members of the board of directors and the president shall declare their account of assets and Liabilities items, using the form provided by the National Anti-Corruption Commission.
6. For those who are appointed to work in procurement/ committees/sub-committees and working group by the Bank shall declare their assets before performing duties.

## Board of Directors

The Act of Small and Medium Enterprise Development Bank of Thailand, B.E.2545, has designated one committee called "the Board of Directors of the Small and Medium Enterprise Development Bank of Thailand" consisted of one chairman and no more than nine directors who are elected by the shareholders' meeting. The President is a director by position.

The Chairman and directors will hold office for a term of three years. Retiring directors are eligible for re-election but for not exceeding two consecutive terms.

### Qualifications of the Directors

The Board of Directors consists of the caliber persons with relevant experience that benefits to the Bank and is qualified under the Act of Standard Qualifications of the Directors and the Employees of State Enterprises B.E. 2518, and its amendments, including the SME Bank Act as mentioned above.

## Scope of Duties and Responsibilities

1. Formulate the policy and oversee general administration of the Bank's business under the scope of its objectives in developing, promoting, assisting, and supporting the establishment, management, expansion or improvement of the small and medium enterprises. Financial and non-financial services are including granting of credits, guaranteeing, participating in investment, and giving advice on finance, technique and knowledge, development of production, marketing, administration and management for SMEs including other necessary services.
2. Appoint the Executive Board of Directors, consisted of the Chairman and not more than 3 other Executive Directors of which the President shall be one of the members by position.
3. Establish the Articles of Association for the Bank's operation as follows;
  - 3.1 issuance of regulations on the Bank's shares;
  - 3.2 issuance of regulations on money lending, debt guarantee, sale or sale by rediscount of bills to financial institutions, acceptance of pledges, acceptance of mortgages, and other businesses of the Bank;
  - 3.3 issuance of regulations on management and business operation of the Bank;
  - 3.4 issuance of regulations on human resources management, remunerations and other expenses of the Bank;
  - 3.5 issuance of regulations on procurement, finance, asset, accounting, and internal audit of the Bank;
  - 3.6 issuance of regulations on the welfare of the employees and official of the Bank and their families;
  - 3.7 set up of branches or representative offices of the Bank.



## Board of Executive Directors

According to the Small and Medium Enterprise Development Bank of Thailand Act B.E.2545, the board of directors shall have the authority to appoint the board of executive directors, which is comprised of one executive chairman and no more than three executive directors, in which the President shall be a member by position. The Board holds office for a term of two years.

### Scope of duties and Responsibilities

1. Establish the direction and guidelines of the Bank's operation in compliance with the policy and goal set forth by the board of directors where the authority of the President as specified in Section 25 shall not be superseded.
2. Report the operating results to the board of directors every three months.
3. Approve the request for the budget changes within the amount limits, specified in the Bank's regulations and report to the board of directors for acknowledgement.
4. Approve organizational restructuring and changes in the scope of responsibilities of the departments supervised by the Senior Executive Vice President and report to the board of directors for acknowledgement.
5. Determine the annual bonus rate and special payment and propose them to the board of directors for approval.
6. Determine annual salary raise rates for employees and propose them to the board of directors for approval.
7. Appoint sub-committee and/or working group to carry out any action within the delegated authority framework.
8. Approve the procurement and lease of the properties the amount of more than 20 million baht but not exceeding 50 million baht.
9. Appoint or hire an external expert as deemed appropriate or seek professional opinions from relevant qualified person or outside expert at the Bank's expenses.
10. Approve the extension of loan term or review the loan amount and debt restructuring private fund the credit line that exceeds 50 million baht but not more than 200 million baht per case. The approval authority covers the followings.

10.1 Formulate policy, criteria and practical guideline relating to the extension of loan term or the review of loan limit and the debt restructuring according to the credit line approval authority, specified in item 10.

10.2 Approve the extension of loan term or limit review and approve the waiver or change of lending terms and conditions that have already been approved within the credit limit authorization shown in item 10 as follows:

- 1) Lengthen or reduce the Grace Period.
- 2) Adjust the short-term debt to the long-term or vice versa.
- 3) Increase or decrease the interest rate, the grace period, the principal of repayment, and/or the interest payment of each installment.
- 4) Review the loans type that shall not increase the loan limits beyond the approval authority.
- 5) Increase, reduce, or changes of collateral or guarantor.
- 6) Accept the transferred assets of both the collateral and non-collateral for debt payments.
- 7) Reduce or exempt the accrued interests, the fines, the default interest rates, and other fees that have not yet been realized as income in the profit and loss account according to the rules of the Bank of Thailand.

The actions in items 1-7 shall not cause the accounting loss recognized in the statement of profit and loss according to the income recognition criteria of the Bank of Thailand at the time.

10.3 Approve the debt restructuring of Non-Performing Loans (NPLs) within credit limits authority, specified in item 10 as follows:

- 1) Lengthen or reduce the Grace Period.
- 2) Adjust the short-term debt to the long-term or vice versa.
- 3) Increase or decrease the interest rate, the grace period, the principal of repayment, and/or the interest payment of each installment.
- 4) Review the loans type that shall not increase the loan limits beyond the approval authority.
- 5) Increase, reduce, or changes of collateral or guarantor.

- 6) Accept the transferred assets of both the collateral and non-collateral for debt payments.
- 7) Reduce or exempt the accrued interests, the fines, the default interest rates, and other fees that have not yet been realized as income in the profit and loss account according to the rules of the Bank of Thailand.

The actions in items 1-7 shall not cause the accounting loss recognized in the statement of profit and loss according to the income recognition criteria of the Bank of Thailand at the time.

11. Consider and screen loans and debt restructuring with the amount limits exceeding 200 million baht per case before submitting to the board of directors for approval.
12. Perform any other task assigned by the board of directors.

## Audit Committee

### Scope of duties and responsibilities:

The Audit Committee has the duties and responsibilities to oversee the operation to ensure that they comply with relevant laws and regulations, including the resolutions of the Cabinet, Notifications of the Bank of Thailand, relevant guidelines and practices of the state enterprises' audit committee. The Audit Committee shall enhance the efficiency of the operations that provide added value to the Bank and build public's trust and confidence that the Bank operates with prudence, fairness, transparency with authority and responsibilities as stated in the Charter of the Audit Committee. The Audit Committee reports the audit results to the board of directors.

## Risk Management Committee

### Scope of Duties and Responsibilities:

1. Formulate risk management policy framework that covers key types of risk such as credit risk, market risk, liquidity risk, operational risk, strategic risk, and the risk that may impact to the reputation of the Bank to be proposed for consideration by the board of directors.

2. Formulate risk management policies that are in line with the corporate strategy that include risk assessment, monitoring and maintaining the risk to appropriate and acceptable level.
3. Review of the adequacy of the policy and risk management process including the effectiveness of the process and compliance to the policy guidelines.
4. Regularly report to the Audit Committee on the area, required to be modified or improved to ensure that it is in line with the prescribed policy and strategy.
5. Approve the implementation plan of risk management, risk limit, measuring tool to the risk appetite and risk tolerance of the Bank. The plan shall be regularly reviewed and adjusted as deemed appropriate to the changing environment of the Bank. The Committee also considers and approves the implementation of relevant projects, designed to achieve the action plan and to review the adequacy of resources required for risk management.
6. Approve all types of non-derivatives product except non-collateral loan of more than 1 million baht per account.
7. Screen all types of derivatives and non-derivatives products with non-collateral loan of more than 1 million baht and loan products according to government policy.
8. Approve the business continuity management plan and its support plan in all departments within the Bank.
9. Perform other duties as assigned by the board of directors.

## Employee Relations Committee

### Scope of duties and responsibilities:

1. Consider and provide opinions on the improvement of the Bank's operational efficiency and promote and develop labor relations.
2. Find away to reconcile and settle conflicts within the Bank.
3. Consider the revision of the rules and regulations that will benefit employers, employees, and the Bank.

4. Provide consultancy in order to resolve complaint cases, filed by employees or the Bank's state enterprise Labor union, including cases that require disciplinary action.
5. Provide consultancy to improve the employment conditions.

## Nomination and Remuneration Committee Duties and Responsibilities:

### Scope of duties and responsibilities:

1. Formulate policy, criteria, and procedure for the recruitment of Senior Executive Vice President and Executive Vice President and propose it to the board of directors for approval.
2. Nominate the qualified persons for the following positions and propose them to the board of directors for approval.
  - 2.1 Members of Sub-committees whose authorities and responsibilities are delegated by the board of directors.
  - 2.2 Senior Executive Vice President and Executive Vice President and those who perform duties equivalent to Senior Executive Vice President and Executive Vice President.
3. Set policy for remuneration package and other benefits for the members of the Board of Directors, Sub-committees, Senior Executive Vice President, and Executive Vice President with clearly specified criteria and transparent procedure.
4. Disclose the policies and details of the recruitment process in the Annual Report.
5. Oversee and ensure fair remunerations for the members of Sub-committees, the Senior Executive Vice President and the Executive Vice President that are appropriate with the duties and responsibilities. Also, the board members who are assigned with additional duties and responsibilities shall receive appropriate remuneration accordingly.
6. Specifying the guidelines of performance evaluation for the annual adjustment of their remunerations of the members of the Sub-committees, the Senior Executive Vice President and the Executive Vice President where their responsibilities and the risks involved shall be taken into consideration.
7. Disclose the remuneration policy and payment in various forms and prepare remuneration report to include at least the details of the goals and the implementations as well as the opinions of the board in the annual report.
8. Give opinions and approval of the criteria and process for recruitment of the employee level 11 to Level 13 nominated by the President.
9. Perform any other task assigned by the board of directors.

## Information Technology Committee

### Scope of duties and responsibilities:

1. Formulate IT policy, IT Road Map, and a plan to apply appropriate information technology that is suitable for the Bank's business direction and plan.
2. Provide constructive opinions on the development of the IT Master Plan in line with the Bank's business plan by taking into consideration the ability to integrate with existing information systems and compliance with the IT security policy and IT Standards.
3. Formulate IT security policy and guidelines in compliance with the prescribed standards and laws.
4. Consider, screen and provide comments on procurement process, development of information technology, and oversee the implementation to ensure that it is in compliance with the plan and that the information technology infrastructure achieves results and meets the set targets.
5. Report the IT results to the board of directors on quarterly basis.



## Corporate Governance and CSR Committee (CG&CSR)

### Scope of duties and responsibilities:

1. Determine the principle of good corporate governance (CG) for efficient and effective operations of the Bank by developing and promoting the awareness, understanding the practice to the personnel in compliance with the regulators and the supervisory rules of other relevant agencies.
2. Oversee and promote the implementation of the Bank to be in compliance with good corporate governance principles.
3. Evaluate and review the good corporate governance policy regularly to ensure it is in line with international practice.
4. Provide suggestions to the management and relevant committees regarding the implementation of the CG principles
5. Appoint the sub-committees to supports the activity of the CG.

## Venture Capital Committee

### Scope of duties and responsibilities:

1. Have the authority to enter into a joint venture with investment proportion and capital amounts, according to the rules and regulations of the joint venture. It required consideration of the investment conditions to ensure it's in line with the requirements and policies designated by the board of directors of the Bank. The conditions are including the investment types and amounts, the duration, fees, returns on investment, the disbursements to pay the shares, the debt repayments, the withdrawal, the sale of the venture capitals or shares received from the venture capitals, and other debt restructurings.
2. Have the authority to approve, waive or change the criteria, conditions, and methods of the Bank's venture capitals, including the reduction or increase in the venture capital amount of up to 30 million baht per case under venture capital regulation.

3. Consider the exit from the venture capital or file lawsuits against company that the Bank has invested in.
4. Determine and set investment policy on venture capital fund or private equity trust in line with the government's policy.
5. Select and approve the venture capital investment from the proposals made by the trust fund manager.
6. Supervise the operation of the trustees and the trust fund manager to ensure that it is in compliance with the purposes of the fund's establishment.
7. Have the authority to appoint the advisors to the board, the subcommittee, and the working group to undertake any action relating to venture capital.
8. Report the results of investment to the board of directors at least once a year.
9. Perform any other task assigned by the board of directors.

## Execution in compliance with Official Information Act B.E. 2540

SME Development Bank has undertaken regarding the disclosure and access according to The Official Information Act B.E.2540 to the public as follows:

1. The Bank has appointed the Information Committee of the Bank with authorities and duties to determine criteria and guidelines regarding the classification of Bank's information both information management and service available, including actions according to the Order in compliance with The Official Information A B.E. 2540.
2. The Bank has posted for the public its organizational structure, list of the board of directors and their scope of authority under the SME Development Bank Act B.E. 2545, and the management team, on the Bank's website: [www.smebank.co.th](http://www.smebank.co.th).
3. The Bank has released its invitation to the bid and inquiry for procurement, announced the cancelation, and the winners of each procurement project on the website and at SME Bank Tower PR spots.

4. There are several channels available to the public for more information or complaints through Call Center 1357, facebook, twitter SME Development Bank, YouTube: SME Development Bank, LINE@: SME Development Bank.
5. The Compliance report is submitted to the Official Information B.E. 2540 to the Office of the Official Information Commission and the Ministry of Finance on an annual basis.
6. Disclosure of data and customer's information of the Bank to government agencies and private partners including individuals as requested subject to the provisions of law and the Bank's regulations as follows:
  - 6.1 To provide data verification, or documentation and evidence, or send the Bank's officer to present and give a statement as a witness on demand by state agencies authorized by law. The agencies are including the court, Legal Executive Department, Revenue Department, Department of Special Investigation, Royal Thai

Police, Office of the Consumer 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, Office of the ombudsman Thailand, the BOT, and so on.

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



## Disclosure of Directors' Information

As of December 30, 2018

	Mr. Pasu Loharjun Chairman	Mr. Lavaron Sangsnit Director	Mr. Praphaisith Tankeyura Director	Mr. Seree Nonthasut Director	Mrs. Poonsuk Musiklad Director	Mr. Chanvit Nakburee Director
<b>Remark:</b>	Appointed position effective Nov 9, 2017	Appointed new term on Nov 9, 2017 and hold position until Sep 30, 2018	Hold position until Nov 8, 2017 and appointed new term on Nov 9, 2017	Hold position until Nov 8, 2017 and appointed new term on Nov 9, 2017	Appointed new term on Nov 9, 2017 and hold position until Nov 4, 2018	Hold position until Nov 8, 2017 and appointed new term on Nov 9, 2017
1. Holding a position of Director in not more than 3 state enterprises and/or juristic persons in which a state enterprise being a shareholder.	All Directors of the SME D Bank in position of not more than 3 state enterprises.					
2. File a report with the Bank regarding the directors' interest or related person's interest relates to the Bank.	All Directors of the Bank, their spouses, and minor child (children) have no credit transaction nor being a trade partner with the Bank personally or by a juristic person in which that particular Director/s are shareholders or a signatory director or an executive or a guarantor.					
3. Listed in the Director's Pool of State Enterprises.	✓	✓	✗	✓	✗	✗
4. Holding a position or shares in a company, in which the Bank is a shareholder.	related	unrelated	related	unrelated	related	unrelated
1. Thai Credit Guarantee Corporation (TCG)		✗		✗		✗
2. National Credit Bureau Co., Ltd.		✗		✗		✓
3. Chao Phraya Insurance Co., Ltd.		✗		✗		✗
4. Electrical Engineering and Energy Saving Co., Ltd.		✗		✗		✗
5. Wattasarn Media Co., Ltd.		✗		✗		✗
6. Pet-tech Inter Group Co., Ltd.		✗		✗		✗
7. Thai Fashion Center Co., Ltd.		✗		✗		✗
8. Techno Asia Tire Co., Ltd.		✗		✗		✗
9. Bangkok Marine Engineering Co., Ltd.		✗		✗		✗
10. Thai Umaporn Textile Co., Ltd.		✗		✗		✗
11. Manee Taming Co., Ltd.		✗		✗		✗
12. Arto Wood (Thailand) Co., Ltd.		✗		✗		✗
13. BITEC Cooling Co., Ltd.		✗		✗		✗
14. Khao Yai Panorama Co. Ltd.		✗		✗		✗
15. Virgin F&B Co., Ltd.		✗		✗		✗

**Remarks:** Mr.Chanvit Nakburee, director, has been assigned by the State Enterprise Policy Office to be a director position as a representative of Ministry of Finance in the National Credit Bureau Co., Ltd. The Bank herewith has agreed and assigned Mr.Chanvit Nakburee as a director in the National Credit Bureau Co., Ltd.  
Mr.Mongkon Leelatham, the president of SME D Bank, was assigned a director position as the Bank's representative in the National Credit Bureau Co., Ltd.

	Mr. Pornlert Lattanan Director	Mr. Prakit Sheepakdee Director	Mrs. Jaree Wuthisanti Director	Miss Tippawan Pinwanichkul Director	Mr. Veerapong Malai Director	Mr. Mongkon Leelatham Director&Secretary
<b>Remark:</b>	Appointed new term on Nov 9, 2017 and hold position until Jan 26, 2018	Appointed position effective Nov 9, 2017	Appointed position effective Nov 9, 2017	Appointed position on Feb 8, 2018 and hold position until Nov 29, 2018	Appointed position effective Jun 1, 2018	Appointed position effective Jan 1, 2016
1. Holding a position of Director in not more than 3 state enterprises and/or juristic persons in which a state enterprise being a shareholder.	All Directors of the SME D Bank in position of not more than 3 state enterprises.					
2. File a report with the Bank regarding the directors' interest or related person's interest relates to the Bank.	All Directors of the Bank, their spouses, and minor child (children) have no credit transaction nor being a trade partner with the Bank personally or by a juristic person in which that particular Director/s are shareholders or a signatory director or an executive or a guarantor.					
3. Listed in the Director's Pool of State Enterprises.	✓	✗	✓	✗	✗	✓
4. Holding a position or shares in a company, in which the Bank is a shareholder.	related	unrelated	related	unrelated	related	unrelated
1. Thai Credit Guarantee Corporation (TCG)		✗		✗		✗
2. National Credit Bureau Co., Ltd.		✗		✗		✓
3. Chao Phraya Insurance Co., Ltd.		✗		✗		✗
4. Electrical Engineering and Energy Saving Co., Ltd.		✗		✗		✗
5. Wattasarn Media Co., Ltd.		✗		✗		✗
6. Pet-tech Inter Group Co., Ltd.		✗		✗		✗
7. Thai Fashion Center Co., Ltd.		✗		✗		✗
8. Techno Asia Tire Co., Ltd.		✗		✗		✗
9. Bangkok Marine Engineering Co., Ltd.		✗		✗		✗
10. Thai Umaporn Textile Co., Ltd.		✗		✗		✗
11. Manee Taming Co., Ltd.		✗		✗		✗
12. Arto Wood (Thailand) Co., Ltd.		✗		✗		✗
13. BITEC Cooling Co., Ltd.		✗		✗		✗
14. Khao Yai Panorama Co. Ltd.		✗		✗		✗
15. Virgin F&B Co., Ltd.		✗		✗		✗

## Table of summary: meeting attendances and remuneration of the board of directors in 2018

No.	Board Member	Monthly remuneration (12 month)	Monthly meeting allowance, total	The committee's meeting attendance and receipt of meeting allowance												
				Board of Directors (No. of attendance / total meeting)	Executive Directors (No. of attendance / total meeting)	Audit (No. of attendance / total meeting)	Risk Management (No. of attendance / total meeting)	Employee Relations (No. of attendance / total meeting)	Nomination & Remuneration (No. of attendance / total meeting)	IT (No. of attendance / total meeting)	Venture Capital (No. of attendance / total meeting)	Corporate Governance (No. of attendance / total meeting)				
1	Mr. Pasu Loharjun	240,000	150,000	Chairman (23/25)												
2	Mr. Lavaron Sangsrit	90,000	90,000	Director (14/19)	Chairman (16/16)											
3	Mr. Chanvit Nakkuree	120,000	110,000	Director (21/25)	Chairman (5/6)		Chairman (11/11)	Chairman (12/12)	Director (1/1/11)							
4	Mr. Seree Nonthasoot	120,000	110,000	Director (18/25)		Chairman (16/16)			Director (9/9)							
5	Mr. Praphaisith Tankeyura	120,000	120,000	Director (21/25)	Director (21/22)											
6	Mrs. Poonsuk Musiklad	111,000	110,000	Director (21/24)		Director (14/15)										
7	Mr. Porniert Lattanan	10,000	10,000	Director (2/2)		Chairman (1/1)										
8	Mr. Prakrit Sheeppakdee	120,000	120,000	Director (25/25)			Chairman (4/4)		Chairman (13/13)						Chairman (5/5)	
9	Mrs. Jaree Wuthisanti	120,000	120,000	Director (22/25)	Director (20/22)											
10	Miss Tippawan Pinwanichkul	87,000	69,333	Director (9/13)					Director (2/4)							
11	Mr. Veerapong Malai	70,000	70,000	Director (13/14)		Director (6/7)			Director (2/2)							
12	Mr. Mongkon Leelatham	120,000	120,000	Director & Secretary (25/25)	Director & Secretary (22/22)		Director (14/15)				Chairman (11/11)		Chairman (1/1)		Director (3/5)	
	<b>Total remuneration</b>	<b>1,328,000</b>	<b>1,199,333</b>	<b>1,199,333</b>	<b>510,000</b>	<b>316,833</b>	<b>150,000</b>	<b>137,500</b>	<b>227,500</b>	<b>-</b>	<b>-</b>	<b>37,500</b>				

### Remarks:

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 dated 24<sup>th</sup> May 2004.
2. The Board of Directors was appointed at the annual general meeting of the shareholders 1/2560 dated 9<sup>th</sup> November 2017.
3. Mr. Porniert Lattanan resigned director position of the board of director committee effective on 28<sup>th</sup> January 2018.
4. Mr. Lavaron Sangsrit resigned his director position of the board of director committee and all positions of subcommittee effective on 30<sup>th</sup> September 2018.
5. Miss Tippawan Pinwanichkul was appointed at the annual general meeting of the shareholders 1/2561 dated 8<sup>th</sup> November 2017 and resigned director position of the board of director effective on 29<sup>th</sup> November 2018.
6. Mr. Veerapong Malai was appointed at the board of director meeting 11/2561 dated 31 May 2018 and effective on 1<sup>st</sup> June 2018.
7. Mrs. Poonsuk Musiklad member of the board of director ended her term of office due to age 65 on 4<sup>th</sup> December 2018.



# Key Factors Affected Operations

In 2018, financial institutions all faced economic uncertainty caused by international political situations such as the trade dispute between the US and China, which has affected the worldwide economy. Another impact was caused by the emergence of technology 4.0 which has forced organizations to adopt digital technology to provide better and more efficient services to their customers. The three main risks faced by the Bank are:

## Economic Condition Risk

The Thai economy is likely to slow down in 2019. The downside risks of the economic growth will come from external factors while domestic factors will play a more important role in driving the economy. For the monetary policy, the Monetary Policy Committee (MPC) raised the policy interest rate to 1.75 percent at the end of 2018 after maintaining it for 3 consecutive years amid interest rate upward trend in the US throughout the year 2018. This was one of the reasons that the interest rate in the financial market increased causing an increase in the cost of the fund. However, the risk of major economies' monetary policy implementation will be a factor to watch which could affect domestic financial market outlook. The Bank has consistently monitored and assessed the economic conditions and ready against any unexpected uncertainties.



## Technology Risk

Financial transactions rely more on digital channels nowadays due to the transformation in financial innovation under the era of significant changes in technology. Not only does it impact on new forms of competition and product but also traditional businesses. Therefore, if the Bank does not prepare for such changes, its business operation will certainly be affected by new types of risks in the future. The Bank, therefore, pays attention to protect the security of the system and data, including the continuity of the system services to assure that its operational potential accelerates innovation to improve customer satisfaction.



## Regulation Change Risk

To comply with the implementation of new accounting standards or International Financial Reporting Standards No.9 (IFRS9), the Bank has to make preparations for the improvement and development of the work system including personnel which will affect the bank's operating cost.



# Risk Management



## Risk Management Overview

SME Development 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 the Bank's operation shall achieve the set targets with stability and in conformity with the principle of good governance. During the 2018 fiscal year, the Bank drew up its directions and strategies toward 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 the 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 continually to ensure more effectiveness of risk management.

2. Take advantage of risk management for business opportunity, value-added creation, risk diversification, and mitigation of loss to the Bank.

The Bank has developed various risk management systems, i.e., operational risk management, Operation Loss Data to make available of database necessary to calculate the capital adequacy as required by international standards. The Bank has also developed early warning to ensure appropriate action to be taken on time in order to mitigate the risk.

3. Risk management is the responsibility of all units; the board of directors, the management, and the staff that take into account the risk management and practice until it becomes the corporate culture.

The importance is placed upon communication for understanding among the 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. Besides, the Bank has had risk management integrated with its organizational administration under the integrated scheme of Governance Risk Management and Compliance (GRC).

4. Continually develop personnel and tools necessary for risk management to ensure that they can manage risk appetite and responsive to the Bank's goals.

5. To ensure that risk management is in line with Enterprise Risk Management (ERM) principles, the Bank is committed to develop risk management to become its organizational culture where the Bank's board of directors, the risk management committee (RMC), the management, and all departments in the Bank, will participate in managing risk.

- **The Board of directors level:** The board of directors has appointed the RMC, consisting of representatives from the board of directors, independent experts, the Bank's president, and the management 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.
- **The management level:** The management team 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.
- **The operation level:** Risk owners of each department will carry out Control Self-Assessment (CSA) for relevant matters under the supervision of the risk management and internal control committee within the departments to ensure that operational objectives will be achieved.

Also, the risk management department is responsible for overall risk management. The duties are to educate and advise the risk management to risk agencies in addition to 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.

## Risk Factors and Risk Management

The Bank classifies its risk factors, in compliance with the BOT and the Ministry of Finance's guidelines, into two major groups and six categories; credit risk, market risk, liquidity risk, are the financial risk; strategic risk, operational risk, compliance risk, are the non-financial risk. In 2018, the Bank has identified risk factors at the enterprise level by the assessment and analysis of internal and external factors and used risk map to integrate all aspects of risks under the ERP principles.

### Credit Risk Management

The Bank has aimed at helping micro SMEs thrive with financial service limits up to Baht 15 million and also in conformity with its mission in promoting access to a source of financing with fast and modern information technology system to micro SMEs. Moreover, the Bank has strived for reinforcement SME lacking collateral, which the main obstacle to access funding source from the banking system, by assisting in the loan guarantee scheme of Thai Credit Guarantee Corporation (TCG).

To be in line with those missions in 2018, the Bank has performed credit risk management in three following areas:

#### 1. Risk Identification:

In April 2018, the Bank began to adopt the Expert Judgment Model (A Score) which is a CA On-Line system for a group of loans whose credit limit not exceeding Baht 1 million according to the plan, approved by the RMC in 2016. This new loan approval system would enable the Bank to store data of the applicant and scoring on its IT platform. When compared to the paper-based system of the previous, this is a new development for the Bank's information management scheme.

Implementing the A score and CA On-Line systems will strengthen the Bank's credit risk management and monitoring. The A Score is also beneficial for further development of the Statistic A scoring model. In 2019, the RMC has approved a plan to develop A score and CA On-Line system phase II. This new module will be used for approving loans with a credit limit between Baht 1-5 million. This project is an urgent plan and will be included in the business plan of the Bank in 2019.

## 2. The Measurement and Assessment of Risks

2.1 Industry Limit; a soft limit controlled based on ISIC code, uses an updated NPL data as a factor (and also weight by other external data) to project the industrial growth following the annual business plan with statistical behavior data.

Typically, Industry Limit reviews yearly. However, there was an interim review during the year 2018, owing to an unexpected increasing loan target arising from the corporate elevation plan.

2.2 Industry Rating used as a guideline for determining the level of industry risk for analysts and calculates the rating of the A score and CA On-Line systems of the credit limit not exceeding Baht 1 million which helps reduce the quality problem of data and more efficient in tracking due to the data stored in the system.

## 3. Monitoring Control and Reporting

3.1 A strategic monitoring control process, working with the loan monitoring departments, focuses on the performing loan (PL) debt that is on the restructuring process (DR/TDR). The two factors are taken into consideration to rate the level of risk; the ability of repayment and the intention to repay. After the implementation has started in mid-year 2018, the monitoring has carried on and reported the result to the RMC quarterly.

3.2 The First Date Not Paid is a monthly report which is used to analyze the causes of debt overdue for the lesson learned by verifying business identity and source of income. Regulations are revised for the control of verifying information and documentation that reflect risks for the credit related and credit analysis departments.

3.3 The information base batch annual review implemented the first time, initially with the group of credit exposure lower than Baht 1 million. The new process works by finding results from the Bank statistics processing and NCB data to identify risk levels and to determine the audit process of each group according to the risk level.

## 4. NPL Management

In 2018, the Bank implemented a more aggressive strategy by clearly separating the debt restructuring group (TDR) and the Re-entry group to accelerate the legal process to those overdue debts and unable to improve debt or those

uncooperative characteristics. Then the debt was managed again; small size debt was sale off and write-offs. The remaining is mostly large size debts. Consequently, the Bank's NPL at the end of 2018 was Baht 17,688 million or 18.40%.

## 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 or a consideration whether what the Bank is doing or plans to do will have any impact on the existence or business growth of the Bank.

The Bank undertakes its strategic risk management 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. Determine strategies and goals of the bank by SWOT analysis using the data from operating results, economic situations, government policies, and other risk factors facing the Bank, including the performance monitoring process comparing to targets, and supervision of the operation to meet the goals.

3. Adopt COSO principle as the guidelines in the process of risk management planning in line with the State Enterprise Performance Appraisal that has linked risk management to the Bank's goals and strategic plans. Internal and external risk factors that may affect the goals of the bank's business plan are also taken into account, including risk appetite and risk tolerance. The Bank has conducted the risk map and risk management plans to ensure that risk mitigation is at an acceptable level and support to achieve the bank's goals. Moreover, the Bank has monitored and reported the results of risk management to the related committees for consideration on quarterly basis. There was a review of the interim risk management plan to ensure proper risk management.

4. Monitor and report the strategic risk status to relevant committees regularly, including reports to the RMC monthly to ensure that operations are keeping track as plans.

## Market Risk

**Market risk** is the risk that the Bank may be affected due to changes in the value of status, both inside and outside the statement of the financial position arising from movements in interest rates, price of equity, currency rate and commodity prices.

The Bank undertakes market risk management according to the guidelines of the BOT as follows.

1. The development of policies related to market risk management such as market risk management policy, policy on interest rate risk management in banking accounts, policy on trading and banking account management in order to implement as a policy framework and guidelines for managing and controlling of the Bank's market risk.

2. The development of tools for measuring, assessing, monitoring and reporting market risk such as:

- An analysis of the differences in the new interest rate period or contract length remaining period between assets, liabilities and off-balance sheet items (Repricing Gap), the consideration of the impact of interest rate changes on income and the Bank's economic value.
- The measurement of the impact of changes in various risk factors such as measuring the effect of changes in the yields in the debt instruments market on the price of debt (DV01), the fair value appraisal of debt instruments and foreign currency transactions.

3. The monitoring and controlling of marketing risk by:

- Determining market risk limits and conducting annual review in order to ensure the appropriateness of risk limits.
- The preparation of an investment report and market risk report which regularly presented to the board and the Bank's executives relevant.
- Controlling of market risk by the management team and the related committees such as the Assets and Liabilities Committee and the RMC.

## Liquidity risk

**Liquidity risk** refers to the risk that the Bank is unable to pay its debt or obligations when payment is due, as it cannot convert the existing assets into cash in a timely manner or cannot acquire adequate fund or able to raise money to repay but with the cost exceeding acceptable levels. This may affect the Bank's income and capital funds.

In 2018, the Bank managed liquidity risk according to the guidelines set by the BOT as follows.

1. Determining liquidity risk management policy, to use as a policy framework and guidelines for operation and control of liquidity risk of the Bank.

2. Developing tools for measuring, assessing, monitoring and reporting liquidity risk, i.e.

- Preparation of the report on liquidity gap.
- Measurement and evaluation of liquidity risk by using financial ratios, such as a ratio of customer concentration, large deposits, liquid assets and mismatches.

3. Monitoring and controlling of liquidity risk has been operated as follows:

- Determining and reviewing liquidity risk limits annually to ensure the appropriateness of risk limits toward the Bank's policy and the changing situation.
- Preparing and presenting liquidity risk report regularly to the Board and related executives such as the asset and liability management committee and the risk management committee.
- Supervising on liquidity risk management by the management and responsible committees such as the Assets and Liabilities Committee and the Risk Management Committee.

## Operational risk

**Operational risk** refers to the risk of causing damage due to the lack of good corporate governance and internal control in the Bank. It may involve internal operation processes, personnel, systems, or external factors that may impact on the Bank's revenue and capital funds. Operational risk also includes compliance risk.



The Bank regularly reviews on the policies regarding the operational risks such as operational risk management policy, outsourcing policy, IT service outsourcing, and business continuity management policy, by considering the changing environment compared with the previous year and improves them accordingly.

In 2018, the operational risk management of the Bank focuses on the compliance risk of the relevant regulatory agencies, especially the IT risk due to significant and rapid changes. Operational risk activities are taken as follows:

### **1. Creating an awareness**

The Bank has created awareness and understanding of the compliance risk and other risks regarding the objectives, goals, and main business activities of the Bank. Risk factors, both internal and external, will be identified, including causes or factors that may cause risks and have an impact under the environment within the organization that may cause the Bank unable to achieve the set objectives. Procedures are as follows:

- 1) Requiring all work units to participate in the process of risk identification to ensure diversity.
- 2) Use past incidents as an additional information source.
- 3) Create scenarios such as human errors, system errors, or other incidents.
- 4) Providing the risk factor lists or a blank space to freely identify risk factors in addition to the given lists.

### **2. Measurement or evaluation of operational risk**

The Bank requires that a systematic risk analysis is conducted to evaluate the probability factor, the impact, including risk ranking that may impact on the inability to achieve its goals. The Bank, therefore, conducts the risk control self-assessment once a year to ensure that the adequately and continually of risk management. The guidelines and criteria of the assessment are as follows.

2.1 Review the risk assessment criteria by considering the probability and impact by considering using the risk matrix of internal and external incidents, qualitative and quantitative.

2.2 Define the risk exposure by calculating the risk exposure which is equal to the score of the sum of the likelihood and impacts. Prioritize and adapts the risk profile to be in line with the Bank's risk profile to be the same standard the entire organization.

2.3 Set the risk appetite by analyzing the degree of severity of the risk, risk factors or the amount or score that the Bank is willing to take in order to meet its objectives impact on achieving goals.

2.4 Managing risk is to find means to reduce/prevent risk. If it occurs, the damage or impact is acceptable to the Bank. The process involves designing the risk management system or controlling the process to be in line with the timeline and available resources. There are several strategies such as risk acceptance, mitigation/control, diversification, and avoidance. The Bank also establishes several measures to address the risks such as compliance framework development to ensure that the supervision process systematically performed. The implementation of the framework launches in the high-risk functional area. The Bank also requires all employees and departments to comply with the compliance internal and external rules and regulations related, through handbook and seminar-workshop. Overseeing the use of work manual through internal audit mechanisms as well as closely monitoring the trend of changing related laws, rules, and regulations.

### **3. Monitoring and reporting on operational risk**

The Bank sets up a system to follow up and report to the supervisors and the responsible committees as follows.

3.1 Follow up on the compliance with the risk management framework (of the previous accounting period) of all work units quarterly to report to the RMC and the Audit Committee.

3.2 Follow up on the risk control self-assessment process once a year and submit its summary report to the RMC and the Audit Committee.

3.3 Follow up the progress report to the RMC on the comments of risk management.

3.4 Prepare monthly reports to the RMC for acknowledgment on the status of customer complaint management; the proportion of complaints that have been resolved within the specified time.



3.5 Prepare monthly reports to the RMC on risk status and the overview of risk management as appropriate.

#### 4. Controlling the risk

To ensure that there is a real risk reflection in order to properly manage the risk, risk assessors will take into consideration their own relevant information, which is classified as: in the interests of the management, the need for specific objectives, use as a contingency plan to request additional information; from operational errors found by internal auditors.

Major IT risk management-related activities, implemented by the Bank in 2018 are as follows.

4.1 Appoint a working group of information security management system (ISMS) responsible for overseeing the Bank's information security management system to ensure stability and security in compliance with ISO / IEC 27001:2013.

4.2 Establish the IT System Improvement Department, whose duties and responsibilities include the management and planning of the Bank's IT system to ensure that it supports each phase of the Bank's business operation appropriately. The department is also to ensure that all processes and operational steps relating to the Bank's IT system comply with the related laws, rules, and regulations, including the Bank's current business plan.

4.3 Separate IT risk management from the operational risk management process by a restructuring of the Risk Management Department and establishment of IT risk management division, under the supervision of deputy director. There is a risk assessment process such as risk identification, risk analysis, etc., which are following IT risk management framework. It is also monitoring on IT risk management status and the result and reporting to the appointed committees in an appropriate time.

### 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 reputation and image of the Bank.

The Bank realizes and regards the importance of compliance risk management by establishing a policy on compliance risk management, compliance guidelines and a department to operate, control, to follow up on the implementation of compliance risk management, to give a warning in case that certain action may be subject to a violation of the law including the provision of recommendations and advices,

dissemination of knowledge relating to laws and rules and regulations relating to the operation to ensure that the Bank doesn't violate the law and complies with the laws and rules and regulations including internal rules and regulations of the Bank.

## Internal Control

SME Development Bank realizes the importance of the internal control system and consistently develops its internal control system to support the Bank's efforts to achieve the ultimate objectives and goals effectively and efficiently.

Internal control is a crucial tool to protect and maintain the Bank's assets, to ensure efficient use of the Bank's resources and correct and proper execution of all steps of operation, especially in the current competitive environment and significant changes in rules and regulations in the regulatory agency and other relevant government agencies. The Bank, therefore, has improved its existing internal control mechanisms to be in line with the changing situation, environment, and risks. The Bank also conducts an assessment of internal control system and requires the head-office and all branch offices in the provincial areas to adopt the Risk Control Self-Assessment (RCSA) 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 2001 and the framework for risk management and internal control of COSO-ERM.

Followings are the 5 major components of internal control:

### 1. Control Environment

The board of directors and the management of the Bank promote and support the creation of organizational culture in which the principle and guidelines on corporate governance, integrity and professional and managerial code of conduct adopted to ensure that the Bank's personnel have good professional consciousness and responsibility to achieve the business objectives which are the basic components to support other control elements, including the transparent supervision process and compliance with related laws, rules, and regulations in order to create a good control environment as follows.

- Develop the corporate governance guidelines and code of conducts of the board members and the employees with the emphasis on transparency, accountability, corruption-free, integrity culture, work integrity, and free of conflict of interest. The Bank has also revised the composition of the corporate governance committee to enable them to better supervise and promote the Bank's management to be in line with the corporate governance principle and to ensure that the management and operational levels adhere to the code of ethics and business conducts, and disseminate through the Bank's web site.
- Conduct an annual business plan, including a review of the plan during the year. There are review and improvement of rules and regulations according to the organizational structure changes. The Bank also set up a department to be in charge of personnel morality, and fair treatment to the customers. Proper organizational structure and environment that are supportive of efficient business operation encourage the internal control system is in line with the Bank's policies and has created an adequate internal control system.

### 2. Risk Assessment

The Bank assesses risk of internal control in systematic manner by its executives and staff at all levels participate in identifying and evaluating risks from the operations under their responsibilities to ensure that all risk incidents are discovered, corrected and controlled to the level that could cause the least damage to the Bank. This enable the adoption of appropriate risk management measure that is responsive to the problems associating with the operations through the development of the tools for assessing the risks, establishing goals and objectives of each department and each activity in order to achieve the mission with appropriated budget and resources.

The Bank regards the importance of risk management caused by internal and external factors.

- Revise the risk management group structure together with the Risk Management Committee to determine the roles, duties, and responsibilities to develop framework, review the policies, strategies, and guidelines for risk management as well as supervising and monitoring the implementation process to ensure that it is in line with the laid out direction.
- Conduct the risk management program according to the COSO guidelines on Enterprise Risk Management (ERM) and developed risk management policies to be used as the guideline for managing the risks that may affect the Bank's business goals by developing the risk profile at the organization, department, and process level.
- Establish the IT system security policies that are in line with the ISO/IEC 27001 and ISO/IEC 27002 standards to ensure efficiency and effectiveness of the management of the Bank's IT system security and to educate the Bank's employees through training and communications channels on the risks and cyber threats regularly.

### 3. Control Activities

- Establish written policy framework, regulations, orders, and guidelines to be adopted by the management and staffs throughout the organization to minimize or control risks from operations in line with the policies and the changing environment and to ensure that the internal control system of the department operates properly, adequately and cost-effectively.
- Set up an effective IT system control mechanism to prevent illegal access and damage that may occur from inappropriate retrieval of information.
- Review compliance with the laws, internal and external rules and regulations, and report the overview results to the President, audit committee, and the board of directors.
- Establish and review a clear and written scope of duties and authorities of the credit limits approval of each management level. The duties segregate for appropriately checking and balanced.

### 4. Information and Communication

The Bank has put in place appropriate information technology system and responsive to the requirements for management by taking into consideration the quality of information and communication with the management, staffs, and the like, including outsiders so that the receivers of the information can further perform their duties effectively and successfully according to the Bank's objectives as well as conduct an information technology contingency plan to support emergencies or disasters and maintain the continuity of the bank's services.

The Bank has adopted accounting policy compliance to accounting standards that is appropriate for businesses. The Bank has developed information technology and other databases to ensure that important information can be retrieved sufficiently and in time to the situation. The Bank has also set up a communication system to communicate internally and externally, including stakeholders appropriately as follows.

- To communicate on important issues related to the meeting regarding the bank's performance, the Bank will send meeting documents to all members of the board of directors and members of other committees in advance before the meeting to ensure that there is enough information for consideration. Additional information is made possible on request by related departments.
- Several internal communication channels are available through the Intranet, E-Mail and E-Learning system.
- External communication channels to disseminate the Bank's movement regularly or to receive complaint cases to ensure the Bank's employees and the public that their complaints would be considerate transparently and fairly. Followings are the Bank's communication channels.



Customer Call Center: 1357



Tel: 02-265-3000 Fax: 02-265-4000



www.smebank.co.th



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## 5. Monitoring

The Bank establishes a monitoring system process and performance evaluation in all areas of operation by personnel who are directly responsible or by parties that do not involve in the establishment of controlling measures to ensure freely express opinions.

- Assessment of each component of the internal control system is reviewed yearly both at the organizational and procedural levels through the Risk Control Self Assessment (RCSA), used as a management tool, monitoring, and assessment of internal control system by each function unit. The Risk Management Department is then responsible for reviewing and assessing the adequacy and appropriateness of the assessment in addition to recommendation to improve or make correction if failures are found in the internal control system, as well as to submit the reports to the State Audit Office of the Kingdom of Thailand as scheduled, the RMC, and the audit committee. The monitoring of compliance with monthly control improvement plan is also conducted and reported quarterly to the RMC and the audit committee.
- Requiring the Internal Control Department, which is an independent work unit that reports directly to the Audit Committee, to review and report the results on the effectiveness of all areas of internal control regularly to ensure that it is in pursuance to the direction and strategies laid out by the Bank and the significant risks that could affect the Bank's business operation. The department is also required to provide recommendations. The auditing process is focused on risk management, adequacy, and appropriateness of internal control system for the operation, the compliance with rules and regulations, policies, orders of the Bank and the government, based on the Risk-based Approach.
- Conduct a monitoring system between the executives in the head office and their staffs in remote branches. The monitoring tools are including daily performance report, weekly and monthly reports. In case of the problem occurs

signal by the drop of performance, the Executive Vice President who in charge of the branches along with the branch operation control department will call on meeting or have a branch visit to provide recommendations and resolutions, timely manner.

## Internal Audit

The internal audit is a crucial factor that helps the operation of the Bank's mission to be efficient and effective. It also prevents and reduces operational risks as well as mitigates losses that may occur. The internal audit, therefore, is an important component of the internal control that is built in the normal operating practices, which must be carried out in a step-by-step and correct manner according to the regulations and laws specified. The management can use the internal audit results as a part of the management process to achieve the objectives of the Bank.

The Internal Audit Department is under the supervision of the Compliance and Audit Group and reports directly to the Audit Committee. It adopts International Professional Practice Standards for the Professional Internal Auditing, the internal audit guideline of the state enterprise, and the code of ethics of internal audit, and deploys in the planning of the audit strategy that complies with the strategic plan and goals of the Bank. In addition, various opinions are used, including the Audit Committee, the management, the Chief Auditor, the risk management and COSO reports, the external auditor's report, and the Bank of Thailand report, as the input in preparing an annual audit planning. Significant risk assessment results with the Risk-based Approach are also used as an input. The audit plan is approved by the Audit Committee and the Board of Directors.

The Boards give precedence to increasing the competency of the internal audit team to ensure that they can provide accurate opinions about the risk causes and beneficial to the creation of value for the Bank through seminars and training in all dimensions, both inside the country and oversea.

In auditing the Bank, the auditor from the State Audit Office of the Kingdom of Thailand has proceeded and approved the Bank's financial statements as required by the law. However, in 2018, there was no audit fee, which was prescribed by the law.



# Financial Highlights

As of December 31, 2018, 2017, and 2016

Net profit (loss)  
**19.67**  
(million Baht)

Total assets  
**109,824.52**  
(million Baht)

Investment, net  
**7,378.97**  
(million Baht)



Items	2018		2017		2016	
	Amount	Increase (Decrease) %	Amount	Increase (Decrease) %	Amount	Increase (Decrease) %
<b>Financial position (Baht in million)</b>						
Interbank and money market items, net	9,126.93	65.53	5,513.85	31.61	4,189.69	(47.35)
Investment, net	7,378.97	1.97	7,236.28	(6.93)	7,774.84	(14.17)
Loans and accrued interest receivable, net	89,378.26	(2.04)	91,236.14	7.95	84,515.02	14.28
Total assets	109,824.52	1.82	107,858.43	6.64	101,139.78	5.73
Deposits	79,479.90	(7.06)	85,517.28	15.36	74,132.44	(2.40)
Interbank and money market items, net (liabilities)	7,145.84	(15.01)	8,407.44	(45.15)	15,327.82	46.60
Borrowings	9,284.29	3,100.16	290.12	(0.68)	292.12	(5.79)
Total liabilities	99,874.21	1.99	97,921.60	5.70	92,643.16	3.13
Issued and paid-up share capital	20,006.63	0.00	20,006.63	0.00	20,006.63	22.13
Premium (discount) on share capital	(5,251.63)	0.00	(5,251.63)	0.00	(5,251.63)	0.00
Shareholders' equity	9,950.31	0.14	9,936.83	16.95	8,496.62	45.66
<b>Operating results (Baht in million)</b>						
Interest income	5,339.34	(0.49)	5,365.43	(1.37)	5,439.74	0.23
Non-interest income	1,245.37	87.92	662.72	(6.19)	706.45	(12.26)
Total income	6,584.71	9.23	6,028.15	(1.92)	6,146.19	(1.38)
Interest expenses	1,380.57	(8.28)	1,505.20	(18.78)	1,853.35	(31.69)
Non-interest expenses	3,472.92	13.70	3,054.53	37.39	2,223.21	163.26
Total expenses	4,853.49	6.44	4,559.73	11.85	4,076.56	14.58
Profit (loss) from operations, net	1,731.22	17.90	1,468.42	(29.05)	2,069.63	(22.61)
Impairment loss of loans and losses from debt restructuring	1,711.55	69.19	1,011.60	146.31	410.70	(71.46)
Net profit (loss)	19.67	(95.69)	456.82	(72.46)	1,658.93	34.30
<b>Capital adequacy ratio</b>	12.58%		11.66%		22.38%	

# Significant Developments



In 2018, SME Development Bank has consistently supported to SME entrepreneurs under the “Supporting Pole” mission, which aims to outreach 5.2 million SMEs regardless of juristic persons or non-registered in the system, to the Bank services to increase their capacity to survive and thrive sustainably.

The Bank has adopted a pro-active approach and focused on providing digital services to SMEs 24 hours a day through its policies “3 ADDs” namely; 1) Add Skill - empowering business skill by adhering to the development of 5 aspects: Modern - in trend, Story - products with stories, Certified - meet standards, Design - chic /stylish, and Online - go online marketing; 2) Add Capital - with low-interest rate scheme; 3) Add Quality of Life - focus on career stability and well living by access to entitlements and state welfare.

The “3ADDs” works in parallel with the “3Ds” strategy, which is in pursuance with the government’s “Thailand 4.0” vision through modern technology, that breaks through the limitations regardless of place and time.

**D: Digital - Go Digital Way through the SME D Bank platform application under the 24x7 methodology that outreach SMEs access to the Bank’s services 24 hours 7 days a week.** Moreover, the application is also featuring a collection of services such as loan application with the approval process in 7 days, and knowledge corner for professional, including other interesting activities.

**D: Development - Business development with knowledge coupled with capital.** The implementation works in collaboration with the Bank’s network agencies such as educational and financial institutions as well as government and private agencies nationwide to provide professional knowledge such as accounting through training courses and seminars.

**D: Delivery - A bustle-free offered fast and delivery services to customers by our mobile units.** After the Bank receives the application form filled, the mobile unit team will rush out to meet customers at their local communities under the code 8-8-7 or 08:00 a.m. to 8:00 p.m. 7 days a week. Since the last year 2018,

a total of 5,200 sub-districts were visited by the Bank’s mobile units, and expect to complete the milestones total 7,255 sub-districts in 2019.

The findings of a survey on “**Competitiveness Index of SMEs 2018**”, conducted by the Center for Economic and Business forecasting, the Thai Chamber of Commerce University indicated that the competitiveness index of SMEs under the support of the Bank has continually improved as follows: 53.7 in Q1/61, 54.6 in Q2/61, 55.4 in Q3/61 and 58.9 in Q4/61 which were higher than those of entrepreneurs who were not under the support schemes of the Bank. Their competitiveness index in different quarters were: 43.1 in Q1/61, 43 in Q2/61, 42.3 in Q3/61 and 42.1 in Q4/61. This has proven that the supports given by the Bank through the “Knowledge and Capital” support scheme has had a positive effect on the capability of the SMEs.

As a result of these supportive roles, the Bank was awarded several outstanding state enterprise awards in 2018, granted by the State Enterprise Policy Office such as the “**Outstanding Overall Organizational Development Award**” and the “**Outstanding Strategically Collaborative Agency Award**” from its role in the “**Build the House and Career**” project, in collaboration with the Government Housing Bank. The awards presentation ceremony was presided by the Prime Minister, Gen. Prayuth Chan-o-cha.

All of the above activities and achievements reflect the ability of the Bank to overcome the limitations of the so-called off-line operational to the world of “online” service. That has contributed significantly to the year 2018; the Bank provided its loans facilities of Baht 37,171 million, to 17,397 SMEs. Most importantly, the Bank strengthens Thai SMEs to survive and thrive sustainably.

**The evidence above reflects the role of SME D Bank not only a financial institution, but the Bank also works as a truly Entrepreneur Development Bank.**

# Elevation of SME D Bank: builds the digital road taking 5.2 million SMEs to the finish line

Now Our SMEs Services 24x7  
**24 Hrs. a Day 7 Days a Week**  
 At Finger Tips Anywhere Anytime

## How Our Mobile Units Work:

Meeting made in 3 days. Credit result within 7 days.  
 Work-day 8-8-7  
 Work-hour 8:00-20:00 7 days

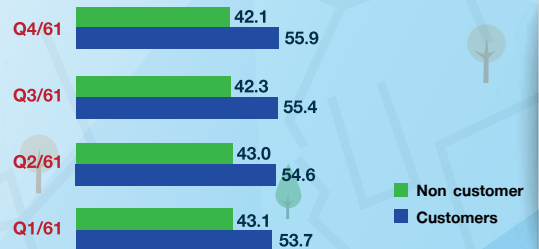


**5.2M. Thai SMEs need to be supported**

SME D Bank works proactively with Policy "3 ADDs":

- "Add Skills"** Add competencies by adhering to the development of 5 aspects; Modern, Story, Certified, Design, and Online marketing.
- "Add Capital"** with low interest rate
- "Add Quality of Life"** Focus on career security & well living through government benefits and welfare

## Competitiveness Index of SMEs



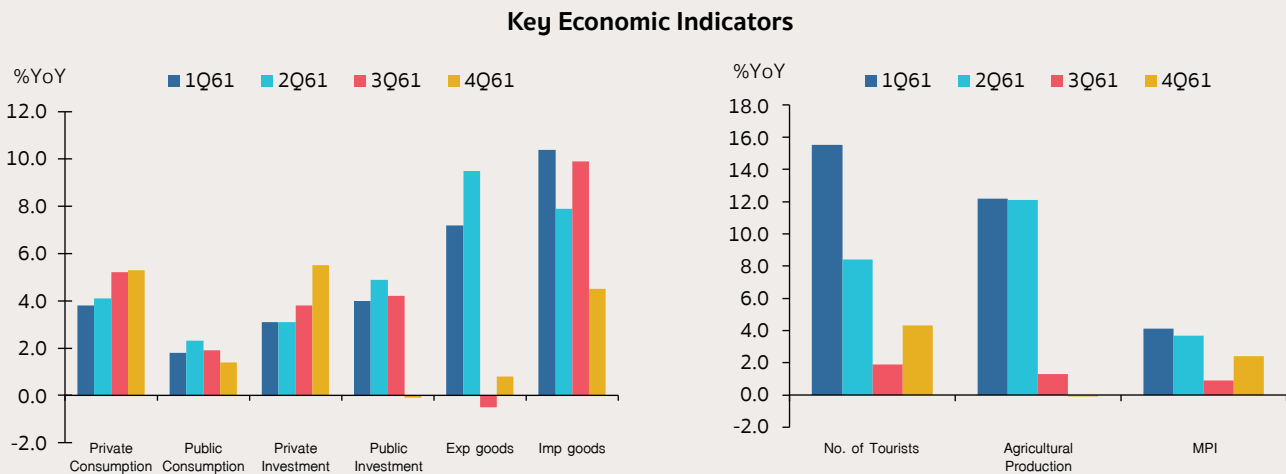
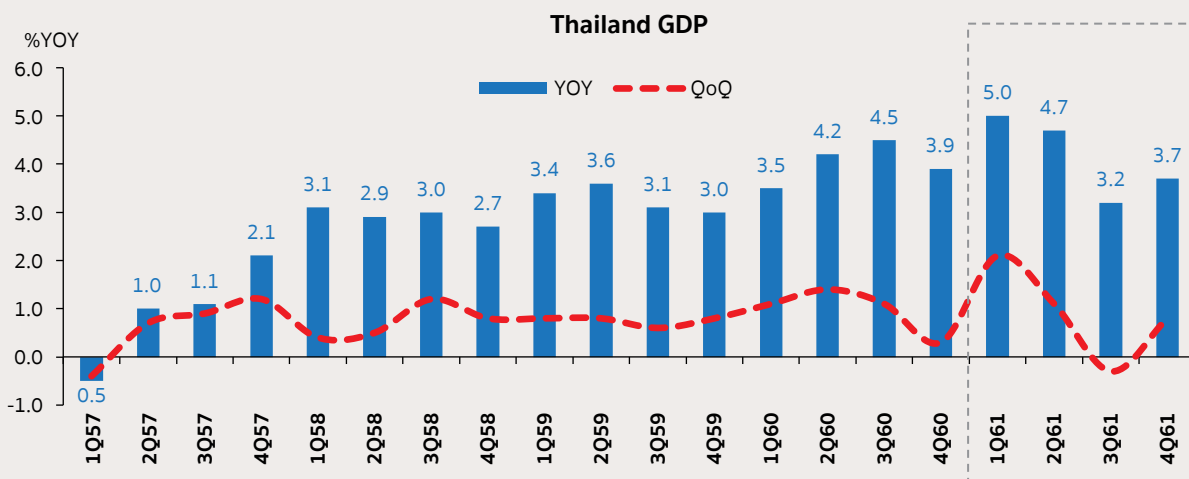
Source: Center for Economic and Business Forecasting, UTCC



# Industry Situation and Trend

## Thailand's economy in 2018 and Outlook for 2019

In 2018, Thailand's economy grew at 4.1%yoy, the strongest in 6 years, which supported by robust exports and tourism sectors in the first half of the year. However, the two main growth drivers expanded at a slower pace in the second half of 2018. Thai exports was affected by global economic slowdown, US trade protectionism and the lowest growth in 28 years of Chinese economy. While tourism sector was damaged by the Phuket boat accident. Nevertheless, Thai economy was favorably supported by domestic demand. Private consumption growth accelerated in all categories and private investment grew a faster pace, the highest since 2013.



Source: Office of the National Economic and Social Development Council (NESDC) and Bank of Thailand (BOT)

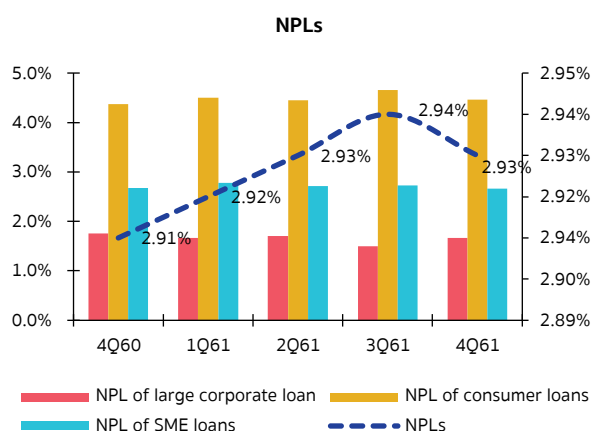
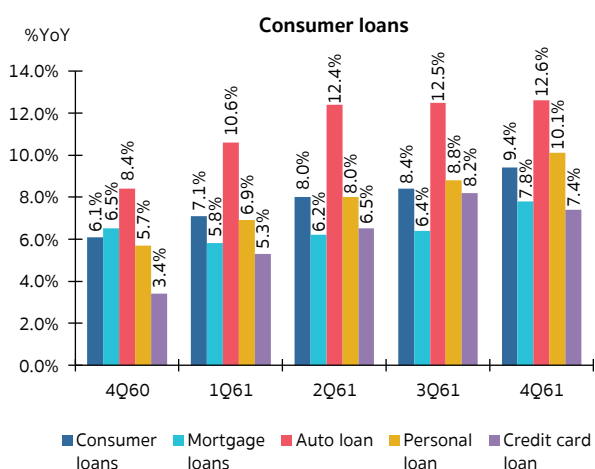
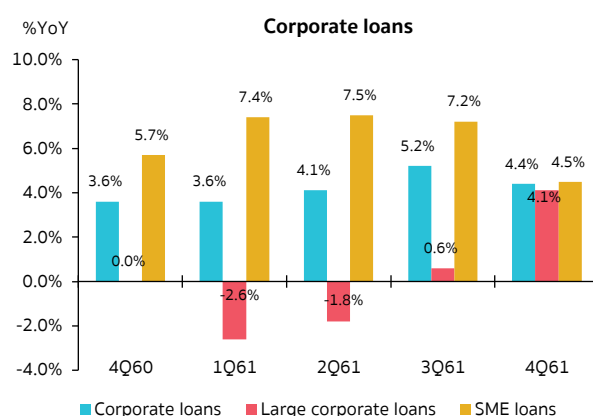
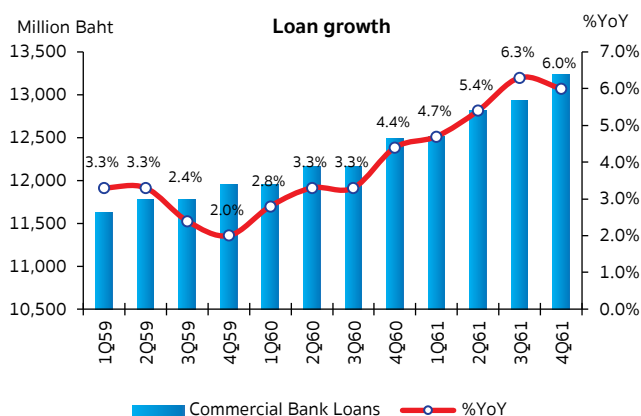
## Outlook for 2019

The Thai economy in 2019 is expected to slow down. The downside risks to Thai economic growth will come from external sectors, including global economic slowdown as well as the impact of US-China trade war, which will weaken exports. However, domestic factors will be the main growth driver of this year, especially from continuing growth in private consumption, as a result of rising income and low unemployment rate. Meanwhile, private investment is expected to rise due to increasing capacity utilization consistent with improving domestic demands, continued government spending in mega projects such as EEC.

## Financial Institution Loan Overview

The continuing economic growth in 2018 resulted in an expansion of commercial banking loans of 6.0%, compared with 4.4% in 2017, driven by both corporate and consumer loans. All types of consumer loans saw continuing expansion, led by auto loan, personal loan, mortgage loan and credit card loan, respectively while the overall corporate loans continued to grow as the large corporate loans returned to a growth trend after recorded zero growth in the previous year as a result of private investment recovery. However, all types of SME loans saw a slowdown, except public utilities and construction segments.

The overall NPL slightly increased, compared with the previous year under debt restructuring and write-off to reduce negative risks. However, NPLs to total loan ratio still increased minimally at 2.93%, compared with 2.91% at the end of 2017. The increase in NPLs mainly from SME business loans except consumer loans was 2.66% and large corporate loan was at 1.67% which was a decrease, compared with the previous year.



Source: Bank of Thailand

## 2019 Loan Outlook

It is expected that loan growth in 2019 will be similar to that in 2018. The restructure of financial institutions to support new technology during the past year and the development of products and services for digital channel have received good response. It is expected that digital lending will be an important focus this year, in addition to existing traditional channels, with an emphasis on retail and new customers who do not have access to financial service which is a large group and has good growth potential. Meanwhile, the SMEs loan has a tendency to recover as a result of adjustment in rules and regulations to provide better access to financial source for the SMEs which is one of the goals of the Bank of Thailand's 3 year strategy which would enable financial institutions to use alternative data to support their lending services, in addition to using incomes for risk assessment. It is expected that the new adjustment would help reduce limitations that prevent access to financial source of the SME entrepreneurs. Also, it is expected that in the future, the implementation of more government's infrastructure investment projects and private investment projects will attribute to the growth in the volume of large corporate loans.



## Business Operation

The GDP value of small and medium enterprises (SMEs) during the 9 month of 2018 (Jan-Sept) was Baht 5.2 trillion, an increase of 5.3% or 42.6% of the country's GDP. This growth was driven by expansion in trading and service sectors.

### Overview of SME business operations

SME Bank realized that Thai SME entrepreneurs were under a limitation as challenges emerged from the rapid changes, caused by technology in production process, business operation and consumer behavior. In 2018, SME Bank collaborated with the Center for Economic and Business Forecasting of the University of Thai Chamber of Commerce implemented the project to monitor community economic situation through SMEs Local Economy in order to reflect SMEs-related situations and to conduct a study to find out about the problems, obstacles and the real needs of the entrepreneurs and to use the findings for problem solutions and assistance in line with the current government policies to drive the economy. The study, conducted in collaboration with the University of Thai Chamber of Commerce found that the total number of SME entrepreneurs was 5.2 million in which 2.7 million are micro SME entrepreneurs that are not registered in the Business and Industry Census and 2.5 million are the SME entrepreneurs that are registered in the Business and Industry Census. Only about 20% of the micro SME entrepreneurs have access to formal financial source while most of them depend on informal sources of loan. The main reason that they are unable to get financial loan from formal source is a lack of collateral, no credit history and no accounting system. About 60% of SME entrepreneurs have access to the government assistance and supportive measures. Most of them are business operations that registered as SME business operation and are able to have better access to formal financial source, compared with the non-registered counterparts. The study results also pointed out that the measures or policies of the government are not quite responsive to the real needs, channels of information are not adequately available and the lack of documents caused them to loose eligibility.

Moreover the need of the small-sized entrepreneurs to get loan to improve liquidity from formal financial source is higher than that of the medium-sized entrepreneurs while the medium-sized entrepreneurs need loan to expand business operation. Both of these groups want to apply for loans from commercial banks. Most of SME entrepreneurs have never applied for loans for knowing that the opportunity to get loan approval is very minimal because the lack of collateral, credit history, lack of knowledge and has not accounting system.

To enable the small and medium SME entrepreneurs and those who do not have the opportunity to have access to the government's support policies and measures relating to loans, these SME entrepreneurs said that the document requirements should be reduced, the approval process should be completed faster, easier, fees and conditions and limitations should be reduced. Also, there should be an agency that could provide clear information and to reduce interest rate.

## Roles of SME Bank

The advertisement for SME Bank's Local Economy Loan (โครงการสินเชื่อเพื่อยกระดับเศรษฐกิจชุมชน) features a background image of a traditional wooden house on a boat. The text includes:

- โครงการสินเชื่อเพื่อยกระดับเศรษฐกิจชุมชน** (Local Economy Loan)
- โปรแรงกว่ารัฐบาลจัดให้** (Better than government provided)
- สำหรับผู้ประกอบการธุรกิจท่องเที่ยวท่องเที่ยวชุมชนเกษตรแปรรูป** (For business operators in tourism, community tourism, and agricultural processing)
- สำหรับบุคคล** (For individuals): ดอกเบี้ยเฉลี่ย 0.417% ต่อเดือน\* (3 ปีแรก)
- สำหรับนิติบุคคล** (For legal entities): ดอกเบี้ยเฉลี่ย 0.25% ต่อเดือน\* (3 ปีแรก)
- ศูนย์ติดตามสินเชื่อ** (Loan tracking center): เคลียร์ ค่า ค่า เชื้อเงิน Call CENTER 1357
- www.smebank.co.th**

## Financial Services

The Bank operates under the mission to support the government policy and as a mechanism in driving the government economic measures by implementing projects designed to help SMEs access to the source of funds and liquidity during the time of continuing economic slowdown. Loan projects were launched such as the Single Account, Transformation Loan (Soft Loan to

upgrade machine Phase II), Loan to provide financial assistance for entrepreneurs in the three southern border provinces, and Loan to upgrade the local economy. In addition, The Bank is the main collaborative agency with the Ministry of Industry to undertake the SME Development Fund, according to the Pracharat scheme.

On December 19, 2017, the Cabinet resolved to upgrade the capacity enhancement of SME Bank to expand its services and help to develop SME entrepreneurs cover the entire economy through many projects such as the Mobile Service Unit, Local Economy Loan project worth Baht 50,000 million, co-managing of the SMEs Development Fund according to the Pracharat scheme (Rehabilitation and Empowerment of Small and Medium Enterprises for Micro - SMEs, amount Baht 8,000 million).

In 2018, SME Bank had an outstanding loan of Baht 96,148.72 million, in which 11.78% of the total was the general loan, and 88.22% of the total was the project loans according to the government policy, which can create a value-added to the economics of Baht 40,289 million and generate 99,498 jobs.

## Entrepreneur Development

The Bank focuses its role in entrepreneur development by providing financial services and non-financial services under the “knowledge along with capital funding” principle, metaphorically, like giving wooden punts to support SME customers survive and thrive sustainably or able to compete in international level. Customer-Centric is the framework of the entrepreneur development that emphasis on enhancing SMEs potential with various activities and granting of SME loans. Besides, the Bank is undertaking further to create opportunities for SMEs access to a full entrepreneurial development system; encouraging the ecosystem, Creating an information technology system for entrepreneurial development, and empowering SME development group’s personnel.

The Bank, conducts its entrepreneur development activities through networking and collaboration with public, private, and educational institutions partner agencies, including trade associations. The results of SMEs promotion and development categorize based on activities and outputs as described below.

- **Training, seminar, and counseling:** The Bank works and joins projects with public and private partner agencies through various courses, i.e., seminar, training, and consultancy on accounting, finance, marketing, production, and management.
- **Business efficiency:** To promote the elevation of SME business operation through various business development activities encompassing business planning, IT management, marketing channels, enter to certification of product or service standards, etc.
- **Business effectiveness:** SMEs, who have entered the efficiency development program, are resulting in the business operation or operating results improved one way or another, i.e., the access to financial supports, an increase in operating results, and the like.

Followings are detail of the development activities.

Unit : SME

SME entrepreneurs Development	2015	2016	2017	2018
1. Training, seminars, and consultancy	3,750	4,536	6,548	8,776
2. Business efficiency	1,155	1,068	1,354	1,894
3. Business effectiveness	550	554	662	933

## Venture Capital

The Bank focus on joint ventures with target groups such as start-up SME entrepreneurs in the S-curve industry and future industrial cluster in pursuance to the government policy. Followings are the 3 venture capital funds with total investment fund of Baht 1,291 million.

- 1) SMEs Venture Capital Fund, 1<sup>st</sup> Sub Fund, totaling Baht 500 million.
- 2) Agriculture and related SMEs Venture Capital Fund, totaling Baht 290 million.
- 3) SMEs Venture Capital Fund, 2nd Sub Fund, totaling Baht 501 million.

## Nature of the Business

SME Development Bank was established in accordance with the Act B.E.2545 to support the source of funding to SMEs, OTOP SMEs, and community enterprises access to funding sources in the system and to fulfill financial gaps that commercial banks are not interested in support funding.

The Bank has invested with various types of businesses, by which its shareholding was over 25 percent as follows:

Company	Type of Business	Contact	Shareholding
<b>Bangkok Marin Engineering Co., Ltd.</b>	Shipyards and marine vessel construction dock	21/772. Moo 12, Bangna-Trad Road, Bangna, Bangkok 10260 Tel: 02 398 2543, 02 744 5151, 02 744 5152 Fax: 02 388 2450	Registered Capital: Baht 100 million SME Bank's Shareholding: 40%
<b>Bitec Cooling Co., Ltd.</b>	Manufacturer and Distributor of light-weighted bricks	34 BITEC Holding Building, Ladprao 101 (Soi Kittichit), Ladprao Road, Klongjan, Bangkok, Bangkok 10240 Tel: 02 376 0990 Fax: 02 513 2314-5	Registered Capital: Baht 25 million SME Bank's Shareholding: 40%
<b>Virgin F &amp; B Co., Ltd.</b>	Processed Food	1055/174 Silom Road, Silom, Bangkok, Bangkok 10500 Tel: 02 630 9300-1 Fax: 02 630 9303	Registered Capital: Baht 80 million SME Bank's Shareholding: 37.50%
<b>Sue Wattasarn Co., Ltd.</b>	Magazine Publishing	77/118 Sin Sathorn Tower, 28 <sup>th</sup> Floor, Krung Thon Buri Road, Klongtonsai, Klongsan, Bangkok 10600 Tel: 02 886 4000, 02 424 3355 Fax: 02 424 3999	Registered Capital: Baht 60 million SME Bank's Shareholding: 33.33%
<b>Electrical Energy and Saving Engineering Co., Ltd.</b>	Manufacturer and Distributor of Lightning Preventive and Anti Power Surge System	700/110 Village no.5, Amata Nakorn Industrial Estate, Klong Tam Ru Sub-district, Muang Chon Buri District, Chonburi 20000 Tel: 038 468 698 Fax: 038 468 690	Registered Capital: Baht 130 million SME Bank's Shareholding: 28.85%
<b>Thai Umaphorn Textile Co., Ltd.</b>	Towel Production and Sale	194 Moo 2, Soi Suksawat 76, Suksawat Road, Bangchak, Pra Pradaeng, Samutprakarn 10130 Tel: 02 817 7834-6 Fax: 02 817 7837	Registered Capital: Baht 40 million SME Bank's Shareholding: 25%

# Operating Results for 2018



In 2018, SME Bank had the policy to grant loans in pursuance to the main mission of the Bank to assist the entrepreneurs through the SME Development Fund under the Pracharat scheme in continuation of that in 2017. On December 19, 2017, the Cabinet resolved to upgrade the capability of the Bank to enable it to provide services that cover all communities and to promote the micro SME operations by launching the Mobile Service Unit to all communities. The Cabinet also approved the Bank's plan to provide the Local Economy Loan, worth Baht 50,000 million and to participate in the SMEs Development Fund under the Pracharat scheme (Micro SMEs Rehabilitation and Improvement of Capability Project), totaling Baht 8,000 million.

In 2018, the amount of Baht 37,170.95 million loans was reimbursed to 17,397 entrepreneurs, of which 1) Baht 27,822.87 million was SME Bank loans to 10,168 entrepreneurs, 2) Baht 3,840.58 million was SMEs Development Fund under the Pracharat scheme loans to 1,140 entrepreneurs and 3) Baht 5,507.50 million was Micro SMEs Rehabilitation and Improvement of Capability Project loans to 6,089 entrepreneurs. As a result, the amount of outstanding loan was Baht 96,148.72 million to 68,027 entrepreneurs and has created an economic added value of Baht 40,289 million and 99,498 employment. At the end of 2018, NPLs outstanding stood at Baht 17,617.99 million and the ratio of NPLs to total loans was 18.32% and the Bank's net profit was Baht 19.67 million.

## 1. Financial Aspect

In 2018, SME Bank's revenue was Baht 6,584.71 million, an increase of Baht 556.56 million from 2017 or 9.23% while the total expense was Baht 4,853.49 million, an increase of Baht 293.76 million from 2017 or 6.44%. Impairment loss on loans and debt securities was Baht 1,711.55 million and the net profit was 19.67%.

- **Interest income** was Baht 5,339.34 million, a decrease from Baht 26.09 million in 2017 or 0.49%
- **Non-interest income** which included fees and services income, gain (losses) on trading and foreign exchange transactions, gain (loss) on investment, dividends and other operations income was Baht 1,245.37 million, an increase from that of 582.65 in 2017 or 87.92%.
- **Interest expenses** was Baht 1,380.57 million, a decrease from that of Baht 124.63 million in 2017 or 8.28%
- **Operating expenses** (which included fees and services expenses and others expenses) was Baht 3,472.92 million, an increase from that of Baht 418.39 million in 2017 or 13.70%
- **Impairment loss** on loans and debt securities was set at Baht 1,711.55 million, an increase from that of Baht 699.95 million in 2017 or 69.19%
- **Net profit and loss:** SME Bank had net profit at a total of Baht 19.67 million, a decrease from that of Baht 437.15 million in 2017 or 95.69%.

## 2. Financial Position

- **Assets:** As of December 2018, SME Bank's assets totaled to Baht 109,824.52 million, an increase from that of 2017 for Baht 1,966.09 million or 1.82%. The additional items included inter-banks transactions and net money market.
- **Liabilities and Shareholders' Equity:** As of December 2018, SME Bank had liabilities amounted to Baht 99,874.21 million, an increase from that of 2017 for Baht 1,952.61 million or 1.99%. Such increased items included the issued debt instrument and loans.
- **SME Bank had shareholder's equity** amounted to Baht 9,950.31 million, an increase from that of 2017 for an amount of Baht 13.48 million or 0.14%.
- **Capital Adequacy Ratio:** As of December 2018, SME Bank had its total funds amounted to Baht 9,542.04 million and had risk-weighted assets of Baht 75,872.27 million. Capital Adequacy Ratio was 12.58%



### 3. Key investments in present and future

In 2018, SME Bank procured the new Core Business Process System (CBPS) to replace the existing system by inviting service providers with past performance and experience in installation of CBPS to financial institutions to present the detail of the solution that are suitable to the Bank's missions, business strategies, government policies, customer service and the adoption of modern technology in application software and ICT infrastructure that are secured according to security standard and can be suitably applied for the Bank's business operation, under reasonable budget. The Bank has already signed a contract with the selected service provider.

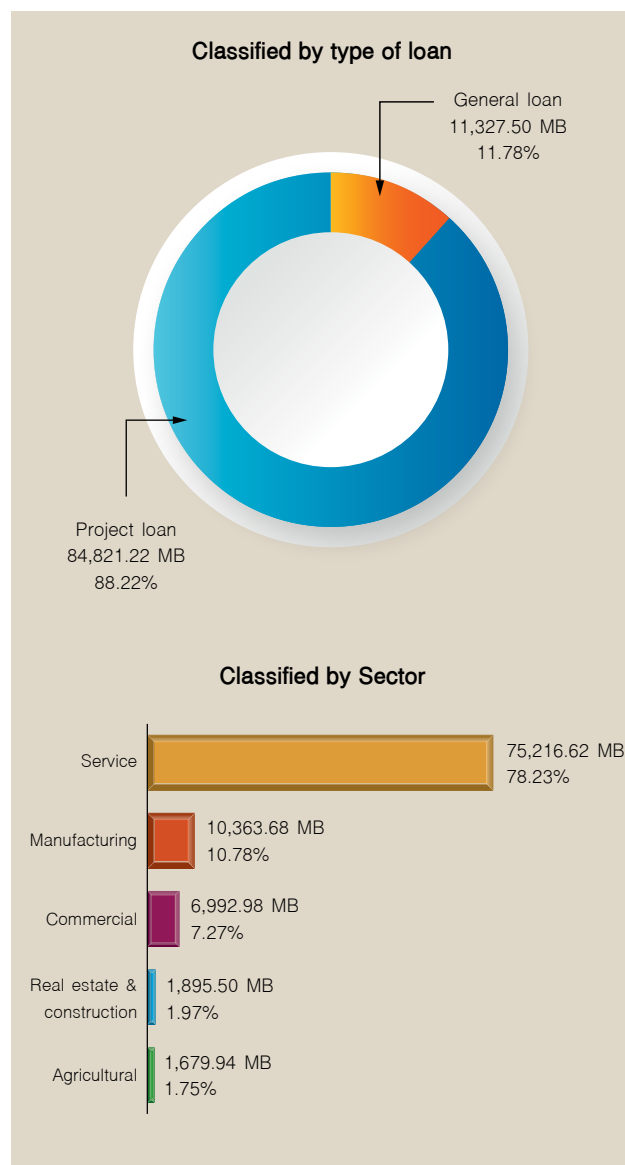
Moreover, the Bank also collaborated with other SFIs to develop the SMEs Intelligence Information (SII) or an integrated Big Data.

### 4. Loan Aspects

#### 1 Outstanding Loans

- The outstanding loans of Baht 96,148.72 million for 68,027 entrepreneurs, a decrease from Baht 4,642.46 million in 2017 or 4.83%, consisting of general outstanding loan, amounting Baht 11,327.50 million for 2,807 entrepreneurs and project outstanding loan, amounting Baht 84,821.22 million for 65,220 entrepreneurs.
- The proportion of loan granted to different types of entrepreneurs was Baht 75,216.62 million or 78.23% for service sector, Baht 10,363.68 million or 10.78% for industrial sector, Baht 6,992.98 million or 7.27% for commercial sector, Baht 1,895.50 million or 1.97% for real estate and construction sector and Baht 1,679.94 million or 1.75% for agricultural sector.

The amount of outstanding loan was Baht 96,148.72 million.



#### 2 Loan Disbursement

In 2018, SME Bank granted loans amounted to Baht 37,170.95 million to 17,397 entrepreneurs divided into:

(1) SMEs loans, amounting to Baht 27,822.87 million to 10,168 entrepreneurs for the following types of projects:

- Elderly Career Loan Project
- Soft Loan
- Smile factoring Phase II project
- Loans to increase operating fund and business quality
- Employment promotion loan project
- SMEs strengthening loan project
- SMEs Transformation Loan



- Loans for rehabilitation the SMEs, affected by the flood in the southern provinces in 2017
  - Tourism and local tourism business operators promotion loan project
  - Local economy loan project
- (2) Loans for the SME Development Fund under Pracharat scheme of the Ministry of Industry in which the Bank has been assigned to be the main joint agency, responsible for management of the Fund (continued from the year 2017). SME Bank had to provide additional Baht 4,000 million in 2018. In 2018, the Bank had approved loans to 498 entrepreneurs, worth Baht 2,474.48 million and 1,140 entrepreneurs had disbursed the loans, totaling Baht 3,840.58 million.
- (3) Loan for rehabilitation and strengthening the capacity of micro SME entrepreneurs, worth totaling Baht 8,000 million: In 2018, SME Bank had approved loans to 7,000 entrepreneurs, worth Baht 6,417.08 million and 6,089 entrepreneurs had disbursed the loans, totaling Baht 5,507.50 million.

### 3 Project Loans

#### • Project Loans by SME Development Bank

In 2018, SME Bank has launched several products to support the SME entrepreneurs in line with the government policies, totaling 7 projects and 3 measures as follows.

#### (1) Loans for Tourism Business and Community

**Tourism-based Enterprises:** This is a loan project to assist the micro SMEs who operate tourism businesses or related businesses or community tourism business under the government policy. SME Bank has been assigned to be an agency providing support and promotion to businesses in tourism destinations, located in the Creative Industry Village (CIV), community tourism, touristic market places, resorts, hotels, entertainment establishment, beach resort, restaurants, souvenir shops or other tourism-related businesses, including franchise operation. The goal is to improve the capability of local business operators in the community and regional levels, improve their liquidity, provide access to low interest loans and to promote the government local economy policy in all provinces. The loans totaling Baht 7,500 million was allocated to be used as working capital, investment, expansion of business and improvement of business.

(2) **Smart Factoring Loan Project** was offered as a financial tool to stimulate the economy according to the government policy to be disbursed under the government budget and state enterprises. The total loan in 2018 was Baht 4,000 million.

(2.1) Around Thailand Factoring Disbursement within 1 day is a project designed to provide quick working capital for SMEs whose account receivables are the government agencies, state enterprises, listed companies. This is a financial tool to stimulate the economy pursuant to the government policy and it was a measure, designed to accelerate budget disbursement by government agencies and state enterprises. In 2018, total disbursement under this measure was Baht 8,000 million.

(2.2) The measure to accelerate the disbursement of Factoring Loan for Private Trade Partners Phase II was designed to provide working capital to SME entrepreneurs with account receivables that are private companies. This is a financial tool, developed to stimulate the economy pursuant to the government policy. Total amount of fund under the project was Baht 4,000 million.

(2.3) The measure to accelerate the disbursement of Happy Factoring Loan 2018 was designed to provide assistance to SMEs to reduce their interest payment burden and to promote the Bank's factoring service and to link with other loan services. Total amount of fund under the project was Baht 6,000 million.

(3) **Elderly Career Loan Project:** The project was developed in order to provide financial assistance to senior citizens who are 55 years old or older, together with knowledge on how to access financial sources, how to start a business, new careers, job creation and how to earn income. Total amount of fund under the project was Baht 1,000 million.

(4) **Factoring Loan for Trade Partners of the Industrial Estate Authority** to increase opportunities to expand the market with a group of customers with account receivables that are the businesses with offices and branch offices in the industrial estates, industrial office areas or industrial communities or industrial parks that lead to the use of other loan services. Total amount of fund under the project was Baht 3,000 million.

(5) **Loans to increase operating fund and business quality** were developed in order to provide working capital, liquidity, revolving fund, investment fund and business improvement fund for SMEs who are existing loan customers of the Bank. Total amount of fund under the project was Baht 1,000 million.

**(6) Employment promotion loan project** was designed to provide financial assistance to SMEs who registered with the Social Security Office to be used as working capital, to improve liquidity and to hire more employees in order to improve productivity, including investment, expansion and improvement of business operation. Total amount of fund under the project was Baht 1,000 million.

**(7) Strong loan for SMEs project** was designed to provide financial assistance to SMEs in manufacturing, service, whole sale and retail businesses, the senior citizen, the SMEs who want to start new businesses including innovative businesses. Total amount of fund under the project was Baht 5,000 million.

- **Loans under the Government Policies**

In 2018, the Cabinet agreed to assign the Bank to continue to implement projects pursuant to government policies that the Bank had implemented in 2017, totaling 3 projects as follows.

**(1) Local economy loan** which was designed to assist, promote and develop small size entrepreneurs to create and distribute incomes to entrepreneurs in local communities with a view to strengthening the national and grass-root economy in Thailand, including tourism, community tourism and tourism-related businesses and agricultural product processing (foods and non-foods). The project also provided assistance to the entrepreneurs who engage in the business relating to seasonal agricultural products, affected by the economic situation that drove down the price of agricultural products to enable them to have adequate working capital in pursuance to the government's local economy promotion policies. Total amount of fund under the project was Baht 50,000 million.

**(2) The transformation loan** to strengthen the soft loan for replacement of machineries, phase II was designed to provide assistance to SMEs in the 10 S-Curve business group that have plan to transform or upgrade their production technology in order to improve operational potential of the business and to stimulate domestic investment and drive sustainable economy. Total amount of fund under the project was Baht 3,000 million.

**(3) Loan project to provide financial assistance to SME entrepreneurs in the 3 southern provinces** to expand strategic groups and to provide financial access to SME entrepreneurs in the 3 southern provinces

comply with the Ministry of Industry Policy. The loan are aimed to be used for relieving interest payment burden on outstanding loans and as operating capital for business rehabilitation by applying for the fixed term revolving loan and the term loan for business expansion such as factory expansion and purchase of new machines, etc. Total amount of fund under the project was Baht 940 million.

#### **Performing Duties as Co-operator: SME Development Fund under Pracharat Scheme**

The Bank has been assigned to participate in the management of the SME Development Fund under the government Pracharat scheme in term of loan provision and venture capital in the following 2 projects:

- 1. SME Development Loan under Pracharat scheme** to support and provide financial assistance and to offer more access to funding source to SME entrepreneurs who have potential to expand business operations effectively and sustainably in line with the local economy development. The project would allow the SME entrepreneurs to procure/construct and improve their offices, machineries, equipment, vehicles, software and other items to facilitate business operation. The loans also can be used to improve competitiveness such as research, the purchase of the manufacturing right, standard certification and the installation of IT technology system for business operation and to be used as operating capital. Total amount of fund under the project was Baht 10,000 million.
- 2. Loans for rehabilitation the micro SME entrepreneurs** in order to expand opportunities and access to funding sources for the micro SME entrepreneurs to be used for operational rehabilitation, creation of employment, career, incomes and operational potential. Total amount of fund under the project was Baht 8,000 million.

## **5. Management of Non-Performing Loans**

In 2018, SME Bank continued to perform NPL management program by establishing NPL correctional measures that were suitable for the debtor groups through improvement of process to increase efficiency in NPL management process and the monitoring and control of new loans to ensure that they remained as good quality loan with no degradation rate and to control the loans, guaranteed by Thai Credit Guarantee Corporation (TCG) to be within the maximum ceiling, set by the TCG. Most of the NPLs debtors were those who took out

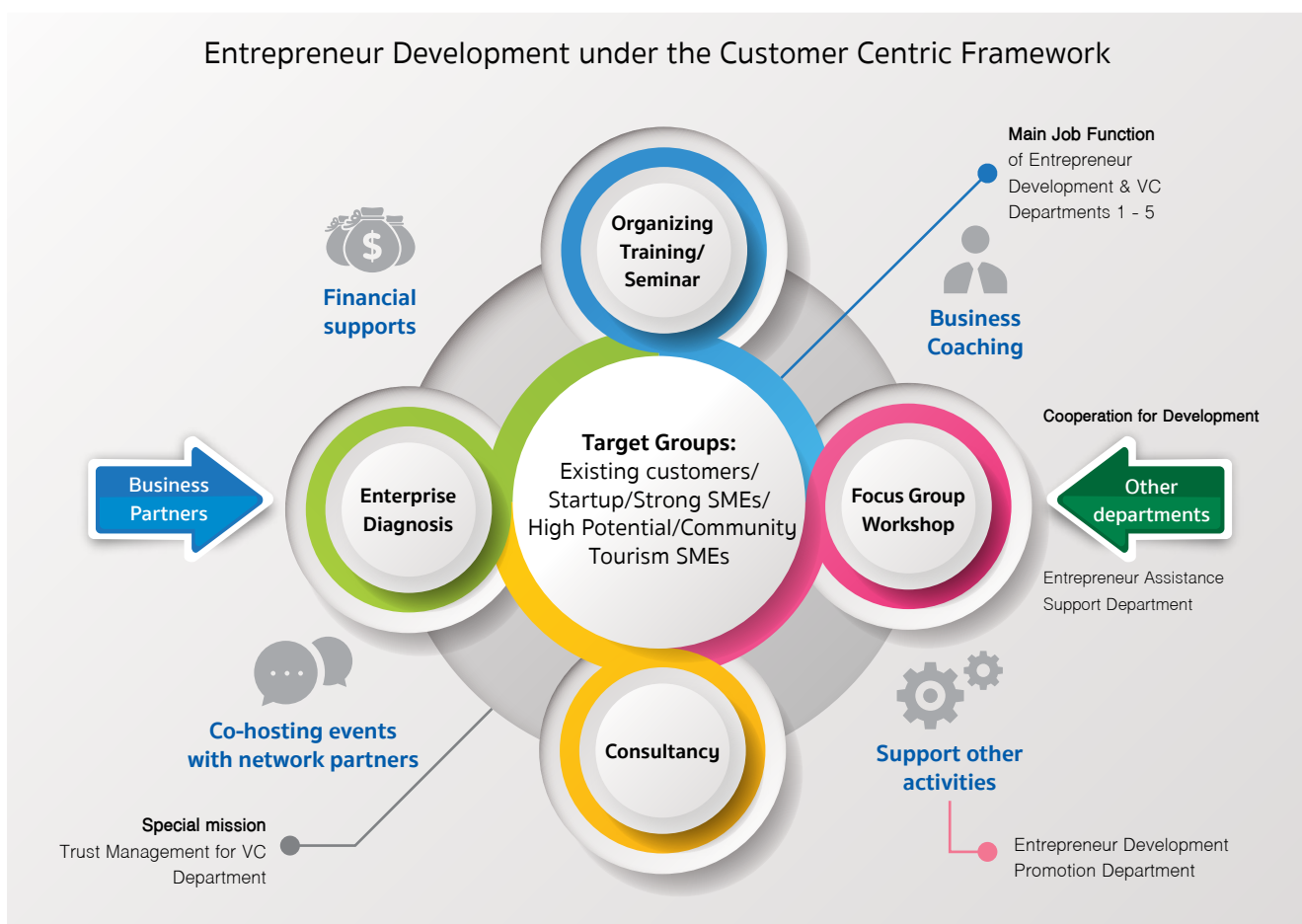
loans before 2015 and SME Bank has the policy to seek legal solution in order to obtain the enforcement of judgment while conducting settlement negotiation to induce the debtors to undergo debt restructure or to agree in the court. This was why the Bank resorted to take a legal action and settlement in the court or in some cases, used legal measure and reached an agreement in the court for execution of debt payment or to sell the collateral to pay for the debt on the ground of prescription timeframe. Debtors who took out loans before 2015 were those who needed longer timeframe, 1 year or longer, to solve the problem. Moreover, the Bank has implemented the measure to solve other NPL problems that were suitable to each group of debtors such as the disposal of non-performing assets.

As of December 31, 2018, SME Bank's net NPLs stood at Baht 17,617.99 Million, or 18.32% of total outstanding loans. Most of them are loans, originated before 2015 and the Bank has the policy to resort to legal process to obtain enforcement of judgment while conducting settlement negotiation to induce the debtors to undergo debt restructure or to agree in the court.

As for the new loans, originated since 2015 onward, the Bank has put in place preventive and correctional measures that cover all loan classes and conducted loan monitoring to control the volume of new loan from degrading to NPLs to be at not more than 5% of total loans, as prescribed by the State Enterprise Policy Commission. In a period from January 2015 to December 2018, the total number of debtors of new loans who degraded to be NPLs, including those who had undergone debt restructuring 2 times or more was 3.57% of total disbursement of new loans and newly granted loans. During Jan-Dec 2018, total number of new debtors who were degraded to NPLs was 0.06% of disbursed amount of total loans.

## 6. Entrepreneur Development

SME Bank main effort is to help develop the entrepreneurs under the "Customer Centric" framework. The Bank focuses on developing the potential of the entrepreneurs through various activities and provision of loan services to SMEs to help strengthen their business operations, thrive, and be able to compete in world markets. The Bank also offers the opportunity to have access to the entrepreneur development program by supporting the creation of Ecosystem and development of IT technology relating to entrepreneur development, and personnel development.



**1. Training, seminars and advisory services:** SME Bank is the co-hosting with networking partners to provide those activities on courses such as accounting and finance, marketing, production, and management to a total of 8,776 entrepreneurs.

- **Development of entrepreneurs to access financial sources through the Focus Group Workshop project**

**1) On location service:** Events are held in selected provincial areas where potential business sectors or supply chains are. The Bank and partner agencies provide consultation on businesses, collect the loan requests, and create networking group with SMEs. As a result, a total of 635 SMEs had access to financial assistance, totaling Baht 821.58 million.

**2) Business Diagnosis:** The service, provided to existing customers of the Bank, helps improve key functional areas of the business operation and uncovers business strengths and weaknesses. Then it is a prelude to developing the efficiency of the production process and reduction of cost.

**2. Develop to efficiency** in various areas such as business planning, management by IT technology, marketing channels, product and service standard certification, etc. A total of 1,894 entrepreneurs have completed the development program and loans, totaling Baht 1,430.87 million had been approved to 1,715 of them. And a total of 179 entrepreneurs were able to expand their business through online channel.

**3. Develop to effectiveness** There were 933 SMEs, who have participated in the development programs and able to improve the efficiency of their business operations such as sales revenues increased by 5-25% and qualified loan approved, the disbursement of loans total of Baht 791.9 million.

**4. Marketing:** SME Bank co-organized a total of 23 “Market Place” events both in the country and oversea, generated sales Baht 6,063,407 to participants customers. The 22 domestic market places were in collaboration with private and public sector alliances. Some of the big events are: Best of SME Thai Fabric, SMEs@JJ Market; in collaboration with Chatuchak Market (JJ weekend market), Market Street Food 4.0; in collaboration with Foods Institute, The Best of Thai and International SMEs; in collaboration with Women Business Person and Professionals Federation of Thailand and MBK Public Co., Ltd.



Moreover, the Bank also collaborated with other Specialized Financial Institutions (SFIs) to organize 7 “Pracharat Wayuphak Love the People Market Events in 2018 and one in Guangzhou-Shenzhen-Foshan, China.

In addition to providing financial support through joint venture projects, the Bank also determines to become the SME Development Bank to provide support and to promote the capability for the SME entrepreneurs, to improve their competitiveness such as standard accounting preparation, business management, product development, increasing of domestic and international markets and E-commerce.

In 2018, the Bank coordinated and collaborated with international organizations to organize projects to strengthen the entrepreneurs and to expand their markets to foreign countries through the following projects.

- **SME Idol 2018 Project**

The SME Idol 2018 Project was developed under the collaboration of the Bank, the State Enterprise Policy Office, and the Hong Kong Trade Development Corporation (HKTDC) to create the capacity to develop the entrepreneurs to be ready for competition in the global market. Twenty SMEs participants from home décor, spa, and home utensils industries who have been through training and preparation courses were selected to attend the Hong Kong House ware Fair 2018, held between April 20-23, 2018 in Hong Kong.



- **E-commerce : 200 SMEs Free Listing Project**

The project is in collaboration with SME Bank and the HKTDC, aim to prepare SMEs for E-commerce and to sell their products and services online through the HKTDC platform on www.hktdc.com available for qualified and potential 200 SMEs to outreach the world market on a 1-year free trial.

## 7. Venture Capital

SME Bank has set up the SMEs Private Equity Trust Fund in accordance with the Cabinet resolution dated December 16, 2014, and additional Cabinet resolution on September 8, 2015 to instruct and assign the Bank to cooperate with the Government Saving Bank and Krungthai Bank to establish the joint venture trust fund, a contribution from each bank amounting Baht 2,000 million to a total of Baht 6,000 million.

The Bank has already set up the joint venture projects, worth Baht 1,291 million in the 3 following units.

1. The first unit of the private equity trust fund with the capital limit of Baht 500 million was set up on November 11, 2015.
2. The joint venture project under the Bank's mission with SMEs in agro-business and related. The fund has been set up since July 15, 2016 with the capital limit of Baht 290 million.
3. The second unit of private equity trust fund was set up on April 19, 2017 with the capital limit of Baht 501 million.

SME Bank has paid an amount of Baht 165.10 million for 18 joint-venture operations as follows:

No.	Company	Business	Million Baht	Year Approved
1	Fruita Natural Co., Ltd.	Producer and distributor of healthy grain beverage	9.00	2016
2	Three N Cassava Products Co., Ltd.	Producer and distributor of processed feeds from processed cassava	30.00	2016
3	Virgin F&B Co., Ltd.	Manufacturer and exporter of rolled wafer	30.00	2017
4	Khaoyai Panorama Farm Co., Ltd.	Producer and distributor of mushroom products and accommodation business	12.00	2017
5	Pet Club Co., Ltd.	Convenient store and comprehensive pet shop	8.80	2018
6	Api Logistics Co., Ltd.	Comprehensive transportation service	30.00	2018
7	Micro Precision Co., Ltd.	Designer and manufacturer of auto parts and machineries	14.30	2018
8	Big Phaisan Project Co., Ltd.	Smart home electric equipment	30.00	2018

## 8. Corporate Social Responsibility (CSR)

The Bank regards the importance of continuing engagement in activities relating to social responsibility by adhering to and continuing the sufficient economy philosophy initiated by King Rama 9. The practice was in couple with the guidelines, bestowed by King Rama 10, that promote public volunteer works in which individuals can participate in taking care of the area, safety and other missions where they live. This causing budget spending decrease and benefits fall to the people in general. Moreover, the Bank conducted activities in compliance with the policies to promote and develop society and environment as well as the creation of jobs and careers.

In 2018, SME Bank conducted a total of 24 activities, some of which were the continuation of projects which have already been in progress in conjunction with our partner agencies and local communities. Some of the projects are joint activities with our partner agencies or ones that the Bank provided support for projects relating to the Bank's social and environmental responsibility projects. The Bank has committed to CSR in 4 aspects as follows:



## 1. Social and Environment Development

Two SME Bank's Reforestation Projects, inspired by the King's Philosophy to restore and maintain ecological balance as well as to promote tourism and job creation for the communities.

"Mangrove Forest Planting" project in Bang Khun Thian was in conjunction with Bang Khun Thian District Office the second year. In 2018, there were more groups; Phayathai District Office, our partner agency, and a voluntary group joined our activities.



"The Orchid Planting: To Return "Chang Kra" Orchid to Munjakhiri Forest Project" was in conjunction with Khon Kaen Tourism Business Association.



The Bank joined hand with Phayathai District Office to organize the annual "Big Cleaning Day" the walkways in various areas such as those near the Government Saving Bank, EXIM Bank, the Royal Thai Army Cavalry Battalion (Sanampao), Bang Sue Police Station, and voluntary group.



## 2. Educational Development Projects

SME Bank organized 7 activities for 11 schools through educational development agencies and school to create awareness on the importance of saving and to promote educational development or upgrading educational institutions.



*Provided winter clothes and bakery equipment for and career training at Ban Pang Tong Village School, Mae Hong Sorn*





Build a common area uses for career training and religious activities for novices, students and Dharma students at Wat Yuan Witthaya School, Phayao



Built student living quarters at Fai Kwang Withayakhom School, Phayao

### 3. Preservation of Buddhism

SME Bank organized annual activities to preserve Buddhism, provided necessary material for the construction of religious structures, supported community and monk's activities.



### 4. Public Charity

SME Bank promotes the staff to value public volunteerism and to engage in activities that benefit the society and public in general. In 2018, the Bank participated in voluntary activities to support Royal Charities and expressed our loyalty to King Rama 10. We also raised fund for the Red Cross to commemorate its establishment anniversary and the Veteran Hospital, etc.



## Corporation with other agencies and organizations

### 1. Cooperation with domestic organizations

SME Bank had signed cooperation agreement on the following projects.

1.1 SME Development Fund under the Pracharat scheme of the Ministry of Industry. According to the resolution of the Cabinet in which a total of Baht 20,000 million budgets was allocated to the Ministry of Industry to establish the SME Development Fund and the Bank was assigned to co-manage the fund.

1.2 The project to promote tourism business potential aims to support SME entrepreneurs in the tourism and tourism-related business through the collaboration with the Tourism Department, the Office of Permanent Secretary of the Ministry of Industry.

1.3 The project “Build a house, build a career”, in collaboration with the Government Housing Bank (GHB) and the Small Industry Credit Guarantee (TCG) to provide financial access and housing loans.

1.4 The project “Upgrading standards SMEs entrepreneurs in the 4.0 era to develop, fill capital and strengthen throughout Thailand, with collaboration of the PTT Dealers Association, the Thai Chamber of Commerce, the Thai Printing Association and the Industrial Estate Authority of Thailand.

1.5 The project “Raising standards for SMEs entrepreneurs” to promote Thai SMEs to access the opportunity to raise product and product quality standards with the international standard, which will increase the competitiveness in marketing, management, product development, cost reduction or standard certification. With collaboration of the Office of the Permanent Secretary of the Ministry of Agriculture and Cooperatives, the Ministry of Public Health, the Ministry of Industry, Development Military Command Unit and Special Financial Institutions (SFIs).

1.6 The coordination of the power to drive SMEs project, with the collaboration of the Krungthai Bank and the Bank for Agriculture and Cooperatives, is to integrate cooperation in supporting SMEs to access financial needs through collaboration between various agencies. The project allows agencies to complement each other to provide financing to SMEs and entrepreneurs in the agricultural sector. The collaboration also leads to the Big Data project, to use for further entrepreneur development, in pursuant with the policy of the Ministry of Finance.

1.7 SME Bank and Student Loan Fund Collaboration Project is to organize activities to promote potential and to support SME entrepreneurs, who are borrowers to access to financial source in order to use the loan for investment, development, expansion, and improvement of business operation (borrowers of the Fund).



1.8 Loan for Employment Promotion Project was designed to provide opportunity to the businesses that registered with the Social Security Office to borrow money from the banks that joined the project to be used as operating capital and to improve liquidity. The project was a collaboration between SME Bank and the Social Security Office.

1.9 Scale-up Rubber Innovation project was designed to help improve capacity of the new SME entrepreneurs in rubber growing industry and start up entrepreneurs, including the existing entrepreneurs to improve competitiveness. The project was collaboration with the Songkhla Nakharin University.

## 2. Cooperation with international organizations

### 2.1 Welcoming international visitors

- Representatives of the Organization for Economic Co-operation and Development: OECD and Chulalongkorn University visited the Bank in order to consult and exchange information to support the creation of the “ASEAN SMEs Integration into Global Value Chains (GVCs)”
- Hong Kong Trade Development Council (HKTDC) visited the Bank’s executives to foster relationship with state enterprises in Thailand to discuss future cooperation between SME Bank and the HKTDC.
- Representatives of Alibaba International Business Unit - GSD from China visited to discuss policies and rules and regulations relating to international payment and the establishment of such system in Thailand.
- Representatives of the Asia-Pacific Rural and Agricultural Credit Association: (APRACA) visit to exchange information on finance and SME development by the Bank.
- Representatives of UBS Securities (Thailand) Limited visited SME Bank to receive information and progress of SME investment projects in Thailand.
- Representatives of the Ministry of Economy and Finance and National Bank of Cambodia visited to get information on the establishment of SME Bank.
- Representatives of the International Monetary Fund: IMF and World Bank visited to exchange discussion with the executive of the Bank to be used for assessment of financial sector in Thailand.
- Representatives of the Bank of Lao People’s Democratic Republic visited to study and exchange information on credit policy for SME entrepreneurs.

### 2.2 Overseas Study Trips

- The Energy Knowledge for Senior Executive, Class 11 curriculum in Lao People’s Democratic Republic to create understanding on energy and its impacts of energy business on economy, social, community, culture and environment.
- Attended the Synergy for Management program in South Korea to develop knowledge and understanding on the roles and duties of the departmental executives.
- Attended the Reskill/Upskill course in China in order to improve knowledge of the executives on various innovations and the reskill/upskill guideline.
- Attended the Digital Economy for management (DE4M) in South Korea to develop knowledge and understanding on IT technology and communications and improvement of working capability.
- Attended the Marketing Transformation Program (MTP) in Germany to study about the adjustment and improvement of marketing operation of the organization through new business model.
- Attended the management course for senior executives in France, the Netherland and Germany to create knowledge on economy, finance, cost and policies and strategies of these countries.
- Attended the training course for senior executives in trading (TEPCoT) in Lao People’s Democratic Republic
- Attended the Good Social Management Course to Promote sustainable Development, Class 5 in Japan.
- Attended the Leadership Succession Program, Class 9 in the UK to develop executives to be ready to become senior leaders in the organization.



# Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of the Bank's non-executive members of the board of directors and appointed by the Board of Directors. The chairman of the Nomination and Remuneration Committee shall be an independent director. The Nomination and Remuneration Committee has performed the duties according to the scope of responsibilities, designated by the Board of Directors according to related law, rules and regulations and criteria for selecting and prescribing remuneration of state enterprise.

In 2018, the Board of Directors resolved to appoint the Nomination and Remuneration Committee and remuneration as follows:

1. According to the Order of the Board of Directors No. 26/2561 Re: Appointment of the Nomination and Remuneration Committee and Remuneration, issued on 13 July 2018, effective from 13 July 2018 to August 24, 2018, the Nomination and Remuneration Committee comprised the following members.

(1)	Mr. Prakit Sheeppakdee	Member of the board of directors	Chairman
(2)	Mr. Chanvit Nakburee	Member of the board of directors	Director
(3)	Mr. Seree Nonhasoot	Member of the board of directors	Director

2. According to the Order of the Board of Directors No. 28/2561 Re: Appointment of the Nomination and Remuneration Committee and Remuneration, issued on 24 August 2018, effective from August 24, 2018 to 27 September 2018, the Nomination and Remuneration Committee comprised the following members:

(1)	Mr. Prakit Sheeppakdee	Member of the board of directors	Chairman
(2)	Mr. Chanvit Nakburee	Member of the board of directors	Director
(3)	Ms. Tippawan Pinwanichkul	Member of the board of directors	Director

3. According to the Order of the Board of Directors No. 35/2561 Re: Appointment of the Nomination and Remuneration Committee and Remuneration, issued on 8 October 2018, effective from 27 September 2018 to 17 January 2019, the Nomination and Remuneration Committee comprised the following members:

(1)	Mr. Prakit Sheeppakdee	Member of the board of directors	Chairman
(2)	Mr. Chanvit Nakburee	Member of the board of directors	Director
(3)	Ms. Tippawan Pinwanichkul	Member of the board of directors	Director

Mr. Kriengkrai Rukkulchon, a legal expert, was an advisor to the Executive Vice President for Strategy and Resource Management who served as the secretary with the assistant secretary by the Senior Director of the Human Resource Department.

In 2018, the Nomination and Remuneration Committee convened a total of 13 meetings to consider, scrutinize, and provide suggestions on issues before submitting them to the Board of Directors as follows.

1. Conducted job evaluation and remuneration structure of senior executives.
2. Reviewed and set guideline for recruitment and appointment of Level 11-13 staffs.
3. Prescribed criteria for appointment of Senior Executive Vice President Level 14.
4. Selected qualified staffs to fill in management as Senior Executive Vice President, First Executive Vice President, and Senior Vice President totaling 11 positions.
5. Considered and provided recommendations as guidelines for improvement of human resource function, including the restructuring of employee benefits; salary, medical welfare, and funeral expense for staff that passed away.

(Signed) Prakit Sheeppakdee  
(Mr.Prakit Sheeppakdee)  
Chairman



# Report of the Audit Committee

The Audit Committee is appointed by the Board of Directors of Small and Medium Enterprise Development of Thailand with members holding office during the year 2018 as follows:

1. The Committee, whose term started from November 9, 2017, to January 26, 2018, was composed of the following members:

(1) Mr. Pornlert Lattanan	Chairman
(2) Dr. Seree Nonthasoot	Director
(3) Mrs. Poonsuk Musiklad	Director
(4) Executive Vice President Responsible for Compliance and Audit Group	Secretary

2. Since Mr. Pornlert Lattanan resigned from his director position of the Board of Directors effective January 26, 2018, the Board appointed the Audit Committee, which is composed of the following members.

(1) Dr. Seree Nonthasoot	Chairman
(2) Mrs. Poonsuk Musiklad	Director
(3) Dr. Weerapong Malai	Director
(4) Executive Vice President Responsible for Compliance and Audit Group	Secretary

3. Mrs. Poonsuk Musiklad completed her term on December 3, 2018.

The Audit Committee has performed and fulfilled its duties and responsibilities in compliance with the charter of Audit Committee with competencies, prudence, and independence of the Bank for the benefit of all stakeholders equally.

The Audit Committee has conducted 16 meetings with the management, internal inspectors, and auditors according to the responsibilities, assigned by the Board of Directors, and rules of the Ministry of Finance. The Audit Committee adheres to the principle that the Bank must operate with integrity, accuracy in terms of procedures, standards, and good corporate governance. The Committee presented the operational results and submitted reports to the Board of Directors on a quarterly and yearly basis. Its performance this year is highlighted below.

## 1. Review the Accuracy and Credibility of Financial Statement

The Audit Committee reviewed the Bank's financial statement and annual financial report of the auditor through meetings with the auditor, the State Audit Office of the Kingdom of Thailand, and the management to review the financial report and the disclosure of financial information in support of the financial statement, including the observation made by the auditor. The Committee provided necessary opinions and recommendations on major changes in the financial report to ensure that such report was prepared accurately in accordance with the principles, accounting policies of the Bank, rules, laws, regulations, and generally accepted accounting standards, as well as the adequacy of disclosure in the financial report that was significant. However, during the financial report audit, the Audit Committee discussed the issues that were initially detected with the auditor regarding the practice of the excess provisioning policy and the provision for liabilities that the latter might express a conditional opinion. However, following the deliberation, the auditor was unable to reach conclusion and notified that further internal consultation was required.

After reviewing major financial transactions coupled with information from the management, the Audit Committee had provided opinions on the financial report for the fiscal year ended December 31, 2018, which was being in the process of auditing of the auditor, that the report was reliable except for items that the auditor gave an initial indication that an unconditional opinion might not be provided. The Committee also had a resolution for the management to prepare the financial report in accordance with accounting standards, policies, related accounting principles, and adherence to practice consistently.

## **2. Review the Bank's Good Corporate Governance Process**

The Audit Committee reviewed the Bank's operation to ensure that the implementation of good corporate governance is implemented regularly with a focus on compliance with the code of conduct of employees and anti-corruption. The Committee also recommended that rules, procedures, and guidelines should be developed in order to prevent corruption, and the progress of litigation cases should be monitored. In addition, the Committee suggested that a system should be set up to control and manage complaint cases transparently and considered the issues relating to connected transactions, conflict of interest or potential corruption case that may affect the Bank's operation.

## **3. Review Risk Management Process**

The Audit Committee considered the results of the audit and credit review regarding internal control and compliance with relevant regulations and orders, including its effectiveness and appropriateness of the Bank's risk management regularly. The consideration focused on risk management process and key risk factors; whether the Bank had an effective implementation plan and risk management process to control and reduce the impacts that may affect the Bank's ability to achieve its goals to an acceptable level. The Committee acknowledged the results provided by the risk management team and provided recommendations to improve the risk management system.

## **4. Review the Effectiveness and Efficiency of Internal Control Process**

The Audit Committee has monitored the management to set up an internal control system and control self-assessment to ensure the Bank had sufficient and efficient internal control, and compliance with standards. The Committee provided recommendations on the assessment of internal control that other risk factors should be used to assess opportunities and impacts such as financial risks, accounting, provisioning, including regulatory risk, reputation risk, etc. The Bank should also develop a plan to improve the internal control system so that it could immediately and effectively address the high-risk incident and to prevent the recurrence.

## **5. Review the Internal Audit, Credit Review and Compliance**

The Audit Committee reviewed the reports of audit results, credit review, and compliance, and informed the management to supervise the operation to continually develop to ensure the internal control system was sufficient and efficient compliance with the internal control standards prescribed by the State Audit Office of the Kingdom of Thailand. The Committee also recommended that the management and employees should be communicated on internal control issues found. The Risk Management Department determined measures of risk prevention. The Bank should promote and support internal control, credit review, and compliance practices to perform independently, fairly, and report the results that are the common interest of the Bank.

#### **6. Review Compliance with Laws, Rules, Regulations of the Bank, and Regulatory Agency**

The Audit Committee reviewed the audit results and compliance with the rules and regulations, work guideline, cabinet resolutions, notifications or orders relating to the operation of the Bank, and state enterprises, and notified the management to improve and supervise on compliance consistently. The Committee also followed up on the activities and reported to the Board of Directors quarterly and annually.

#### **7. Meeting with the Auditor and the Management**

The Audit Committee met with the auditor to review and consider the issues found during the auditing process and to acknowledge issues arising from the review of the financial statement. The Committee has monitored the management to take action on the auditor's notes. In addition, the Committee also met with the executives' line management, operational department, and branch offices to acknowledge their policies, management direction, risk management, and internal control, as well as obstacles found in the management and operation. The Committee provided recommendations, preventive, and corrective guidelines that were transparent and auditable.

#### **8. Maintenance of Quality of the Audit Committee**

The Audit Committee complied with the charter of the Audit Committee and reviewed the charter to ensure that it was in line with the criteria and practical guidelines of the Ministry of Finance and Bank of Thailand. The Committee reported the performance results to the Board of Directors quarterly and annually. It also conducted self-assessment yearly and reported the result to the Board.

The Audit Committee adhered to the principle of good practices and performed its duties with prudent, independent, and fair to ensure that the Bank had in place good corporate governance as well as sound and adequate risk management, and internal control to direct the Bank to achieve its objectives. Several departments such as Internal Audit Department, Credit Review Department, and Compliance Department work as the crucial mechanism in helping the works of the Audit Committee.

(Signed) Seree Nonthasoot  
(Dr. Seree Nonthasoot)  
Chairman of the Audit Committee

# Statement of Board of Directors' Responsibilities for the Financial Reports

The Board of Directors of SME Development Bank recognizes the importance of duties as directors who shall be responsible for the financial statements and financial information presented in this annual report. The Board, therefore, oversees the preparation of the financial statements in accordance with accounting standards, financial reporting standards, and accounting principles generally accepted under the appropriate accounting policy and adhere to consistently practices with the principles of prudence, accuracy, completeness, realistic, and reasonable, to ensure they fairly reflect the operating results of the Bank. They also present the results of operations and disclose material information transparently, sufficiently, and reliably in the notes to financial statements.

The Board has provided corporate management under a good corporate governance system to maintain an effective risk management system, internal control system, and internal audit, with appropriate and effective oversight to ensure that financial information has been prepared accurately, completely and sufficiently to maintain the Bank's assets as well as preventing fraud or execution that could have a material effect.

The Board has appointed the Audit Committee, which is comprised of independent directors, to oversee and review the reliability and accuracy of the financial reports. The Board has also appointed the Risk Management Committee, with high caliber directors, to oversee and review the internal control of the Bank to be adequate and appropriate, ensuring that such financial statements are reliable. The Audit Committee has already expressed their opinions in the audit committee report herein this annual report.

The Board expresses their opinions that the overall internal control system of the Bank is sufficient and appropriate to provide reasonable assurance regarding the financial statements for the year ended December 31, 2018, are reliable in conformity with accounting standards generally accepted, laws, and related regulations.

(Signed) Pasu Loharjun  
(Mr. Pasu Loharjun)  
Chairman

(Signed) Phongcharn Samphaongern  
(Mr. Phongcharn Samphaongern)  
Senior Executive Vice President  
(acting) President



## AUDITOR'S REPORT

**To The Shareholders of the Small and Medium Enterprise Development Bank of Thailand**

### **Conditional Opinion**

The State Audit Office of the Kingdom 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, 2018, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

In the opinion of the State Audit Office of the Kingdom of Thailand, except the impacts caused by issues specified in the paragraph relating to the criteria for expressing conditional opinion, the above mentioned financial statement of the Small and Medium Enterprise Development Bank of Thailand as at December 31, 2018, and its financial performance and cash flow for the year then ended were presented fairly accurately in accordance with Thai Financial Reporting Standards.

### **Basis of Opinion**

1) According to Note to Financial Statement No.5.5, the Small and Medium Enterprise Development Bank of Thailand allocated surplus allowance under the surplus allowance accounting policy from the possible impaired loan (PIL) of special mention loans. The goal was to allocate adequate allowance to absorb any loss that may incur. The Bank has an amount of Baht 215.80 million carried forward surplus allowance and allocated Baht 120.35 million surpluses for the first quarter of 2018, Baht 64.11 million for the second quarter of 2018 and Baht 95.71 million for the third quarter. The total surplus allowance increased by Baht 280.17 million. Then, in the fourth quarter, the Bank transferred back the allocated amount of Baht 280.17 million and used an amount of Baht 198.78 million surplus allowances. As a result, as of December 31, 2018, the amount of remaining surplus allowance that the Bank has was Baht 17.02 million and the Bank did not allocate the surplus allowance to the amount according to the accounting policy, prescribed by the Bank. Had the Bank allocated the amount of surplus allowance in accordance with the accounting policy, the amount of surplus allowance as of December 31, 2018 would be Baht 612.00 million and the bad debt, doubtful debt, the loss from impairment in the statement of profit and loss, other comprehensive loss, and profit as of December 31, 2018, would have increased by the same amount.

2) According to Note to Financial Statement 5.16.2 and 5.31.2, one of the commercial banks filed a lawsuit against the Bank for an alleged offense relating to cross-currency swap (CCS) and interest rate swap (IRS). The amount of money involved in these cases was Baht 1,074.01 million and US\$ 135.74 million, respectively. The court of first instance dismissed the case but the judgment



was reversed by the court of appeal who ordered the Bank to pay a total of about Baht 6,500 million of debt principal and interest. The case is now being reviewed by the Supreme Court. On December 31, 2018, the Bank had allocated an amount of Baht 2,194.04 million as projected liability for the case. However, at present, the management expects that the amount would not exceed Baht 3,000 million if the Bank is ordered to pay indemnity. If the Bank had set aside the estimated liability according to the accounting standards, the estimated amount of liability in the financial statement as of December 31, 2018, would increase by Baht 805.96 million and the expense on derivatives in the statement of profit and loss and other comprehensive profit and loss as of December 31, 2018, would have increased by the same amount.

Based on impacts, specified in 1) and 2), if the Bank corrected the items, the amount of surplus allowance as of December 31, 2018, would increase by Baht 594.98 million, the estimated liability would increase by Baht 805.96 million, the year-end operational performance as of December 31, 2018, would have changed from a net profit of Baht 19.67 million to a net loss of Baht 1,381.27 million and an accumulated loss as of December 31, 2018, would have increased by the same amount.

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSAs). The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of the State Audit Office of the Kingdom of Thailand report. The State Audit Office of the Kingdom of Thailand is independent of the Bank in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's conditional opinion.

## **Other Information**

The management is responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements and the auditor's report thereon. The management will provide the annual report to the Office of the Auditor General of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained during the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

### **Responsibility of the Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit 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 Bank's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concludes on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor’s report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand’s opinion. The State Audit Office of the Kingdom of Thailand’s conclusions are based on the audit evidence obtained up to the date of the auditor’s report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluates the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the State Audit Office of the Kingdom of Thailand’s audit.

(Signed) Thurdpong Pongsaksri

(Mr. Thurdpong Pongsaksri)

Director of Financial and Procurement Audit Office No. 3

(Signed) Chalurysri Vipusaporn

(Miss Chalurysri Vipusaporn)

Auditor, Senior Professional Level

**Small and Medium Enterprise Development Bank of Thailand**

**Statement of Financial Position**

**As of December 31, 2018**

		Unit : Thousand Baht	
	Notes	December 31, 2018	December 31, 2017
<b>Assets</b>			
Cash		274	237
Interbank and money market items, net	5.2	9,126,929	5,513,846
Derivatives assets	5.14	90	14
Investments, net	5.3	7,378,974	7,236,280
Loans to customers and accrued interest receivables, net	5.4		
Loans to customers		53,994,535	65,505,674
Accrued interest receivables		144,440	172,611
Total loans to customers and accrued interest receivables		<u>54,138,975</u>	<u>65,678,285</u>
<u>Less</u> Deferred revenue		21,940	124,974
<u>Less</u> Allowance for doubtful accounts	5.5	<u>5,788,773</u>	<u>7,602,695</u>
Total loans to customers and accrued interests receivables, net		<u>48,328,262</u>	<u>57,950,616</u>
Loans to customer from public service account and accrued interest receivables, net	5.33		
Loans to customers from public service account			
Portion that is not subject to government compensation for damages		38,599,535	31,531,746
Portion that is subject to government compensation for damages		3,554,649	3,753,763
Accrued interest receivables from public service account			
Portion that is not subject to government compensation for damages		67,770	56,262
Portion that is subject to government compensation for damages		400,678	454,581
Total loans to customers from public service account and accrued interest receivables		<u>42,622,632</u>	<u>35,796,352</u>
<u>Less</u> Deferred revenue from public service account		806	11,045
<u>Less</u> Allowance for doubtful from public service account	5.33.3	<u>1,571,826</u>	<u>2,499,787</u>
Total loans to customers from public service account and accrued interest receivables		<u>41,050,000</u>	<u>33,285,520</u>
Properties for sale, net	5.6	1,172,628	1,332,015
Premises and equipment, net	5.7	1,699,559	1,659,747
Assets in progress	5.8	76,560	11,714
Advance for Legal costs, net	5.9	0	0
Other intangible assets, net	5.10	45,761	25,240
Other accounts receivables from sale of debt		529,957	260,851
Other assets, net	5.11	415,531	582,355
Total assets		<u><u>109,824,525</u></u>	<u><u>107,858,435</u></u>

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

**Small and Medium Enterprise Development Bank of Thailand**

**Statement of Financial Position (continued)**

**As of December 31, 2018**

Unit : Thousand Baht

	Notes	December 31, 2018	December 31, 2017
<b>Liabilities and shareholders' equity</b>			
Deposits	5.12	79,479,895	85,517,285
Interbank and money market items, net	5.13	7,145,843	8,407,439
Liabilities payable on demand		36,037	55,530
Derivative liabilities	5.14	103	13
Debt issued and borrowings	5.15	9,284,294	290,117
Provisions liabilities	5.16	2,661,877	2,073,455
Accrued interest payables	5.17	541,104	635,165
Grant fund from the Bureau of the Budget	5.18	23,053	23,053
Other liabilities	5.19	702,008	919,545
Total liabilities		<u>99,874,214</u>	<u>97,921,602</u>

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



**Small and Medium Enterprise Development Bank of Thailand**

**Statement of Financial Position (continued)**

**As of December 31, 2018**

Unit : Thousand Baht

	Notes	December 31, 2018	December 31, 2017
<b>Liabilities and shareholders' equity</b>			
Shareholders' equity			
Share capital	5.20		
Authorized share capital			
300,000,000 Ordinary shares of Baht 100 each		30,000,000	30,000,000
Issued and paid-up share capital			
200,066,318 Ordinary shares of Baht 100 each		20,006,632	20,006,632
Premium or discount on share capital		(5,251,632)	(5,251,632)
Other components of equity	5.21	949,437	972,045
Retained earnings (deficit)			
Appropriated			
Legal reserve		48,192	48,192
Others		216,457	216,457
Unappropriated		(6,018,775)	(6,054,861)
Total retained earnings (deficit)		(5,754,126)	(5,790,212)
Total shareholders' equity		9,950,311	9,936,833
Total Liabilities and Shareholders' Equity		109,824,525	107,858,435

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

(Signed) Pasu Loharjun  
(Mr. Pasu Loharjun)  
Chairman

(Signed) Phongcharn Samphaongern  
(Mr. Phongcharn Samphaongern)  
Senior Executive Vice President  
(acting) President

**Small and Medium Enterprise Development Bank of Thailand**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended December 31, 2018**

		Unit :	Thousand Baht
	Notes	2018	2017
Interest income	5.22	3,399,301	3,846,058
Interest expenses	5.23	804,938	1,030,201
Interest income, net		2,594,363	2,815,857
Fees and service income		162,499	186,828
Fees and service expenses		80,822	72,243
Fees and service income, net	5.24	81,677	114,585
Gains on trading and foreign exchange transactions	5.25	1,400	7
Net gain (loss) from financial liabilities measured at fair value	5.26	(14)	695
Gains (losses) on investments, net	5.27	(9,654)	(7,167)
Other operating income			
Dividend income		11,056	9,821
Gain on sale of debt		533,835	-
Other income		171,997	171,000
Total other operating Income		716,888	180,821
Revenue from public service account	5.33.4	2,314,291	1,820,904
Total operating income		5,698,951	4,925,702
Other operating expenses			
Employee' expenses		804,202	852,311
Directors' remuneration		3,237	3,224
Premises and equipment expenses		198,355	217,011
Taxes and duties		25	17
Derivative expenses		271,131	304,008
Other expenses		354,271	239,557
Total other operating expenses		1,631,221	1,616,128
Expenses from public service account	5.33.5	2,336,505	1,841,153
Impairment loss of loans and debt securities	5.28	1,711,550	1,011,603
Net Profit		19,675	456,818
Other comprehensive income (losses)			
Items that will be reclassified subsequently to profit or loss			
Gains (losses) on revaluation of available-for-sale investment		(8,367)	9,856
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit plans		2,186	(10,592)
Total other comprehensive income (losses)		(6,181)	(736)
Total comprehensive profit		13,494	456,082

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

(Signed) Pasu Loharjun  
(Mr. Pasu Loharjun)  
Chairman

(Signed) Phongcharn Samphaongern  
(Mr. Phongcharn Samphaongern)  
Senior Executive Vice President  
(acting) President

**Small and Medium Enterprise Development Bank of Thailand**  
**Statements of Changes in Shareholders' Equity**

For the year ended December 31, 2018

Unit : Thousand Baht

	Issued and paid up share capital	Premium or discount on share capital	Other components of equity			Total other components of equity	Retained Earning (Deficit)			Total
			Revaluation surplus (deficit) of investments	Capital Surplus of Asset Valuation			Appropriated	Appropriated	Unappropriated	
<b>Beginning balance as of January 1, 2017</b>	20,006,632	(5,251,632)	(7,720)	-	(7,720)	48,192	216,457	(6,515,312)	8,496,617	
Revaluation surplus (deficit) on investments	-	-	149	-	149	-	-	-	149	
Capital surplus of asset valuation	-	-	-	983,985	983,985	-	-	-	983,985	
Total comprehensive income (losses)	-	-	9,856	-	9,856	-	-	446,226	456,082	
Transfer to retained earnings	-	-	-	(14,225)	(14,225)	-	-	14,225	-	
<b>Ending balance as at December 31, 2017</b>	20,006,632	(5,251,632)	2,285	969,760	972,045	48,192	216,457	(6,054,861)	9,936,833	
<b>Beginning balance as at January 1, 2018</b>	20,006,632	(5,251,632)	2,285	969,760	972,045	48,192	216,457	(6,054,861)	9,936,833	
Capital surplus of asset valuation	-	-	(16)	-	(16)	-	-	-	(16)	
Total comprehensive income (losses)	-	-	(8,367)	-	(8,367)	-	-	21,861	13,494	
Transfer to retained earnings	-	-	-	(14,225)	(14,225)	-	-	14,225	-	
<b>Ending balance as at December 31, 2018</b>	20,006,632	(5,251,632)	(6,098)	955,535	949,437	48,192	216,457	(6,018,775)	9,950,311	

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

(Signed) Pasu Loharjurn  
(Mr. Pasu Loharjurn)  
Chairman

(Signed) Phongcharn Samphaongern  
(Mr. Phongcharn Samphaongern)  
Senior Executive Vice President  
(acting) President

**Small and Medium Enterprise Development Bank of Thailand**

**Statements of Cash Flow**

**For the year ended December 31, 2018**

	Unit : Thousand Baht	
	<b>2018</b>	<b>2017</b>
<b>Cash flow from operating activities</b>		
Net profits	19,675	456,818
Adjustments to reconcile net profit to cash received (paid) from operating activities		
Depreciation and amortization expenses	92,240	91,552
Bad debt and doubtful accounts	1,687,521	995,118
Bad debt and doubtful accounts-claims	162,062	123,804
(Gain) from disposal of assets	(169)	(104)
Loss on impairment of properties for sale	39,106	66,048
(Reversal) on impairment of properties for sale	(151,955)	(77,223)
Loss on impairment of investment	9,654	7,167
Premium on investment	7,505	13,400
Loss from the termination of property	-	35
(Gain) loss on revaluation of foreign currencies	14	(695)
Increase (decrease) in accrued expenses	(109,474)	25,069
Increase in provisions	590,607	590,470
	<hr/>	<hr/>
	2,346,786	2,291,459
Interest income, net	(3,958,771)	(3,860,233)
Dividends income, net	(11,057)	(9,821)
Proceeds from interest income	5,409,904	5,091,957
Cash paid on interest expenses	(1,474,627)	(1,398,194)
Proceeds from dividend income	11,057	9,821
	<hr/>	<hr/>
Income from operating before changes in operating assets and liabilities	2,323,292	2,124,989
(Increase) decrease in operating assets		
Interbank and money markets items	(3,628,593)	(1,343,912)
Loans to customers	99,786	(7,442,761)
Properties for sale	272,236	49,620
Accounts receivable from the sale of debt	(269,106)	1,658,168
Other assets	4,931	(103,598)
Increase (decrease) in operating liabilities		
Deposits	(6,037,390)	11,384,849
Interbank and money market items	(1,261,596)	(6,920,381)
Liabilities payable on demand	(19,493)	39,915
Debt issued and borrowings	(5,823)	(1,999)
Other liabilities	(174,154)	43,299
	<hr/>	<hr/>
Net cash provided by operating activities	(8,695,910)	(511,811)

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

**Small and Medium Enterprise Development Bank of Thailand**

**Statements of Cash Flow (Continued)**

**For the year ended December 31, 2018**

	Unit : Thousand Baht	
	2018	2017
<b>Cash flows from investment activities</b>		
Decrease in time deposits	15,511	20,539
Purchases of securities investment	(2,084,236)	(592,000)
Purchase of premises and equipment	(19,500)	(21,227)
Purchase of intangible assets	(3,151)	(8,872)
Purchase of assets in progress	(128,859)	(6,777)
Proceeds from premises and equipment	182	124
Proceeds from securities investment	1,916,000	1,120,000
Net cash provided by (used in) investing activities	<u>(304,053)</u>	<u>511,787</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term loan and issuance of long-term debt instruments	<u>9,000,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>9,000,000</u>	<u>-</u>
cash and cash equivalents increase (decrease), net	37	(24)
Beginning balance of cash and cash equivalents	<u>237</u>	<u>261</u>
Ending balance of cash and cash equivalents	<u><u>274</u></u>	<u><u>237</u></u>

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

(Signed) Pasu Loharjun  
(Mr. Pasu Loharjun)  
Chairman

(Signed) Phongcharn Samphaongern  
(Mr. Phongcharn Samphaongern)  
Senior Executive Vice President  
(acting) President



## Small and Medium Enterprise Development Bank of Thailand

### Notes to the Financial Statements

For the year ended December 31, 2018

#### 1. General information

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 supports the establishment operation, expansion or improvement small and medium enterprises with the provision of loans, guarantees, joint venture, 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 Accounting Policies

##### 2.1 Basis of Presentation of Financial Statements

The Bank's financial statements are prepared and disclose item in accordance with the notification of The Bank of Thailand (BOT) No. SOR KOR SOR 1/2559 dated June 29, 2016 regarding preparation and announcement of the financial statements of Specialized Financial Institution, and financial statements 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 English translation has been prepared for the convenience of readers conversant with the Thai language.

##### 2.2 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)

2.2.1 The Bank has adopted the New and Revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effections for the financial statements of the periods beginning on or after January 1, 2018. The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's financial statements.

2.2.2 The Federation of Accounting Professions has announced Thai Accounting Standard (TAS) and Thai Financial Reporting Standards (TFRS), those are effective for the financial statements periods beginning on or after January 1, 2019, that are relevant to the Bank are as follows:

TAS 1 (revised 2018)	Presentation of Financial Statements
TAS 7 (revised 2018)	Statements of Cash Flows
TAS 8 (revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2018)	Events after the Reporting Period
TAS 16 (revised 2018)	Property, Plant and Equipment
TAS 17 (revised 2018)	Leases
TAS 18 (revised 2018)	Revenue

## 2.2 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)

(continued)

TAS 19 (revised 2018)	Employee Benefits
TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (revised 2018)	Borrowing Costs
TAS 24 (revised 2018)	Related Party Disclosures
TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 28 (revised 2018)	Investment in Associates and Joint Venture
TAS 34 (revised 2018)	Interim Financial Statements
TAS 36 (revised 2018)	Impairment of Assets
TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2018)	Intangible Assets
TFRS 13 (revised 2018)	Fair Value Measurement

The Bank has been preparing for adopting related Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) mentioned above. The Bank has considered that there is no material impact on the Bank's financial statements in the period of initial adoption.

Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) that will become effective for fiscal years beginning on or after January 1, 2020 are:

### Thai Accounting Standards

TAS 32	Financial Instrument Presentations
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### Thai Financial Reporting Standards

TFRS 7	Financial Instrument Disclosure
TFRS 9	Financial Instrument
TFRS 16	Leases

The Bank is in the process of conducting an assessment on the impacts of the adoption of these accounting and financial report standards on the financial statements of the Bank.

## **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 according with the Bank of Thailand's 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, management fee from the SME Development Fund, the SME Rehabilitation Fund and SME Recovery Fund are recognized on the right basis.

### **2.3.3 Recognition of Interest Expense**

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

### **2.3.4 Loan to customers**

Loans are presented in terms of outstanding principle amount, and accrued interest receivables on loans are recorded separately. Deferred revenue is presented as a deduction from the loans.

### **2.3.5 Allowance for Doubtful Accounts**

The Bank sets aside the allowance for doubtful account compliance with the Bank of Thailand's under the Notifications No. SOR KOR SOR 14/2559 dated October 11, 2016, regarding Classification and Provision Criteria of Specialized Financial Institution, the Bank of Thailand's under Notifications No. SOR KOR SOR 18/2559 dated June 10, 2016, regarding regulations on governance of public service accounts based on the BOT's regulation on valuation and appraisal of collateral and immovable properties for sale acquired through debt repayment, loan collateral or public auction of financial institution, summarized as follows:

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

2) Collateral using for calculating the present value of expected cash flows from the disposals are immovable properties, properties and leasehold rights (the present value of the expected cash flows from disposal are collateral equal to 62 percent of the appraisal value). Other types of collateral are calculated by using the valuation rate stipulated by the BOT.

3) Collateral valuation is conducted according to the BOT's regulations relating to types of collateral, valuation method, valuation frequency, and values of collateral that can deduct before provisioning. The underlying collateral is required to reappraise or revalue on a 3-year basis.

### **2.3.5 Allowance for Doubtful Accounts (continued)**

The Bank has considered provision based on a quantitative basis by assessing debtor's solvency to repayment, collateral value, and additional debt classification according to monitoring reports of the BOT.

Bad debt written off is deducted from allowance for doubtful accounts. Bad debt recovery is recognized as other incomes on the statements of profit or loss and other comprehensive income. The Bank sets criteria and guidelines for bad debts written off recovered and bad debt recovered by written-off debts that debtors classified as doubtful of loss and set a 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 an asset to pay the debt, change to terms of repayments, and other troubled debt restructuring according to the BOT's announcement No. SOR KOR SOR 14/2559 dated October 11, 2016, regarding Classification and Provision Criteria of Specialized Financial Institution.

### **2.3.7 Investment**

The Bank's investments consist of debt securities as trading securities, available-for-sale securities, held-to-maturity debt securities and general investment securities.

Investments in marketable classified as available-for-sale securities are stated at fair value. Gains or losses from the fair value present in the other comprehensive income (losses) in the statements of profit or loss and other comprehensive income. The accumulation is presented in the other components of equity and realized gains or losses after the disposal. The debt securities that the Bank intends and can 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 on actual basis using the effective rate method.

Investments in non-marketable equity securities are stated at cost net of allowance for impairment (if any). Losses in impairment of investment are recognized to expense in the statements of profit or loss and 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 the exchange rates of each currency prevailing at the transaction dates. And at the date in the statement of financial position, the rate will be converted to Thai Baht using the reference exchange rates of the BOT. Gains or losses on foreign exchange and foreign currency conversion are presented as gain (loss) in the period.

### 2.3.9 Premises and Equipment - Net

Land is presented at revaluating price. Premises are presented at revaluating price less accumulated depreciation and allowance for impairment (if any). Building improvement is stated at cost less accumulated depreciation and allowance for asset impairment (if any). Equipment with an acquisition cost not over than Baht 2,000 is charged directly to expense in the period of acquisition.

The Bank has recorded revalued land and building every 3-5 year by qualified outsource estimator in accordance with the BOT's policy. The Bank under the capital of asset valuation the surplus of asset valuation is presented in the components of equity. The Bank recognized depreciation of surplus in the other operating expenses. Reserved revaluation surplus is directly transferred to the retained earnings at the same amount of the depreciation mentioned. The decreased revaluation that is higher than original cost is recorded after less the surplus. The decreased revaluation that is less than original cost is recorded as expenses in the statements of profit or loss and other comprehensive income. For the case of disposal, the revaluation surplus of land and building will be directly transferred to the retained earnings and excluded in the disposal profit or loss.

Depreciation is calculated on the straight-line basis over their estimated useful lives, which are as follows:

Building	10 – 50 years
Building improvement	5 – 20 years
Equipment	3 – 10 years

Before January 1, 2017, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

### 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 3-10 years and recognized in the statements of profit or loss and other comprehensive income.

Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated on a straight-line method under the appropriate of time period specified in the agreement and recognized in the statement of profit or loss and other comprehensive income.

### 2.3.11 Properties for Sale - Net

Properties for sale are the Bank's assets. The Bank has purchased those assets that mortgaged to the SME Development 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 sale value from the sale by public auction and recorded to some debt repayment less allowance for impairment (if any). The Property has been assessed against the transfer the market price by the Bank. Losses in impairment are recognized as other operation expenses or income in the statement of profit or loss and other comprehensive income. The Bank will not deduct depreciation from buildings but recognize gain (loss) when the disposals and after remaining debt is repaid.

According to the BOT's Policy No. TOR PO TOR. PHOR NOR SOR. (23) WOR.745/2559 dated June 10, 2016, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institutions, the properties for sale in the amount of exceeding Baht 50 million are appraised by the external appraisers, and the amount of not exceeding Baht 50 million are considered appraised by the internal or external appraisers depending on the Bank.



### **2.3.12 Derivatives**

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

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

### **2.3.13 Employees Provident Fund**

The Bank establishes 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 of 3-9% according to the period of employment and the Bank contribution to this is at the rate of 5-10% according to the period of the employment. The Bank employees will be reimbursed the benefits according to the employee's period of employment.

The Bank contributes to the provident fund for employees as to expense for employees in the statement of profit or loss and other comprehensive income.

### **2.3.14 Employee Benefits Plan**

The Bank provides estimate of employee benefits obligations from statutory compensation under the Labor Protection Act. Employee benefit obligations calculate by using the actuarial techniques called the Projected Unit Credit Method. This method uses statistical data as a factor to estimate the present value of the cash flows of the benefits expected future payment including forecasts salaries of employees, turnover rate, and rate of increases salaries, discount rate and other.

The Bank recognizes employee benefits expenses as expenses in respect of employees in the statement of profit or loss and other comprehensive income.

Gains (losses) on actuarial projections recognize retained earnings through profit (total) (loss) in a comprehensive period in which the entire amount arises.

### **2.3.15 Rented Assets**

Operating lease contract, the Bank has classified to operating leases and recorded as a non-interest expense in the statement of profit or loss and other 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 sets aside 25% of previous year's net profit as reserves for investment in new projects.

### 3. Risk Management

#### 3.1 The Bank's Risk Information

##### Strategic Risk

Strategic risk is the risk generated from inappropriate strategic planning, operation and implementation not in line with internal factors and external environment producing undesirable impact on the earnings, capital funds or business survival or a consideration, whether the activities that the Bank is implementing or will implement in the future will have impact on its survival and security?

The Bank undertakes its strategic risk management 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) Determine strategies and goals of the Bank by SWOT analysis using the data from operating results, economic situations, government policies, and other risk factors facing the Bank, including the performance monitoring process comparing to targets, and supervision of the operation to meet the goals.

3) Adopt COSO principle as the guidelines in the process of risk management planning in line with the State Enterprise Performance Appraisal that links risk management to the Bank's goals and strategic plans. Internal and external risk factors that may affect the goals of the bank's business plan are also taken into account, including risk appetite and risk tolerance. The Bank has conducted the risk map and risk management plans to ensure that risk mitigation is at an acceptable level and support to achieve the bank's goals. Moreover, the Bank has monitored and reported the results of risk management to the related committees for consideration on quarterly basis. There was a review of the interim risk management plan to ensure proper risk management.

4) Monitor and report the strategic risk status to relevant committees regularly, including reports to the RMC monthly to ensure that operations are keeping track as plans.

##### Credit Risk

Credit risk refers to the risk arisen from the borrowers or the counterparties of the Bank, failed to repay or meet contractual obligations, including the probability of downgrading the credit rating of counterparties, which may adversely impact the Bank's performance and capital funds.

In 2018, the Bank has executed the credit risk management process in accordance with the Bank of Thailand's Guidelines on supervision as follows:

1) Take the proactive approach to manage credit risk starts from the process of launching new products where risks have been assessed by product scrutiny working group before proposing to the RMC for approval, as to ensure that credit risk management is efficient and in accordance with the Bank's goal and mission; its customer base expansion and the launching of new credit products or measures to help SMEs as well as elevation of the Bank.

### Credit Risk (continued)

In 2018, The Bank continues to gradually increase reserves, according to the quality classification of borrowers in groups that are not yet NPLs. As the same token, it also supports the impact of future reserve provisions regarding the impairment of financial assets related to credit portfolios after adopting the new accounting standards TFRS 9 in the upcoming year. The Bank's Board closely supervises the capital adequacy according to Basel II to ensure that the execution is in line with the preparation for the adoption of IFRS 9. The Board approved the implementation plan and budget last year.

2) Risk identification: In April 2018, The Bank implements the A Score; an Expert Judgment Model, on the new system, which is an online credit approval system for credit amount not higher than Baht 1 million. The implementation of A Score and CA On-Line system will reinforce the Bank's credit risk management and monitoring. The A Score is also beneficial for further development of the Statistic A scoring model.

In June, the RMC has approved a plan to develop the A score and CA On-Line Phase 2 for approving loans with a credit limit between Baht 1-5 million. This process will construct the scoring matrix between NCB Score and A score. The project is expected to be completed in 2019.

3) Portfolio Management: The bank pays close attention to credit status and monitors overdue payments by separating credit checking groups to help prevent debt downgrading to bad debt. As a conclusion, the year-round activities involved reviewing the credit risk policy and using tools for enhancing portfolio management as follows:

3.1 Risk Priority: Portfolio management and loan monitoring process were classified by the type of risk and the risk mitigator or factor of each portfolio. Priority gave to those with a higher risk in terms of high debt amount to reduce NPLs re-entry.

3.2 Warning Report: Monthly report on the First Date Not Paid was alert for action, including in-depth analysis used for improving the underwriting rules and as the lesson learned for the officers.

3.3 Quality Supervision: Early warning report is to prevent downgraded loan quality. As a result, the priority to loan monitoring aims toward managing higher-risk debt with a high probability of default.

3.4 Improvement of the Industrial Loan Ceiling Supervision: The reviews of the industrial loan ceiling supervision use reliable external data to ensure a better reflection of the risk. The execution of back-testing made earlier during the year help to improve ceiling adjustment more effectively. Moreover, there was also supervision on the ceilings of the trade receivables factoring to reduce the concentration risk of the accounts receivables.

3.5 Industry Rating Review: The industrial confidence data and the NPLs risk are reviewed and properly re-calibrated to cover more industrial sectors to enhance the efficiency of the loan process.

4) NPLs Management: To reduce the NPLs to meet the set target, the Bank accelerates the legal actions to the NPLs Re-entry aims toward those with high debt value and uncooperative characteristics. The execution leads to other legal processes; the claims for TGC, property seizing, property investigation, auction, and eventually write off, while a more supportive approach employs to deal with micro SMEs who, still had sufficient cash flow for repayment under the loan restructuring agreements. The loan monitoring officers visit and negotiate with sincere bits of help offers to them to keep their business going, whereas the Bank can still control the NPL downgrading and achieve the laid out NPL target.

### **Credit Risk (continued)**

The Bank follows up and prepares the monthly report of credit portfolio movement to the management. The report includes qualitative analysis and trend of risk classified by credit limit more than Baht 15 million and less than Baht 15 million, which is a rather small enterprise. As such the Management can perceive the risk profile of each port in-depth and use it to formulate credit extension strategies as well as guidelines for improving debt management processes that require special care or close monitoring of weak debtors from restructuring.

### **Market Risk**

Market risk refers to the risks that the Bank may affect by changes in the value of the position on the statements of financial position and off-the statements of financial position which is caused by fluctuation of interest rate, the equity prices, the exchange rates, and commodity prices. The Bank conducts the market risk management in line with the BOT's guidelines as follows:

1) Establish the market risk management policy framework, such as the guidelines for managing and controlling, the interest rate risk in the banking book portfolio, and the financial position in the trading book and banking book portfolio.

2) Develop the instruments for measurement and assessment of the market risks such as:

- Repricing Gap - the analysis of the difference between periods of interest rate repricing, or the remaining contract periods between assets liabilities and the off-balance sheet items. And the consideration of the impact of the interest rate changes on the Bank's revenue and economic value.

- The measurement of the impact of the changes of the risk factors DV01 - the money value of an interest rate drops of one basis point, the fair value of the bond, and foreign currency transaction.

3) Monitor and control of market risks as follows:

- Determine market risk limits and review them on an annual basis to ensure its appropriateness.
- Present the investment status report and the market risk status report to the board of directors and relevant executives regularly.
- Oversee the market risks management by executives and related committees, namely the Assets and Liabilities Management Committee and the RMC.

### **Liquidity Risk**

Liquidity risk refers to the risk that the Bank fails to repay liabilities or obligations on the due date because of inability to liquidate assets into cash or having insufficient funds or acquiring funds at a higher unacceptable cost thus affecting earnings and capital funds.

The Bank implements liquidity risk management in compliance with the BOT's guidelines as follows:

1) Establish the Liquidity Risk Management Policy that used as guidelines for managing and controlling of liquidity risks.

### **Liquidity Risk (continued)**

2) Develop the instrument for measurement and assessment liquidity risk such as:

- Preparation of liquidity gap report
- The measurement and assessment of liquidity risk using the financial ratios such as the large-deposit concentration

ratio, the reserve requirements, and liquidity mismatch, etc.

3) Monitor and control of the liquidity risk as follows:

- Set the liquidity risk limits and annually review its appropriateness.
- Prepare the liquidity risk gap report and present to the board of directors and related executives on a regular basis.
- Oversee the liquidity risk by the executives and related committees such as the Assets and Liability Management

Committee and the RMC.

### **Operational Risk**

Operational risk refers to the risk of causing damage due to the lack of good corporate governance and internal control in the Bank. It may involve internal operation processes, personnel, systems, or external factors that may impact on the Bank's revenue and capital funds. Operational risk also includes IT risk and compliance risk.

The Bank reviews on the policies regarding the operational risks such as operational risk management policy, outsourcing policy, IT service outsourcing, and business continuity management policy regularly, by determination of the changing environment compared to the previous year, and improves them accordingly.

In 2018, the operational risk management of the Bank focused on the compliance risk of the relevant regulatory agencies, especially the IT risk due to significant and rapid changes. Operational risk activities were taken as follows:

Additional activities were carried out as follows:

1) Creating an awareness

In order for the employees to understand and be aware of the risk of compliance with rules and regulations and other aspects related to the Bank's objectives, targets and business activities by considering internal and external factors; identifying risk factors, causes or factors that may cause risks and adversely impact on the organization's environment to achieve the set objectives. Followings are procedures to identify risk.

1. All work units require participating in the process of risk identification to ensure diversity.
2. Use past incidents as an additional information source.
3. Create scenarios such as human errors, system errors, or other incidents.
4. Provide the risk factor lists or a blank space to freely identify risk factors in addition to the given lists.



## **Operational Risk (continued)**

### **2) Measurement or evaluation of operational risk**

The Bank requires that a systematic risk analysis is conducted to evaluate the probability factor, the impact, including risk ranking that may impact on the inability to achieve its goals. The Bank, therefore, conducts the risk control self-assessment once a year to ensure that the adequately and continually of risk management. The guidelines and criteria of the assessment are as follows:

2.1) Review the risk assessment criteria by considering the probability and impact by considering using the risk matrix of internal and external incidents, qualitative and quantitative.

2.2) Define the risk exposure by calculating the risk exposure which is equal to the score of the sum of the likelihood and impacts. Prioritize and adapts the risk profile to be in line with the Bank's risk profile to be the same standard the entire organization.

2.3) Set the risk appetite by analyzing the degree of severity of the risk, risk factors or the amount or score that the Bank is willing to take in order to meet its objectives impact on achieving goals.

2.4) Managing risk is to find means to reduce/prevent risk. If it occurs, the damage or impact is acceptable to the Bank. The process involves designing the risk management system or controlling the process to be in line with the timeline and available resources. There are several strategies such as risk acceptance, mitigation/control, diversification, and avoidance. The Bank also establishes several measures to address the risks such as compliance framework development to ensure that the supervision process systematically performed. The implementation of the framework undertakes in the high-risk functional area. The Bank also requires all employees and departments to comply with the compliance internal and external rules and regulations related, through handbook and seminar-workshop. There is a supervision of the use of work-manual through internal audit mechanism as well as closely monitoring the trend of changing related laws, rules, and regulations.

### **3) Monitoring and reporting on operational risk**

The Bank sets up a system to follow up and report to the supervisors and the responsible committees as follows:

3.1) Follow up on the compliance with the risk management framework (of the previous accounting period) of all work units quarterly to report to the RMC and the Audit Committee.

3.2) Follow up on the risk control self-assessment process once a year and submit its summary report to the RMC and the Audit Committee.

3.3) Follow up the progress report to the RMC on the comments over the risk management to improvement or correction.

### **Operational Risk (continued)**

3.4) Prepare a monthly report to the RMC for acknowledgment on the status of customer complaint management; the proportion of complaints that have been resolved within the specified time.

3.5) Prepare a monthly report to the RMC on risk status and the overview of risk management as appropriate.

#### **4) Controlling the risk**

To ensure that there is a real risk reflection in order to properly manage the risk, risk assessors will take into consideration their own relevant information, which is classified as: in the interests of the management, the need for specific objectives, use as a contingency plan to request additional information; from operational errors found by internal auditors.

Major IT risk management-related activities, implemented by the Bank in 2018 are as follows:

1) Appoint a working group of information security management system (ISMS) responsible for overseeing the Bank's information security management system to ensure stability and security in compliance with ISO / IEC 27001:2013.

2) Establish the IT System Improvement Department, whose duties and responsibilities are including managing and planning the Bank's IT system, to ensure that it supports each phase of the Bank's business operation properly. The Department is also to ensure that all processes and operational steps relating to the Bank's IT system comply with the related laws, rules, and regulations, including the Bank's current business plan.

3) Separate IT risk management from the operational risk management process by a restructuring of the risk management department and establishment of IT risk management division, under the supervision of deputy director. There is a risk assessment process such as risk identification, risk analysis, etc., which are following IT risk management framework. It is also monitoring on IT risk management status and the result and reporting to the appointed committees in an appropriate time.

### **Internal Control**

The Bank realizes the importance of the internal control system and consistently develops its internal control system to support the Bank's efforts to achieve the ultimate objectives and goals effectively and efficiently. Since internal control is a crucial tool to protect and maintain the Bank's assets, to ensure efficient use of the Bank's resources and correct and proper execution of all steps of operation, especially in the current competitive environment and significant changes in rules and regulations in the regulatory agency and other relevant government agencies, the Bank, therefore, has improved its existing internal control mechanism to be in line with the changing situation, environment, and risks. The Bank also conducts an assessment of the internal control system and requires the head-office and all branch offices in the provincial areas to adopt the Risk Control Self-Assessment (RCSA) as a tool to manage risks and internal control according to the regulations set by the

## **Internal Control** (continued)

State Audit Commission regarding the Determination of Internal Control Standard 2001 and the framework for risk management and internal control of COSO-ERM as follows.

### 1) Control Environment

The board of directors and the management of the Bank promote and support the creation of organizational culture in which the principles and guidelines on corporate governance, integrity, and professional and managerial code of conduct adopted to ensure that the Bank's personnel have good professional consciousness and responsibility to achieve the business objectives. It is perceived as the basic components to support other control elements, including the transparent supervision process and compliance with related laws, rules, and regulations in order to create a good control environment as follows.

- Develop the corporate governance guidelines and code of conducts of the board members and the employees with the emphasis on transparency, accountability, corruption-free, integrity culture, work integrity, and free of conflict of interest. The Bank has also revised the composition of the corporate governance committee to enable them to better supervise and promote the Bank's management to be in line with the corporate governance principles and to ensure that the management and operational levels adhere to the code of ethics and business conducts, and disseminate through the Bank's web site.

- Conduct an annual business plan, including a review of the plan during the year. There are review and improvement of rules and regulations according to the organizational structure changes. The Bank also set up a department to be in charge of personnel morality, and fair treatment to the customers. Proper organizational structure and environment that are supportive of efficient business operation encourage the internal control system is in line with the Bank's policies and has created an adequate internal control system.

### 2) Risk Assessment

The Bank assesses risk of internal control in systematic manner by its executives and staff at all levels participate in identifying and evaluating risks from the operations under their responsibilities to ensure that all risk incidents are discovered, corrected and controlled to the level that could cause the least damage to the Bank. This enable the adoption of appropriate risk management measure that is responsive to the problems associating with the operations through the development of the tools for assessing the risks, establishing goals and objectives of each department and each activity in order to achieve the mission with appropriated budget and resources.

The Bank regards the importance of risk management caused by internal and external factors.

- The Bank revises the risk management group structure together with the RMC to determine the roles, duties, and responsibilities to develop a framework, review the policies, strategies, and guidelines for risk management as well as supervising and monitoring the implementation process to ensure that it is in line with the laid out direction.

### **Internal Control** (continued)

- The Bank also adopts the COSO guidelines on Enterprise Risk Management (ERM) and developed risk management policies to be used as the guideline for managing the risks that may affect the Bank's business goals by developing the risk profile at the organization, department, and process level.

- Establish the IT system security policies that are in line with the ISO/IEC 27001 and ISO /IEC 27002 standards to ensure efficiency and effectiveness of the Bank's IT management security and to educate the Bank's employees through training and communications channels on the risks and cyber threats regularly.

#### 3) Control Activities

The Bank establishes policies framework, regulations, orders and guidelines in writing for the management and employees throughout the organization to reduce or control operational risks as under the changing policy and environment to ensure that the internal control systems of various departments are appropriate, adequate, and cost-effective. The IT system control mechanism is set up to prevent illegal access and damage that may occur from inappropriate retrieval of information as well as a review on compliance with the laws and internal and external rules and regulations and reported the overview of operating results to the President, audit committee and the board of directors.

The Bank determines and reviews the scope of duties and authorities of credit limits approval of each management level, and appropriately segregation of duties allows checking and balance.

#### 4) Information and Communication

The Bank puts in place appropriate information technology system and responsive to the requirements for management by taking into consideration the quality of information and communication with the management, staffs, and the like, including outsiders so that the receivers of the information can further perform their duties effectively and successfully according to the Bank's objectives as well as conduct an information technology contingency plan to support emergencies or disasters and maintain the continuity of the bank's services.

The Bank adopts accounting policy compliance to accounting standards that is appropriate for businesses. The Bank has developed information technology and other databases to ensure that important information can be retrieved sufficiently and in time to the situation. The Bank also sets up a communication system to communicate internally and externally, including stakeholders appropriately as follows.

- To communicate on important issues related to the meeting regarding the bank's performance, the Bank will send meeting documents to all members of the board of directors and members of other committees in advance before the meeting to ensure that there is enough information for consideration. Additional information is made possible on request by related departments.

- Several internal communication channels are available through the Intranet, E-Mail and E-Learning system.

- There are external communication channels such as website, electronic mail, Facebook, and Line App to disseminate the Bank's information regularly.

### **Internal Control** (continued)

- There are also channels to receive complaint cases; Call Center: 1357, Tel: 02-265-3000, FAX 02-265-4000, website, social media, internet, Line@, and tweeter to ensure the Bank's employees and the public that their complaints would be considerate transparently and fairly.

#### 5) Monitoring

The Bank establishes a monitoring system process and performance evaluation in all areas of operation by personnel who are directly responsible or by parties that do not involve in the establishment of controlling measures to ensure freely express opinions as follows:

- The Bank executes the assessment of each component of the internal control system yearly both at the organizational and procedural levels through the RCSA, used as a management tool, monitoring, and assessment of internal control system by each function unit. The Risk Management Department is then responsible for reviewing and assessing the adequacy and appropriateness of the assessment in addition to recommendation to improve or make correction if failures are found in the internal control system, as well as to submit the reports to the State Audit Office of the Kingdom of Thailand as scheduled, the RMC, and the audit committee. The monitoring of compliance with monthly control improvement plan is also conducted and reported quarterly to the RMC and the audit committee.

- Requiring the Internal Audit Department, which is an independent work unit that reports directly to the Audit Committee, to review and report the results on the effectiveness of all areas of internal control regularly to ensure that it is in pursuance to the direction and strategies laid out by the Bank and the significant risks that could affect the Bank's business operation. The Department is also required to provide recommendations. The auditing process focuses on risk management, adequacy, and appropriateness of internal control system for the operation, the compliance with rules and regulations, policies, orders of the Bank and the government, based on the Risk-based Approach.

- The Bank conducts annual plans, comparing performance with the target as well as the monitoring system between the executives in the head office and their staffs in remote branches. In case of the problem occurs signal by the drop of performance, the Executive Vice President who in charge of the branches along with the branch operation control department will call on meeting or have a branch visit to provide recommendations and resolutions, timely manner.



As of December 31, 2018 and 2017, SME Development Bank had major assets and liabilities based on remaining time to maturity as follows:

Unit: Million Baht

	2018			2017		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
<b>Assets</b>						
Interbank and money market items	9,126.93	-	9,126.93	5,513.85	-	5,513.85
Investment, net	2,690.46	4,688.51	7,378.97	1,305.18	5,931.10	7,236.28
Loans to customers	14,962.08	81,186.63	96,148.71	17,394.86	83,396.32	100,791.18
Total	<u>26,779.47</u>	<u>85,875.14</u>	<u>112,654.61</u>	<u>24,213.89</u>	<u>89,327.42</u>	<u>113,541.31</u>
<b>Liabilities</b>						
Deposits	72,501.65	6,978.25	79,479.90	75,465.53	10,051.76	85,517.29
Interbank and money market items	263.94	6,881.90	7,145.84	235.76	8,171.68	8,407.44
Debt issued and borrowings	<u>108.84</u>	<u>9,175.45</u>	<u>9,284.29</u>	<u>114.67</u>	<u>175.45</u>	<u>290.12</u>
Total	<u>72,874.43</u>	<u>23,035.60</u>	<u>95,910.03</u>	<u>75,815.96</u>	<u>18,398.89</u>	<u>94,214.85</u>

### 3.2 Fair Value of Financial Instruments

Unit: Million Baht

Type of Financial Instruments	2018		2017	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>				
Cash	0.27	0.27	0.24	0.24
Interbank and money market items, net	9,126.93	9,126.93	5,513.85	5,513.85
Derivatives assets	0.09	0.09	0.01	0.01
Investments, net	7,378.97	7,378.97	7,236.28	7,236.28
Loans to customers, net	<u>89,378.26</u>	<u>89,378.26</u>	<u>91,236.14</u>	<u>91,236.14</u>
Total	<u>105,884.52</u>	<u>105,884.52</u>	<u>103,986.52</u>	<u>103,986.52</u>
<b>Financial Liabilities</b>				
Deposits	79,479.90	79,479.90	85,517.29	85,517.29
Interbank and money market items, net	7,145.84	7,145.84	8,407.44	8,407.44
Liabilities payable on demand	36.04	36.04	55.53	55.53
Derivatives liabilities	0.10	0.10	0.01	0.01
Debt issued and borrowings	<u>9,284.29</u>	<u>9,284.29</u>	<u>290.12</u>	<u>290.12</u>
Total	<u>95,946.17</u>	<u>95,946.17</u>	<u>94,270.39</u>	<u>94,270.39</u>

### 3.3 Statutory Capital Fund

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Tier 1 Capital		
Paid-up share capital	20,006.63	20,006.63
Discount on share capital	(5,251.63)	(5,251.63)
Legal reserves	48.19	48.19
Investment reserves	216.46	216.46
Unappropriated retained earnings	<u>(6,018.78)</u>	<u>(6,054.86)</u>
Total Tier 1 Capital	<u>9,000.87</u>	<u>8,964.79</u>
Tier 2 Capital		
The value, increased from land valuation	289.66	-
The value, increased from premise valuation	<u>251.51</u>	<u>-</u>
Total Tier 2 Capital	<u>541.17</u>	<u>-</u>
Total Capital Fund accordance with the BoT's regulation	<u>9,542.04</u>	<u>8,964.79</u>

The Bank's capital fund was calculated based on Ministerial Regulation, B.E. 2549 in regard to the Sustenance of Capital Fund for Small and Medium Enterprise Development Bank of Thailand, and the basis of BOT guideline set forth under Base II framework.

According to the Ministerial of Finance regulations and Base II framework require the Bank to maintain the capital adequacy ratio of not less than 8.5% provide that the Tier 1 capital must not less than 4.25% of total risk assets. As of December 31, 2018, and 2017, the Bank maintained a ratio of the capital fund as follows:

	<u>Percentage</u>	
	<u>2018</u>	<u>2017</u>
Capital Fund	12.58	11.66
Tier 1 Capital	11.86	11.66

#### 4. Estimation and Assumption

The preparation of this financial statements in conformity with the Thai financial reporting standards; requires management to make estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income, and expenses. Actual results might differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the period in which estimates are revised and in any future periods affected. Information about significant areas estimation uncertainty and assumptions in applying accounting policies have a significant effect on the amount recognized in the financial statements.

## 5. Supplementary Information

### 5.1 Supplementary information about cash flows

Significant non-cash items for year ended December 31, 2018, and 2017, as follows:

	<u>2018</u>	<u>2017</u>
Increase (decrease) revaluation surplus (deficit) on investments in shareholders' equity	(8.38)	10.01

Unit: Million Baht

### 5.2 Interbank and money market items - Net (Assets)

	<u>2018</u>			<u>2017</u>		
	<u>On demand</u>	<u>Duration</u>	<u>Total</u>	<u>On demand</u>	<u>Duration</u>	<u>Total</u>
<b>Domestic Items</b>						
Bank of Thailand	20.58	8,560.00	8,580.58	18.37	4,780.00	4,798.37
Commercial banks	430.18	-	430.18	610.94	-	610.94
Specialized financial institutions	<u>15.37</u>	<u>77.82</u>	<u>93.19</u>	<u>7.11</u>	<u>93.33</u>	<u>100.44</u>
Total	466.13	8,637.82	9,103.95	636.42	4,873.33	5,509.75
Add Accrued interest receivable	<u>-</u>	<u>1.28</u>	<u>1.28</u>	<u>-</u>	<u>0.52</u>	<u>0.52</u>
Total Domestic Items	<u>466.13</u>	<u>8,639.10</u>	<u>9,105.23</u>	<u>636.42</u>	<u>4,873.85</u>	<u>5,510.27</u>
<b>Foreign Items</b>						
US Dollar	<u>21.70</u>	<u>-</u>	<u>21.70</u>	<u>3.58</u>	<u>-</u>	<u>3.58</u>
Total Foreign Items	<u>21.70</u>	<u>-</u>	<u>21.70</u>	<u>3.58</u>	<u>-</u>	<u>3.58</u>
<b>Total Domestic and Foreign Items</b>	<u>487.83</u>	<u>8,639.10</u>	<u>9,126.93</u>	<u>640.00</u>	<u>4,873.85</u>	<u>5,513.85</u>

Unit: Million Baht

As of December 31, 2018 and 2017, the domestic deposits of specialized financial institutions in the amount of Baht 77.82 million and Baht 93.33 million respectively, to guarantee against credit for the housing loans of the Bank's employee.

### 5.3 Investments - Net

	<u>2018</u>	<u>2017</u>
	<u>Fair Value</u>	<u>Fair Value</u>
<b>5.3.1 Available-for-sale securities</b>		
Government and state enterprise securities	2,639.99	1,254.87
Less Allowance for revaluation	<u>(6.43)</u>	<u>1.93</u>
Total	<u>2,633.56</u>	<u>1,256.80</u>

Unit: Million Baht

### 5.3 Investments - Net (continued)

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
	<u>Cost/</u>	<u>Cost/</u>
	<u>Amortized Cost</u>	<u>Amortized Cost</u>
<b>5.3.2 Held-to-maturity debt securities</b>		
Government and state enterprise securities	3,865.17	5,077.56
<u>Add</u> Allowance for revaluation	<u>0.34</u>	<u>0.36</u>
Total	<u>3,865.51</u>	<u>5,077.92</u>
	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Cost</u>
<b>5.3.3 General Investment</b>		
Domestic non-marketable debt securities	1,055.77	1,067.77
<u>Less</u> Allowance for impairment	<u>(175.87)</u>	<u>(166.21)</u>
Total	<u>879.90</u>	<u>901.56</u>
Total investment, net	<u>7,378.97</u>	<u>7,236.28</u>

As of December 31, 2018, and 2017, the allowance for revaluation of investments (other components of equity: Revaluation surplus (deficit) on investment) amounted to Baht (6.09) million and Baht 2.29 million 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	
	<u>2018</u>	<u>2017</u>
Loans to customers	53,767.37	64,482.59
Hire purchase receivable (see Note 5.4.7)	64.45	839.49
Welfare receivable	<u>162.71</u>	<u>183.59</u>
Total	53,994.53	65,505.67
<u>Less</u> Deferred revenue	<u>(21.94)</u>	<u>(124.97)</u>
Total loans to customers from deferred revenue, net	53,972.59	65,380.70
<u>Add</u> Accrued interest receivable	<u>144.44</u>	<u>172.61</u>
Total loans to customers from deferred revenue, net, plus accrued interest receivable	54,117.03	65,553.31
<u>Less</u> Allowance for doubtful accounts		
1. Minimum reserve under the BOT's regulations	(5,771.75)	(7,386.89)
2. Excess reserve	<u>(17.02)</u>	<u>(215.80)</u>
Total loans to customers, net	<u>48,328.26</u>	<u>57,950.62</u>

## 5.4 Loans to Customers and Accrued Interest Receivable - Net (continued)

### 5.4.1 Classified by Loan Type (continued)

As of December 31, 2018, the Bank's total loans to customers amount of Baht 96,148.71 million which consist of Baht 42,154.18 million classified as the projects of public service accounts and Baht 53,994.53 million for the projects of public sector cooperation and for commercial purpose.

As of December 31, 2017, total loans to customers amount of Baht 100,791.18 million, which consist of Baht 35,285.51 million the projects of for the public service accounts and Baht 65,505.67 million for the projects of public sector cooperation and for commercial purpose.

### 5.4.2 Classified by Currencies and Customer's Residence

	Unit: Million Baht	
	2018	2017
Thai Baht	53,994.53	65,505.67
US Dollar	-	-
Total	<u>53,994.53</u>	<u>65,505.67</u>

### 5.4.3 Classified by Business Types and Loan Classification

	Unit: Million Baht					
	2018					
	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	867.62	46.75	7.22	119.50	645.88	1,686.97
Manufacturing and commercial	4,712.87	393.13	771.92	1,224.38	5,260.16	12,362.46
Real estate and construction	517.25	29.71	45.27	29.95	465.79	1,087.97
Public utilities and services	29,104.52	2,618.27	939.42	1,877.35	4,143.03	38,682.59
Housing loans	162.71	-	-	-	-	162.71
Others	<u>11.24</u>	-	-	<u>0.59</u>	-	<u>11.83</u>
Total	<u>35,376.21</u>	<u>3,087.86</u>	<u>1,763.83</u>	<u>3,251.77</u>	<u>10,514.86</u>	53,994.53
Less Deferred revenue						(21.94)
Total loans to customers from deferred revenue, net						<u>53,972.59</u>

	Unit: Million Baht					
	2017					
	Pass	Special Mention	Sub Standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,196.97	70.51	211.72	98.61	489.96	2,067.77
Manufacturing and commercial	8,017.34	488.88	275.38	723.52	5,789.40	15,294.52
Real estate and construction	672.87	59.35	31.79	53.21	619.70	1,436.92
Public utilities and services	38,135.48	2,619.03	859.89	1,196.39	3,663.34	46,474.13
Housing loans	183.59	-	-	-	-	183.59
Others	<u>45.68</u>	-	-	<u>3.06</u>	-	<u>48.74</u>
Total	<u>48,251.93</u>	<u>3,237.77</u>	<u>1,378.78</u>	<u>2,074.79</u>	<u>10,562.40</u>	65,505.67
Less Deferred revenue						(124.97)
Total loans to customers from deferred revenue, net						<u>65,380.70</u>



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

### 5.4.4 Classified by Loan Classification

Unit: Million Baht

	2018			
	Loan and Accrued Interest <u>Receivables</u>	Net Amount use for Set Aside the Allowance for <u>Doubtful Accounts</u>	% Use for Set Aside the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve according to the BOT regulations				
Pass	35,488.89	21,967.77	1	219.68
Pass - Surplus				45.33
Special Mention	3,119.50	764.00	2	15.28
Substandard	1,763.83	537.35	100	537.35
Doubtful	3,251.76	723.84	100	723.84
Doubtful of Loss	<u>10,514.99</u>	<u>4,230.27</u>	100	<u>4,230.27</u>
Total	54,138.97	<u>28,223.23</u>		5,771.75
<u>Less</u> Deferred revenue	<u>(21.94)</u>			
Loans to customers and accrued interest receivable	54,117.03			
<u>Less</u> Allowance for doubtful accounts (see Note 5.5)	<u>(5,788.77)</u>			
Loans to customers and accrued interest receivable, net	<u>48,328.26</u>			
2. Access Allowance				<u>17.02</u>
Total				<u>5,788.77</u>

Unit: Million Baht

	2017			
	Loan and Accrued Interest <u>Receivables</u>	Net Amount use for Set Aside the Allowance for <u>Doubtful Accounts</u>	% Use for Set Aside the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve according to the BOT regulations				
Pass	48,389.64	28,905.71	1	289.06
Pass - Surplus				257.06
Special Mention	3,272.14	706.44	2	14.13
Substandard	1,378.86	335.98	100	335.98
Doubtful	2,075.11	597.63	100	597.63
Doubtful of Loss	<u>10,562.53</u>	<u>5,893.03</u>	100	<u>5,893.03</u>
Total	65,678.28	<u>36,438.79</u>		7,386.89
<u>Less</u> Deferred revenue	<u>(124.97)</u>			
Loans to customers and accrued interest receivable	65,553.31			
<u>Less</u> Allowance for doubtful accounts (see Note 5.5)	<u>(7,602.69)</u>			
Loans to customers and accrued interest receivable, net	<u>57,950.62</u>			
2. Access Allowance				<u>215.80</u>
Total				<u>7,602.69</u>

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

### 5.4.4 Classified by Loan Classification (continued)

As of December 31, 2018, the Bank set aside the allowance for doubtful accounts compliance with the Bank of Thailand's notification No. SOR KOR SOR. 14/2559 dated October 11, 2016, regarding Classification and Provision Criteria of Specialized Financial Institution.

The Bank has set aside loans to customers based on the overdue of the 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 has followed the No. SOR KOR SOR. 14/2559 dated October 11, 2016, regarding Classification and Provision Criteria of Specialized Financial Institution the addition accordance to the Bank of Thailand's notification No. SOR KOR SOR. 18/2559 dated October 11, 2016, on Regulations on Governance of public service accounts.

As of December 31, 2018, and 2017, the Bank has the loans with allowance and the loans without allowance as follows:

	2018		2017	
	Loans and Accrued Interest Receivable net of Deferred Revenue	% of Loans and Accrued Interest Receivable net of Deferred Revenue	Loans and Accrued Interest Receivable net of Deferred Revenue	% of Loans and Accrued Interest Receivable net of Deferred Revenue
Loans with allowance	93,986.24	97.15	98,703.82	97.40
Loans without allowance	<u>2,752.62</u>	2.85	<u>2,634.80</u>	2.60
Total	<u>96,738.86</u>		<u>101,338.62</u>	

Loans without allowance are debtors or a person or corporate who are the debtors of the Bank according to the cabinet resolution of the compensation for damage that loans classified as pass and with out allowance since the government provided the compensation for damage based on the bank of Thailand's notification No. SOR KOR SOR 18/2559 dated October 11, 2016, on Regulations on Government of public service accounts.

During the period, the Bank has the loans with allowance under the public service accounts according to resolution the cabinet of the compensation damage and the expected compensation that estimates to receive in the amount of Baht 807.58 million.

As of December 31, 2018, and 2017, the Bank has loans that being stopped recognizing income in the amount of Baht 17,620.87 million and Baht 17,066.73 million are 18.21% and 16.82% of loans to customers and accrued interest receivables, net, from deferred revenue respectively.

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

##### 5.4.5 Classified by Non-Performing Loans

As of December 31, 2018, and 2017, the Bank had non-performing loans as follows:

	2018		2017	
	Non-Performing Loans	% of Non-Performing Loans	Non-Performing Loans	% of Non-Performing Loans
PSAs projects	2,090.41	11.86	3,050.76	17.88
project of public sector cooperation and for commercial purpose	15,530.46	88.14	14,015.97	82.12
Total	<u>17,620.87</u>		<u>17,066.73</u>	

##### 5.4.6 Troubled Debts Restructuring

Trouble debts restructuring for the year ended December 31, 2018, and 2017, as follows:

<b>Troubled Debts Restructuring</b>	No. of Cases	2018		2017	
		Outstanding Debt		Transferred Assets	
		Before Restructuring	After Restructuring	Types of Assets	Fair Value
Changes of repayment conditions	5,858	7,925.39	7,925.39	-	-
Transfer of assets	-	-	-	Land and Premises	-
Total	<u>5,858</u>	<u>7,925.39</u>	<u>7,925.39</u>		

<b>Troubled Debts Restructuring</b>	No. of Cases	2018		2017	
		Outstanding Debt		Transferred Assets	
		Before Restructuring	After Restructuring	Types of Assets	Fair Value
Changes of repayment conditions	7,512	10,172.52	10,172.52	-	-
Transfer of assets	-	-	-	Land and Premises	-
Total	<u>7,512</u>	<u>10,172.52</u>	<u>10,172.52</u>		

#### 5.4 Loans to Customers and Accrued Interest Receivable - Net (continued)

##### 5.4.7 Finance Lease Receivable refers to Hire Purchase Receivable (see Note 5.4.1)

Unit: Million Baht

	2018			Total
	Amount Due of the Contracts			
	Not over 1 year	Over 1 – 5 years	Over 5 years	
Gross investment of minimum lease payment	10.83	50.43	3.19	64.45
<u>Less</u> Unearned financial income				(7.53)
Present value of minimum lease payment				56.92
Allowance for doubtful accounts				(17.47)
Finance lease receivable, net				<u>39.45</u>

Unit: Million Baht

	2017			Total
	Amount Due of the Contracts			
	Not over 1 year	Over 1 – 5 years	Over 5 years	
Gross investment of minimum lease payment	436.41	325.26	77.82	839.49
<u>Less</u> Unearned financial income				(113.51)
Present value of minimum lease payment				725.98
Allowance for doubtful accounts				(568.91)
Finance lease receivable, net				<u>157.07</u>

#### 5.5 Allowances for Doubtful Accounts

The Bank's allowance for doubtful accounts was comprised of allowance for doubtful accounts for the projects of public service accounts the amount of Baht 1,571.83 million, allowance for the doubtful accounts for public sector cooperation projects, and commercial purpose projects together the total amount of Baht 5,788.77 million. As of December 31, 2018, the total allowance of doubtful accounts was Baht 7,360.60 million.

As of December 31, 2018, the allowance for doubtful accounts for public sector cooperation project and commercial project in the amount of Baht 5,788.77 million as follows:

Unit: Million Baht

	2018						
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	Allowance in Excess	Total
Beginning balance	546.12	14.13	335.98	597.63	5,893.03	215.80	7,602.69
Doubtful accounts	(281.11)	1.15	201.37	126.21	1,154.24	(198.78)	1,003.08
Write-off and Bad debt	-	-	-	-	(2,817.00)	-	(2,817.00)
Ending balance	<u>265.01</u>	<u>15.28</u>	<u>537.35</u>	<u>723.84</u>	<u>4,230.27</u>	<u>17.02</u>	<u>5,788.77</u>

## 5.5 Allowances for Doubtful Accounts (continued)

As of December 31, 2017, the allowance for doubtful accounts for public sector cooperation project and commercial project in the amount of Baht 7,602.69 million as follows:

Unit: Million Baht

	2017						Total
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	Allowance in Excess	
Beginning balance	302.23	15.13	323.17	488.11	5,412.33	875.30	7,416.27
Doubtful accounts	243.89	(1.00)	12.81	109.52	574.51	(659.50)	280.23
Write-off and Bad debt	-	-	-	-	(93.81)	-	(93.81)
Ending balance	<u>546.12</u>	<u>14.13</u>	<u>335.98</u>	<u>597.63</u>	<u>5,893.03</u>	<u>215.80</u>	<u>7,602.69</u>

The calculation of allowances for doubtful accounts shows in Note 5.4.4

The Bank set aside allowance for doubtful accounts compliance with the BOT's notification No. SOR KOR SOR. 14/2559 dated October 11, 2016, regarding The Classification and Provision Criteria of Specialized Financial Institution and No. SOR KOR SOR. 15/2559 dated October 11, 2016, regarding the Regulation on Supervision of Porfolio Gurantee Scheme of Specialized Financial Institution.

During the year ended December 31, 2018, the Bank set aside the provision at a net total amount of Baht 1,003.08 million. The desired reserve increased by Baht 1,201.86 million, of which increased according to the classification of outstanding loan in the amount of Baht 1,156.53 million. The amount of Baht 53.64 million (of which Baht 45.33 million was an allowance for commercial transactions and Baht 8.31 million was for a transaction under the government policy (Note 5.33.3)) was the increasing provision reserved from the debt restructuring and classified as pass and the reverse of allowance for doubtful accounts. The amortized allowance for doubtful debts incurred from amortization of bad debt and the sales of debts was the amount of Baht 2,817 million, including allowance in excess of possible impaired loan (PIL) at the amount of Baht 280.18 million. As a result, the allowance in excess of possible impaired loan (PIL) is remaining in the amount of Baht 495.98 million. However, the Bank reversed an amount of Baht 280.18 million of allowance in excess (Resolution of the Bank's Board of Directors No. 25/2018 on December 21, 2018) and used the amount of Baht 198.78 million of allowance in excess of PIL (Resolution of the Bank's Board of Directors No. 4/2562 on March 5, 2019), totaling Baht 478.96 million. As a result, the allowance in excess of possible impaired loan (PIL) is remaining in the amount of Baht 17.02 million.

As of December 31, 2018, allowance in excess is as follows.

Unit: Million Baht

Brought Forward as of January 2018	215.80
Increased during the period	<u>280.18</u>
Total	495.98
Reversed the excess reserve	280.18
Use allowance in excess in accordance to the board's resolution No.4/2562	<u>198.78</u>
Ending balance as of December 2018	<u><u>17.02</u></u>

## 5.6 Properties for Sale - Net

Unit: Million Baht

	<u>2018</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Assets from debt repayment				
Immovable properties	1,046.98	198.75	(258.05)	987.68
Movable properties	<u>91.96</u>	<u>74.55</u>	<u>(142.51)</u>	<u>24.00</u>
Total	1,138.94	273.30	(400.56)	1,011.68
Properties for sale in transit	<u>352.31</u>	<u>39.04</u>	<u>(184.02)</u>	<u>207.33</u>
Total	1,491.25	312.34	(584.58)	1,219.01
<u>Less</u> Allowance for impairment	<u>(159.24)</u>	<u>(39.10)</u>	<u>151.95</u>	<u>(46.39)</u>
Total properties for sale, net	<u>1,332.01</u>	<u>273.24</u>	<u>(432.63)</u>	<u>1,172.62</u>

Unit: Million Baht

	<u>2017</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Immovable properties				
Movable properties	1,081.81	140.46	(175.29)	1,046.98
Total	<u>122.63</u>	<u>67.61</u>	<u>(98.28)</u>	<u>91.96</u>
Properties for sale in transit	1,204.44	208.07	(273.57)	1,138.94
Total	<u>336.43</u>	<u>119.15</u>	<u>(103.27)</u>	<u>352.31</u>
<u>Less</u> Allowance for impairment	1,540.87	327.22	(376.84)	1,491.25
Total properties for sale, net	<u>(170.42)</u>	<u>(66.05)</u>	<u>77.23</u>	<u>(159.24)</u>
Immovable properties	<u>1,370.45</u>	<u>261.17</u>	<u>(299.61)</u>	<u>1,332.01</u>

As of December 31, 2018, and 2017, the Bank had immovable assets, acquired from debt payment, amounting Baht 987.68 million and Baht 1,046.98 million, respectively. The appraisal value of assets was performed by appraised by independent appraisers.

As of December 31, 2018, and 2017, the Bank's allowance for impairment of properties for sale incurred from loss on impairment in the amount of Baht 46.39 million and Baht 159.24 million respectively.

For the year ended at December 31, 2018, and 2017, the Bank had a profit from the sale of properties for sale in the amount of Baht 30.32 million and Baht 48.03 million respectively.



## 5.7 Premises and Equipment - Net

Unit: Million Baht

	2018								
	Cost				Accumulated Depreciation				Premises and equipment, net
	Beginning Balance	Additions	Disposal	Ending Balance	Beginning Balance	Depreciation	Disposal	Ending Balance	
Land	274.20	-	-	274.20	-	-	-	-	274.20
Appraisal increase*	414.32	-	-	414.32	-	-	-	-	414.32
Premises	514.97	-	-	514.97	229.59	7.26	-	236.85	278.12
Premises improvement	1.01	-	-	1.01	1.01	-	-	1.01	-
Premises Appraisal increase*	569.67	-	-	569.67	14.23	14.22	-	28.45	541.22
Equipment									
- Office equipment	314.80	104.13	(10.01)	408.92	260.70	22.28	(10.02)	272.96	135.96
- Furniture	437.59	15.63	(9.05)	444.17	361.28	36.20	(9.05)	388.43	55.74
- Vehicles	0.71	-	(0.66)	0.05	0.71	-	(0.66)	0.05	-
<b>Total</b>	<b>2,527.27</b>	<b>119.76</b>	<b>(19.72)</b>	<b>2,627.31</b>	<b>867.52</b>	<b>79.96</b>	<b>(19.73)</b>	<b>927.75</b>	<b>1,699.56</b>

Unit: Million Baht

	2017								
	Cost				Accumulated Depreciation				Premises and equipment, net
	Beginning Balance	Additions	Disposal	Ending Balance	Beginning Balance	Depreciation	Disposal	Ending Balance	
Land	274.20	-	-	274.20	-	-	-	-	274.20
Appraisal increase*	-	414.32	-	414.32	-	-	-	-	414.32
Premises	515.98	-	(1.01)	514.97	223.17	7.25	(0.83)	229.59	285.38
Premises improvement	-	1.01	-	1.01	-	1.01	-	1.01	-
Premises Appraisal increase **	-	569.67	-	569.67	-	14.23	-	14.23	555.44
Equipment									
- Office equipment	299.06	21.01	(5.27)	314.80	246.17	19.79	(5.26)	260.70	54.10
- Furniture	433.81	6.44	(2.66)	437.59	329.13	34.81	(2.66)	361.28	76.31
- Vehicles	0.73	-	(0.02)	0.71	0.73	-	(0.02)	0.71	-
<b>Total</b>	<b>1,523.78</b>	<b>1,012.45</b>	<b>(8.96)</b>	<b>2,527.27</b>	<b>799.20</b>	<b>77.09</b>	<b>(8.77)</b>	<b>867.52</b>	<b>1,659.75</b>

\*Revaluation is made in 2017

As of December 31, 2018, and 2017, the cost of premises was amount to Baht 514.97 million comprising of the head office in the amount of Baht 497.48 million and branch offices amount of Baht 17.49 million.

## 5.8 Assets in Progress

Unit: Million Baht

2018

	Beginning			Ending
	Balance	Additions	Transfer	Balance
Premise renovation	-	5.75	-	5.75
Office equipments	0.07	6.30	(0.07)	6.30
Computer system	4.91	25.99	(21.07)	9.83
Computers	-	108.41	(90.12)	18.29
Furniture	<u>6.73</u>	<u>48.60</u>	<u>(18.94)</u>	<u>36.39</u>
Total	<u>11.71</u>	<u>195.05</u>	<u>(130.20)</u>	<u>76.56</u>

Unit: Million Baht

2017

	Beginning			Ending
	Balance	Additions	Transfer	Balance
Office equipments	-	0.07	-	0.07
Computer system	3.62	1.93	(0.64)	4.91
Computers	11.70	-	(11.70)	0.00
Furniture	<u>1.96</u>	<u>4.77</u>	<u>-</u>	<u>6.73</u>
Total	<u>17.28</u>	<u>6.77</u>	<u>(12.34)</u>	<u>11.71</u>

## 5.9 Advances for Legal Costs - Net

Unit: Million Baht

	<u>2018</u>	<u>2017</u>
Advances for legal costs	284.97	273.36
<u>Less</u> Allowances or doubtful accounts	<u>(284.97)</u>	<u>(273.36)</u>
Advances for legal costs, net	<u>0.00</u>	<u>0.00</u>

## 5.10 Other Intangible Assets - Net

Unit: Million Baht

2018

	Cost				Accumulated Amortization				
	Beginning		Ending		Beginning			Ending	
	Balance	Additions	Disposals	Balance	Balance	Additions	Disposals	Balance	Net
Leasehold rights	5.00	-	-	5.00	1.55	0.17	-	1.72	3.28
Computer system	<u>171.41</u>	<u>32.82</u>	<u>-</u>	<u>204.23</u>	<u>149.62</u>	<u>12.13</u>	<u>-</u>	<u>161.75</u>	<u>42.48</u>
Total	<u>176.41</u>	<u>32.82</u>	<u>-</u>	<u>209.23</u>	<u>151.17</u>	<u>12.30</u>	<u>-</u>	<u>163.47</u>	<u>45.76</u>

Unit: Million Baht

2017

	Cost				Accumulated Amortization				
	Beginning		Ending		Beginning			Ending	
	Balance	Addition	Disposal	Balance	Balance	Addition	Disposal	Balance	Net
Leasehold rights	5.00	-	-	5.00	1.38	0.17	-	1.55	3.45
Computer system	<u>155.90</u>	<u>15.51</u>	<u>-</u>	<u>171.41</u>	<u>134.08</u>	<u>15.54</u>	<u>-</u>	<u>149.62</u>	<u>21.79</u>
Total	<u>160.90</u>	<u>15.51</u>	<u>-</u>	<u>176.41</u>	<u>135.46</u>	<u>15.71</u>	<u>-</u>	<u>151.17</u>	<u>25.24</u>

## 5.11 Other Assets - Net

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Accrued interest receivables	29.54	42.80
Prepaid expenses	25.18	24.98
Insurance expenses and loan guarantee fees refundable	394.99	385.25
Accounts receivable due to receive refund from TCG	12.12	15.05
Accounts receivable properties for sale purchase	167.73	136.76
Other account receivable and miscellaneous asset	<u>180.45</u>	<u>222.31</u>
	810.01	827.15
<u>Less</u> Allowance for doubtful accounts	(387.45)	(236.99)
Allowance for impairment	<u>(7.03)</u>	<u>(7.80)</u>
Total	<u>415.53</u>	<u>582.36</u>

The Bank set aside allowance for doubtful accounts-insurance expenses and loan guarantee fees refundable according to outstanding payment period.

## 5.12 Deposits

### 5.12.1 Classified by Type of Deposits

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
<b>Type of Deposits</b>		
Saving deposits	754.06	3,268.99
Time deposits	78,631.06	82,153.41
Negotiable certificates of deposits	<u>94.78</u>	<u>94.89</u>
Total	<u>79,479.90</u>	<u>85,517.29</u>

Time deposits are mainly the deposits of state enterprises using interest rate as the Bank's announcement.

### 5.12.2 Classified by Currency and Residence of Deposits

	Unit: Million Baht					
	<u>2018</u>			<u>2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	<u>79,479.90</u>	-	<u>79,479.90</u>	<u>85,517.29</u>	-	<u>85,517.29</u>
Total	<u>79,479.90</u>	<u>-</u>	<u>79,479.90</u>	<u>85,517.29</u>	<u>-</u>	<u>85,517.29</u>

### 5.13 Interbank and Money Markets Items - Net (Liabilities)

These are promissory notes and bills of exchange issued to the financial institutions as of December 31, 2018, and 2017, amount to Baht 7,145.84 million and Baht 8,407.44 million respectively, interest rate of 0.01 - 0.10 per year.

Unit: Million Baht

	2018			2017		
	Demand	Time	Total	Demand	Time	Total
Domestic Items						
- Specialized financial institutions	-	7,145.84	7,145.84	-	8,407.44	8,407.44
Total domestic items	-	7,145.84	7,145.84	-	8,407.44	8,407.44

### 5.14 Derivatives Liabilities

Fair value and contract amounts, classified by risk types:

Unit: Million Baht

Risk Types	2018			2017		
	Fair Value		Contract	Fair Value		Contract
	Assets	Liabilities	Price	Liabilities	Assets	Price
Exchange rates	0.09	0.10	31.64	0.01	0.01	24.75
Total	0.09	0.10	31.64	0.01	0.01	24.75

Derivative assets are the difference of the fair value adjustment as of December 31, 2018, and the price as of the date of buying or selling of derivations and profits from foreign currency value-derivatives adjustment.

Derivative liabilities are the difference of the fair value adjustment as of December 31, 2018 and the price as of the date of selling or buying of derivations and losses from foreign currency value-derivatives adjustment.

### 5.15 Debts Issued and Borrowing

Unit: Million Baht

	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Promissory notes	108.84	-	108.84	114.67	-	114.67
Loans	175.45	-	175.45	175.45	-	175.45
Bond	9,000.00	-	9,000.00	-	-	-
Total	9,284.29	-	9,284.29	290.12	-	290.12

Promissory notes as of December 31, 2018, and 2017, amount of Baht 108.84 million and Baht 114.67 million respectively, the borrowings from individuals, juristic persons, state-enterprise and government affairs as promissory notes with interest rates of 0.25 - 2.00% per annum and interest payment at call.

## 5.15 Debts Issued and Borrowing (continued)

Loans as of December 31, 2018 and 2017, the borrowing amount of Baht 175.45 million was from the Ministry of Finance, by transferring the business from Small Industry Finance Office, under the Department of Industrial Promotion in 1992 with the capital in the amount of Baht 250.45 million. On October 21, 1992, the Bank had paid for 750,000 shares, Baht 100 per share, totaling of Baht 75 million of the Small Industry Finance Corporation. The remaining for the Bank borrowing was the amount of Baht 175.45 million.

Bond: On August 14, 2018, the Bank issued the first batch of bearer bond (No. 1/2018), totaling 3,000,000 units at the par value of 1,000 Baht, with maturity in 3 years after the issue date. The bond can be redeemed only one time at full amount on maturity date and cannot be redeemed before maturity date. The interest was 2.33% per year throughout the term of the bond. The first payment of interest is on February 14, 2019. The next installment is paid every 6 months on February 14 and August 14 of each year. The last interest payment will be made along with the principle amount of bonds on the redemption date.

On November 8, 2018, the Bank issued the second batch of bearer bond (No. 2/2018), totaling 6,000,000 units at the par value of 1,000 Baht, with maturity in 3 years after the issue date. The bond can be redeemed only one time at full amount on maturity date and cannot be redeemed before maturity date. The interest was 2.62% per year throughout the term of the bond. The first payment is scheduled on May 8, 2019. The next installment is paid every 6 month on November 8 and May 8 of each year. The last interest payment will be made along with the principle amount of bonds on the redemption date.

## 5.16 Provisions for Liabilities

As of December 31, 2018, and 2017, provisions in the amount of Baht 2,661.88 million and Baht 2,073.46 million respectively, consisting of:

### 5.16.1 Employee Benefits

The Bank estimated employee benefits obligations from statutory compensation under the Labor Protection Act. Employee benefit obligation calculated by using the actuarial techniques called the Projected Unit Credit Method. This method uses statistical data as a factor to estimate the present value of the cash flows of the benefits expected future payments including forecasts salaries of employees, the turnover rate, the rate of increases salaries, the discount rate and other.

For the year ended December 31, 2018, and 2017, the Bank set aside provisions for the benefits of retired employee as part of the service costs and current service costs in the amount of Baht 435.85 million and Baht 397.43 million respectively, as follows:

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Beginning balance	397.43	346.21
Current service costs*	43.44	39.66
Interest cost*	9.86	9.85
Benefit paid during the year	(15.80)	(8.88)
Actuarial losses based on update assumption		
- Based on population assumptions	0.68	13.83
- Based on financial assumptions	<u>0.24</u>	<u>(3.24)</u>
Ending balance	<u>435.85</u>	<u>397.43</u>

\* Shown as employee expense in the statement of comprehensive income

## 5.16 Provisions for Liabilities (continue)

### 5.16.1 Employee Benefits (continue)

Main hypothesis to forecast benefits of retired employees as follows:

	<u>2018</u>	<u>2017</u>
Rate of salary raise	5.00%	5.00%
Average rate of resignation	0% – 4.00%	0% – 14.00%
Discount rate	2.62%	2.50%

The Bank performed an analysis on the sensitivity to changes of the main hypothesis, used for projection of employees' benefits as follows:

	Unit: Million Baht	
	<u>Provisions for Liabilities increased (decreased)</u>	
	<u>2018</u>	<u>2017</u>
Average discount rate		
Increased 1%	(42.26)	(40.28)
Decreased 1%	49.35	47.23
Average rate of salary raise		
Increased 1%	48.81	42.42
Decreased 1%	(42.70)	(37.17)
Average turnover rate		
Increased 1%	(44.38)	(42.27)
Decreased 1%	31.63	30.81

According to the Labor Protection Act (No. 7) B.E. 2562 which became in force after the lapse of 30 days period after its publication in the Royal Gazette (April 5, 2019). According to this new Act, the additional compensation in case of termination of employment for employee who has worked for 20 consecutive years or more is not less than 400 days of the latest wage. Such change was regarded as a change to benefit program after the termination of employment which did not affect the Bank because the Bank is under the State Enterprise Relations Act, B.E. 2543 which does not have any change.

### 5.16.2 Provision for Derivatives

As of December 31, 2018, and 2017, the Bank's provision for derivatives in the amount of Baht 2,194.04 million and Baht 1,644.04 million respectively as the provision for the litigations according to Note 5.31.2

### 5.16.3 Provision for letter of guarantee

As of December 31, 2018, and 2017, the Bank's provision for letter of guarantee in the amount of Baht 31.99 million (see Note 5.31.2)



## 5.17 Accrued Interest Payable

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Deposits	480.21	625.03
Interbank and money markets items	0.56	0.46
Debt issued-promissory note	10.26	9.67
Debt issued-bond	<u>50.07</u>	<u>-</u>
Total	<u>541.10</u>	<u>635.16</u>

## 5.18 Grant Fund from the Bureau of the Budget

### 5.18.1 Project on Debt Moratorium for Minor agriculturists and low-income people whose outstanding debts are less than Baht 500,000

On July, 19, 2013, the Bank allocated a budget of a debt suspension scheme for minor agriculturists and low-income people whose outstanding debts were less than Baht 500,000, in the amount of Baht 1.67 million, and the operation commenced in April 2013.

In the drawdown of the support fund for debt suspension scheme for minor agriculturists and low-income people whose outstanding debts were less than Baht 500,000, the Bank gradually recognized the fund as income compensated for training cost of Baht 2,500 each. In the twelve months ended December 31, 2018, the Bank had the remaining support fund in the amount of Baht 1.57 million.

### 5.18.2 Strategic Development Project for Entrepreneur (Productivity Improvement Loan: PIL)

The Bank received a budget of Baht 205.00 million to carry out the Strategic Development Project for Entrepreneurs (productivity improvement loan: PIL), started in October 2013, breaking down as follows:

- Loan for upgrading machine Baht 45.00 million
- Loan for work process improvement Baht 160.00 million

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

- Loan for upgrading machine Baht 22.50 million
- Loan for work process improvement Baht 80.00 million

Disbursement of the grant fund for Strategic Development Project for Entrepreneurs (Productivity Improvement Loan: PIL), the Bank gradually recognized the fund as income compensated as follows:

- Loan for upgrading machine cost Baht 15,000.00 per enterprise. In the year of 2018, the beginning balance was Baht 21.48 million and as of December 31, 2018, the remaining grant fund was Baht 21.48 million.

Bank gradually recognized the fund as income compensated in the amount of.

- Loan for work process development had cost Baht 40,000.00 per enterprise. As of December 31, 2018, there was zero balance for the grant fund.

## 5.19 Other Liabilities

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Accrued expenses	207.52	316.99
Payables-revenue Department	0.14	0.77
Other payables	318.34	249.32
Insurance	80.57	64.85
Others	<u>95.44</u>	<u>287.61</u>
Total	<u>702.01</u>	<u>919.54</u>

## 5.20 Share Capital

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

### Registered share capital

As of December 31, 2018, and December 31, 2017, the Bank has a total authorized number of the ordinary shares is 300 million shares with a par value of Baht 100 per share, amount of Baht 30,000 million.

### Issued and paid-up share capital

As of December 31, 2018, and 2017, the Bank had paid-up share capital of 200.07 million shares, with a par value of Baht 100 per share, amount of Baht 20,006.63 million and the discount on share capital in the amount of Baht 5,251.63 million. The Ministry of Finance held 98.88% of total shares: (in according with the resolution of the Bank's annual general shareholders' meeting on April 21, 2014, on the capital increase of Baht 2,000 million or par value of Baht 100 per share; subsequently, the extraordinary general meeting of shareholders No. 1/2557, dated January 13, 2015, resolved to approve the change in the value of additional shares from the price of Baht 100 per share to be sold at the price on September 30, 2014, the value of Baht 27.58 per share; and on July 15, 2015, the bank has received the capital increase from the Ministry of Finance 72.52 million common shares with the first installment of Baht 1,000 million; and the second installment of Baht 1,000 million on September 19, 2016).

## 5.21 Other Components of Equity

	Unit: Million Baht					
	<u>2018</u>			<u>2017</u>		
	Beginning <u>Balance</u>	Change <u>during Period</u>	Ending <u>Balance</u>	Beginning <u>Balance</u>	Change <u>during Period</u>	Ending <u>Balance</u>
Revaluation surplus (deficit) on investments	2.29	(8.38)	(6.09)	(7.72)	10.01	2.29
Revaluation surplus (deficit) on assets	969.76	(14.23)	955.53	-	969.76	969.76
Total	<u>972.05</u>	<u>(22.61)</u>	<u>949.44</u>	<u>(7.72)</u>	<u>979.77</u>	<u>972.05</u>

## 5.22 Interest Income

Interest income for the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Interbank and money market items	73.26	41.04
Investments	164.19	179.58
Loans	3,158.05	3,615.94
Hire-purchase lease	<u>3.80</u>	<u>9.50</u>
Total interest income	<u>3,399.30</u>	<u>3,846.06</u>

## 5.23 Interest Expenses

Interest expenses for the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Deposits	766.62	1,005.70
Interbank and money market items	5.23	23.62
Bond issuance fee	3.18	-
Debt issued – promissory note	0.72	0.88
Debt issued – bond	<u>29.19</u>	<u>-</u>
Total interest expenses	<u>804.94</u>	<u>1,030.20</u>

## 5.24 Fees and Service Income - Net

Fees and service income, net, for the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Fee and service income		
- Acceptance, avals, and guarantee	4.40	5.35
- Others	<u>158.10</u>	<u>181.48</u>
Total fees and service income	162.50	186.83
Fees and service expenses	<u>(80.82)</u>	<u>(72.24)</u>
Fees and service income, net	<u>81.68</u>	<u>114.59</u>

## 5.25 Gain (Losses) on Trading and Foreign Exchange Transactions - Net

Gains (losses) on trading and foreign exchange transaction for the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Gains (losses) on trading and foreign exchange transactions		
- Gains (losses) on foreign exchange transactions	<u>1.40</u>	<u>0.01</u>
Total	<u>1.40</u>	<u>0.01</u>

## 5.26 Gains (Losses) on financial instrument designated of fair value through profit or loss - Net (Fair value option)

Gains (losses) on financial instrument designated of fair value through profit or loss, net (Fair value option) for the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	2018	2017
Changes in fair value, net		
- Borrowing	-	0.79
- Other liabilities	(0.01)	(0.09)
Total	<u>(0.01)</u>	<u>0.70</u>

## 5.27 Losses on Investments - Net

Losses on Investments, net, for the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	2018	2017
Losses on impairment		
- General investments	(9.65)	(7.18)
Total	<u>(9.65)</u>	<u>(7.18)</u>

## 5.28 Bad Debts, Doubtful Accounts, and Loss on Impairment

Bad debts, doubtful accounts, and loss on impairment which already included in the gain or loss at the year ended December 31, 2018, and 2017, as follows:

	Unit: Million Baht	
	2018	2017
<b>Non-PSAs</b>		
Loans to customers	1,003.08	280.23
Loans on troubled debts	<u>24.03</u>	<u>16.48</u>
Total	<u>1,027.11</u>	<u>296.71</u>
<b>PSAs</b>		
Loans to customers from PSAs	684.44	714.89
Total	<u>684.44</u>	<u>714.89</u>
Total bad debts, doubtful accounts, and loss on impairment	<u>1,711.55</u>	<u>1,011.60</u>

## 5.29 Remuneration for Top Management Level

Remunerations for top management level are the benefits paid to the board of directors and the management of the Bank, whereas the remunerations to the management as monetary such as salaries and related benefits, including retirement benefit obligations.

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Short-term benefits		
Management's remuneration	27.09	29.01
Directors' remuneration	6.57	5.83
Benefits after resignation	<u>12.87</u>	<u>15.99</u>
Total	<u>46.53</u>	<u>50.83</u>

## 5.30 Long-Term Leasing Contracts

**5.30.1 Operating Leases.** The Bank has the lease on land and premises for expanding its branches, including other rental contracts for vehicles and equipments. The Bank is obliged to pay rental in the future as follows::

	Unit: Million Baht		
	<u>2018</u>		
<u>Types</u>	<u>Within 1 year</u>	<u>Over 1-5 year</u>	<u>Total</u>
Land/Premises	32.02	32.11	64.13
Vehicles	109.79	113.26	223.05
Office equipment	<u>0.46</u>	<u>-</u>	<u>0.46</u>
Total	<u>142.27</u>	<u>145.37</u>	<u>287.64</u>

	Unit: Million Baht		
	<u>2017</u>		
<u>Types</u>	<u>Within 1 year</u>	<u>Over 1-5 year</u>	<u>Total</u>
Land/Premises	25.92	13.61	39.53
Vehicles	56.63	79.86	136.49
Office equipment	<u>0.77</u>	<u>-</u>	<u>0.77</u>
Total	<u>83.32</u>	<u>93.47</u>	<u>176.79</u>

### 5.30 Long-Term Leasing Contracts (continued)

**5.30.2 Service Contract.** The Bank has made the service contracts as of December 31, 2018, and 2017, as follows:

Unit: Million Baht

	<u>2018</u>		
<u>Type</u>	<u>Within 1 year</u>	<u>Over 1-5 year</u>	<u>Total</u>
Service Contract	<u>74.11</u>	<u>55.25</u>	<u>129.36</u>
Total	<u>74.11</u>	<u>55.25</u>	<u>129.36</u>

Unit: Million Baht

	<u>2017</u>		
<u>Type</u>	<u>Within 1 year</u>	<u>Over 1-5 year</u>	<u>Total</u>
Service Contract	<u>64.86</u>	<u>111.75</u>	<u>176.61</u>
Total	<u>64.86</u>	<u>111.75</u>	<u>176.61</u>

### 5.31 Contingent Liabilities and Commitment

#### 5.31.1 Contingencies

Unit: Million Baht

	<u>2018</u>	<u>2017</u>
Letters of Credit	6.02	2.28
Other contingencies		
Other guarantees	150.97	212.76
Foreign contract		
- Buy	-	9.80
- Sell	24.61	13.06
Spot buy contract	1.11	-
Spot sell contract	<u>5.92</u>	<u>1.89</u>
Other commitment	<u>182.61</u>	<u>237.51</u>
Total	<u>188.63</u>	<u>239.79</u>

#### 5.31.2 Litigation

As of December 31, 2018, the bank has contingent liabilities as a result of litigation, in which the lawsuit was unable to determine damages in the amount of 26 cases, with claims totaling Baht 1,564.51 million and USD 135.74 million.

1) There were 3 court cases in which one of the commercial banks filed a lawsuit against the Bank for violating the CCS and IRS contracts. The case involved the monetary value of Baht 1,074.01 million and USD 135.74 million. The Civil Court dismissed the case, but the Court of Appeal reversed the judgment and ordered the Bank to pay a total of Baht 6,500 million debts. The Bank filed a petition and, currently, the case is under consideration by the Supreme Court that is not yet final. As of December 31, 2018, The Bank sets up reserves as expenses for derivatives in this case in the amount of Baht 2,194.04 million (see Note 5.16.2). However, the legal advisor of the Bank gave an opinion on the damage that may occur, expecting not to exceed Baht 3,000 million, if the Bank may have to pay to the plaintiff.



### 5.31 Contingent Liabilities and Commitment (continued)

#### 5.31.2 Litigation (continued)

2) There are 4 cases in which the bank was prosecuted to be responsible in accordance with the letter of guarantee (LG) in the amount of Baht 80.15 million. The cases are under consideration by the Central Administrative Court and the Supreme Administrative Court. The Bank sets aside a provision for contingent liability from 2 legal cases (see Note 5.16.3).

### 5.32 The Fair Value of Financial Instruments

As of December 31, 2018, the fair value hierarchy, the Bank's financial assets and financial liabilities as follows:

Unit: Million Baht

	2018		
	Fair value		
	Level 1	Level 2	Total
<b>Assets instrument</b>			
Assets derivatives-currency	-	0.09	0.09
Available-for-sale securities	<u>2,633.56</u>	-	<u>2,633.56</u>
Total assets instrument	<u>2,633.56</u>	<u>0.09</u>	<u>2,633.65</u>
<b>Liabilities instrument</b>			
Liabilities derivatives-currency	-	0.10	0.10
Total Liabilities instrument	<u>-</u>	<u>0.10</u>	<u>0.10</u>

#### Fair Value Hierarchy

- Level 1 – quoted market prices in active the liquidity for identical assets or liabilities
- Level 2 – the value set by an evaluation technique with a direct and indirect data from the market (observable data) as the important factor in evaluating the fair value
- Level 3 – the value set by an evaluation technique with an unobservable data in the market as the 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.

### 5.33 Public Service Account (PSA)

#### 5.33.1 Summary of PSAs

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
<b>Assets and Liabilities</b>		
<b><u>Assets</u></b>		
Loans to customers from the PSAs and accrued interest receivable, net	<u>41,050.00</u>	<u>33,285.52</u>
Total assets	<u>41,050.00</u>	<u>33,285.52</u>
	<u>2018</u>	<u>2017</u>
<b>Income and Expense</b>		
Revenue from the PSAs	2,314.29	1,820.91
<u>Less</u> Expenses from the PSAs	2,336.51	1,841.15
<u>Less</u> Bad debts and losses for impairment of the PSAs	<u>684.44</u>	<u>714.89</u>
Profit (loss), net	<u>(706.66)</u>	<u>(735.13)</u>

#### 5.33.2 Loans to customers from the PSAs and accrued interest receivable - Net

	Unit: Million Baht			
	<u>2018</u>	<u>2017</u>		
<b>Project</b>	<b>Description in brief</b>	<b>Duration</b>		
1. Financial assistance for tourism businesses entrepreneurs	To assist tour operators affected by the economic crisis, due to the closure of Suvarnabhumi and Don Mueang International Airport. (Cabinet resolution dated February 17, 2009, April 28, 2009, July 21, 2009, October 13, 2009, March 2, 2010, and June 8, 2010)	May 4, 2009 – December 31, 2010	223.97	332.73
2. Loan program for entrepreneurs in the logistics sector	To enhance liquidity for entrepreneurs in logistics businesses. (Cabinet resolution dated December 8, 2009)	January 19, 2010 - December 31, 2011	93.24	109.76
3. SME POWER loan for A New Day	To enhance liquidity for entrepreneurs in Ratchaprasong and nearby areas affected by the incident of political unrest. (Cabinet resolution dated April 27, 2010, and May 25, 2010)	May 26, 2010 - December 31, 2010	1,382.07	1,432.33

### 5.33 Public Service Account (PSA) (continued)

#### 5.33.2 Loans to customers from the PSAs and accrued interest receivable - Net (continued)

			Unit: Million Baht	
			<u>2018</u>	<u>2017</u>
Project	Description in brief	Duration		
4. SME POWER loan for A New DayPhase II	Improvement of the loan to meet the needs of SMEs in the incident of Ratchaprasong and nearby. (Cabinet resolution dated June 8, 2010, and September 28, 2010).	June 8, 2010 - December 31, 2010	754.90	761.90
5. Project for SMEs exporters affected by the appreciation of Thai Baht	Liquidity support to exporters. (Cabinet resolution dated October 12, 2010).	November 15, 2010 - Not stated	-	6.87
6. SME Power project for entrepreneurs affected by floods in 2010	To help and rehabilitate SMEs affected by the floods in 2010 (Cabinet resolution dated October 12, 2010)	November 10, 2010 - April 30, 2011	212.47	323.17
7. “Taxi Strong” project (under the PrachaWiwat project)	To create an opportunity for freelancers to own or replace the expired taxi. (Cabinet resolution dated January 11, 2011)	February 10, 2011 – Not stated	7.31	21.96
8. “Thais Strong” project for small vendors	To create an opportunity for small vendors to access a source of fund for a better living. (Cabinet resolution dated January 11, 2011)	February 10, 2011 – Not stated	-	0.03
9. SME Power project for SMEs affected by floods and windstorms in 2011	To assist SMEs affected by the floods and windstorms in 2011. (Cabinet resolution dated April 4, 2011, and May 3, 2011)	May19, 2011 - October 31, 2011	738.76	798.51
10. SME Power projectfor SMEs affected by floods, windstorms, and mudslides in 2011	To assistance SMEs from natural disasters in 2010 and 2011 (extension). (Cabinet resolution dated May 3, 2011)	May19, 2011 - October 31, 2011	60.36	75.43

### 5.33 Public Service Account (continued)

#### 5.33.2 Loans to customers from the PSAs and accrued interest receivable - Net (continued)

			Unit: Million Baht	
			<u>2018</u>	<u>2017</u>
<b>Project</b>	<b>Description in brief</b>	<b>Duration</b>		
11. SME Power project “For a New Day” Phase III	To help SMEs in Ratchaprasong and nearby areas (for SMEs with insurance but have not yet received claims). (Cabinet resolution dated May 3, 2011)	May 19, 2011- June 30, 2011	5.49	6.59
12. Loan program for entrepreneurs in the logistics sector - additional	To extend the assistance to SMEs (Cabinet resolution dated April 12, 2011)	June 6, 2011- December 31, 2011	97.73	122.66
13. Financial assistance program for entrepreneurs franchise and direct sales	To expand the target group coverages to franchising and direct sale businesses. (Cabinet resolution dated April 12, 2011).	June 6, 2011 - December 31, 2011	1.38	2.49
14. SMEs rehabilitation project after the 2011 disaster	To Help SMEs affected by the disaster in 2011. (Cabinet resolution dated September 20, 2011, and December 13, 2011)	December 14, 2011 - December 31, 2011	454.48	527.95
15. Measures for debt moratorium to farmers and people with low income whose outstanding not over Baht 500,000 (Non-performing loan)	To alleviate the debt burden of the NPL small farmers and people with low income. A debt consolidation loan all contracts not over Baht 500,000. (Cabinet resolution dated November 15, 2011, and February 7, 2012).	December 26, 2011- September 30, 2014	1.23	1.20
16. Loan for business improvement under production development project	To strengthen competitiveness, elevate productivity, and support the access to funding sources to SMEs, including reducing the burden of risen labor costs. (Cabinet Resolution dated April 24, 2012, and January 8, 2013).	June 28, 2012 - December 31, 2015	1,695.21	3,362.54

### 5.33 Public Service Account (PSA) (continued)

#### 5.33.2 Loans to customers from the PSAs and accrued interest receivable - Net (continued)

Unit: Million Baht

Project	Description in brief	Duration	Unit: Million Baht	
			2018	2017
17. Machine Fund under production development project	To strengthen competitiveness, elevate productivity, and support the access to funding sources to SMEs, including reducing the burden of risen labor costs. (Cabinet resolution dated April 24, 2012, and January 8, 2013).	June 28, 2012 – December 31, 2015	71.30	101.59
18. The Policy Loan- low interest rate program	To help micro SMEs who are experiencing liquidity problems and promote Individuals with potential to use the loan to improve business, increase capacity. (Cabinet resolution dated March 17, 2015, Jun 16, 2015, and February 9, 2016).	June 16, 2015 -June 30, 2016	6,455.41	9,364.96
19. SMEs rehabilitation loan project from the southern flood in 2017	To help SMEs who are affected or damaged by the southern flood in 2017 to be able to improve, revitalize, and have sufficient working capital for the business. (Cabinet resolution dated February 7, 2017).	February 7– August 7, 2017	3,943.02	2,897.02
20. SMEs Transformation Loan	To help SMEs affected by the economic downturn, causing businesses to encounter liquidity problems and support SMEs to be in line with the government's policy to transform the business into the industrial age 4.0 and allow SMEs to access low-interest funding sources. (Cabinet resolution dated March 21, 2017).	March 21, 2017 – March 20, 2018	11,910.31	13,035.83

**5.33 Public Service Account (PSA) (continued)**

**5.33.2 Loans to customers from PSAs and accrued interest receivable - Net (continued)**

			Unit: Million Baht	
			<u>2018</u>	<u>2017</u>
<b>Project</b>	<b>Description in brief</b>	<b>Duration</b>		
21. Local Economy Loan	To boost local economy as the income-generating bases across the nation in accordance with the government policy by helping supporting and enabling micro SMEs of the following sectors: tourism, community based tourism and related, and processed agriproduct (food and non-food). (Cabinet resolution dated December 19, 2017).	December 19, 2017 - December 18, 2018	<u>12,941.36</u>	<u>-</u>
Total			<u>41,050.00</u>	<u>33,285.52</u>

As of December 31, 2018, and 2017, loans to customers from public service account and accrued interest receivable included outstanding and accrued interest receivables net of deferred revenue and allowance for doubtful accounts.

The Bank uses criteria for allocation of the public service account cost according to the memorandum Ref: No. Gor Khor 1006/3327 from Fiscal Policy Office on the subject of approval to allocate public service account cost of Small and Medium Enterprise Development Bank of Thailand dated August 25, 2016.

Interest expense / compensation of finance cost

Deposits / compensation of finance cost = Weighted average finance cost through the accounting period x Average  
loans to customer on accounting period

Non-interest expenses

Employees' Expenses	Allocated using account number
Premises and equipment expenses	Allocated using account number
Directors' remuneration	Allocated using account number
Fees and services	Allocated using account number
Other expenses	Allocated using account number



### 5.33 Public Service Account (PSA) (continued)

#### 5.33.3 Asset classification and provisioning of PSAs transactions

	Unit: Million Baht				
				%	
	<u>No. of cases</u>	<u>Outstanding</u>	<u>Collateral</u> <u>value*</u>	<u>Use for set aside</u> <u>allowance for</u> <u>doubtful account</u>	<u>Allowance</u> <u>for doubtful</u> <u>account</u>
Pass	30,645	38,702.93	6,820.95	1	291.43
Pass-surplus					8.31
Special mention	1,339	1,360.84	892.02	2	9.33
Substandard	470	322.54	129.46	100	193.13
Doubtful	609	505.58	245.52	100	260.07
Doubtful of loss	<u>1,429</u>	<u>1,262.29</u>	<u>452.83</u>	100	<u>809.56</u>
Total	<u>34,492</u>	<u>42,154.18</u>	<u>8,540.78</u>		<u>1,571.83</u>

As of December 31, 2018, the Bank classified the assets and provided provision according to the Bank of Thailand's notification No. SOR KOR SOR 18/2559 dated October 11, 2016, regarding Regulations on Government of PSAs.

As of December 31, 2018, the Bank has implemented a total of 21 projects under the policy of the Government, 6 of which were compensated according to the resolution of the Cabinet that include the amount that the Bank has set aside allowance for the amount, exceeding the compensation, projected to receive. (Note 5.4.4) and the amount that the Bank did not have to set aside allowance for the account receivables within the amount of compensation, projected to receive from the Government according to the Notification of the BOT above.

\* As of December 2018, the value of the collateral was Baht 8,540.78 million, part of which was the collateral under the government policy loans that have been compensated according to the resolution of the Cabinet at an amount of Baht 39.56 million including the amount that required allowance and did not require allowance to be set aside.

#### 5.33.4 Revenue from PSAs

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
Income from loans to customers from PSAs		
Interest income	1,252.33	1,071.59
Fee and service income	374.26	301.53
PSAs compensated income		
Compensated interest income	687.70	447.79
Income from compensation to cost of money	-	-
Total PSAs compensated income from operation or management expenses	<u>-</u>	<u>-</u>
Total	<u>2,314.29</u>	<u>1,820.91</u>

### 5.33 Public Service Account (PSA) (continued)

#### 5.33.5 Expenses from PSAs

	Unit: Million Baht	
	<u>2018</u>	<u>2017</u>
PSAs interest expenses	575.63	475.00
PSAs fees and services	83.13	58.45
PSAs operation expenses	1,313.37	1,113.86
PSAs other expenses	<u>364.38</u>	<u>193.84</u>
Total	<u>2,336.51</u>	<u>1,841.15</u>

#### 5.34 Approval of financial statements

These financial statements have authorized to issue by the President date May 25, 2019.

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# Board of Directors Directory

## Board of Directors 2002

1	Mr. Manu Leopairote	Chairman
2	Mr. Utid Tamwatin	Vice Chairman
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 Palanitisena	Director
9	Mr. Theerawat Thanyaluckphak	Director
10	Mr. Samran Phuanantanon	President Director and Secretary

## Board of Directors 2005

1	Mr. Manu Leopairote	Chairman
2	Mr. Utid Tamwatin	Vice Chairman
3	Mr. Sakthip Krailerk	Director
4	Mr. Chakramon Phasukavanich	Director
5	Mrs. Sumonman Kalayasiri	Director
6	Mr. Uttama Sawanayon	Director
7	Mrs. Anchalee Chavanit	Director
8	Prof. Dr. Phisut Chalakornkun	Director
9	Mr. Kiattipong Noijaiboon	Director
10	Mr. Theerawat Thanyalakpark	Director
11	Mr. Chotisak Asapaviriya	President Director and Secretary

## Board of Directors 2003

1	Mr. Manu Leopairote	Chairman
2	Mr. Utid Tamwatin	Vice Chairman
3	Mrs. Sumonman Kalayasiri	Director
4	Mr. Chanchai Musikanisakorn	Director
5	Mr. Uttama Sawanayon	Director
6	Mr. Santi Wilatsakdanon	Director
7	Mr. Theerawat Thanyaluckphak	Director
8	Mr. Yongyos Palanitisena	Director
9	Mr. Chotisak Asapaviriya	President Director and Secretary

## Board of Directors 2006

1	Mr. Chakramon Phasukavanich	Chairman
2	Mr. Somchai Sujjapongse	Vice Chairman
3	Mr. Damri Sukhotanang	Director
4	Mr. Thevan Vichitakul	Director
5	Mr. Sutisak Laohachewin	Director
6	Mr. Sorasit Soontornkes	Director
7	Mr. Pongsak Chewcharat	President Director and Secretary

## Board of Directors 2004

1	Mr. Manu Leopairote	Chairman
2	Mr. Utid Tamwatin	Vice Chairman
3	Mr. Sakthip Krailerk	Director
4	Mr. Chakramon Phasukavanich	Director
5	Mrs. Sumonman Kalayasiri	Director
6	Mr. Uttama Sawanayon	Director
7	Mrs. Anchalee Chavanit	Director
8	Prof. Dr. Phisut Chalakornkun	Director
9	Mr. Kiattipong Noijaiboon	Director
10	Mr. Theerawat Thanyalakphak	Director
11	Mr. Chotisak Asapaviriya	President Director and Secretary

## Board of Directors 2007

1	Mr. Chakramon Phasukavanich	Chairman
2	Mr. Somchai Sujjapongse	Vice Chairman
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	President Director and Secretary

## Board of Directors 2008

1	Mr. Pongpanu Svetarundra	Chairman
2	Mr. Phichit Akrathit	Director
3	Mr. Vudhibhongse Vibulyawongse	Director
4	Mr. Sakarindr Bhumiratana	Director
5	Mr. Tanit Sorat	Director
6	Mr. Pramode Vidtayasuk	Director
7	Mr. Ekniti Nitithanprapas	Director
8	Mr. Vichaya Vitheethum	Director
9	Mr. Poonnis Sakuntanaga	Director
10	Mr. Pongsak Chajiamjan	Senior Executive Vice President, Acting President, Acting Director and Secretary

## Board of Directors 2009

1	Mr. Pongpanu Svetarundra	Chairman
2	Mr. Poonnis Sakuntanaga	Director
3	Mr. Ekniti Nitithanprapas	Director
4	Mr. Pramode Vidtayasuk	Director
5	Mr. Sakarindr Bhumiratana	Director
6	Mr. Vichaya Vitheethum	Director
7	Mr. Vudhibhongse Vibulyawongse	Director
8	Mr. Tanit Sorat	Director
9	Mr. Adul Laohapol	Director
10	Mr. Boonsak Chiempricha	Director
11	Mr. Soros Sakornvisava	President Director and Secretary

## Board of Directors 2010

1	Mr. Pongpanu Svetarundra	Chairman
2	Mr. Poonnis Sakuntanaga	Director
3	Mr. Pramode Vidtayasuk	Director
4	Mr. Sakarindr Bhumiratana	Director
5	Mr. Vudhibhongse Vibulyawongse	Director
6	Mr. Tanit Sorat	Director
7	Mr. Adul Laohapol	Director
8	Mr. Boonsak Chiempricha	Director
9	Mr. Soros Sakornvisava	President Director and Secretary

## Board of Directors 2011

1	Mr. Naris Chaiyasoot	Chairman
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 Rungsritong	Director
11	Mr. Soros Sakornvisava	President Director and Secretary

## Board of Directors 2012

1	Mr. Naris Chaiyasoot	Chairman
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 Rungsritong	Director
11	Mr. Pongsak Chajiamjan	Senior Executive Vice President, Acting President, Acting Director and Secretary

## Board of Directors 2013

1	Mr. Naris Chaiyasoot	Chairman
2	Mr. Witoon Simachokedee	Director
3	Mr. Pichai Chunhavajira	Director
4	Mr. Kritsda Udyanin	Director
5	Mr. Somchai Harnhirun	Director
6	Mr. Patima Jeerapaet	Director
7	Mr. Vitaya Suriyawong	Director
8	Mr. Anusorn Muttaraid	Director
9	Mr. Jirayut Rungsritong	Director
10	Miss Parichatara L. Sirivong	Senior Executive Vice President, Acting President, Acting Director and Secretary

## Board of Directors 2014

1	Mrs. Salinee Wangtal	Chairman
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	Mr. Somchai Harnhirun	Director
9	Mr. Vichit Kornvityakoon	Director
10	Miss Parichatara L. Sirivong	Senior Executive Vice President, Acting President, Acting Director and Secretary

## Board of Directors 2016

1	Mrs. Salinee Wangtal (30 Jul 2014 - 22 Aug 2016)	Chairman
2	Mr. Somchai Harnhirun	Chairman
3	Mrs. Saowanee Kamolbutr	Director
4	Mrs. Pankanitta Boonkrong	Director
5	Mr. Lavaron Sangsnit	Director
6	Mr. Seree Nonthasoot	Director
7	Mr. Praphaisith Tankeyura	Director
8	Mr. Taveesak Foongkiatcharoen	Director
9	Mrs. Poonsuk Musiklad	Director
10	Mr. Chanvit Nakburee	Director
11	Mr. Pornlert Lattanan	Director
12	Mr. Mongkon Leelatham	President Director and Secretary

## Board of Directors 2015

1	Mrs. Salinee Wangtal	Chairman
2	Mrs. Saowanee Kamolbutr	Director
3	Mr. Atsadang Chiewthada	Director
4	Mrs. Pankanitta Boonkrong	Director
5	Mr. Lavaron Sangsnit	Director
6	Mr. Anusorn Muttaraid	Director
7	Mr. Somchai Harnhirun	Director
8	Mr. Vitaya Suriyawong	Director
9	Mr. Vichit Kornvityakoon	Director
10	Mr. Seree Nonthasoot	Director
11	Mr. Praphaisith Tankeyura	Director
12	Mr. Supot Arevart	President Director and Secretary
13	Mrs. Intira Phokpoonyarak (31 Aug - 30 Oct 2015)	Senior Executive Vice President Acting President, Acting Director and Secretary
14	Mr. Woramit Krutto (2 Nov - 31 Dec 2015)	Senior Executive Vice President Acting President, Acting Director and Secretary

## Board of Directors 2017

1	Mr. Pasu Loharjun	Chairman
2	Mr. Somchai Harnhirun (24 Aug 2016 - 30 Sep 2017)	Chairman
3	Mrs. Saowanee Kamolbutr (30 Jul 2014 - 14 May 2017)	Director
4	Mr. Lavaron Sangsnit	Director
5	Mr. Anusorn Muttaraid (30 Jul 2014 - 8 Nov 2017)	Director
6	Mr. Seree Nonthasoot	Director
7	Mr. Praphaisith Tankeyura	Director
8	Mr. Taveesak Foongkiatcharoen (2 Jan - 8 Nov 2017)	Director
9	Mrs. Poonsuk Musiklad	Director
10	Mr. Chanvit Nakburee	Director
11	Mr. Pornlert Lattanan	Director
12	Mr. Mongkon Leelatham	President Director and Secretary

# Branch Directory

## SME Bank Head Office

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## Zone Office 3

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## Lampang Branch

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## Zone Office 4

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## Nan Branch

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E-mail : Nan@smebank.co.th

## Uttaradit Branch

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E-mail : Uttaradit@smebank.co.th

## Zone Office 5

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Amphoe Muang, Phitsanulok 65000  
Tel. 055-221575-6  
Fax. 055-304554  
E-mail : Zoneoffice5@smebank.local



#### Phitsanulok Branch

838 Mittraphap Rd., Tambon Nai Muang,  
Amphoe Muang, Phitsanulok 65000  
Tel. 055-221575-6  
Fax. 055-304554  
E-mail : Phitsanulok@smebank.co.th

#### Phichit Branch

42/1-2 Ratkasemautid Rd., Tambon Nai Muang,  
Amphoe Muang, Phichit 66000  
Tel. 056-616550-2  
Fax. 056-616553  
E-mail : Phichit@smebank.co.th

#### Phetchabun Branch

4/1-2 Samakkeechai Rd., Tambon Nai Muang,  
Amphoe Muang, Phetchabun 67000  
Tel. 056-720821-2, 056-720922  
Fax. 056-713187  
E-mail : Phetchabun@smebank.co.th

### Zone Office 6

21 Soi 4 Rraddamnarn 1 Rd.,  
Tambon Nai Muang, Amphoe Muang,  
Kamphaengphet 62000  
Tel. 055-773205-8  
Fax. 055-773209  
E-mail : Zoneoffice6@smebank.local

#### Kamphaeng Phet Branch

21 Soi 4 Rraddamnarn 1 Rd.,  
Tambon Nai Muang, Amphoe Muang,  
Kamphaengphet 62000  
Tel. 055-773205-8  
Fax. 055-773209  
E-mail : KamphaengPhet@smebank.co.th

#### Tak Branch

17/26 Asia Rd., Tambon Mae sod,  
Amphoe Mae sod, Tak 63110  
Tel. 055-506971-2  
Fax. 055-506970  
E-mail : Tak@smebank.co.th

#### Sukhothai Branch

1/2-3 Jarod Withee Thong Rd., Tambon Thani,  
Amphoe Muang, Sukhothai 64000  
Tel. 055-616166-7  
Fax. 055-616168  
E-mail : Sukhothai@smebank.co.th

### Zone Office 7

919/28,919/111 Moo 10, Phahonyothin Rd.,  
Tambon Nakhon Sawan Tok, Amphoe Muang  
Nakhon Sawan, Nakhon Sawan 60000  
Tel. 056-220877-8, 056-232976,  
056-231336  
Fax. 056-220879  
E-mail : Zoneoffice7@smebank.local

#### Nakhon Sawan Branch

919/28,919/111 Moo 10, Phahonyothin Rd.,  
Tambon Nakhon Sawan Tok, Amphoe Muang  
Nakhon Sawan, Nakhon Sawan 60000  
Tel. 056-220877-8, 056-232976,  
056-231336  
Fax. 056-220879  
E-mail : NakhonSawan@smebank.co.th

#### Uthai Thani Branch

137 Terbsiri Rd., Tambon Uthaimai,  
Amphoe Muang Uthaithani 61000  
Tel. 056-571401-3  
Fax. 056-571404  
E-mail : UthaiThani@smebank.co.th

#### Chai Nat Branch

68/3-4 Phormprasert Rd., Tambon Nai Muang,  
Amphoe Muang Chainat 17000  
Tel. 056-416741-3, 056-414023,  
056-414050  
Fax. 056-416744  
E-mail : ChaiNat@smebank.co.th

### Zone Office 8

289 Moo 4, Malai Maen Rd., Tambon Sanamchai,  
Amphoe Muang, Suphanburi 72000  
Tel. 035-501584  
Fax. 035-501575  
E-mail : Zoneoffice8@smebank.local

#### Suphan Buri Branch

289 Moo 4, Malai Maen Rd., Tambon Sanamchai,  
Amphoe Muang, Suphanburi 72000  
Tel. 035-501584  
Fax. 035-501575  
E-mail : SuphanBuri@smebank.co.th

#### Lop Buri Branch

41/29-30 Moo 1, Phahonyothin Rd.,  
Tambon Ta-Sala, Amphoe Muang,  
Lopburi 15000  
Tel. 036-784445-7  
Fax. 036-784448  
E-mail : LopBuri@smebank.co.th

#### Sing Buri Branch

155/59-60 Moo 7, Tambon Bang Mon,  
Amphoe Muang, Singburi 16000  
Tel. 036-524678-80  
Fax. 036-523166  
E-mail : SingBuri@smebank.co.th

### Zone Office 9

58/9-10 Moo 1, Rodjana Rd., Tambon Thanu,  
Amphoe Uthai, Phra Nakhon Si Ayutthaya  
13000  
Tel. 035-345334-6  
Fax. 035-345337  
E-mail : Zoneoffice9@smebank.local

#### Phra Nakhon Si Ayutthaya Branch

58/9-10 Moo 1, Rodjana Rd., Tambon Thanu,  
Amphoe Uthai, Phra Nakhon Si Ayutthaya  
13000  
Tel. 035-336324-5  
Fax. 035-336284  
E-mail : PhraNakhonSiAyutthaya@smebank.co.th

#### Saraburi Branch

88/24 Soodbuntud Rd., Tambon Pak Priaw,  
Amphoe Muang, Saraburi 18000  
Tel. 036-221112, 036-221142,  
036-231121-2  
Fax. 036-221254  
E-mail : Saraburi@smebank.co.th

#### Ang Thong Branch

14/5-6 Angthong-Singburi Rd.,  
Tambon Talad-luang, Amphoe Muang,  
Angthong 14000  
Tel. 035-625116, 035-625106,  
035-625198  
Fax. 035-625207  
E-mail : AngThong@smebank.co.th

### Zone Office 10

497/1-3 Moo 2, Mittraphap Rd., Tambon Sila,  
Amphoe Muang, Khon Kaen 40000  
Tel. 043-465588  
Fax. 043-465589  
E-mail : Zoneoffice10@smebank.local

#### Khon Kaen Branch

497/1-3 Moo 2, Mittraphap Rd., Tambon Sila,  
Amphoe Muang, Khon Kaen 40000  
Tel. 043-343580-3, 043-393889  
Fax. 043-393888  
E-mail : KhonKaen@smebank.co.th

#### Chumpae Branch

1207, 1208 Mu 15, Maliwan Rd.,  
Tambon Chumphae, Amphoe Chumphae,  
Khon Kaen 40130  
Tel. 043-313091-2, 043-384091  
Fax. 043-311323  
E-mail : Chumpae@smebank.co.th

### Zone Office 11

751/10-11 Mittraphap Rd., Tambon Nai Muang,  
Amphoe Muang, Nakhon Ratchasima 30000  
Tel. 044-353508  
Fax. 044-353506  
E-mail : Zoneoffice11@smebank.local

#### Nakhon Ratchasima Branch

751/10-11 Mittraphap Rd., Tambon Nai Muang,  
Amphoe Muang, Nakhon Ratchasima 30000  
Tel. 044-262418-20, 251050-51  
Fax. 044-262418  
E-mail : NakhonRatchasima@smebank.co.th

#### Pak Chong Branch

199 Mittraphap Rd., Tambon Pakchong,  
Amphoe Pakchong, Nakhon Ratchasima 30130  
Tel. 044-313142, 044-313555,  
044-313135  
Fax. 044-313546  
E-mail : PakChong@smebank.co.th

### Zone Office 12

37/41-42 Thani Rd., Tambon Nai Muang,  
Amphoe Muang, Buriram 31000  
Tel. 044-625536 - 8  
Fax. 044-625535  
E-mail : Zoneoffice12@smebank.local

#### Buri Ram Branch

37/41-42 Thani Rd., Tambon Nai Muang,  
Amphoe Muang, Buriram 31000  
Tel. 044-625536 - 8  
Fax. 044-625535  
E-mail : BuriRam@smebank.co.th

#### Surin Branch

297/4 Tessaban 3 Rd., Tambon Nai Mueang,  
Amphoe Muang, Surin 32000  
Tel. 044-713141-2, 044-713725-6  
Fax. 044-713143  
E-mail : Surin@smebank.co.th

#### Chaiyaphum Branch

69/23-24 Niwedrut (Chaiyaphum-Boayai) Rd.,  
Tambon Nai Muang, Amphoe Mueang,  
Chaiyaphum 36000  
Tel. 044-813334-6  
Fax. 044-813337  
E-mail : Chaiyaphum@smebank.co.th

### Zone Office 13

228/8 Charoenmueang Rd.,  
Tambon Thatchoengchum, Amphoe Muang,  
Sakon Nakhon 47000  
Tel. 042-730960-2, 042-716534  
Fax. 042-716764  
E-mail : Zoneoffice13@smebank.local

#### Sakon Nakhon Branch

228/8 Charoenmueang Rd.,  
Tambon Thatchoengchum, Amphoe Muang,  
Sakon Nakhon 47000  
Tel. 042-730960-2, 042-716534  
Fax. 042-716764  
E-mail : SakonNakhon@smebank.co.th

#### Sawang Daen Din Branch

909 Moo 11, Tambon Sawangdandin,  
Amphoe Sawandandin, Sakon Nakhon 47110  
Tel. 042-722515-7  
Fax. 042-722518  
E-mail : SawangDaenDin@smebank.co.th

#### Nakhon Phanom Branch

764/1 Suntornvichit Rd., Tambon Nai Muang,  
Amphoe Muang Nakhonphanom 48000  
Tel. 042-516340-2  
Fax. 042-516343  
E-mail : NakhonPhanom@smebank.co.th

### Zone Office 14

499/3-5 Moo 7, Robmuang Rd.,  
Soi Bannopibon, Tambon Makkang,  
Amphoe Muang, Udon Thani 41000  
Tel. 042-242435-6  
Fax. 042-242437  
E-mail : Zoneoffice14@smebank.local

#### Udon Thani Branch

499/3-5 Moo 7, Robmuang Rd.,  
Soi Bannopibon, Tambon Makkang,  
Amphoe Muang, Udon Thani 41000  
Tel. 042-211844-6  
Fax. 042-211847  
E-mail : UdonThani@smebank.co.th

#### Nong Khai Branch

899/1-2 Moo 5, Nong Khai - Poanpisai Rd.,  
Tambon Pochai, Amphoe Muang, Nong Khai  
43000  
Tel. 042-414111-3  
Fax. 042-414114  
E-mail : NongKhai@smebank.co.th

#### Nong Bua Lam Phu Branch

3/1-2 Wiriyothin Rd., Tambon Nongbua,  
Amphoe Muang Nongbualamphu 39000  
Tel. 042-312400, 042-312700,  
042-312800  
Fax. 042-312875  
E-mail : NongBuaLamPhu@smebank.co.th

#### Loei Branch

87/13 Maliwan Rd., Tambon Kudpong,  
Amphoe Muang, Loei 42000  
Tel. 042-833785-7  
Fax. 042-833788  
E-mail : Loei@smebank.co.th

## Zone Office 15

756/4-5 Chayangkul Rd., Tambon Nai Muang,  
Amphoe Muang, Ubon Ratchathani 34000  
Tel. 045-314720  
Fax. 045-314720  
E-mail : Zoneoffice15@smebank.local

### Ubon Ratchathani Branch

756/4-5 Chayangkul Rd., Tambon Nai Muang,  
Amphoe Muang, Ubon Ratchathani 34000  
Tel. 045-284403, 317124-5  
Fax. 045-284404  
E-mail : UbonRatchathani@smebank.co.th

### Det Udom Branch

439 Moo 5, Tambon Muangdet,  
Amphoe Detudom, Ubon Ratchathani 34160  
Tel. 045-361870, 045-362670,  
045-362460  
Fax. 045-361240  
E-mail : DetUdom@smebank.co.th

### Si Sa Ket Branch

26/13 Moo 2, Sisaket - Ubon Ratchathani Rd.,  
Tambon Pho, Amphoe Muang, Si Sa Ket  
33000  
Tel. 045-617880-2, 045-610031  
Fax. 045-617883  
E-mail : SiSaKet@smebank.co.th

## Zone Office 16

199/1 Pitak Phanom Khet Rd.,  
Tambon Mukdahan, Amphoe Muang,  
Mukdahan 49000  
Tel. 042-630928-30  
Fax. 042-612889  
E-mail : Zoneoffice16@smebank.local

### Mukdahan Branch

199/1 Pitak Phanom Khet Rd.,  
Tambon Mukdahan, Amphoe Muang,  
Mukdahan 49000  
Tel. 042-630928-30  
Fax. 042-612889  
E-mail : Mukdahan@smebank.co.th

### Yasothon Branch

85/3-4 Rattana Khet Rd., Tambon Nai Muang,  
Amphoe Muang, Yasothon 35000  
Tel. 045-715551-3  
Fax. 045-715554  
E-mail : Yasothon@smebank.co.th

### Amnat Charoen Branch

76 Moo 12 Aurunprasert Rd., Tambon Bung,  
Amphoe Muang, Amnat Charoen 37000  
Tel. 045-452526-8  
Fax. 045-452529  
E-mail : AmnatCharoen@smebank.co.th

## Zone Office 17

49, 49/1-3 Tewa Phiban Rd.,  
Tambon Nai Muang, Amphoe Muang,  
Roi Et 45000  
Tel. 043-519520-1,3  
Fax. 043-519522  
E-mail : Zoneoffice17@smebank.local

### Roi Et Branch

49, 49/1-3 Tewa Phiban Rd.,  
Tambon Nai Muang, Amphoe Muang,  
Roi Et 45000  
Tel. 043-511100, 043-514666,  
043-514775, 043-519538-9  
Fax. 043-514535  
E-mail : RoiEt@smebank.co.th

### Maha Sarakham Branch

453, 453/1 Nakhon Sawan Rd.,  
Tambon Talad, Amphoe Muang,  
Maha Sarakham 44000  
Tel. 043-741211-3  
Fax. 043-741214  
E-mail : MahaSarakham@smebank.co.th

### Kalasin Branch

1/8 Kudyangsamakkee Rd., Tambon Kalasin,  
Amphoe Muang, Kalasin 46000  
Tel. 043-812446-7, 043-812442  
Fax. 043-812424  
E-mail : Kalasin@smebank.co.th

## Zone Office 18

40/40-42 Bangkok-Pathumthani Rd.,  
Tambon Bang Prok, Amphoe Muang,  
Pathumthani 12000  
Tel. 02-5817100-2  
Fax. 02-5817103  
E-mail : Zoneoffice18@smebank.local

### Pathum Thani Branch

40/40-42 Bangkok-Pathumthani Rd.,  
Tambon Bang Prok, Amphoe Muang,  
Pathumthani 12000  
Tel. 02-5817100-2  
Fax. 02-5817103  
E-mail : PathumThani@smebank.co.th

### Rang Sit Branch

40/40-42 Pathumthani Bangkok Rd.,  
Tambon Bang Prok, Amphoe Muang,  
Pathumthani 12000  
Tel. 02-265-3330, 02-265-3705,  
02-265-3230, 02-265-3334  
Fax. -  
E-mail : RangSit@smebank.co.th

## Zone Office 19

5/74-75 Piboonsongkram Rd., Tambon Suanyai,  
Amphoe Muang, Nonthaburi 11000  
Tel. 02-5252002  
Fax. 02-5251949  
E-mail : Zoneoffice19@smebank.local

### Nonthaburi Branch

5/74-75 Piboonsongkram Rd., Tambon Suanyai,  
Amphoe Muang, Nonthaburi 11000  
Tel. 02-5251991-2  
Fax. 02-5251949  
E-mail : Nonthaburi@smebank.co.th

### Bang Bua Thong Branch

88/12-13 Moo 4, Bangkruay-Sainoi Rd.,  
Tambon Sanoloy, Amphoe Bangbua Thong,  
Nonthaburi 11110  
Tel. 02-5712336, 02-5712342  
Fax. 02-5712343  
E-mail : BangBuaThong@smebank.co.th

## Zone Office 20

1/79 Boromratchonanee Rd.,  
Tambon Arun Amarin, Amphoe Bangkok Noi,  
Bangkok 10700  
Tel. 02-4349211, 02-4349178-9  
Fax. 02-4349177  
E-mail : Zoneoffice20@smebank.local

### Pin Klao Branch

1/79 Boromratchonanee Rd.,  
Tambon Arun Amarin, Amphoe Bangkok Noi,  
Bangkok 10700  
Tel. 02-4349211, 02-4349178-9  
Fax. 02-4349177  
E-mail : PinKlao@smebank.co.th

### Chatuchak Business Center

1694, 1696 Phahonyothin Rd.,  
Tambon Chankasem, Amphoe Chatuchak,  
Bangkok 10900  
Tel. 02-5138226  
Fax. 02-5138215  
E-mail : ChatuchakBusinessCenter@smebank.co.th

### Sukhumvit 62 Branch

2150/9 Sukhumvit Rd., Tambon Bankchak,  
Amphoe Prakanong, Bangkok 10260  
Tel. 02-3111819-22  
Fax. 02-3111821  
E-mail : Sukhumvit62@smebank.co.th

## Zone Office 21

1044 Phetkasem Rd., Tambon Sanam Jun,  
Amphoe Muang, Nakhonpathom 73000  
Tel. 034-244415-6  
Fax. 034-244410  
E-mail : Zoneoffice21@smebank.local

### Nakhon Pathom Branch

1044 Phetkasem Rd., Tambon Sanam Jun,  
Amphoe Muang, Nakhonpathom 73000  
Tel. 034-218661-2, 085-980-8091  
Fax. 034-218663  
E-mail : NakhonPathom@smebank.co.th

### Kanchanaburi Branch

130, 132 Sangchuto Rd., Tambon Ban Tai,  
Amphoe Muang, Kanchanaburi 71000  
Tel. 034-514092-3, 514101  
Fax. 034-514102  
E-mail : Kanchanaburi@smebank.co.th

### Ratchaburi Branch

260 Si Suriyawong Rd., Tambon Na Muang,  
Amphoe Muang, Ratchaburi 70000  
Tel. 032-311142-3, 032-338958  
Fax. 032-311090  
E-mail : Ratchaburi@smebank.co.th

### Ban Pong Branch

178-180 Songpol Rd., Tambon Banpong,  
Amphoe Banpong, Ratchaburi 70110  
Tel. 032-222820-2  
Fax. 032-210789  
E-mail : BanPong@smebank.co.th

## Zone Office 22

22/52-53 Phetkasem Rd., Tambon HuaHin,  
Amphoe HuaHin, Prachuabkirkhan, 77110  
Tel. 032-516690-2  
Fax. 032-516693  
E-mail : Zoneoffice22@smebank.local

### Hua Hin Branch

22/52-53 Phetkasem Rd., Tambon HuaHin,  
Amphoe HuaHin, Prachuabkirkhan, 77110  
Tel. 032-516690-2  
Fax. 032-516693  
E-mail : HuaHin@smebank.co.th

### Phetchaburi Branch

45, 47 She-Sa-In Rd., Tambon Klogkacheng,  
Amphoe Muang, Phetchaburi 76000  
Tel. 032-410302  
Fax. 032-410303  
E-mail : Phetchaburi@smebank.co.th

### Prachuap Khiri Khan Branch

197 Prachuapkhirikhan Rd.,  
Tambon Prachuapkhirikhan, Amphoe Muang,  
Prachuabkirkhan 77000  
Tel. 032-604431-3  
Fax. 032-604434  
E-mail : PrachuapKhiriKhan@smebank.co.th

## Zone Office 23

497 Luangpaeng Rd., Tambon Tubyao,  
Ladkrabang, Bangkok 10520  
Tel. 02-1729680-2  
Fax. 02-1729683  
E-mail : Zoneoffice23@smebank.local

### Lat Krabang Branch

497 Luangpaeng Rd., Tambon Tubyao,  
Ladkrabang, Bangkok 10520  
Tel. 02-1729680-2  
Fax. 02-1729683  
E-mail : LatKrabang@smebank.co.th

### Chachoengsao Branch

182-184 Chachoengsao-Bangpakong Rd.,  
Tambon Na-muang, Amphoe Muang,  
Chachoengsao 24000  
Tel. 038-812642-3, 038-513363,  
038-535915  
Fax. 038-535082  
E-mail : Chachoengsao@smebank.co.th

### Nakhon Nayok Branch

Kho 2-251/27-28 Nakhonnayok-Rangsit Rd.,  
Tambon Nakhonnayok, Amphoe Muang,  
Nakhonnayok 26000  
Tel. 037-316161-2  
Fax. 037-316164  
E-mail : NakhonNayok@smebank.co.th

## Zone Office 24

458/14-15 Sukhumvit Rd., Tambon Paknum,  
Amphoe Muang, Samutprakan 10270  
Tel. 02-7025830-2  
Fax. 02-7025833  
E-mail : Zoneoffice24@smebank.local

### Samut Prakan Branch

458/14-15 Sukhumvit Rd., Tambon Paknum,  
Amphoe Muang, Samutprakan 10280  
Tel. 02-7025830-2  
Fax. 02-7025833  
E-mail : SamutPrakan@smebank.co.th

### Phra Pradaeng Branch

105/11 Moo 10, Suksawat Rd.,  
Tambon Bang Pueng, Amphoe Prapradaeng,  
Samutprakan 10130  
Tel. 02-4628433-5  
Fax. 02-4628436  
E-mail : PhraPradaeng@smebank.co.th

## Zone Office 25

35/119 Moo 7, Trirat Rd., Tambon Chanthamit,  
Amphoe Muang Chanthaburi,  
Chanthaburi 22000  
Tel. 039-324562-3  
Fax. 039-313216  
E-mail : Zoneoffice25@smebank.local

### Chanthaburi Branch

35/119 Moo 7, Trirat Rd., Tambon Chanthamit,  
Amphoe Muang Chanthaburi,  
Chanthaburi 22000  
Tel. 039-324562-3  
Fax. 039-313216  
E-mail : Chanthaburi@smebank.co.th

### Phrachin Buri Branch

173/7-8 Prachin-Ta-kam Rd.,  
Tambon Na-muang, Amphoe Muang,  
Prachinburi 25000  
Tel. 037-216818-9, 037-216838  
Fax. 037-216820  
E-mail : PhrachinBuri@smebank.co.th

### Sa Kaeo Branch

318,320 Suwansorn Rd., Tambon Sa kaew,  
Amphoe Muang, Sa kaew 27000  
Tel. 037-421974-6  
Fax. 037-421977  
E-mail : SaKaeo@smebank.co.th

### Trad Branch

28/4-5 Moo 2, Sukhumvit Rd., Tambon krajae,  
Amphoe Muang Trad, Trad 23000  
Tel. 039-523-244, 039-523-162  
Fax. 039-523656  
E-mail : Trad@smebank.co.th

## Zone Office 26

51/15-16 Moo 2, Sukhumvit Rd.,  
Tambon Sa-med, Amphoe Muang,  
Chonburi 20000  
Tel. 038-144051,3  
Fax. 038-144052  
E-mail : Zoneoffice26@smebank.local

### Chon Buri Branch

51/15-16 Moo 2, Sukhumvit Rd.,  
Tambon Sa-med, Amphoe Muang,  
Chonburi 20000  
Tel. 038-285630-1, 038-784171  
Fax. 038-784172  
E-mail : ChonBuri@smebank.co.th

### Pattaya Branch

245/155-156 Moo 9, Pattaya Sai Sam Rd.,  
Tambon Nongprue, Amphoe Banglamung,  
Chonburi 20150  
Tel. 038-416805-7  
Fax. 038-416808  
E-mail : Pattaya@smebank.co.th

## Zone Office 27

51/32 Moo 3, Sai Sam-Sib-Hok Rd.,  
Tambon Tupma, Amphoe Muang,  
Rayong 21000  
Tel. 038-617219  
Fax. 038-617220  
E-mail : Zoneoffice27@smebank.local

### Rayong Branch

51/32 Moo 3, Sai Sam-Sib-Hok Rd.,  
Tambon Tupma, Amphoe Muang,  
Rayong 21000  
Tel. 038-622221, 038-622258,  
038-622367  
Fax. 038-621191  
E-mail : Rayong@smebank.co.th

## Zone Office 28

927/302-303 Settakit 1 Rd., Tambon Mahachai,  
Amphoe Muang, Samutsakhon 74000  
Tel. 034-811479-80  
Fax. 034-811481  
E-mail : Zoneoffice28@smebank.local

### Samut Sakhon Branch

927/302-303 Settakit 1 Rd., Tambon Mahachai,  
Amphoe Muang, Samutsakhon 74000  
Tel. 034-811479-80  
Fax. 034-811481  
E-mail : SamutSakhon@smebank.co.th

### Aom Noi Branch

219/1277-1278 Moo 12, Phetkasem Rd.,  
Tambon Aom Noi, Amphoe Kratumban,  
Samutsakhon 74130  
Tel. 02-8128785-6  
Fax. 02-8128787  
E-mail : AomNoi@smebank.co.th

### Samut Songkhram Branch

129/11-12 Tang Khao Muang Rd.,  
Tambon Mae Klong, Amphoe Muang,  
Samutsongkhram 75000  
Tel. 034-723661-2  
Fax. 034-723663  
E-mail : SamutSongkhram@smebank.co.th

## Zone Office 29

238/116-117 Moo 1, Chonkasem Rd.,  
Tambon Makhantia, Amphoe Muang,  
Suratthani 84000  
Tel. 077-600327  
Fax. 077-600326  
E-mail : Zoneoffice29@smebank.local

### Surat Thani Branch

238/116-117 Moo 1, Chonkasem Rd.,  
Tambon Makhantia, Amphoe Muang,  
Suratthani 84000  
Tel. 077-600329-30, 381  
Fax. 077-600391  
E-mail : SuratThani@smebank.co.th

### Ko Samui Branch

115/25-26 Moo 6, Rob Koh Rd.,  
Tambon Boput, Amphoe Koh Samui,  
Suratthani 84320  
Tel. 077-427286-7, 077-427282  
Fax. 077-427446  
E-mail : KoSamui@smebank.co.th

### Chumphon Branch

25/46-47 Krommaluang Chumphon Rd.,  
Tambon Tatapao, Amphoe Muang,  
Chumphon 86000  
Tel. 077-501646, 077-506879  
Fax. 077-506880  
E-mail : Chumphon@smebank.co.th

#### Ranong Branch

999/1-2 Chalermprakiet Hok  
Rob Prachonmapansa Rd., Tambon Kaoniwed,  
Amphoe Muang, Ranong 85000  
Tel. 077-826501-3  
Fax. 077-826504  
E-mail : Ranong@smebank.co.th

#### Zone Office 30

32/175-176 Poonpon Rd., Tambon Talad Nua,  
Amphoe Muang Phuket, Phuket 83000  
Tel. 076-215757-8  
Fax. 076-215755  
E-mail : Zoneoffice30@smebank.local

#### Phuket Branch

32/175-176 Poonpon Rd., Tambon Talad Nua,  
Amphoe Muang Phuket, Phuket 83000  
Tel. 076-217009, 076-218268,  
076-214719  
Fax. 076-355929  
E-mail : Phuket@smebank.co.th

#### Phang-nga Branch

68/9-10 Moo 3, Phangnga-Tubpud Rd.,  
Tambon Thamnampud, Amphoe Muang,  
Phangnga 82000  
Tel. 076-460778-9  
Fax. 076-460780  
E-mail : Phang-nga@smebank.co.th

#### Zone Office 31

3/9 Wisadekul Rd., Tambon Thap Thiang,  
Amphoe Muang Trang, Trang 92000  
Tel. 075-217911-2  
Fax. 075-217913  
E-mail : Zoneoffice31@smebank.local

#### Trang Branch

3/9 Wisadekul Rd., Tambon Thap Thiang,  
Amphoe Muang Trang, Trang 92000  
Tel. 075-217911-2  
Fax. 075-217913  
E-mail : Trang@smebank.co.th

#### Krabi Branch

50/6-7 Krabi-Khao Thong Rd., Tambon Paknam,  
Amphoe Muang, Krabi 81000  
Tel. 075-621076  
Fax. 075-621102  
E-mail : Krabi@smebank.co.th

#### Satun Branch

483/1-2 Moo 7, Yontakarnkamtorn Rd.,  
Tambon Khongkut, Amphoe Muang,  
Satun 91000  
Tel. 074-725190-1  
Fax. 074-725192  
E-mail : Satun@smebank.co.th

#### Zone Office 32

2/1-2 Wandee Kositkunporn Rd.,  
Tambon Nai Muang, Amphoe Muang Nakhon  
Si Thammarat, Nakhon Si Thammarat 80000  
Tel. 075-342690-2  
Fax. 075-342670  
E-mail : Zoneoffice32@smebank.local

#### Nakhon Si Thammarat Branch

2/1-2 Wandee Kositkunporn Rd.,  
Tambon Nai Muang, Amphoe Muang Nakhon  
Si Thammarat, Nakhon Si Thammarat 80000  
Tel. 075-357301-3  
Fax. 075-357304  
E-mail : NakhonSiThammarat@smebank.co.th

#### Thung Song Branch

47/1 Moo 2, Thungsong-Surat Rd.,  
Tambon Chamai, Amphoe Thungsong,  
Nakhon Si Thammarat 80110  
Tel. 075-424300-2  
Fax. 075-424303  
E-mail : ThungSong@smebank.co.th

#### Patthalung Branch

284/7 - 8 Ramate Rd., Tambon Kuhasawan,  
Amphoe Muang, Patthalung 93000  
Tel. 074-616214-5, 074-616253  
Fax. 074-616254  
E-mail : Patthalung@smebank.co.th

#### Zone Office 33

434 Supasarnrungsun Rd., Tambon Hatyai,  
Amphoe Hatyai, Songkhla 90110  
Tel. 074-247712-3  
Fax. 074-247714  
E-mail : Zoneoffice33@smebank.local

#### Hatyai Branch

434 Supasarnrungsun Rd., Tambon Hatyai,  
Amphoe Hatyai, Songkhla 90110  
Tel. 074-247451-3  
Fax. 074-247454  
E-mail : Hatyai@smebank.co.th

#### Songkhla Branch

20/60-61 Moo 2, Kanchanawanich Road,  
Tambon Kaoroubchang, Amphoe Muang,  
Songkhla 90000  
Tel. 074-380333, 380033, 380035  
Fax. 074-380071  
E-mail : Songkhla@smebank.co.th

#### Zone Office 34

400/47-48 Moo 4, Nong Chik Pattani Rd.,  
Tambon Rusamilae, Amphoe Muang,  
Pattani 94000  
Tel. 073-450801-2  
Fax. 073-450803  
E-mail : Zoneoffice34@smebank.local

#### Pattani Branch

400/47-48 Moo 4, Nong Chik Pattani Rd.,  
Tambon Rusamilae, Amphoe Muang,  
Pattani 94000  
Tel. 073-450801-2  
Fax. 073-450803  
E-mail : Pattani@smebank.co.th

#### Yala Branch

277-279 Premjit-Suraphan Rd., Tambon Sateng,  
Amphoe Muang, Yala 95000  
Tel. 073-224458-9  
Fax. 073-224460  
E-mail : Yala@smebank.co.th

#### Narathiwat Branch

153/8-9 Suriyapradit Rd., Tambon Bangnak,  
Amphoe Muang, Narathiwat 96000  
Tel. 073-532752-4  
Fax. 073-532751  
E-mail : Narathiwat@smebank.co.th





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