

GSB

The Best & Biggest
Local Bank in Thailand



ธนาคารออมสิน
Government Savings Bank

THE BEST
SOCIAL BANK

THE BEST
DIGITAL BANK
& FINTECH

THE BEST
RETAIL BANK

THE BEST
BANK
FOR SENIOR

THE BEST
BANK
FOR NEW
GENERATION

THE BEST
BANK
FOR SMEs
& START UP

ANNUAL REPORT 2017

TO BE THE LEADER IN PROMOTING SAVINGS FOR SUSTAINABLE DEVELOPMENT
OF THE COUNTRY AND ENHANCING PEOPLE'S HAPPINESS.



ANNUAL

REPORT 2017



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Government Savings Bank Beyond Banking, the Bank for Society

Government Savings Bank

Delivering the best,
creating sustainable business for Thais

Government Savings Bank (GSB) was established by King Vajiravudh (or King Rama VI). It was His Majesty's benevolent intention towards his people, starting up his royal idea of setting a place for accepting deposits from his loyal people who had worked hard for earning for their living. At that moment hard time was overwhelming, money was scarce and theft was repeated. King Vajiravudh formally set up the Royal Savings Office, storing money and increasing its value. His Majesty also asked Krom Muen Chanthaburi Naruenat (The Prince of Chanthaburi), the Finance Minister, to take 100,000 Baht from the Royal Treasury and put it as primary capital in the Royal Savings Office. Moreover, the Savings Office Act was defined on April 1st, 1913 and the Savings Office continued its operation since then.

After the political transformation in 1932 activities of the Savings Office were actively increased and the Savings Office played an important role in the national finance. Plus insufficient commercial banks in upcountry, the government planned to upgrade the Savings Office to the international standard, adopting Government Savings Bank Act B.E. 2489 (1946) which was the first year in the reign of **King Bhumibol Adulyadej (King Rama IX)**. The operation of Government Savings Bank was started since April 1st, 1947.

Government Savings Bank (GSB) has been growing together with Thai society. It is a great pride that GSB has been playing a key part in strengthening economic and financial systems of the nation. With its firm intention to continue its operations as a financial institution focusing on savings and integrated financial services, GSB has been supporting the sustainable development of the country, enhancing happiness among Thais, creating brighter future for them. Every step of GSB has been in parallel with the social development of the government, fundamental economy and the state policy, aiming to tackle the poverty and household debt problems, elevating the standard of living of Thai people. GSB staff have been committed and endeavoring to fulfill their duties, applying integrity at work, catering the best financial services to the needs of Thais nationwide.



THE BEST LOCAL BANK



& BIGGEST IN THAILAND

GSB AIMS TO DEVELOP FOR EXCELLENCE,
FOR QUALITY OF LIFE OF THAI PEOPLE IN ALL ASPECTS.



THE BEST
SOCIAL BANK

Action is based on 3 savings;
Savings Economic, Savings Society
and Savings Environment.





**THE BEST
RETAIL BANK**



Provide Financial services that meet all needs at all ages and all careers.



THE BEST
DIGITAL BANK AND FINTECH

Develop products and services to serve digital society that needs fast and convenient service.





THE BEST

BANK FOR SENIOR

Develop financial products and services together with develop people's quality of life to serve the elderly society as a society of happiness.



**THE BEST
BANK FOR NEW GENERATION**

Promote savings, create financial discipline, create learning activities, enhance skills and develop sustainability.



A young woman with long dark hair, wearing a light blue denim jacket over a grey top, stands behind a cafe counter. She is smiling and looking at a tablet computer mounted on a black terminal. The background shows a cafe interior with menu boards on the wall and various coffee-making equipment on the counter.

THE BEST

**BANK FOR SMES
/ STARTUP**

Support activities and projects to suit the way of doing business in today's world with new initiatives.



GOVERNMENT SAVINGS BANK WITH SUSTAINABLE DEVELOPMENT



GSB CREATES THE PINK WORLD



SAVINGS
ECONOMIC



SAVINGS
SOCIETY



SAVINGS
ENVIRONMENT

Sustainable Development Policy as the Bank for Society

Government Savings Bank is committed to promoting social, community and environmental responsibility covering 3 aspects; economy, society and environment under the concept sustainable growth return to society. “GSB creates the Pink World” is aimed at executives and employees of the Bank to apply sustainable development practices to the Bank for Society. It is used as part of business process management to achieve the objectives and goals.

From the policy, Government Savings Bank has implemented programs and activities that promote savings and financial discipline, along with the promotion of community potential, such as the “School Bank Project” which focuses on academic, sports, arts and culture, community and the environment. This is including the project “Borworn Rob Rua Aomsin” to strengthen the foundation in every angle leading to sustainability.



SAVINGS ECONOMIC

GSB builds a solid foundation through savings discipline and promotes local economy for sustainable growth.

1. Promoting Savings and Financial Discipline

1.1 School Bank Project of GSB (19th Year)

GSB initiated school bank project with a model of bank branch in the educational institutions to allow students to learn the real banking operation under the supervision of Government Savings Bank who acts as a mentor to support and develop the youth to have a habit of savings. School Bank Project has started the operation since 1998 till present. There are 1,257 schools with 2,315,253 students. There are 2,358,756 bank accounts and all savings of 976,729,968.25 Million Baht.



1.2 Virtual School Bank Project, 2nd Year

Revolutionizing School Bank to digital banking 4.0 to encourage savings and financial discipline including to instill ethical morals to students and schools that are members of the school bank project, GSB has been creating outside-classroom experience through online worlds. At present, the Bank has designed and developed an online Virtual School Bank to promote saving discipline to students by surfing Virtual 3D, which is a tool to offer audio animation and other multimedia linked to online Social Network. It is also an activity to support the Ministry of Education policy to reduce the time to study but to learn. In the Virtual School Bank will comprise of school buildings, bank workshop building, online learning building including tourist attractions and activities such as sufficiency economy activity and mini games.

2. Promote foundation economy and SMEs by providing knowledge and funding.

2.1 Distribution channel, the potential career paths and Pink Public Market (13th Year)

Government Savings Bank is a state-owned financial institution with social development for sustainability in economic savings. It promotes the foundations economy and SMEs including sales channel and strengthening community and social entrepreneurship at the foundation. As a result, the community at the foundation level has been strengthened and has better quality of life. This is coupled with the promotion of reducing the use of biodegradable plastic bags and foam boxes, as well as enhancing good relationships between banks, communities and other segments, both public and private social charity. In the year 2017, Pink Public Market has been held nationwide 14 times, with customers of the Bank sold a total of 1,943 stores. From the event. The total amount of 16,874,740 Baht contributed to the turnover of the foundations of the Bank. The operating results of the year 2017 is as follows:

Time	Place	Number of stores	Sales (Baht)	Number of visitors (persons)
1	Prachin Buri Province	200	527,140.-	3,000
2	Ratchaburi Province	252	775,237.-	5,800
3	Sakon Nakhon Province	207	1,152,610.-	6,500
4	Lopburi Province	200	702,562.-	4,000
5	Krabi Province	200	1,031,631.-	5,500
6	Chaiyaphum Province	137	809,630.-	4,000
7	Bank for Agriculture and Agricultural Cooperatives, Head Office, Bangkok	15	370,100.-	6,000
8	Surat Thani Province	173	5,030,915.-	16,000
9	Phitsanulok Province	175	840,780.-	4,500
10	Krung Thai Bank, Head Office, Bangkok	50	229,500.-	3,000
11	GSB Headquarter, Bangkok	105	3,075,155.-	6,000
12	Lampang Province	170	793,180.-	4,000
13	Government Housing Bank, Headquarters, Bangkok	36	106,800.-	2,000
14	Klong Phadung Krungkasem Market, Bangkok	23	1,429,500.-	15,000
Total		1,943	16,874,740.-	85,300



Pink Public Market has been held nationwide 14 times, with customers of the Bank sold a total of

1,943 Stores



From the event,
The sales amount of

16,874,740 Baht



2.2 The Wisdom Bank Project (3th Year)

Wisdom Bank is aimed to promote foundation economy and SMEs including social and community responsibility by providing support and cooperation in community, social and environmental development, financial empowerment, strengthening individual manufacturers and entrepreneurs. This will be resulted in a stronger foundation in society as well as better quality of life. This is compliance with government policies in terms of education, religious preservation, arts and culture, and local wisdom to increase economic value to the country. GSB has implemented a project to promote wisdom. There are 77 wisdom frameworks covering 77 provinces across the country in 2017. By being wisdom frameworks in arts and cultures such as actor's mask and ornaments for Thai drama in Bangkok, shadow plays art gallery in Phatthalung, etc., wisdom frameworks in arts and crafts such as pottery and ornament pot in Nonthaburi, Koh Yor woven fabric in Songkhla, wisdom of glazing in Prachuap Khiri Khan, etc. and wisdom frameworks in Thai foods for conserving Thai kitchen for sustainability such as Mueang Phet Sugar in Phetburi, making pickled fish in Bueng Kan, non-toxic jasmine rice in Roi Et, etc.

2.3 GSB from Hundreds to Million Project (5th Year)

Government Savings Bank recognizes the importance of promoting and support youth to create business ideas with distinction and the opportunity to be a new startup. It also promotes and develops the potential of new entrepreneurs to create jobs and create the economy of the country to grow sustainably.

Over the past 5 years, the "Hundreds to Million" Project has attracted over 6,117 teams nationwide, with over 13,342 participants. Those interested in pursuing the program more than 107,000 people. In the year 2017, the "GSB Best SMEs Startup" Contest under the concept "Get Started, Fast & Possible" to encourage new entrepreneurs to come into the incubation process and be prepared for a potential business for sustainable growth. It is a part of the economy driver of the country.

77 provinces
wisdom frameworks

is divided into 3 aspects as follows:



Note : For more information about 77 Provinces 77 Wisdom Frameworks, please see Sustainability Report 2017 of Government Savings Bank.

Over the past 5 years, the "Hundreds to Million" Project has attracted over



6,117 Teams
13,342 Participants

The winner will receive the proceeds from Government Savings Bank as follows:

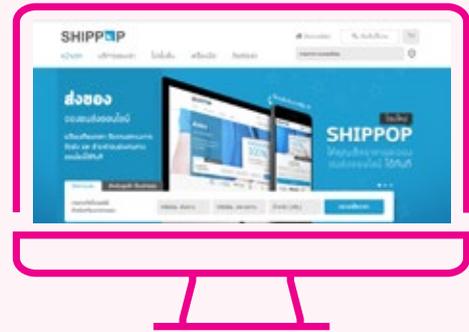
- Grand Prize Finals 1,000,000 Baht.
- First Runner Up Prize 500,000 Baht.
- Second Runner up Prize 200,000 Baht.
- 7 Works of Honor, funds start at 50,000 Baht.
- 100 finalists who attended the training, funds starts at 5,000 Baht.

The “GSB Best SMEs Startup” Contest Results in 2017

Award Winners

Contributions : SHIPPOP

Business Plan : Website www.shippop.com is the online booking comparison system of shipping cost, online shipping payment, create cover page and track the parcel from the system as all-in-one services making delivery of goods faster and more convenient. There is a drop-off service at the post office (no need to line up) and pick up at home. There is also a contact point for more information through SHIPPOP Customer Service. It can reduce delivery time by up to 60% and shipping cost 30%.



Award Winners

To improve online shipping to be faster and reduce shipping cost.

1st runner-up

Contributions : Fresh Water Shrimp Farm Ecosystem

Business Plan : Fresh Water Shrimp Farm Ecosystem is a system of shrimp farming and energy saving for natural shrimp ponds. The design, development, installation, tracking and maintenance of shrimp farming system is including energy-saving water treatment with the same technology as industrial wastewater treatment plants and power plants. The trial was successful tested. (Pending Patent: 1703000822). The target group is shrimp pond. Survival rate in the first phase is 85% (1st Year) and 95% in the second phase (2nd Year).



2nd runner-up

Contribution : Shop For Schools

Business Model: Shop For Schools is a management system that addresses the problems of the Thai education system. It also reduces the workload of teachers to give teachers time to increase their teaching potential. The management can view the school's overall statistics to be used as information in the development of the school. Parents can monitor the movement of children as well as news of school with notifications, mobile applications can be linked to schools, parents, and students.





SAVINGS SOCIETY

GSB supports doing goodness, develops young people, schools, and rural areas in order to raise advancement to Thai society.

1. To promote good morals and ethics.

1.1 GSB Fulfill a Dream, Create Virtue Star, Lead to the University Project (1st Year)

With the awareness of the importance of moral for children and youth and to honor His Majesty King Bhumibol Adulyadej by responding to the philosophy of sufficiency economy, GSB and Office of the Basic Education Commission had run the school contest. Students will be given the opportunity to participate in the competition and the students will be honored for their virtue and ethics from 2007 to 2016. GSB is the budget sponsor for scholarships and the cost of organizing the contest. Throughout the project there are prototype 380 schools focusing on moral education and ethics. There are 800 students who behave morally were given the scholarship to increase educational opportunities. As students from families with little or no financial status and living in small towns, there is a lack of education opportunities. As a result, there is less opportunity to learn. Competition for higher education is less or likely none. Therefore, GSB and Office of the Basic Education Commission recognizes the importance of promoting education in children and youth along with the moral and ethical awareness by supporting and enhancing the learning potential for those who behave well, morally and ethically but lack of education opportunities. It is to expand “good” in children and young people under the project, “Fulfill a Dream, Create Virtue Star, Lead to the University.” In 2017, Government Savings Bank supported 2,670 students and teachers through 5 activities.



There are **800** students who behave morally were given the scholarship to increase educational opportunities.

5 Activities

No.	Campsite	Location
1	Northeastern (At the top)	Chulabhorn Royal College, Loei Province
2	Southern	Chulabhorn Royal College Nakhon Sri Thammarat Province
3	Central	Chulabhorn Royal College Pathumthani Province
4	Northeastern (Bottom)	Chulabhorn Royal College Buriram Province
5	Northern	Chulabhorn Royal College Chiang Rai Province



2. Youth Empowerment

2.1 GSB Sports for School Bank (8th Year)

Government Savings Bank seeks to comply with the Ministry of Education, which places emphasis on the curriculum on the teaching of sports. Thai youths have the opportunity to study in the classroom. Government Savings Bank has a policy and assign to Department Social and Environmental Development to organize activities to promote and support the project “Sports for GSB School Bank” to increase opportunities for students who are members of School Bank Project can develop their sports skills. Throughout the school board competition, which has been held continuously since 2009, the aim is to encourage young people to develop their sports skills by creating the stage to the competition and bring their ability to use at the level of education and the career in the future. It is believed that this will result in the youth becoming self-reliant adults in the future. It can also be used as a ladder to the white elephant program of higher education institutions as well as for further profession. In the year 2017, the GSB organized three types of sports: football (men), volleyball (women 18 years), basketball (men 18 years), and to support in creating pink elephant football teams across the country as well as enhancing the experience of football matches with professional clubs in the country. The Asean Economic Community (AEC) is also expanding its experience base having over 20,000 students attended the event.



2.2 GSB Music for School Bank (8th Year)

With regard to the importance of students or members of School Bank, Government Savings Bank organized activities to strengthen the spirit of being athletes, learning for being winners and losers, forgiveness, love and harmony. The school board members are encouraged to grow as a valuable human resource in society. It also supports the development of other skills. School Bank members have more potential through the “GSB Music for School Bank Project” since 2009 so that students who are members of School Bank Project will be trained to improve their skills in music and to apply their knowledge and skills. In the year 2017, Government Savings Bank organized two types of music contest, the Symphonic Band, with more than 1,029 students and the Marching Band. There are more than 8,096 students in the program to develop the Bachelor’s degree. Government Savings Bank supports the scholarship of 2,000,000 Baht.

2.3 Evaluation and Development Project for Mathematics and Science Excellence (7th Year)

The project “Assessment and Development to the Excellence in Mathematics and Science” in the year 2016 (Thailand Education Development and Evaluation Tests) is a project of Government Savings Bank. The Institute for the Promotion of Teaching Science and Technology (IPST) and EduPark Co., Ltd. jointly conducted the evaluation and development to excellence in mathematics and science. In 2017, Government Savings Bank having 183,027 students enrolled in both subjects and more than 1,302 participating schools. From 2010 to 2016, the GSB supported the project for 33,524,000 Baht.



2.4 Supported the Royal Crown Project, Thai Language, English History and Buddhism (4th Year)

Government Savings Bank has also cooperated with Rom Chat Foundation by the Brahmins, President of Rom Chat Foundation. In the year 2017, the Bank sponsored the competition “Thai History, English and Buddhism Diamond Crown” to develop academic skills and promote the creation of quality human resources. This will be beneficial to the future development of the nation. There are 12,050 people attended the school and more than 2,490 schools attended. Government Savings Bank donated 4,000,000 Baht.

2.5 Child and Youth Development Camp under the Ministry of Justice (5th Year)

Government Savings Bank cooperates with the Department of Probation Ministry of Justice set up a project “Child and Youth Development Camp under the Department of Probation Ministry of Justice” to create the opportunity to return to the society of juvenile delinquent children. It is to cultivate a positive attitude towards oneself and others helping to eliminate the risk or reduce the risk of repeat offenses of children and youth. There are 50-60 children and youth participate in activities. Government Savings Bank has been supporting the project budget from 2013 to the present. In the year 2017, the youth development camp was implemented with 2 activities.

- 1) Workshop on Personnel Development. The objective is to develop knowledge of the staff of the Department of Probation to have knowledge and understanding of the skills development project to be used as a tool to solve the problem and to change the behavior of children and youth.
- 2) Camp activities for youth development: Bangkok, Phetchabun, Nakhon Pathom, Chiang Rai, Ang Thong, Lampang, Chonburi and Nakhon Ratchasima. Nakhon Ratchasima (3 times in 3 districts, namely, Phimai, Sikhiu and Muang). There were 515 youths participating in the program.

2.6 School Support Activities (8th Year) Support to Border Patrol Police School under Border Patrol Police

Government Savings Bank realizes the importance of providing education opportunities to children and youth in remote areas. Therefore, the school has supported under the Border Patrol Police Bureau to support the children to get quality educational opportunities and standards, equipped with modern teaching materials and an environment conducive to teaching. It leads to the creation of quality children and youth to society. Government Savings Bank supports the budget. Project on Border Patrol School Continued from 2010 until the present which is the 8th Year in a total amount of 48,804,712.13 Baht.



- From 2010 - 2017
Support the project of building permanent structure for education and renovate education buildings to meet the standard for 12 schools in the amount of 32,885,017.13 Baht.
- From 2012 - 2017
Improve the efficiency in managing teaching of teacher, distance teaching, and support modern equipment for 113 schools in the amount of 12,213,916 Baht.
- From 2011 - 2016
Support continuing scholarship for school students, in the amount of 10,000 Baht each, totaling 1,200,000 Baht.
- From 2012 - 2017
Support other activities such as improving landscape of Border Patrol Police school in the amount of 1,030,379 Baht.

3. Community development

3.1 Community Development Pink Public Project

Community Development Pink Public Project (Year 2017) developed from Pink Public Community Project in 2016 to encourage the community to solve problems, develop and strengthen their own community in economics society and environment by nearly 500 participating communities across the country. Presented a development plan for the contest to enter the qualifying round of 100 communities to 20 communities until the final selection of 10 excellent and outstanding communities at national level.

Then it led to the expansion of the community's success in the year 2017 by the Thai community to multiply strength. The 10 best communities in the community are invited to join the community in order to participate in the project in the year 2017 as a prototype community that plays an important role in developing community participation. "Community Partnerships" to develop together to transfer knowledge under Pink Public Community Development Association : Power State ; Community Power Template ; Community Empowerment ; Power of youth to create a nation in the nickname "Tiger returns to the forest"

10 excellent and outstanding national communities that won Pink Public Community Award 2017, expand the base of community success in 2018, as follows:

- 1) **The Best Pink Public Community** is Baan Nam Chud, Phang Nga Province. The support fund is 500,000 Baht. Ban Tha Khao Community, Phang Nga Province receives 200,000 Baht and Tiger returns to the forest gets 100,000 Baht support from the community development plan in Health Agro-tourism Program.
- 2) **The Second Best Public Community** is Baan Tanon Makok Community, Chanthaburi Province, receives a grant of 300,000 Baht. The prototype community of Ban Ko Chik, Chanthaburi receives a support of 150,000 Baht and Tiger returns to the forest gets 50,000 Baht from the community development plan in Shell line project.
- 3) **The Third Best Public Community** is Ban Huai Phan Community, Nakhon Si Thammarat Province, receives 200,000 Baht. Ban Pitum Community, Nakhon Si Thammarat Province gets 100,000 Baht support and Tiger returns to the forest gets 30,000 Baht from the community development plan in Huai Phan Integrated Agriculture Project.



SCAN QR CODE

For more details of the Pink Public Project, please scan QR Code.

3.2 "Boworn" Activity around GSB.

The "Boworn" is the first consonant of the word "Home", "Temple", "School" merged all three institutions as the foundation of the consciousness of sustainable development. Government Savings Bank has set up branches of GSB nationwide to organize activities for the community and society under "Boworn" to develop houses, temples and schools to improve the quality of life for the youth along with community development and to maintain Buddhism. Activities are organized 38 times throughout all regions.

3.3 Candle for Buddhist Lent day 2017

In order to preserve Buddhism which is the spiritual sanctuary of people in the communities, GSB offered and dedicated large candles to the temples in 76 provinces under a budget of 8,000 Baht per temple totaling 632,000 Baht.



GSB offered and dedicated large candles to the temples in 76 provinces under a budget of 8,000 Baht per temple totaling

632,000 Baht

4. Charity and public service activities

4.1 GSB Cares for Natural Disaster Victims

“Natural Disaster Relief Project” in accordance with the type of natural disasters in 2017, Government Savings Bank has financially supported as the following details :

- **Cold Disaster**

Government Savings Bank, sharing warmth with Thais nationwide who suffered from cold disaster by providing blankets in the north. The total amount is 150,000 Baht.

- **Flood**

Government Savings Bank to help flood victims across the country by providing a survival pack, total budget of 10,177,000 Baht.

- **Fire victims**

Government Savings Bank supports Firefighters from Public Events because wildfire in total amount of 274,600 Baht.

4.2 Project for Helping People with Disabilities

This is to help people with disabilities to have full access to their rights. The society acknowledges of the disabled and reduce disparity, make choices and earn revenue opportunities to the disabled Caregiver and the potential family, practice skills for career, increase the competitiveness of the economy, and to encourage the disabled Caretaker and family. Government Savings Bank organized 100 training courses for disabled people in the year 2017 and coordinated the preparation work for the disabled people in the year 2018 of 100 persons.

4.3 Senior Citizenship Development

Senior Citizenship Development Program under the concept “Health Savings” by promoting and improving health of the elderly, to encourage youth and the general public to aware of the importance of exercise. In 2017, GSB has supported the activities of the Thai Football Association in 11 provinces in “GSB makes a dream, builds Thai children, and cares your health” project that 1,405 youth people participated, and “SENIOR THAILAND FOOTBALL CUP 2017” having 32 teams of participants.



SAVINGS ENVIRONMENTAL

Create and promote consciousness of caring and the environment.

Youth Activities is regularly held by Government Savings Bank every year to tighten relationships and create the opportunity to meet and exchange knowledge as well as encouraging students and teacher as consultant. In 2017, Government Savings Bank has realized the problem of natural resources and environment, with the advancement of technology, consequently, the potential for human consumption increases rapidly which is opposite to the quantity of natural resources that reduce rapidly.

Therefore, Government Savings Bank emphasizes on cultivating consciousness and correct perception on environmental protection and conservation among the youths who are important human resources that will play a vital role in maintaining natural resources in the future. In order to allow the youths to understand environmental issues and determine suitable approach to utilize natural resources along with technological development, Government Savings Bank has organized environmental conservation activities to raise awareness among youth through such as reforestation, dam construction, water dredging, canal development, promotion of campaign to prevent dumping of waste and sewage into rivers, as well as provide environmental education, etc. The activities were arranged for 18 regional offices of Government Savings Bank and the budget of the school bank project, the youth relations activities, and the public money were spent for the expenses in supporting the activities for students performing the operation in the school bank, in the amount of 10,000 Baht per school. There were a total of 6,756 students participated in the activities. In this regard, Government Savings Bank has provided financial support of 12,070,000 Baht.



IMPORTANT FINANCIAL INFORMATION

Unit : Million Baht

Featured in 5 years	2013	2014	2015	2016	2017	Change (% yoy)
Profit and Loss Statement						
Interest income	105,620	106,955	103,815	104,335	104,302	(0.0)
Interest expenses	51,713	51,301	45,749	44,087	46,418	5.3
Net interest income	53,907	55,654	58,066	60,248	57,884	(3.9)
Net fee and service income	3,741	4,008	4,590	4,780	5,701	19.3
Other operating income	2,636	1,319	3,070	3,242	3,747	15.6
Other Operating Expenses	33,908	34,062	34,985	32,776	31,938	(2.6)
Operating profit	26,376	26,919	30,741	35,494	35,394	(0.3)
Bad Debts / Doubtful Accounts / Loss on Impairment and Debt Restructuring	4,467	4,688	8,042	9,548	4,184	(56.2)
Net Profit ^{1/}	21,909	22,231	22,699	25,946	31,210	20.3
Other Net Profit (Loss)	(4,948)	(603)	(1,437)	5,629	16,894	200.1
Total Net Profit (Loss)	16,961	21,628	21,262	31,575	48,104	52.3
Balance Sheet						
Total Assets	2,176,901	2,259,016	2,400,468	2,509,588	2,663,828	6.1
Investments in Securities	250,633	268,815	246,127	283,604	237,395	(16.3)
Loans ^{2/}	1,678,309	1,802,971	1,919,659	1,901,851	2,014,123	5.9
Total Liabilities	2,040,042	2,111,917	2,248,713	2,339,181	2,461,939	5.2
Deposits and Debt Securities Issued and Loans ^{2/}	1,879,425	1,952,504	2,082,706	2,159,136	2,256,312	4.5
Part of the Capital	136,859	147,099	151,755	170,407	201,889	18.5
Significant Financial Ratios (%)						
Average Return on Assets (ROA) ^{1/}	1.07	1.01	1.00	1.08	1.23	
Average Return on Equity (ROE) ^{1/}	16.13	16.03	15.37	16.59	16.88	
Net Interest Income Ratio (NIM) ^{3/}	2.62	2.51	2.56	2.51	2.35	
Operating Expenses to Net Income (Cost / Income) ^{1/}	56.28	55.98	53.35	48.14	47.43	
Loans to Deposits and Debt Securities and Loans (L/D)	89.28	92.32	92.15	88.06	89.25	
Capital Adequacy Ratio (CAR) ^{4/}	10.56	11.11	10.80	11.54	12.47	
Tier-1 Ratio Ratio 4 (Tier I Ratio) ^{4/}	9.88	10.21	10.24	10.86	11.85	
Percentage of Gross Non-Performing Loans (gross NPLs) ^{2/}	1.14	1.37	1.61	2.04	2.05	
Allowance for Doubtful Accounts (LLR / NPLs)	168.60	148.22	142.84	136.53	134.47	
Staff	14,666	15,366	15,653	15,927	16,286	
Branch	1,001	1,025	1,043	1,056	1,059	
Service Unit ^{5/}	156	152	163	154	160	
Self Service	6,505	7,534	7,764	8,234	8,527	
School Bank	853	973	1,086	1,206	1,258	

^{1/} Since 2011, special expenses have been paid for employee benefits in the past according to IAS 19, 5 years, 5,346.7 Million Baht per year. And money to initiate the provident fund project to pay the full 10 years in 2020.

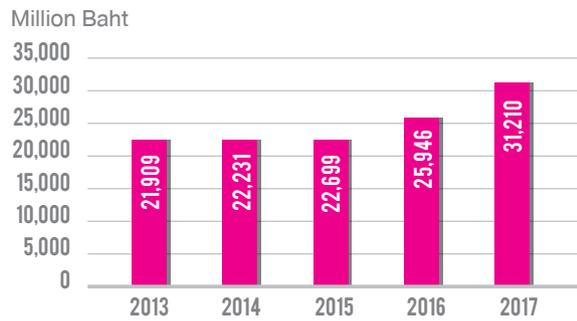
^{2/} Loans and deposits include transactions with financial institutions and cooperatives under the Act on Interest on Loans of Financial Institutions Recorded in interbank and capital market items, both assets and liabilities.

^{3/} Since 2017, the BOT has changed its NIM ratio from "Net Interest Income to Net Asset Value" to "Net Interest Income to Assets that Generate Interest Income"

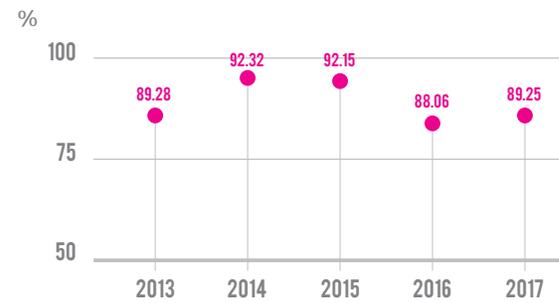
^{4/} Calculation based on Basel II criteria since 2011.

^{5/} Consists of service units on districts, cars and mobile boats.

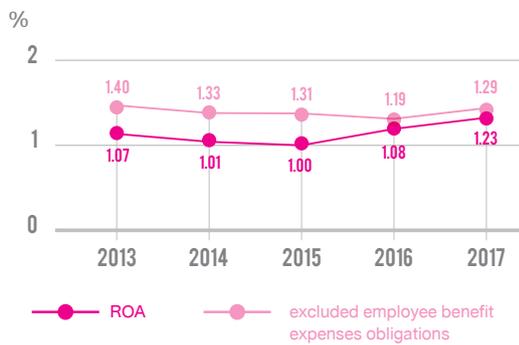
Net Profit ^{1/}



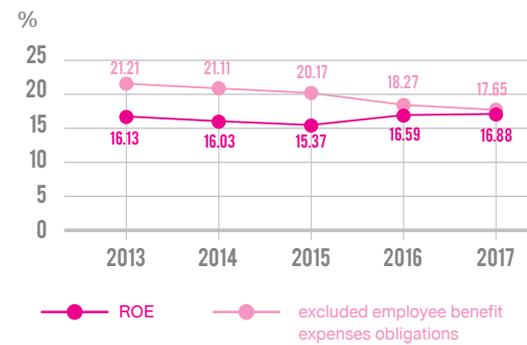
Loans to Deposits and Debt Securities Issued and Loans ^{2/}



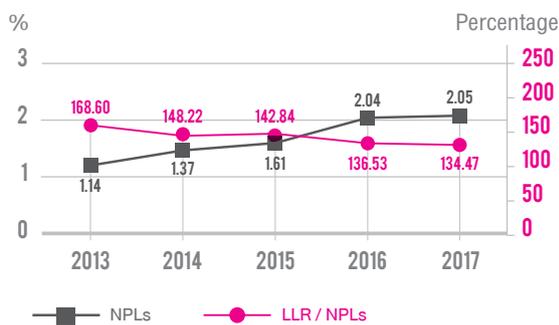
ROA ^{1/}



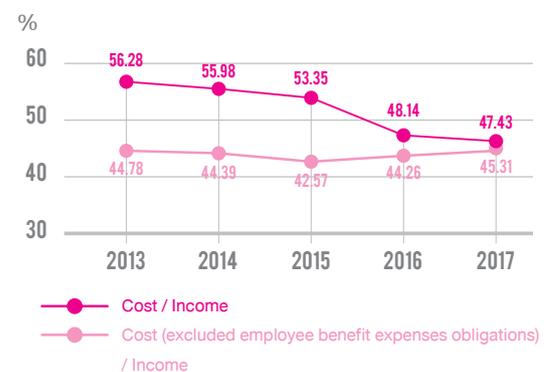
ROE ^{1/}



Quality Assets ^{2/}



COST / INCOME ^{1/}



^{1/} Since 2011, special expenses have been paid for employee benefits in the past according to IAS 19, 5 years, 5,346.7 Million Baht per year. And money to initiate the provident fund project to pay the full 10 years in 2020.

^{2/} Loans and deposits include transactions with financial institutions and cooperatives under the Act on Interest on Loans of Financial Institutions recorded in interbank and Capital market items both assets and liabilities.

MESSAGE FROM THE CHAIRMAN OF GOVERNMENT SAVINGS BANK

“

For future directions, GSB is preparing for the changing social environment, business and technology with the aim of impressing customers to get the service beyond expectations.

”



Overview of GSB's performance has improved and meet the policies / projects of the government in the development of grassroots customers, low income, medium income, elderly and SMEs / Startup, especially the National e-Payment policy to Thailand 4.0 through the development of fast, safe and easy-to-use digital services. It is easy to adapt to the lifestyle of all Thais. The performance is accepted by outside agencies both in Thailand and abroad. I would like to congratulate you all for being awarded the Thailand Quality Class 2017 (TQC) from the National Quality Award, Ministry of industry. Another one is the Corporate Governance Award and Outstanding State Enterprise Award from the Office of the State Enterprise Policy Commission, Ministry of Finance. This is including Excellent Corporate Awards in driving the plan for Integrity and Transparency Assessment (ITA) in the operation of the year 2017 by the Office of the National Counter Corruption Commission from the Office of the Defense Commission Corruption. In the year 2017, it was 95.79% better than last year, ranking third among 54 state-owned enterprises and the sixth out of 422 surveyed entities.

For future directions, GSB is prepared to support the changing social environment, business and technology. We aim to provide our customers with the highest level of service beyond expectation.

I would like to thank the Board of Directors, executives, and employees of Government Savings Bank for the dedicated work. This is including stakeholders who contribute to the Bank and push the Bank to become "Beyond Banking, the Bank for Society" to be alongside customers and Thai people forever.



(Mr. Kulit Sombatsiri)
Chairman
of Government Savings Bank

MESSAGE FROM PRESIDENT AND CEO OF GOVERNMENT SAVINGS BANK

“

Government Savings Bank would like to thank alliance partners and all involved for always giving good trust to GSB. We pledge that GSB will innovate its valuable financial services, giving the highest satisfaction of all customers and working with the public and private sectors to drive Thailand into Thailand 4.0 and “Sustainable Thai”

”



In the year 2017, the Board of Directors, executives and employees of GSB showed the loyalty with all Thai people to express the deepest condolences on the passing of His Majesty King Bhumibol Adulyadej and shared in the spirit of volunteering for his royal kindness. In this connection, GSB has organized the “Light of Love Project”, inviting people to light candles to create millions of lights of allegiance across the country and giving the vow as a commitment for doing good deeds following his royal kindness and the philosophy of Sufficiency Economy in sustainable development.

2017: The Year of Leadership in Financial and Social Innovations

Overall performance of GSB in 2017 was good which was in line with the Thai economy expanded by 3.9%, better than the previous year's growth of 3.3% due to exports, tourism including private consumption and investment. As of December 31, 2017, the Bank had total assets of 2,663,828 Million Baht, with 6.1% growth. Total deposits of issued securities were 2,256,312 Million Baht, with 4.5% growth. Total loans of 2,014,123 Million Baht, with 5.9% growth, and net profit of 31,210 Million Baht, with gross NPLs for 2.05% of total loans. Due to its ability to manage assets and liabilities, liquidity management and management of non-performing assets to be at the appropriate level of return and risk, the total funds (after the appropriation of revenue to the Ministry of Finance) 157,845 Million Baht or 12.47% of total assets, it is higher than the capital requirement of Bank of Thailand.

By 2017, GSB had developed an innovation, products and financial services in all channels to transform to Digi-Thai Banking: Digital for All Thais. New features were developed on Mobile Banking such as MyMo MyCard that can withdraw cash from ATM without using a card as well as to be able to pay via QR Payment with MyMo Pay and GSB Pay (application that includes all Debit / Credit cards in a single App). The Digital Branch in DigiThai Life Solution by GSB was also launched. A 24-hour self-service offering for digital Savings, Debit cards and MyMo. In the next phase, loans and credit card services will be launched in line with the Thailand 4.0 policy aiming at boosting Thailand's economy with innovation and get ready for the digital economy and society.

“Beyond Banking, it is the Bank for Society” is the role of GSB since the past til present. There are always a promotion of savings and financial discipline among children, youth and the public. This is to develop and improve the quality of life and career of people and community by creating knowledge and jobs, generating income, creating markets and creating financial records continuously. It is a mechanism to propel important government policies. For example, the project of the state registration and payment scheme for over 3.7 million people, debt settlement, providing retail loans for emergency use, and the interest rate reduction program for the people. As a result, the GSB Quality of Grassroots Life Index (GLI) was at a high level (index = 0.7049, up from 2016 in the medium level (index = 0.6285). When comparing the GLI index, it was found that GSB customers had better quality of life than non-GSB customers. It also supports deposits and special interest loans for the elderly, especially, Reverse Mortgage loans. This is to prepare the future for the elderly by encouraging the elderly to have good quality of life as well as to reduce the fiscal burden of the government in the long run. The implementation of the Thailand Street Food by GSB project supports the financing of street food vendors who use QR code for payment with loans and joint ventures to develop SMEs and Startup to become “Smart SMEs Smart Startup.”

Collaboration for One has brought GSB to excellence in various areas, bringing pride through awards in the section of Corporate, Product, and Organizational Leadership, such as the Thailand Quality Class (TQC) 2017 from the National Quality Awards, Ministry of Industry, Outstanding State Enterprise Award, in area of Corporate Governance and State-Owned Enterprises from the Office of the State Enterprise Policy, Ministry of Finance, Best Retail Bank of the Year 2017 from Finance and Banking Magazine, Corporate Awards Transparency and Enterprise Development Award for Excellence in Driving the Moral and Transparency in Operations from the Office of the National Counter Corruption Commission, BrandAge magazine's Thailand's Most Admired Brand 2017 and ISO / TEC 38500: 2015 Certification (IT Governance) from Bureaux Veritas. (THAILAND) LTD. MyMo products have also won awards from overseas, namely, The Winner: Best Self-Service Banking Project in Thailand from The Asian Banker Thailand Country Awards 2017, The Winner of the 2017 International Innovation Awards in Shanghai, People's Republic of China. Highly Commended Excellence in Service Innovation Award from the 8th Retail Banker International Asia Trailblazer Awards 2017 in Singapore. This led to the Banker of the Year award for 2 consecutive years from The Interest Magazine and The Business Interest Newspaper and Individual Financial Sector Awards and Bank from The Foundation of the Federation of Thai Science and Technology.

2018: The Best & Biggest Local Bank in Thailand

It is expected that Thai economy in 2018 will grow by 3.6 - 4.6%, improving from the export and service sectors as the number of foreign tourists is expected to grow throughout the year. Moreover, there is money from government's stimulus measure and state enterprises added to the system. Domestic consumption and investment have significantly increased. There are risk factors of exchange rate fluctuation and household debt is still high. As a result, the purchasing power has not increased and the quality of household debt and SMEs is likely to decline.

The GSB's operational direction in 2018, which is the 105th year of the Bank, is set to become "The Best & Biggest Local Bank in Thailand" by adjusting Business Model from Savings Bank to Savings & Loan Bank to balance business and social goals for sustainable development in line with the reorganization, flexibility and streamlining of business and service development in the digital age.

On behalf of GSB's management, staff and employees, we would like to thank all our customers, partners and stakeholders for their continued trust and goodwill. We pledge that GSB will innovate its valuable financial services leading to the highest satisfaction of all customers. GSB is ready to collaborate with public and private sectors in driving Thailand into "Thailand 4.0" and "Sustainable Thai."



(Mr. Chatchai Payuhanaveechai)
President & CEO
of Government Savings Bank



AWARDS OF PRIDE

Development of the Bank's potential in Business Processes, Management, Internal Audit and Control, Good Corporate Governance and Risk Management under the supervision and verification by the Bank of Thailand is publicly visible.

It has been praised and rewarded of pride. With all these aspects have encouraged GSB to become the best bank of Thai people.



PERFORMANCE REPORT OF AUDIT COMMITTEE OF GOVERNMENT SAVINGS BANK 2017

GSB Audit Committee consists of three independent directors who are qualified in many areas, with sufficient knowledge and experience to review the reliability of the financial statements. The Audit Committee has performed their duties in accordance with the scope of authority delegated by the GSB Board of Directors and the regulations of the Ministry of Finance referring to the Audit Committee and the Internal Audit Unit of the State Enterprise, 2012, Operational Manual of Audit Committee in State Enterprises, Ministry of Finance and Audit Committee Charter.

In 2016, the Board of Directors appointed Audit Committee as follows:

1. According to GSB No. 2-22 / 2016 regarding the appointment of Audit Committee as of February 19, 2016, effective from December 24, 2015 to February 20, 2016, namely;

Mr. Pitsanu	Vichitcholchai	Chairman of Audit Committee
Mr. Jessada	Promjart	Member of Audit Committee
Mr. Chusak	Salee	Member of Audit Committee

2. According to the GSB Order No. 2-29 / 2017, the appointment of Audit Committee as of March 30, 2017, effective from February 2017, namely;

Mr. Pitsanu	Vichitcholchai	Chairman of Audit Committee
Mr. Jessada	Promjart	Member of Audit Committee
Mr. Chusak	Salee	Member of Audit Committee

Senior Executive Vice President of GSB Audit Group roles as secretary of Audit Committee.

During the year 2017, Audit Committee held meetings with executives, internal auditors and auditors (the Bank of Thailand and State Audit Office of the Kingdom of Thailand) with the total of 13 related agendas to focus on creating Good Corporate Governance. The Board of Directors has reported meeting summary to GSB Board of Directors.

Financial Statement Review

Audit Committee reviewed the financial statements before and after the auditor's review by quarter and auditing of financial statements before and after Auditor's review annually, together with audit groups, auditors, and the management. The Committees consider the analysis of the Bank's performance and financial position on significant issues. The Committees also provide helpful feedback to ensure the financial reporting process, accurate information, reliability, and in line with the generally accepted accounting standards and financial reporting standards.

Reviewing the Effectiveness and Effectiveness of Internal Control Processes and the Risk Management Process

Audit Committee review the report on the performance of the debt reduction program for teachers and educational personnel, including solutions to NPLs, customer relations, GSB ATM threat mitigation, consulting, monitoring, control and information security systems that provide digital banking services. Guidelines for the prevention of ATM risks, as noted by the Bank of Thailand in 2016, monitoring measures to combat the spread of malware, ransom the Wanna Crypt, monitoring, control and security systems, Information systems that provide ATM / VISA services. This is to ensure that the internal control system and management of GSB is appropriate, concise and effective. The monthly and quarterly risk analysis reports are also reviewed to reduce or control risks to an acceptable level, appropriate, effective, and without prejudice to the GSB. This is also to provide guidance for a robust control system, hedging, corruption and fraud that might happen.

Review of Compliance with Laws and Regulations of the Bank and Regulatory Agencies.

Audit Committee has followed up the progress of the internal auditor's recommendations, the follow-up of the implementation, the revision of the audit of the Bank of Thailand and the State Audit Office of the Kingdom of Thailand, including review and follow-up of GSB's regulations, procedures, announcements and orders related to operations. This is to ensure that all units work properly and create a more effective internal control system.

Supervision of Internal Audit

Audit Committee has reviewed and approved the audit committee charter to determine the appropriateness of duties and responsibilities, scope of work, rights, duties and independence of the Board. They also approve the revision of the 2017 Annual Monitoring Plan, the revised Internal Audit Manual 2017, and the Master Plan for Internal Auditing by covering all matters under the responsibility of Audit Committee. In addition, to strengthen confidence in the internal audit work, Quality Assurance and Performance Improvement Plan for Internal Audit were arranged. It also promotes and encourages internal auditors to develop their knowledge and skills. And the certificate of professional continuing.

Discussion with the Auditor

Audit Committee has discussed with the auditor about the scope and guidelines of the audit, the findings, and the recommendations to avoid duplicate checks. This is to bring about good coordination and follow up on the improvement of operations as suggested by the auditor.

Discussion with Management Group Level and Sector Level

Audit Committee has consulted with group and sector executive level to understand the policies, management approaches, internal controls, risk management of working groups and sectors, including problems in the management. This is to find preventions and solutions and do not affect the Bank.

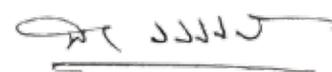
Maintaining the Quality of Audit Committee

Audit Committee has reviewed and revised the charter of Audit Committee. Self-assessment in accordance with good practices of the Office of the State Enterprise Policy Commission, Ministry of Finance is conducted. The Board also encourages Audit Committee to attend the training to increase knowledge related to the duties and responsibilities of Audit Committee and supporting the performance of duties of Audit Committee to achieve efficiency and objectives set out in the charter of Audit Committee.

Auditor's Remuneration

Government Savings Bank is a state enterprise with the State Audit Office of the Kingdom of Thailand as the auditor. The fee is 3,280,000.00 Baht.

However, Audit Committee has performed their duty with prudence and expressed a straightforward and transparent opinion for maximum benefit of the Bank. There are no restrictions on obtaining information, resources, and cooperation from Government Savings Bank.



(Mr. Pitsanu Vichitcholchai)
Chairman of Audit Committee



INTERNAL AUDIT

The Internal Audit processes is an assurance services and provides independent and fair consulting service which would enhance corporate value through improved organizational performance.

The Audit Group helps the Bank to achieve its overall objectives by reviewing and evaluating its risk management, internal control and supervision processes in compliance with International Standards for the Professional Practice of Internal Auditing, Ministry of Finance Internal Audit Committee and State Enterprise Internal Audit Unit B.E. 2555, Internal Audit Procedures Manual B.E. 2555 Standards, as well as the Cabinet's Resolution, regulations and laws relating to the Bank's operation.

The Bank's Board of Directors, Audit Committee and management team recognize the importance and promote independency of internal Auditor when implementing internal audit planning and process. Our co-objective is to evaluate the Bank internal control efficiency and effectiveness in order to protect or reduce operational risks.

In 2017, the Audit Group complied with the state-enterprise internal audit framework as follows:



Internal auditor qualifications

All GSB internal auditors must at least possess a bachelor degree or higher educational certificates. The Audit Group pro-actively helps internal auditors to continuously develop their knowledge and skills to improve their ability to perform duties in accordance with internal audit professionals' code of ethics. Each auditor must attend not less than 40 hours training per year. Currently, our internal auditors have obtained a total of four professional certifications, including seven auditors obtained Certified of Information System Auditor (CISA), two auditors obtained Certified of Public Accountant (CPA), sixteen auditors received Certified of Professional Internal Auditors of Thailand (CPIAT), and one auditor possessed Certified of Information Security Management System Auditor 2 Lead Auditor Training Course (Based on ISO/IEC 27001: 2013 standard) designations.

Internal audit unit structure

The Internal Audit group can perform its roles independently and report to Audit Committee and GSB President and CEO. In addition, we have set up Internal Audit Charter to stipulate specific internal audit roles and responsibilities and published to all GSB employees. All internal auditors must disclose conflicts of interest prior to performing their duties.

Management team relationships

The Audit Group collaborated with senior executives and related executives to discuss and plan auditing process and improved internal control process according to executives' recommendations from the audit reports.

Audit Group responsibilities

The Audit Group responsibilities include auditing for complete and reliable financial information, legal, regulatory and policy compliance and ensuring that operational and working process that may affect corporate objectives and goals are adequately controlled.

It also includes evaluating and assuring that the Bank's resources are utilized based on cost-efficient basis. COSO compliance is achieved through continuous environment risk evaluations that are followed-up with performance result reviews that include measuring fraud prevention internal control adequacy and efficiency.

Operations and reports

The Audit Group has developed master internal audit scheme which consists of strategic audit plan, comprehensive annual audit plans and detailed audit plan to evaluate risks that may hinder the abilities of the unit and the Bank to achieve overall targets. The Internal Audit applies all Risk-Management-Group identified risk factors to develop and implement efficient audit plans to ensure that the Bank can achieve its overall corporate goals. Internal auditors provide improvement recommendations and review results on monthly basis. Quarterly and annual reports are submitted to the Bank's President and CEO and Audit Committee.

Maintaining internal auditor quality

After the internal audit process, the Audit Group requires auditors to conduct self-quality-performance assessments and in-house quality-performance assessments. The assessment results would be used to improve internal audit efficiency. In addition, the Bank would also conduct Quality Assessment Review (QAR) by independent external auditors every 5 years. The last QAR was conducted in 2015. In this regard, the Audit Group's operation was improved and developed according to the recommendations of the QAR.

BOARD OF DIRECTORS





Mr. Kulit Sombatsiri

54 years old

- Chairman of the Board of Directors



Education

- Master of Public Administration, Public Finance, San Diego State University, U.S.A.
- Master of Business Administration, University of Southern California, U.S.A.
- Bachelor of Arts, Public Administration, Ramkhamhaeng University



Working Experiences

- 2015 - Present Director-General, The Customs Department, Ministry of Finance
- 2016 - 2017 Director, Sukhumvit Asset Management Co., Ltd.
- 2015 - 2016 Director, The Government Lottery Office
- 2014 - 2015 Director, State Enterprise Policy Office, Ministry of Finance
- 2014 - 2015 Chairman of the Board of Directors, National Credit Bureau Co., Ltd.
- 2011 - 2014 Inspector General, Ministry of Finance
- 2010 - 2011 State Enterprise Development Advisor, State Enterprise Policy Office, Ministry of Finance
- 2008 - 2010 Deputy Director, State Enterprise Policy Office, Ministry of Finance
- 2007 - 2008 Director, Bureau of Monetary Management, Treasury Department, Ministry of Finance
- 2005 - 2006 Deputy Secretary General, Office of the National Broadcasting and Telecommunications Commission



Training

- Top Executive Program, Capital Market Academy (Class 10)
- Director Certification Program (DCP), 124/2009, Thai Institute of Directors Association
- The Executive Program in Energy Literacy, Class 6, Thailand Energy Academy
- Top Executive Development Program (EDP), Class 40, The Civil Service Development Institute, Office of the Civil Service Commission (OCSC)
- The National Defence Course (NDC), Class 54, The National Defence College, National Defence Studies Institute



Other Present Positions

- Director and Member of the Remuneration Committee, Petroleum Exploration and Production Business PLC.
- Chairman of Board of Directors, State Railway of Thailand



Mr. Prapas Kong-led

55 years old

- Director
- Chairman of Verification Committee
- Chairman of Employee Relations Committee
- Member of Performance Evaluation and Remuneration of High-Level Executives and Board Members in Various Sub-Committees



Education

- International Tax Program Certificate and Master of Laws (ITP/LL.M.), Harvard Law School, Harvard University, Massachusetts, U.S.A.
- Certificate of the Thai Bar, the Thai Bar Under the Royal Patronage
- Certificate of Legal Tax, the Thai Bar Under the Royal Patronage
- Bachelor of Laws (Second Class Honor), Ramkhamhaeng University



Working Experiences

- 2018 - Present Director, State Enterprise Policy Office
- 2017 - 2018 Director General, Public Debt Management Office
- 2015 - 2017 Deputy Permanent Secretary, Ministry of Finance
- 2015 - 2015 Inspector General, Ministry of Finance
- 2012 - 2015 Legal Counsel, Ministry of Finance
- 2012 - 2012 Chief Judge of the Criminal Court
- 2003 - 2012 Judge of Central Tax Court
- 2001 - 2003 Judge of the Ministry worked as Judge of Central Tax Court



Training

- Senior Justice Administration Course (SJAC), Class 21, College of Justice, Judicial Training Institute
- Senior Executive Program for Nation-Building (SNB), Class 3, Nation-Building Institute
- Public Director Certification Program (Class 15), Public Director Institute (PDI), King Prajadhipok's Institute
- The National Defence Course (NDC), Class 56, The National Defence College, National Defence Studies Institute (Academic Year 2012 - 2013)
- The Executive Program in Energy Literacy, Class 6, Thailand Energy Academy
- Top Executive Program, Capital Market Academy (CMA, Class 21)
- Chartered Director Class (CDC, Class 9/2015), Thai Institute of Directors Association (IOD)

- Risk Management Program for Corporate Leaders (RCL, Class 2/2015), Thai Institute of Directors Association (IOD)
- Successful Formulating & Execution of Strategy (SFE, Class 22/2014), Thai Institute of Directors Association (IOD)
- Director Certification Program Update (DCPU, Class 2/2014), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP, Class 172/2013), Thai Institute of Directors Association (IOD)
- Financial Statements for Directors (FSD, Class 20/2013), Thai Institute of Directors Association (IOD)
- Financial Institutions Governance Program (FGP, Class 6/2013), Thai Institute of Directors Association (IOD)
- Role of the Compensation Committee (RCC, Class 16/2013), Thai Institute of Directors Association (IOD)
- Role of the Nomination and Governance Committee (RNG, Class 4/2013), Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP, Class 44/2013), Thai Institute of Directors Association (IOD)
- Role of the Chairman Program (RCP, Class 32/2013), Thai Institute of Directors Association (IOD)
- International Tax Law Course, Center for Commercial Law Studies, Queen Mary, University of London
- Executive Development Program on International Business Transaction and Taxation, Duke Center for International Development, Duke University, U.S.A.
- 60th International Congress of the International Fiscal Association, International Fiscal Association, Amsterdam, the Netherlands
- 59th International Congress of the International Fiscal Association, International Fiscal Association, Buenos Aires, Argentina
- 57th International Congress of the International Fiscal Association, International Fiscal Association, Sydney, Australia
- International Taxation, The University of New South Wales, Australia



Other Present Positions

- Director, Dhipaya Insurance Public Company Limited
- Director, Don Muang Tollway Public Company Limited
- Director, Law Reform Commission of Thailand

Mr. Sutthichai Sungkamanee

61 years old

- Director
- Chairman of Risk Management Committee
- Member of Executive Committee
- Member of Good Governance and Corporate Social Responsibility Committee
- Member of Verification Committee



Education

- Honorary Doctorate of Philosophy, Administration Management for Development, Rajabhat Ratchanakarin University
- Bachelor of Business Administration (Finance/Financial Management), University of the Thai Chamber of Commerce



Working Experiences

- 2014 - 2016 Inspector General, Ministry of Finance
- 2013 - 2014 Director-General, The Revenue Department, Ministry of Finance
- 2013 - 2013 Inspector General, Ministry of Finance
- 2012 - 2013 Deputy Director-General, The Revenue Department, Ministry of Finance
- 2008 - 2012 Director, Regional Revenue Office 3, The Revenue Department, Ministry of Finance



Training

- Top Executive Development Program, The Civil Service Development Institute, Office of the Civil Service Commission (OCSC)
- The National Defence Course, Class 55, the National Defence College, National Defence Studies Institute



Other Present Positions

- Chairman of Board of Directors, Nirvana Daii PLC.
- Director, National Credit Bureau Company Limited.



Mr. Pitsanu Vichitcholchai

63 years old

- Director
- Chairman of Audit Committee



Education

- Master of Economics, Central Missouri State, U.S.A.
- Bachelor of Economics, West Virginia, U.S.A.



Working Experiences

- 2016 - Present Managing Director, Fixed Income Department, AEC Securities Public Company Limited
- 2014 - 2016 Managing Director, Country Group Securities PLC.
- 2012 - 2014 Senior Managing Director, KTB Securities (Thailand) Company Limited
- 2010 - 2012 Chief Executive Officer, Globlex Securities Company Limited
- 2002 - 2010 Senior Managing Director, Globlex Securities Company Limited
- 2001 - 2005 Associated Judge, The Central Intellectual Property and International Trade Court
- 1991 - 2000 Assistant Director and Director, Deutsche Morgan Grenfell Securities (Thailand) Company Limited
- 1988 - 1991 Senior Vice President of Institution and Foreign Department, Phatra Securities Public Company Limited



Training

- Public Director Certification Program (Class 15), Public Director Institute (PDI), King Prajadhipok's Institute
- Role of the Chairman Program (Class 39/2016), Thai Institute of Directors Association (IOD)
- Advanced Audit Committee Program (AACP, Class 20/2015), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP, Class 22/2004), Thai Institute of Directors Association (IOD)



Other Present Positions

- Director and Management Committee, MFC Asset Management PLC.

Mrs. Wannipa Bhakdibutr

55 years old

- Director
- Chairman of Performance Evaluation and Remuneration of the President and CEO Committee
- Member of Performance Evaluation and Remuneration of High-Level Executives and Board Members in Various Sub-Committee
- Member of Risk Management Committee



Education

- Master of Business Administration, San Diego State University, U.S.A.
- Bachelor of Economics (First Class Honour), Kasetsart University



Working Experiences

- 2016 - Present President & CEO, Osotspa Co., Ltd.
- 2003 - 2016 Vice President, Unilever Thai Trading Company Limited
- 1999 - 2003 Director, Unilever Thai Trading Company Limited



Other Present Positions

None



Mr. Jessada Promjart

56 years old

- Director
- Member of Audit Committee



Education

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



Working Experiences

- 2014 - 2016 Member of Executive Committee, Chukai Public Company Limited
- 2013 - 2014 Member of Audit Committee and Advisor of Executive Committee, Chulalongkorn Hospital
- 2014 - 2016 Director and Chief Executive Officer, Chukai Public Company Limited
- 2014 - 2016 Director, The Crane Service Co., Ltd.
- 2014 - 2016 Director, The Crane Laemchabang Co., Ltd.
- 2014 - 2016 Director, The Crane Rayong Co., Ltd.
- 2014 - 2016 Director, The Crane Heavy Lift Co., Ltd.
- 2008 - 2015 Director, D Land Development Company Limited
- 2014 - 2014 Vice Chairman, Seed MCOT Company Limited
- 2008 - 2014 Independent Director and Director of Audit Committee, Chukai Public Company Limited
- 2009 - 2013 Chief Financial Officer, MCOT Public Company Limited
- 2011 - 2012 Director, True Vision Public Company Limited
- 2009 - 2009 Assistant Managing Director, Piyavate Hospital Public Company Limited



Training

- 2017 IIA International Conference in Sydney, The Institute of Internal Auditor
- Advanced Audit Committee Program (AAP), Class 25/2017, Thai Institute of Directors Association (IOD)
- 2016 IIA International Conference in New York, The Institute of Internal Auditor

- Public Director Certification Program, Class 14, Public Director Institute (PDI), King Prajadhipok's Institute
- Ethical Leadership Program (ELP), Class 5/2016, Thai Institute of Directors Association (IOD)
- Advanced Certificate Course in Public Administration and Law for Executives, Class 12, King Prajadhipok's Institute
- Advanced Management Strategies for the Prevention and Suppression (Class 1), Office of the National Anti-Corruption Commission
- TCLA Executive Development Program (EDP), Class 9, Thai Listed Companies Association
- Company Secretary Program (CSP), Class 7/2004, Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP), Class 45/2004, Thai Institute of Directors Association (IOD)
- Telecommunication Management Course, Engineering Faculty, Chulalongkorn University



Other Present Positions

- Member of Audit Committee, Chulabhorn Medical Institution
- Director and Member of Audit Committee, Expressway Authority of Thailand.
- Director of Compliance with the Joint Operation Contract of Color Television Broadcasting between MCOT Public Company Limited and Bangkok Entertainment Company Limited
- Independent Director and Member of Audit Committee, Nation Broadcasting Corporation Public Company Limited
- Executive Director of Extended Construction, Chulalongkorn Hospital and Chulabhorn Medical Institution
- Director of Compliance for Agreement of Shopping Center in Triangle Area of Phaholyothin between Railway of Thailand and Central Inter Pattana Company Limited

Miss Sompis Charoenkiatikul

64 years old

- Director
- Member of Executive Committee
- Member of Risk Management Committee



Education

- Master of Accounting, Thammasat University
- Bachelor of Accounting (Second Class Honor), Thammasat University



Working Experiences

- 2011 - 2013 Senior Executive Vice President, Director Risk Management Group, Krungthai Bank Public Company Limited
- 2010 - 2011 Executive Vice President, Managing Director Corporate Banking Group, Krungthai Bank Public Company Limited
- 2009 - 2010 Executive Vice President, Managing Director Credit Screening, Krungthai Bank Public Company Limited
- 2009 - 2015 Director, Krungthai Advisory Company Limited
- 2009 - 2014 Director, KT ZMICO Securities Company Limited
- 2003 - 2013 Director, Thai Nam Plastic Public Company Limited



Training

- The Executive Program for Senior Management - 2009 Globalization Insight (Ex-PSM 5), Fiscal Policy Research Institute Foundation
- Financial Executive Development Program, Class 13/2004, the Thai Institute of Banking and Finance Association



Other Present Positions

None



General Jiradej Mokkaasmit

63 years old

- Director
- Member of the Nomination and Remuneration Committee of High-Level Executive and Board Members in Various Sub-Committees.
- Member of Performance Evaluation and Remuneration of the President & CEO Committee



Education

- Bachelor of Science, Chulachomkhalo Royal Military Academy



Working Experiences

- 2014 - Present Member of the National Legislative Assembly
- 2013 - 2016 Independent Director, Thai Oil Public Company Limited
- 2013 - 2014 Chairman of Advisory, Royal Thai Army
- 2012 - 2013 Assistant Commander in Chief, Royal Thai Army
- 2010 - 2012 Deputy Chief of Staff, Royal Thai Army
- 2009 - 2010 1st Corps Commander, Royal Thai Army
- 2008 - 2009 Deputy Army Area Commander 1, Royal Thai Army



Training

- Infantry Officer Advanced Course, U.S.A.
- Regimental Officer Advanced Course, Australia
- Command and General Staff College Course
- The National Defence Course, Class 50, the National Defence College
- The Executive Program in Energy Literacy, Class 3, Thailand Energy Academy
- Director Accreditation Program (DAP), Class 16/2004, Thai Institute of Directors Association (IOD)



Other Present Positions

None

Mrs. Philaslak Yukkasemwong

60 years old

- Director
- Member of Performance Evaluation and Remuneration of the President & CEO Committee



Education

- Master of Business Administration (MBA), Tarleton State University, U.S.A.
- Certificate in Applied Economics, University of Canberra, Australia
- Mini Master of Business Administration (MBA), National Institute of Development Administration (NIDA)
- Bachelor of Communication Arts, Chulalongkorn University



Working Experiences

- 2017 - Present Deputy Director, Fiscal Policy Office, Ministry of Finance
- 2015 - 2017 Executive Director, Asian Development Bank (ADB)
- 2015 - 2015 Deputy Director, Fiscal Policy Office, Ministry of Finance
- 2012 - 2015 Director of the International Economic Policy Bureau, Fiscal Policy Office, Ministry of Finance
- 2008 - 2012 Minister (Economic & Financial Office) of Economic & Financial Affairs, Royal Thai Embassy Washington D.C., U.S.A.
- 2006 - 2008 Specialist of Macroeconomic and International Economic, Fiscal Policy Office, Ministry of Finance
- 1999 - 2005 Economist 6-8, Fiscal Policy Office, Ministry of Finance
- 1995 - 1998 Head of Direct Member Section, and Senior Vice President of Information Department, Stock Exchange of Thailand
- 1993 - 1994 Economist 6, Fiscal Policy Office, Ministry of Finance
- 1992 - 1993 Head of Securities Company, Securities and Exchange Commission
- 1984 - 1992 Economist 3-5, Fiscal Policy Office, Ministry of Finance



Training

- Director Certification Program (DCP), Class 211, Thai Institute of Directors Association (IOD)
- Public Director Certification Program (Class 13), Public Director Institute (PDI), King Prajadhipok's Institute
- Top Executive Program, Class 75, Office of the Civil Service Commission (OCSC)
- Executive Development Program, Kellogg School of Management, U.S.A.
- Executive Development in Leadership Program, Stanford University, U.S.A.



Other Present Positions

- Director and Member of Audit Committee, Thai-Amadeus Southeast Asia Co., Ltd.
- Chairman of Sub-committee on Strategic, National Savings Fund
- Chairman of Sub-committee on Investment, National Savings Fund



Mr. Taveesak Foongkiatcharoen

63 Years Old

- Director
- Member of Risk Management Committee
- Member of Good Governance and Corporate Social Responsibility Committee



Education

- Bachelor of Accounting, Thammasat University
- Bachelor of Laws, Thammasat University



Working Experiences

- 2009 - Present Executive Director, P Planner Company Limited
- 2013 and 2017 Director, Small and Medium Enterprise Development Bank of Thailand
- 2005 - 2009 President, Thai Credit Guarantee Corporation (TCG)



Training

- Business Law Certificate Program, Thammasat University
- The Senior Administrators Program (2005), Sasin Graduate Institution of Business Administration and Kellogg School of Management



Other Present Positions

- Director of Function International Co., Ltd.

Mrs. Pongpen Ruengvirayudh

63 Years Old

- Director
- Chairman of Executive Committee
- Chairman of Good Governance and Corporate Social Responsibility Committee



Education

- Master of Finance with Distinction, KATHOLIEKE University, Belgium
- Master of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University



Working Experiences

- 2012 - 2015 Deputy Governor, Financial Stability, Bank of Thailand
- 2010 - 2012 Assistant Governor, Financial Market, Bank of Thailand
- 2006 - 2010 Senior Director, Money Market and Reserve Management, Financial Market, Bank of Thailand



Training

- Top Executive Program, Capital Market Academy (CMA), Class 3
- Thammasat Leadership Program "Thammasat for Social" (TLPTU 3), Thammasat University
- Investment in Foreign Assets and Monetary Policy
- Advance Management Program, Wharton School of Management



Other Present Positions

- Chairman of the Board of Directors, Sukhumvit Asset Company Limited
- Sub-committee on Investment Management, Social Security Office
- Sub-committee on Risk Management, Government Pension Fund



Assoc.Prof. Sauwane Thairungroj

60 Years Old

- Director
- Member of Audit Committee



Education

- Doctorate of Economics, Washington State University, U.S.A (Fullbright Scholarship)
- Master of Development Economics (Economic Development Economic Analysis and Evaluation), National Institute of Development Administration
- Bachelor of Economics (International Economics), Thammasat University



Working Experiences

- 2012 - Present President of University of the Thai Chamber of Commerce (UTTC)
- 2018 - Present Member of National Economics and Social Development Board Committee
- 2017 - Present Sub-committee on HIV Prevention and Fight Against Corruption Phase 3, Group 6 (2017 - 2021)
- 2016 - Present Professional Committee of Commission Special Case Committee
- 2016 - Present Director, National Startup Committee
- 2016 - Present Honorary Counsel, Committees of the National Reform Steering Assemble on Education
- 2016 - Present Executive Director, Country Reform Network
- 2017 - Present Advisor, Board of Promotion and Development Bangkok Entrepreneur of the Thai Chamber of Commerce (2017 - 2018)
- 2011 - Present Sub-Commission, Civil Service Sub-Commission on Ethics Promotion for Clean and Transparency Bureaucracy, Office of the Civil Service Commission (OCSC)
- 2017 - Present Executive Committee, Department of International Trade Promotion (Order of Ministry of Commerce 114/2016)
- 2017 - Present Director, Thailand SMEs CENTER, the Thai Chamber of Commerce (2017 - 2018)
- 2017 - Present Vice Chairman, Board of Tourism and Hospitality Business of the Thai Chamber of Commerce (2017 - 2018)
- 2017 - Present Advisor, Economic Development Board in Eastern Area, the Thai Chamber of Commerce (2016 - 2017)
- 2017 - Present Vice Chairman, Development Cooperation Committee with the University of the Thai Chamber of Commerce and other Educational Institutes of the Thai Chamber of Commerce (2017 - 2018)
- 2017 - Present Advisor, Board of Trade of Thailand (2017 - 2018)
- 2017 - Present Advisor, Board of IMT - GT Trade of Thailand (2017 - 2018)
- 2017 - 2018 Advisor, Board of Tourism and Hospitality Business of the Thai Chamber of Commerce

- 2017 - 2018 Advisor, Board of Labor Skill Development Commission
- 2017 - 2018 Advisor, Board of Education Development of the Thai Chamber of Commerce
- 2017 - 2018 Director, Fisheries and Industrial Affairs Committee of the Thai Chamber of Commerce
- 2017 - 2018 Director, Risk Management Committee of the Thai Chamber of Commerce
- 2017 - 2018 Director, Social Development of the Thai Chamber of Commerce
- 2015 - 2018 Advisor, Direction Research Committee of Development of Social and Economic Knowledge of Thai Households, The Thailand Research Fund
- 2011 - 2018 Advisor, Trade of Thailand's Board of Directors
- 2016 - 2017 Chairman of the Board of Directors of Airport Rail Link Co., Ltd.
- 2015 - 2017 Association President, Private Higher Education Institute of Thailand
- 2015 - 2016 Director, Equality and Sufficiency Economy of the Thai Chamber of Commerce (2014 - 2015)
- 2011 - 2014 Director, Financial Institutions Policy Committee, Bank of Thailand
- 2006 - 2008 Director, The Stock Exchange of Thailand



Training

- Special Course for Executives, Advance Management Program (AMP 178), Harvard Business School
- MIT Course ; Sloan School of Management ; Entrepreneur Development Program (EDP 2015)
- The Joint State - Private Sector Course, National Defence College, Class 21, Thailand National Defence College
- Directors Certification Program (DCP), Class 21/2002, Thai Institute of Directors Association (IOD)
- Top Executive Program, Capital Market Academy, Class 3
- Audit Committee (ACP), Thai Institute of Directors Association (IOD)



Other Present Positions

- Director, Chairman of Audit Committee and Member of the Nomination and Remuneration Committee, Union Auction Public Company Limited
- Executive Director of Policy and Working Group of Confederation for Public Opinion Research
- Director of Top Executive Program in Commerce and Trade: TEPCoT
- Committee on Protection Measures (Expert in International Trade), Department of Foreign Trade, Ministry of Commerce
- Working Group on Corruption Prevention and Suppression, the Thai Chamber of Commerce



Mr. Yunyong Teng-Amnuay

63 years old

- Director
- Member of Executive Committee
- Member of Risk Management Committee



Education

- Doctorate of Computer Science, Information Technology, Iowa State University
- Master of Computer Science, Chulalongkorn University
- Bachelor of Engineering, Electrical Engineering (First Class Honor), Chulalongkorn University



Working Experiences

- 2015 - Present Special Lecturer, Faculty of Engineering, Chulalongkorn University
- 2015 - Present Special Lecturer, International College, King Mongkut's Institute of Technology Ladkrabang (KMITL)
- 1976 - 2014 Lecturer at Computer Science, Faculty of Engineering, Chulalongkorn University



Training

None



Other Present Positions

- Director, Computer Systems Procurement Commission, Ministry of Digital Economy and Society
- Professional Committee, Electronic Transaction Committee, Ministry of Digital Economy and Society
- Chairman of Security and Safety Sub-committee, Electronic Transaction Committee, Ministry of Digital Economy and Society
- Director, Standardization Related to Electronic Transactions Sub-Committee, Electronic Transaction Committee, Ministry of Digital Economy and Society
- Professional Committee, Information Technology and Communication for Education Committee, Ministry of Education
- Chairman of Working Group for the team reviewing the budget for information and communication technology, Ministry of Education
- Director, University Network: UniNET) Office of the Higher Education Commission, Ministry of Education

Mr. Chatchai Payuhanaveechai

58 years old

- Director and Secretary
- Member of Executive Committee
- Member of Risk Management Committee
- Member of Good Governance on Corporate Social Responsibility Committee
- Member of Verification Committee



Education

- Doctorate Degree in Public Administration, Eastern Asia University
- Honorary Doctorate Degree in Business Administration (Management), Rajamangala University of Technology Lanna
- Honor Doctorate Degree in Liberal Arts, Public Policy and Management, Kasem Bundit University
- Honor Doctorate Degree in Liberal Arts, Finance and Banking, Sripatum University
- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Business Administration (BBA), Thammasat University



Working Experiences

- 2015 - Present President & CEO, Government Savings Bank
- 2012 - 2014 Executive Vice President, Kasikorn Bank Public Company Limited



Training

- Senior Justice Administration Course, (SJAC), Class 21, College of Justice, Ministry of Justice
- Top Executive Program, Capital Market Academy (CMA), Class 22
- Advanced Certificate Course in Public Administration and Law for Executives, Class 6, King Prajadhipok's Institute
- Director Certification Program (DCP), Class 116, Thai Institute of Directors Association (IOD)
- Certificate Course in Good Governance for Medical Executives (MDKPI), Class 2, King Prajadhipok's Institute and the Medical Council of Thailand
- The Royal initiative for Advanced Leadership Program about Politics and Governance (RAP), Class 1, Pillars for the Kingdom Organization
- Pillars for the Kingdom Program: The Royal Initiative for Advanced Leadership (RIAL), Class 2, Pillars for the Kingdom Organization



Other Present Positions

- Director, MFC Asset Management Public Company Limited
- Director, Dhipaya Insurance Public Company Limited



Mrs. Pratana Mongkolkul

53 years old

- Director
- Member of Executive Committee
- Member of Risk Management Committee
- Member of Good Governance on Corporate Social Responsibility Committee (She holds the position until January 30, 2017)



Education

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



Working Experiences

- 2011 - Present Chairman, Boutique Consulting Group Company Limited
- 2013 - Present Director, Secretary and Treasury, Dr. Kamchad - Pranee Mongkolkul Foundation
- 2012 - 2015 Director and Chairman of Executive Committee, MC Group Public Company Limited
- 1998 - 2011 Chief Financial Officer, Minor International Public Company Limited and Minor Corporation Public Company Limited
- 1992 - 1998 Assistant Managing Director, Finance and Accounting, Central Development Public Company Limited



Training

- Public Director Certification Program (Class 13), Public Director Institute (PDI), King Prajadhipok's Institute
- Thai Intelligent Investors Program, Class 1/2012, Thai Investors Association
- Advanced Management Program 180, Harvard Business School
- Top Executive Program, Capital Market Academy, Class 6/2008
- Chief Financial Officer Certification Program, Class 1/2004, the Institute of Certified Accounting and Auditors of Thailand
- Director Certificate Program, Class 37/2003, Thai Institute of Directors Association (IOD)
- Director Diploma Examination, the Australian Institute of Directors Association



Other Present Positions

- Director, Port Authority of Thailand
- Director, Thailand Post Company Limited
- Independent Director, Dusit Thani Public Company Limited
- Director, FN Factory Outlet Company Limited
- Independent Director and Member of Audit Committee, T.K.S. Technologies Public Company Limited
- Associate Judge, the Central Intellectual Property and International Trade Court
- Director, Thailand Management Association (TMA)
- Graduate Member, and Lecturer, Thai Institute of Directors Association (IOD)

Mr. Pipat Khanthong

60 years old

- Director
 - Member of Performance Evaluation and Remuneration of the President & CEO Committee
 - Member of the Nomination and Remuneration Committee of High-Level Executives Board Members in Various Sub-Committee
- (He holds the position until September 30, 2017)



Education

- Master of Business Administration/Commerce, Chulalongkorn University
- Bachelor of Economics, Monetary Economics, Ramkhamhaeng University



Working Experiences

- 2014 - 2017 Efficiency Advisor, The Revenue Department, Ministry of Finance
- 2007 - 2014 Director, Regional Revenue Office 5, The Revenue Department, Ministry of Finance
- 2003 - 2007 Director, Regional Revenue Office 9, the Revenue Department, Ministry of Finance



Training

- Advanced Certificate Course in Public Economic Management for Executives, Class 2, King Prajadhipok's Institute
- The National Defence Course, Class 48, the National Defence College, National Defence Studies Institute
- Advanced Political and Electoral Development Program, Class 3, Office of the Election Commission of Thailand



Other Present Positions

- Vice Chairman, TOT Public Company Limited
- Director, Thai Smile Airways Company Limited



Mr. Boonchai Charassangsomboon

55 years old

- Director
(He holds the position until October 4, 2017)



Education

- Master of Science (Development Economic), National Institute of Development Administration (NIDA)
- Master of Economics, Macquarie University, Sydney, Australia
- Bachelor of Arts (Political Science), Chulalongkorn University



Working Experiences

- 2015 - Present International Economic Advisor, Fiscal Policy Office
- 2016 - 2017 Director, TSFC Securities Public Company Limited
- 2015 - 2015 Executive Director of the International Economic Policy Bureau, Fiscal Policy Office
- 2013 - 2015 Alternate Executive Director, World Bank Group
- 2010 - 2013 Executive Director of the Macroeconomic Policy Bureau, Fiscal Policy Office
- 2006 - 2010 Minister (Economic & Financial Office) of Economic & Financial Affairs Royal Thai Embassy in Britain and Europe, London, UK
- 2005 - 2006 Executive Director of Finance, Savings and Investment Policy Bureau, Fiscal Policy Office
- 2004 - 2005 Financial Expert of Finance, Savings and Investment Policy Bureau, Fiscal Policy Office



Training

- Corporate Governance for Capital Market Intermediaries (CGI), Thai Institute of Directors Association (IOD)
- Directors Certification Program (DCP), Thai Institute of Directors Association (IOD)
- Advanced Management Program, Harvard Business School



Other Present Positions

- Director, Asian Infrastructure Investment Bank (AIIB)

Mr. Chusak Salee

64 years old

- Director
- Member of Audit Committee
(He holds the position until January 15, 2018)



Education

- Master of Business Administration, Sul Ross State University, Texas, U.S.A.
- Bachelor of Science, Agricultural Science, Kasetsart University



Working Experiences

- 2010 - 2016 Managing Director, Sri Ayudhya General Insurance Public Company Limited
- 1997 - 2016 Managing Director, Sri Ayudhya Capital Public Company Limited
- 2004 - 2007 Director, Krungsri Asset Management Company Limited
- 1998 - 2004 Director, Ayudhya Development Leasing Co., Ltd.
- 1993 - 1997 Executive Vice President, Eakthana Finance and Securities Public Company Limited
- 1990 - 1993 President, Citicorp Leasing (Thailand) Co., Ltd.
- 1985 - 1993 Senior Vice President of Business and Professional Lending, CitiBank Thailand
- 1979 - 1984 Assistant Manager of Corporate Lending, Tisco Bank Public Company Limited



Training

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



Other Present Positions

- Director, Sri Ayudhya Capital Public Company Limited
- Director, Sri Ayudhya General Insurance Public Company Limited

EXECUTIVES



Mr. Chatchai Payuhanaveechai

President and CEO
58 years old

Education

- Doctorate Degree in Public Administration, Eastern Asia University
- Honorary Doctorate Degree in Business Administration (Management), Rajamangala University of Technology Lanna
- Honor Doctorate Degree in Liberal Arts, Public Policy and Management, Kasem Bundit University
- Honor Doctorate Degree in Liberal Arts, Finance and Banking, Sripatum University
- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Business Administration (BBA), Thammasat University

Working Experiences

- 2015 - Present President and CEO, Government Savings Bank
- 1983 - 2014 Deputy Managing Director, Kasikorn Bank Public Company Limited

Training

- Senior Justice Administration Course, (SJAC), Class 21, College of Justice, Ministry of Justice, Ministry of Justice
- Top Executive Program, Capital Market Academy (CMA), Class 22
- Advanced Certificate Course in Public Administration and Law for Executives, Class 6, King Prajadhipok's Institute
- Director Certification Program (DCP), Class 116, Thai Institute of Directors Association (IOD)
- Certificate Course in Good Governance for Medical Executives (MDKPI), Class 2, King Prajadhipok's Institute and the Medical Council of Thailand
- The Royal initiative for Advanced Leadership Program about Politics and Governance (RAP), Class 1, Pillars for the Kingdom Organization
- Pillars for the Kingdom Program: The Royal Initiative for Advanced Leadership (RIAL), Class 2, Pillars for the Kingdom Organization

Others Present Positions

- Director, MFC Asset Management Public Company Limited
- Director, Dhipaya Insurance Public Company Limited

Mr. Boonson Jenchaimahakoon

First Senior Executive Vice President (Information Technology Group)
54 years old

Education

- Master of Sciences (Industrial Engineering and Industrial Management) Asian Institute of Technology (AIT)
- Bachelor of Science (Mathematics), Kasetsart University

Working Experiences

- 2015 - Present First Senior Executive Vice President (Information Technology Group), Government Savings Bank
- 2010 - 2015 Senior Executive Vice President (Information Technology Group), Government Savings Bank

Training

- Director Certificate Program (DCP), Class 149, Thai Institute of Directors Association (IOD)
- Executive of Trade and Commerce Program (TEPCoT), Class 6, Commerce Academy, the Thai Chamber of Commerce
- Leadership Succession Program (LSP), Class 1, Institute of Research and Development for Public Enterprises (IRDPE)
- Executive Certification Program on Administrative Justice, Class 6, The Office of the Administrative Courts of Thailand
- Advanced Insurance Program, Class 6, Office of Insurance Commission (OIC)



Miss Kornpranom Wongmongkol

Senior Executive Vice President (Corporate Strategy Group)
59 years old

Education

- Master of Business Administration (International Business), University of the Thai Chamber of Commerce
- Master of Arts (Education Management), Southern Missouri State University, USA
- Bachelor of Education, Chulalongkorn University
- Certificates of Credit Risk Analysis : ABN AMRO Academy, Singapore
- Certificates of Credit Lending Program : Moody's Institution

Working Experiences

- 2017 - Present Senior Executive Vice President (Corporate Strategy Group) Government Savings Bank
- 2012 - 2016 Senior Executive Vice President (Credit and Operation Support) Government Savings Bank
- 2008 - 2012 Executive Vice President (Risk Management), Government Savings Bank
- 2008 - 2016 Director, Bangkok Commercial Asset Management Public Company Limited
- 2012 - 2016 Director, Dhipaya Life Insurance Public Company Limited
- 2011 - 2014 Director, Marketing Organization Department of Interior
- 2007 - 2009 Director, G Steel Plc.
- 2006 - 2007 Acting Managing Director, Financial Institution Asset Management Corporation
- 2003 - 2006 Director of Corporate Banking (UOB)
- 2001 - 2002 Director of Corporate Loan Group, DBS Bank (DTDB)

Training

- Human Resources Management and Labour Relations, Faculty of Economic, Chulalongkorn University
- Executive Program, Capital Market Academy, Class 3
- Programs of Thai Institute of Director (IOD)
 - Corporate Governance for Capital Market Intermediaries (CGI 16/2016)
 - Monitoring of the Quality of Financial Reporting (MFR 6/2008)
 - Monitoring the System of Internal Control and Risk Management (MIR 3/2008)
 - Monitoring the Internal Audit Function (MIA 3/2008)
 - Director Certification Program (DCP) 85/2007
- The Analysis & Valuation of Mortgage-Back Securities, Value Vision (Nida's Institution)

Others Present Positions

- 2016 - Present Director, TSFC Securities Public Company Limited

Mrs. Wipaporn Chairatana

Senior Executive Vice President (Risk Management Group)
55 years old

Education

- Master of Business Administration, Thammasat University
- Bachelor of Accountancy, Thammasat University

Working Experiences

- 2015 - Present Senior Executive Vice President (Risk Management Group), Government Savings Bank
- 2010 - 2015 Executive Vice President (Financial Management and International Business), Government Savings Bank
- 2008 - 2010 Inspector General, (Financial Management and International Business), Government Savings Bank
- 2007 - 2008 Inspector General, (Investment), Government Savings Bank

Training

- The National Defence Course (Class 59), the National Defence College of Thailand
- Advanced Certificate Course in Public Administration and Law Executive, (Class 15), Prajadhipok's Institute
- Director Certification Program (DCP), Class 199/2015, Thai Institute of Directors (IOD)
- Financial Professional, Class 3, Academy of Finance and Economy, Ministry of Finance
- Fical Management Program, Class 1, Academy of Finance and Economy, Ministry of Finance

Others Present Positions

- 2017 - Present Director, Thammasat Business School Alumni, Thammasat University
- 2016 - Present Persons in the list of State Enterprises Directors for the year 2016 (3rd time), (Experts in finance, banking, accounting and commerce (Trade / Investment), State Enterprise Policy Office (SEPO), Ministry of Finance
- 2014 - Present Member of the Board, University Business Incubator Ceter, KMIT-UBI
- 2013 - Present Director, Thai Smart Cards Co., Ltd.



Mr. Numporn Yommana

Senior Executive Vice President (Human Resources Group)
57 years old

Education

- Master of Public Administration, Chulalongkorn
- Bachelor of Economics, Ramkhamhaeng University

Working Experiences

- 2015 - Present Senior Executive Vice President (Human Resources Group), Government Savings Bank
- 2010 - 2015 Executive Vice President (Human Resources), Government Savings Bank
- 2008 - 2010 Inspector General (Deposit and Electronic Banking), Government Savings Bank
- 2004 - 2008 - Senior Vice President, Human Resources Department
- Senior Vice President, Premium Savings Certificate and Deposit Department
- Senior Executive Vice President, Office of the President & CEO, Government Savings Bank

Training

- Problem Solving & Decision Making Program
- Senior Management Leadership Development, Nanyang Business School and Government Savings Bank and HayGroup, Singapore
- Leadership Succession Program (LSP), Institute of Research and Development for Public Enterprise (IRDPE)
- Public Director Institute Program (PDI) Class 17, King Prajadhipok's Institute

Others Present Positions

- Director, the Thai Institute of Banking and Finance Association
- Director, MFC Asset Management Public Company Limited



Mr. Isara Wongrung

Senior Executive Vice President (Personal Customer Group)
51 years old

Education

- Master of Business Administration (Business Management and Finance), Assumption University (Tisco Bank Scholarship Student)
- Bachelor of Business Administration (Management and Marketing), Assumption University (Assumption University Scholarship Student)

Working Experiences

- 2015 - Present Senior Executive Vice President (Personal Customer Group), Government Savings Bank
- 2015 - Present Managing Director, World Savings and Retail Banking Institute (WSBI) (3 year term)
- 2014 - 2015 Independent Director / Audit Committee and Chairman of Recruitment and Remuneration Committee, ACAP Advisory Public Company Limited
- 2014 - 2015 Independent Director / Audit Committee, Professional Waste Technology (1999) Public Company Limited
- 2012 - 2014 Executive Chairman, Kasikorn Leasing Company Limited
- 2005 - 2011 Managing Director, Kasikorn Leasing Company Limited

Training

- The National Defence Course, Class 60, the National Defence College of Thailand
- Boards that Make a Difference (BMD), Class 4/2017, Thai Institute of Directors Association (IOD)
- Executive Program, Capital Market Academy (Class 24/2017)
- Certificate of Corporate Governance for Executives (CGE), Class 5/2015, Thai Institute of Directors Association : IOD
- Financial and Fiscal Management Program for Senior Executive, Class 2, The Comptroller General's Department (CGD), Thailand Ministry of Finance
- Certificate of Director Accreditation Program (DAP) #114/2015, Thai Institute of Director Association (IOD)
- Advanced Certificate Course in Thammasat Leadership Program Batch#5 (TLP 5), Thammasat University
- Advanced Certificate Course in Security Management Program Batch#5 (ASMP 5), The Association National Defence College of Thailand
- Advanced Certificate Course in Power of The Kingdom Batch#1, Chulalongkorn Executive Program, Chulalongkorn University
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executive, Class 15, King Prajadhipok's Institute

Others Present Positions

- Director / Executive Director / Investment Director, Dhipaya Life Insurance Public Company Limited
- Committee of Providing Employment and Training Opportunities for Offenders, Ministry of Justice
- Honorary Advisor to Committee of the National Legislative Assembly
- Secretary of Committee on Religions, Arts, Culture and Tourism, The National Legislative Assembly
- Honorary Advisor to Music Association of Thailand under Patronage of His Majesty the King
- Honorary Advisor to Home Builder Association
- Consultant of TV Channel for Education and Occupations
- Consultant of Thai-Asean Cultural and Economic Council
- Vice President to Advanced Certificate Course in Thammasat Leadership Program Batch#5 (TLP 5), Thammasat University
- Vice President to Advanced Security Management Program Batch#5 (ASMP 5), The Association National Defence College of Thailand



Mr. Vitai Ratanakorn

Senior Executive Vice President

(Investment and Financial Management Group)

(He holds the position until April 14, 2018) 47 years old

Education

- Master of Arts (Political Economy), Chulalongkorn University
- Master of Laws (Business Law), Chulalongkorn University
- Master of Finance, Drexel University, U.S.A.
- Bachelor of Economics, Thammasat University

Working Experiences

- Oct'17 - Present Acting for Manager, Islamic Bank of Thailand
- 2016 - 2017 Senior Executive Vice President (Investment and Financial Management Group), Government Savings Bank
- 2015 - 2016 Senior Executive Vice President (Business and Public Sector Customers Group), Government Savings Bank
- 2011 - 2014 Chief Financial Officer, Nok Airlines Co., Ltd
- 2010 - 2011 Senior Deputy Managing Director, Charoen Pokphand Foods Public Company Limited
- 2007 - 2010 Director, Siam City Asset Management Company Limited
- 2007 - 2008 Director, GPF Property Management Company Limited
- 2005 - 2010 Director, LC (Thailand) Company Limited
- 2005 - 2010 Director, Saha Thai Steel Pipe Public Company Limited
- 2003 - 2010 Senior Director, Alternative Investment Office (Special Investment Department), Government Pension Fund

Training

- Advanced Management Strategies for the Prevention and Suppression (Class 7), Office of the National Anti-Corruption Commission
- The Program for Senior Executive on Process of Judgement, Class 17, Courts of Justice
- Leadership Succession Program (LSP), Class 5
- Director Certificate Program (DCP), Class 7, Thai Institute of Director Association (IOD)
- The Executive Program for Senior Management (EX-PSM), Class 3 Fiscal Policy Research Institute (FPRI)
- Financial Executive Development Program (FINEX), Class 17 The Thai Institute of Banking and Finance Association (TIBFA)

Others Present Positions

- Director, Islamic Bank of Thailand
- Director, Thanachart Securities Public Company Limited
- Qualified Committee of Economy, Digital Economy Promotion Agency (DEPA)
- Qualified Person of Crowdfunding and Guidelines for Supervision of Listed Companies



Mr. Chokchai Kunawat

Senior Executive Vice President (Credit and Operation Support Group)

53 years old

Education

- Master of Business Administration / Commerce, Chulalongkorn University
- Bachelor of Law, Chulalongkorn University
- Certificate of Commercial Credit Skills Assessment : Omega Performance Corporation

Working Experiences

- 2016 - Present Senior Executive Vice President (Credit and Operation Support Group), Government Savings Bank
- 2015 - 2016 Executive Vice President, (Debt and Legal Management), Government Savings Bank
- 2013 - 2015 Inspector General (Sale Management Group), Government Savings Bank
- 2004 - 2013 Director, Personal Loan Recovery Department, Government Savings Bank

Training

- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executive, Class 21, King Prajadhipok's Institute
- Leadership Succession Program (LSP), Class 8 : Institute of Research and Development for Public Enterprises (IRDP)
- Thailand and Asean Economic Community Program, Class 5, King Prajadhipok's Institute
- RCL 9/2017 Risk Management Program for Corporate Leaders : Institute of Research and Development for Public Enterprises (IRDP)
- Financial Executive Development Program (FINEX), Class 22, The Thai Institute of Banking and Finance Association (TIBFA)

Others Present Positions

- Director, TRIS Corporation Company Limited
- Vice President, MBA Chula Alumni, Chulalongkorn University
- Director, Law Chula Alumni, Chulalongkorn University
- Committee of The GSB Foundation, Government Savings Bank
- Board Committee of Director Evaluation, Thai Rating and Information Services Corporation Company Limited (TRIS)



Mr. Pichet Dhamvavipark

Senior Executive Vice President
(Business and Public Sector Customers Group)
59 years old

Education

- Master of Public and Private Management, National Institute of Development Administration
- Bachelor of Economics, Ramkhamhaeng University

Working Experiences

- 2016 - Present Senior Executive Vice President (Business and Public Sector Customers Group), Government Savings Bank
- 2010 - 2016 Executive Vice President, Government Savings Bank
- 2008 - 2010 Inspector General, Government Savings Bank
- 2004 - 2008 Senior Vice President, Regional office, Government Savings Bank

Training

- Intermediate Certificate Courses - Good Governance for Medical Executives Class 5, King Prajadhipok's Institute
- Advanced Certificate Course in Thammasat Leadership Program Batch#4 (TLP 4), Thammasat University

Others Present Positions

- Audit Committee and Director, Thanachart Fund Management Company Limited
- Investment Committee, Stock Exchange of Thailand



Ms. Jiraporn Nugitrangson

Senior Executive Vice President
(Grassroots and Public Sector Customers Group)
57 years old

Education

- Bachelor of Science Program in Agricultural Economics, Kasetsart University

Working Experiences

- 2016 - Present Senior Executive Vice President, Grassroots and Public Sector Customers Group, Government Savings Bank
- 2015 - 2016 Executive Vice President, Personal Customer Operation, Government Savings Bank
- 2015 Executive Vice President, Grassroots Customer, Government Savings Bank
- 2010 - 2016 Executive Vice President, Personal Loan Group, Government Savings Bank

Training

- GSB Leadership Program for Senior Management Nanyang Technology in Singapore
- GSB Advanced Executive Program, IBM Executive Business Institute in New York, USA
- Financing for Energy Efficiency and Renewable Energy Project Kenan Institute Asia
- GSB Middle Management Leadership Program : Nanyang Business School, GSB and HeyGroup in Singapore
- Risk Management Program for Corporate Leaders (RCL), Class 9/2017, Thai Institute of Directors Association (IOD)

Others Present Positions

- Representative Director, Thai Smart Card Company Limited



Mr. Amornrit Chanprasit

Senior Executive Vice President
(Compliance and Good Governance Group)
58 years old

Education

- Bachelor of Law, Ramkhamhaeng University

Working Experiences

- 2016 - Present Senior Executive Vice President, Compliance and Good Government Group, Government Savings Bank
- 2015 - 2016 Executive Vice President, Branch Operation 5, Government Savings Bank
- 2013 - 2015 Inspector General, Government Savings Bank
- 2010 - 2013 Senior Vice President, Regional office, Government Savings Bank

Training

- The new frontier of banking business in the digital world Program
- Credit Skill for Creditor Expert (Module A,D) Program, Loan Committee, Class 4, Thammasat University
- Leadership Succession Program (LSP), Class 6/2016, Institute of Research and Development for Public Enterprises (IRDP), Thammasat University
- SDGs and Post-2015 Business Engagement A Program
- State Enterprise Performance Appraisal : SEPA
- The issue that is interesting financial institute about abiding by money laundering and terrorist law program
- Business analysis Program, Faculty of Economic, Chulalongkorn University
- Senior Management Leadership Development (Training for Successor), Nanyang Business School and Government Savings Bank and HayGroup in Singapore
- Compliance Officer Program, Class 10, Faculty of Law, Chulalongkorn University



Mr. Therdtham Suvichavorraphan

Senior Executive Vice President (Audit Group)
55 years old

Education

- Master of Business Administration, Ramkhamhaeng University
- Bachelor of Business Administration , Ramkhamhaeng University

Working Experiences

- 2016 - Present Senior Executive Vice President, Audit Group, Government Savings Bank
- 2013 - 2016 Executive Vice President, Branch Internal Audit Department, Government Savings Bank
- 2009 - 2013 Senior Vice President, Branch Internal Audit Department, Government Savings Bank
- 2003 - 2009 Vice President, Internal Audit Department, Government Savings Bank

Training

- Certificate Courses - Corporate Governance for Directors and Senior Executives 2017, King Prajadhipok's Institute
- 2017 IIA International Conference (Sydney, Australia)
- International Conference, The Institute of Internal auditors (USA, Netherlands, Canada, New York, Japan)
- Leadership Succession Program (LSP), Class 4, Institute of Research and Development of Public Enterprises (IRDP)
- Director Accreditation Program (DAP), Class 118, Thai Institute of Directors Association (IOD)
- IOD's National Director Conference 2013, Plaza Athenee Hotel
- Audit Committee Seminar Get Ready for the Year End, Dusit Thani Hotel
- Integrating GRC Functions : Risk Management Compliance and Audit, Deloitte
- Twenty Years of Trust and Adding Values, Bank & Financial Institution Internal Auditors Club
- Risk Management and Corporate Governance Practices in Financial Institutions, Chulalongkorn University
- GSB Middle Management Leadership Program 2007, Nanyang Business School, GSB and HeyGroup in Singapore

Others Present Positions

- Vice Chairman, Fraud Management Club, The Thai Bankers' Association
- Director, Executive Director, Bank & Financial Institution Internal Auditors Club, Thai Bankers' Association
- Committee Member, Buddhism and Mission Royal Intention Foundation, National Office of Buddhism
- Signer License Agent, The Vocational College under the Patronage of GSB Foundation
- President of the Buddhist Club, Government Savings Bank



Mr. Suriya Karabutr

Executive Vice President, Branch Operations 1



Mr. Manus Pironrit

Executive Vice President, Branch Operations 2



Mrs. Anong Varin

Executive Vice President, Branch Operations 3



Mrs. Pachaleeporn Voraviboonsavat

Executive Vice President, Branch Operations 4



Miss Kedsiri Sawadrat

Executive Vice President, Branch Operations 5



Mrs. Rosarin Sojiphan
Executive Vice President, Branch Operations 6



Mr. Anurak Sangeamjitt
Executive Vice President,
Personal Customer Business Management



Mrs. Rojarek Simapivapan
Executive Vice President,
Sales Management



Mr. Pisnu Wuttiprasit
Executive Vice President,
Personal Customer Operation



Mr. Kittipong Boonying

Executive Vice President,
Retail Customers and Community Organization



Mrs. Khanitha Karison

Executive Vice President,
Government Officers Customers



Mr. Chukiat Titihirunjaroen

Executive Vice President,
Business and Public Sector Operation



Mrs. Siriwan Prasertchai

Executive Vice President,
Financial Management



Mr. Veerachai Amortakolsuwech

Executive Vice President,
Business and Public Sector Operation



Miss Paphakorn Ratanasate
Executive Vice President, Investment



Mr. Rawee Ounpat
Executive Vice President, SMEs Startup Entrepreneurs



Mrs. Nongnuch Pupipatphol
Executive Vice President, Finance



Mrs. Rampai Boonlap
Executive Vice President, General Administration



Mr. Prasert Kongchun
Executive Vice President, Debt and Legal Management



Mrs. Boonrak Udomittipong
Executive Vice President,
Corporate Policy and Strategy



Miss Noppawan Ratanawekin
Executive Vice President,
Research and Customers Data Management



Mr. Santhan Yoosiri
Executive Vice President,
Human Resources Development



Mrs. Jeeranan Khetsakun
Executive Vice President, Human Resources Management



Miss Prada Smerapunya

Executive Vice President, Information Technology



Mr. Sarawut Nanakorn

Executive Vice President,
IT Planning and Development



Mr. Wuitipong Piromyaporn

Executive Vice President,
Risk Management



Mr. Apiwat Kaveeruttachaveng

Executive Vice President,
Credit Risk Analysis



Mrs. Pishsinee Thangtrongjit

Executive Vice President,
Corporate Secretariat



Mrs. Supaporn Saitongin

Executive Vice President, Compliance and Control



Mr. Montree Boondee

Executive Vice President, Internal Audit



Mr. Chanchat Pholpirintr

Inspector General, Investment and Financial
Management Group



Mr. Piniy Danmanee
Executive Vice President,
Business and Public Sector Customers Group



Mr. Kittipinrod
Inspector General, Investment and Financial Management Group

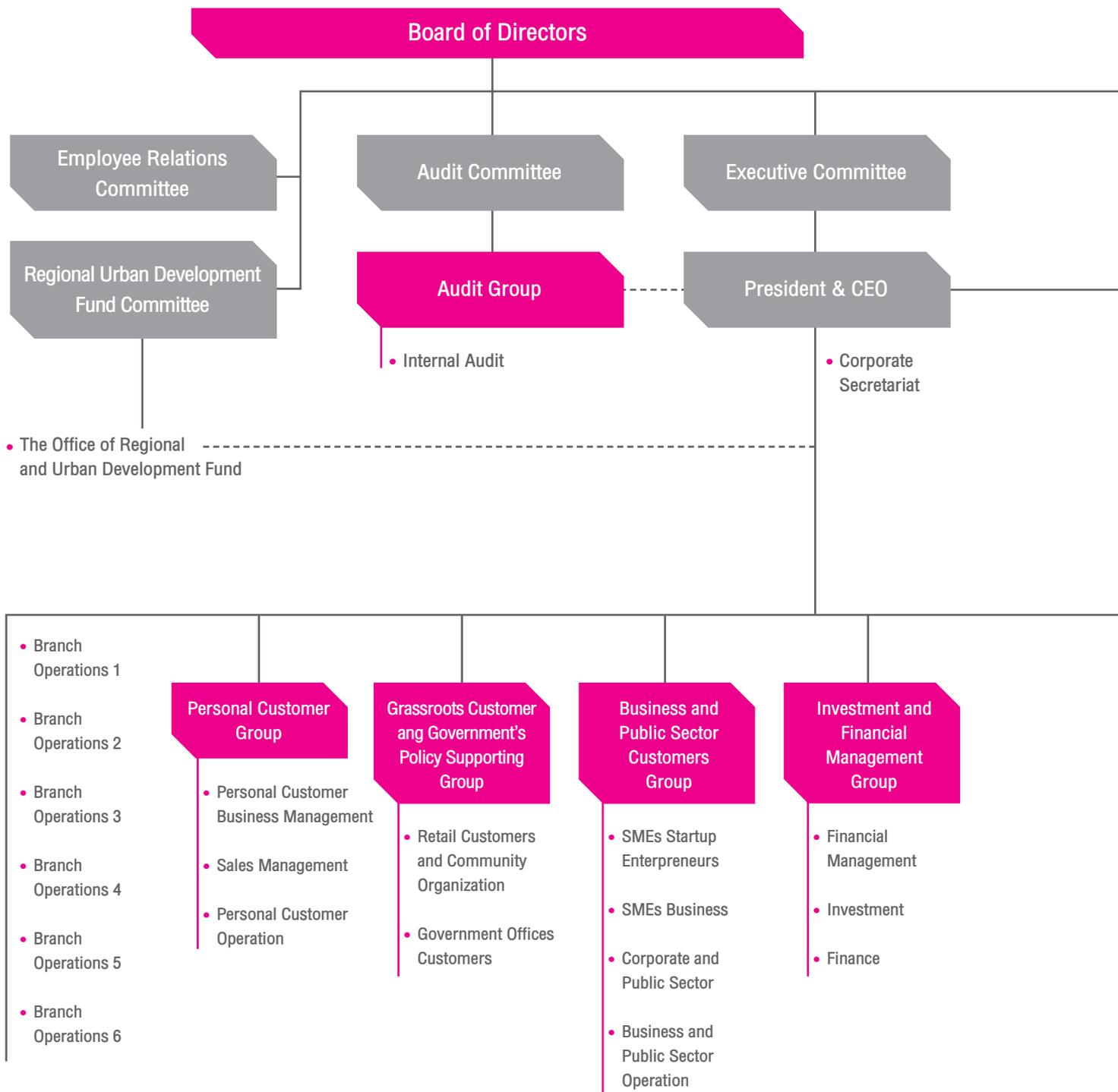


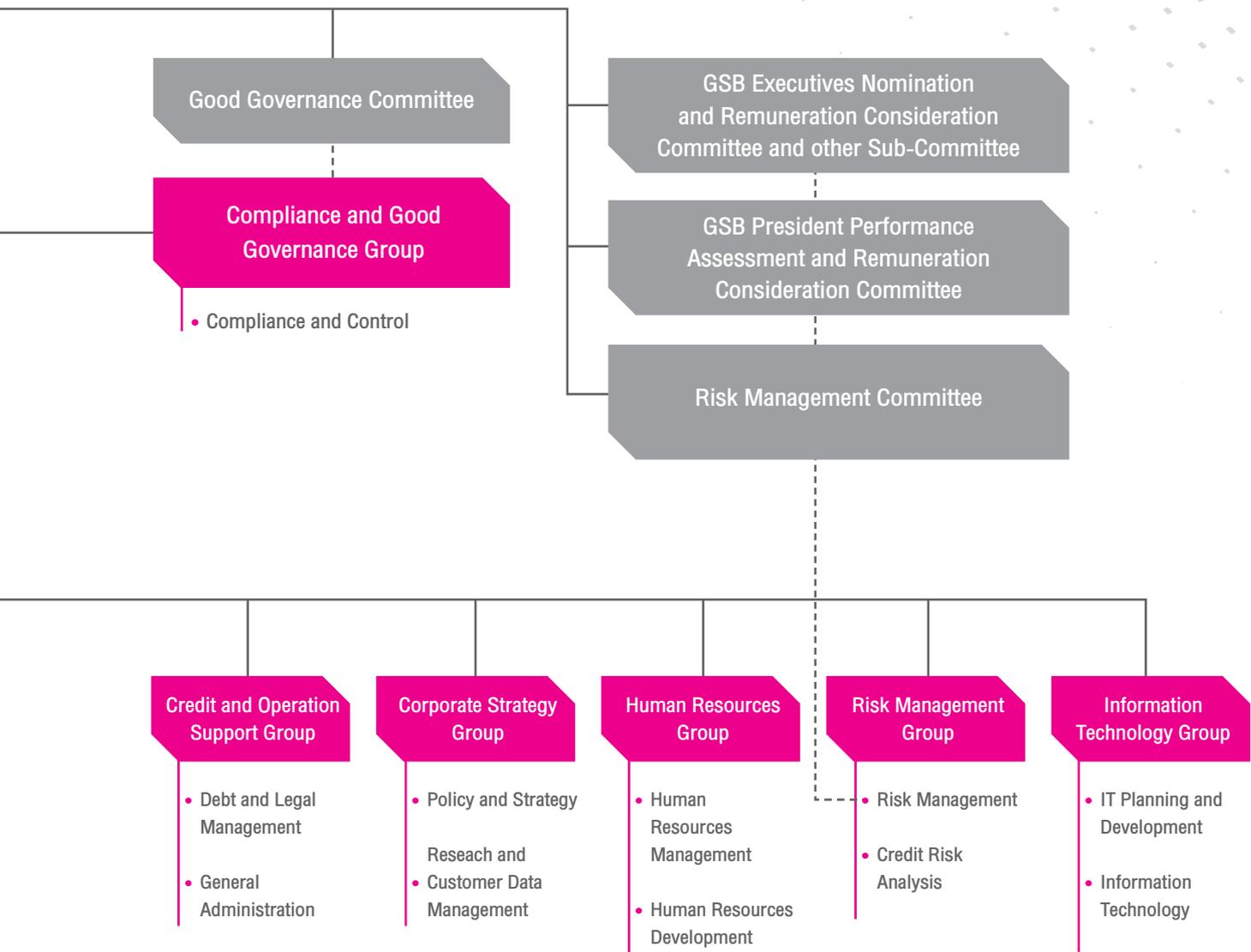
Mr. Pairoj Swangtrakul
Inspector General,
Credit and Operation Support Group



Miss Natthanakon Boonwong
Inspector General,
Directly report to President and CEO

ORGANIZATION CHART







BUSINESS AND SERVICES DEVELOPMENT



**COVER ALL NEEDS,
ACCEPT ALL OCCUPATION
GROUPS, AND MAXIMIZE
CUSTOMER SATISFACTION.**

Customer Centric

Commitment to manage the customer groups covering all ages, from school to retirement age. Every customer needs different needs (Customer Life Time Value) and maximum satisfaction. Customer focus continues to focus on Customer Centric, with the introduction of VOCs in conjunction with state-of-the-art technology. To develop financial products and services to meet the needs of each customer. And create a good experience for customers at all touch points. It is also an important mechanism for implementing state policies, especially senior citizens bank together with grassroots customers supporting government's policy group. In the year 2017, personal customers group accounted for 34% of total customers. Maximum deposit amount accounting for 59% of total deposit portfolios. Outstanding loans accounted for 19% of total loan portfolios, and there were 1.3 Million electronic card products and nearly 600,000 mobile banking applications. The important thing is to develop innovation, enhance products and services to meet the needs of each customer (Sub-Segment) of 5 groups as follows:

01

STUDENT
GROUP

02

START WORKING
GROUP

03

MIDDLE INCOME
GROUP

04

HIGH ASSET
GROUP

05

RETIREMENT
GROUP

Student group

Personal Customers Group promotes savings discipline in **GEN Y customers through high interest deposit products** and to increase the number of new customers by analyzing Voice of Customers (VOC) to develop products and services. It also promotes the promotion and the use of products and services increase fee income and familiarize yourself with the products. It also focuses on building good relationships with customers. In the year 2017, the Bank created a **"One Branch Two Schools Program"**, a product of Youth Savings, which raised interest rates by up to 1.25%, cumulative from School Bank and increased if credit privilege when start working.

Mobile Banking or MyMo services are developed to support more customer-specific voice transactions, such as **MyMo My Card**, ATM / ADM Recycle, and **MyMo Pay**. QR Code for Shop increases convenience, fastness and security. No need to carry cash.

In addition to product development, the Bank also added a new service line in the form of Digital Branch, a 24-hour self-service. The service is available for savings deposit called Digital Savings (savings deposit without passbook), debit card application, Mobile Banking or MyMo application.

The Bank also organizes various activities to create good relationships with students. **"GSB Campus Star"**, GSB Gen Website launches New Relationship, to provide opportunity to enter the entertainment industry **"Family Bike"** family spin, is a bike ride on the path of loyalty that Thai people pay respect to the monarchy. **"GSB GEN Saving Together"**, Sharing savings experience include a chance to win when apply for a new GSB GEN membership or join a **GEN Point** to win the big prize. It also provides opportunities for new generation of business ideas through the **"GSB Contest of SMEs Startup"**.

Start Working Group

Cumulative from student group to start working group customers through deposit products at the same time, expanding new customer base by using Voice of Customers (VOC) combines with modern technology to improve financial products and services to expand the service channels to meet the lifestyle and needs of customers. It also emphasizes the good experience of using the services of the Bank in the digital format with emphasis on products and services that generate fee income.

In 2017, the Bank improved its Mobile Banking service (MyMo) to support more transactions such as MyMo My Card, ATM Cash withdrawal via ATM / ADM Recycle via QR Code as convenient, fast, and secure and no card required. It is the first financial institution in Asia to provide services to respond lifestyle of this group of customers. MyMo Pay is a money transfer service / payment via QR Code to the store instead of the account number / ID number / mobile phone number. It is to increase convenience, fastness and security for customers without having to carry cash. Biometric Finger Scan Login / Transaction is the introduction of biometric technology - fingerprint (Finger) to help increase security for logins and transactions. In addition to Mobile Banking, GSB PAY has developed as modern service that allows customers to combine credit / debit cards of every bank in a single application to make payment to the shop through

Middle Income Group

The Bank focuses on maintaining the existing customer base and expanding its customer base with the addition of product holding and focus on paperless and branchless services. Financial Products and service are developed as well as promotion campaign are privated to be appropriate and meet the needs of middle income groups.

For deposit products, the Bank provides special period deposits include 4-month special deposit, 5-month special deposit, 10-month special deposit, 14-month special deposit and 5/10 special deposit, which represent a special interest rate of 3.40% Depository at Money Expo 2017. In addition, the Bank has also developed a digital deposit account, Digital Savings, without passbook with special interest rates. This is a transaction through automated financial transactions (VTM) to increase modern service channel to customers.

QR Code. Customers do not to carry cards to be more convenient.

In addition, the Bank continues to focus on marketing activities that meet the needs of these customers, especially for debit and credit card businesses, such as promotions, discounts for travel enthusiasts, discounts on hotel reservations through Booking.com, discounts on food and beverages, airport shops and storefronts. Lead Promotion with partners for extra reward points (UTU) or Redeem Point channel for GSB credit card customers. GSB Reward Point redeemable for service purchases. And bill payments through www.abcpoint.com and ABC Point, Application as well as promotion of discounts for online purchases (LAZADA).

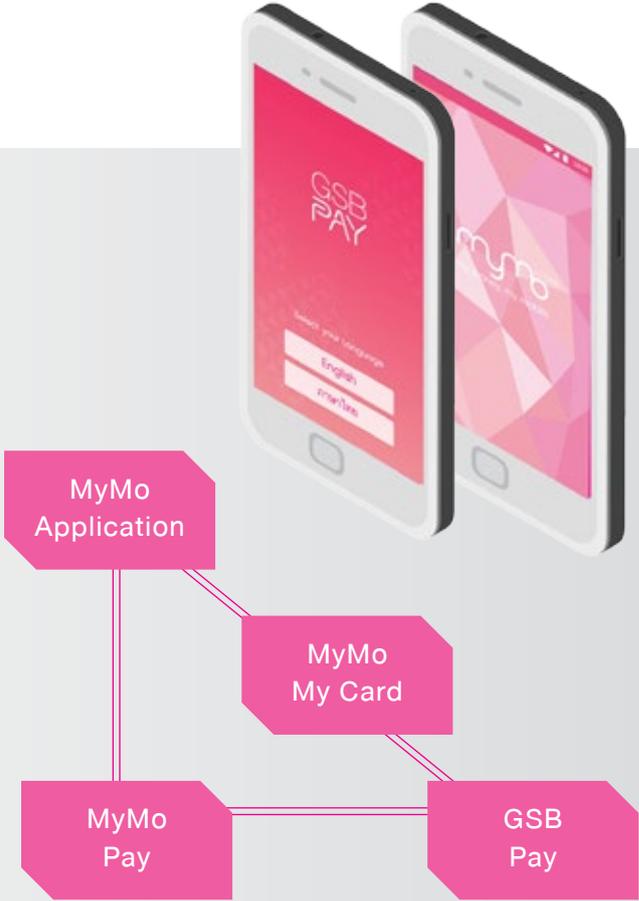
For service channels, apart from MyMo service in the year 2017, the Bank also introduced cutting-edge technology to develop a new digital banking service under the concept of "DigiThai Life Solution" by GSB, focusing on convenience and fastness, in line with the changing digital lifestyle. The Digital Branch is available 24 hours a day, with no staff available within the branch. It provides Video Teller service communicating with customers through the screen. Virtual Teller Machine or VTM service is available for Digital Savings (Savings Deposit without passbook), Debit Card Application, Mobile Banking or MyMo Application.

In addition to financial products and services, the Bank also offers promotions to its customers, such as offering special interest rates for customers who apply for loans, retail customers who buy housing in projects run by real estate developers (Post Finance), as well as promotion of housing loan and personal loan at the Money Expo.

To support the Cashless Society in the future, the Bank has added MyMo service to facilitate MyMo My Card service offering cash withdrawal without using MyMo Pay card, which customers can pay to the store via QR Code and GSB Pay service that allows customers to pay with the merchant via Debit cards or credit cards with a QR Scan. PromptPay offers a transfer promotion for customers to transfer free of charge for 2 years and more activities such as “Lucky ID Lucky Prize”, the more you use, the more you win gold for MyMo customers. Happy Family Dining and “Sabaijai on Call by GSB” for Credit Card Customers. “The greatest Grand Sale 2017” and love the mother with GSB Card for Debit Card customers.

CASHLESS SOCIETY

To become a cashless society in the future, GSB has increased various products of MyMo to facilitate and serve the needs of customers, including services of MyMo My Card, cash withdrawal without card, MyMo Pay that customers can pay any shops via QR Code, and GSB Pay.



GSB PAY Application includes debit/credit cards of all banks into one app, it is easy to pay and receive, and meet every lifestyle of you.

High Asset Group

The Bank moves forward, maintaining high-value asset relationships with both existing and new customers and focuses on adding product holdings from deposit products, continue to use the service that generates fee income by adopting the behavior and voice of customers to develop products and services that are special, Value and get high return. It also offers different benefits to meet the needs of customers better than ever.

In 2017, the Bank launched “**GSB Infinite Banking**” under the concept of Ultimate Experience, “Privilege Life, Infinite Banking”, focusing on customers with deposits of 50 Million Baht or more to offer superior privileges, both exemption fees for financial transactions and related activities, including the **MasterCard World Elite** card, which offers travel protection up to 40 Million Baht. It offers Global Exclusive experience, exclusive lounges from airports around the world, and also earns 1% cashback on foreign currency spending.

Retirement Group

In 2017, the Bank foresees that the elderly should be given special care in financial security, adherence to government measures to support the elderly. As Thailand is entering the aging society in the future, the Bank has opened **Senior Citizens Bank** with financial products both deposits and loans. The deposits are available for individuals aged 60 and over such as deposit of the elderly. The interest will be credited to the account every month. The interest rate is higher than normal savings deposit to promote savings and increase the savings options for the elderly.

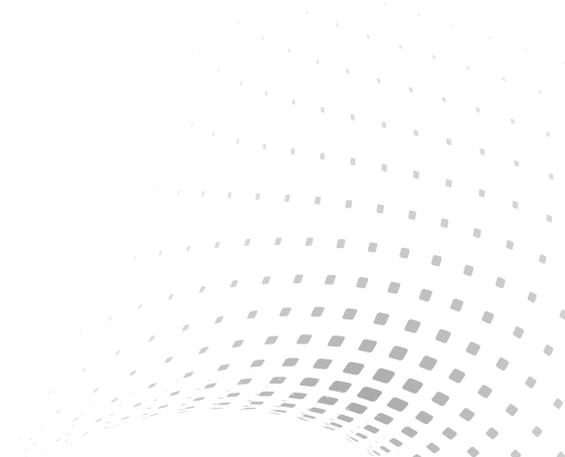
The Bank also recognizes the limited access to the elderly’s credit service. The rules and conditions have been developed and improved. In addition, the Bank has been able to offer more credit products for older people, including **Reverse Mortgage (RM)**, which is a loan for older people aged 60 or over with low interest rates, loan amount up to 70% of appraisal value. The ownership of the housing as collateral for loans, the cost of living, other expenses include fire insurance premiums, mortgage fees, and other central expenses by the Bank pay a monthly loan to the account of the debtor.

It is convenient for parking at the malls in downtown, such as EmQuartier, and GSB Infinite Lounge, Concierge Assistance 24-hour service, both domestic and international, with limousine service. It also provides Personal Banking Consultant and Relationship Manager.

In addition, the Bank also places importance on the development of the skill of the branch staff to have the expertise, **to become a unit trust and professional financial advisors to clients**. It also builds relationships with the heirs of high-value customers. **The Ultimate Experience by GSB Premier Banking “Bring your aspiration to reality”** in Chiang Mai Province. Promote knowledge, finance, and investment to build up and create a positive attitude to customers. This will be the key customer group in the future.

There are also senior citizens public loan for small entrepreneurs aged 60 and above for capital or working capital to operate the business instead of using informal loan. Housing loans grateful to the caregivers offers to encourage children to support their parents through the credit process. This is a loan with lower interest rate than general customers. And welfare loans for pensioners and regular employees (With a pension as collateral), which is a loan for a pensioner. This is a necessary expense for living or for working capital or working capital. These loans are conditional loans that meet the needs of this customer group.

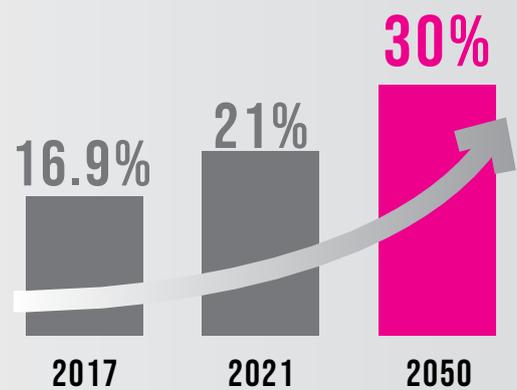
In addition, for elderly customers to use products that have accidental death coverage. The bank issued a Debit Accident card with accident coverage, the cost of cremation and the cost of funeral services in case of death from illness.



GSB ARE READY TO SUPPORT THE AGING SOCIETY.

60+

Thailand will enter the aging society completely in 2021, which is faster than the world average in 2050. Therefore, GSB is ready to create various products to serve the needs of the old people, which has been received positive feedback.



BANKING

DIGITAL

G S B



In 2017, GSB has improved Mobile Banking (MyMo) service to be able to support more customer transactions as follows: MYMo My Card: Cardless cash withdrawal services via ATM and QR Code that are easy and safe; MyMo Pay: Transfer/pay via QR Code to any shops without specifying number account/ identification no./ phone number - no need to carry cash; Biometric Finger Scan Login/Transaction: This is adoption of Biometric Finger Scan Technology to increase security of accessing system and transactions. In addition to Mobile Banking, GSB has also developed GSB PAY, a modern service, for all customers, which include credit/debit card of all banks into one application in order to increase convenience of making any payment via QR Code to shops - no need to carry any card.



ANALYSIS REPORT OF PERFORMANCE AND FINANCIAL POSITION



01

Performance Overview

Under the direction of the Thai economy in 2017 and economic and social development into the digital age, "GSB New ERA: Digi-Thai Banking - Digital for All Thais" brings technology to innovation, product, service, and financial services channels. This is to provide products and services that are convenient, fast, safe, advanced, easy to use, and responsive to the lifestyle of all Thais along with savings promotion, discipline and financial literacy in a way that is consistent with sustainable development goals (Sustainable Development). It is also to develop the readiness of personnel, information

technology, regulatory systems, and risk management to reach international standards. According to the turnover of financial statement year 2017, GSB has total assets as of December 31, 2017 amounting to 2,663,828 Million Baht and net profit of 31,210 Million Baht. It is higher than the previous year by 5,264 Million Baht or 20.3%, including the surplus on revaluation of assets and the gain on valuation available-for-sale investments with market price compared to the previous year, total revenues were 48,104 Million Baht, an increase of 16,529 Million Baht.

Unit : Million Baht

Statement of Comprehensive Income	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Net Interest Income	57,884	60,248	(2,364)	(3.9)
Net Fee and Service Income	5,701	4,780	921	19.3
Other Operating Income	3,747	3,242	505	15.6
Other Operating Expenses	31,938	32,776	(838)	(2.6)
Bad Debt, Doubtful Accounts and Losses Of Impairment	4,184	9,548	(5,364)	(56.2)
Net Profit	31,210	25,946	5,264	20.3
Net Profit (Loss) on Others	16,894	5,629	11,265	200.1
Total Income	48,104	31,575	16,529	52.3
Average of Return on Assets (ROA)	1.29 ^{1/} / 1.23	1.19 ^{1/} / 1.08		
Average of Return on Equity (ROE)	17.65 ^{1/} / 16.88	18.27 ^{1/} / 16.59		

^{1/} In case of excluding expenses for starting a provident fund scheme (gradually pay 10 years in 2017 = 1,430.69 Million Baht and 2016 = 2,643.13 Million Baht)

Important Items in Profit and Loss Statement

Unit : Million Baht

1.1 Net Interest Income	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Interest income	104,302	104,335	(33)	(0.0)
Loans ^{2/}	95,481	95,896	(415)	(0.4)
Interbank and Capital Market Items	4,315	3,741	574	15.3
Investment	4,506	4,698	(192)	(4.1)
Interest expenses	46,418	44,087	2,331	5.3
Deposit ^{3/}	28,007	29,337	(1,330)	(4.5)
GSB Premium Savings Certificate	11,520	10,408	1,112	10.7
Interbank and Capital Market Items	1,007	896	111	12.4
Debt Securities Issued and Loans	942	-	942	100.0
Funds Transferred to the Institutional Development Fund Special Finance	4,942	3,446	1,496	43.4
Net Interest Income	57,884	60,248	(2,364)	(3.9)
Return on Assets Revenue	4.26%	4.46%		
Financial Costs	2.02%	1.97%		
Net Interest Income on Assets Incurred.	2.35%	2.51%		
Average Interest Income (NIM) ^{4/}				

^{2/} Include interest income on interbank loans included in interbank and capital market interest income.

^{3/} Include interest expenses on deposits from financial institutions and cooperatives included in intercompany interest expenses and capital market.

^{4/} Since 2017, Bank of Thailand has changed its NIM ratio from "Net Interest Income to Net Asset Value" to "Net Interest Income to Assets that Generate Interest Income."

GSB has a net interest income of 57,884 Million Baht lower by 3,364 Million Baht or 3.9% from 2016, as a result of provisioning for additional life saving deposits. The contribution to the SFIs system development at a higher rate than last year resulted in interest expenses and bonuses are higher than last year. With lower interest income (according to credit portfolio for professional development and welfare), The agency agreement is reduced. The high growth rate was mainly from loans to government and state enterprises with relatively low returns. This resulted in a ratio of net interest income to assets generating average interest income of 2.35%.

Unit : Million Baht

1.2 Net Fee and Service Income	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Fees and Service Income	6,461	5,368	1,093	20.4
Fees and Services Expense	760	588	172	29.3
Net Fee and Service Income	5,701	4,780	921	19.3
Net Fee and Service Income / Net Income	8.47%	7.00%		



In 2017, net fee and service income was 5,701 Million Baht, an increase of 921 Million Baht, or 19.3% over 2016. The revenue was from card and e-business services for the digital age of the new generation spending through debit card, credit card, mobile banking (MyMo), QR Payment (MyMo Pay and GSB Pay), brokerage fees, insurance premiums, and loan fees. Promotional activities had been arranged throughout the year.

The Bank has waived MyMo My Card fee and cash withdrawal via ATM without using electronic card. From March 27, 2017 to 30 September 2018 to encourage customers to subscribe and use more services.

In 2017, net fee and service income was 5,701 Million Baht, an increase of 921 Million Baht or 19.3% over 2016. The revenue was from card and e-business services for the digital age of the new generation

Unit : Million Baht

1.3 Other Operating Income

	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Other operating income				
Net Profit (loss) on Trading and Foreign Exchange Foreign Currency	90	184	(94)	(51.1)
Net Profit (loss) on Investments	257	22	235	1,068.2
Dividend Income	2,389	1,956	433	22.1
Other Operating Income	1,011	1,080	(69)	(6.4)
Total revenue from other operations	3,747	3,242	505	15.6
Operating income to net income	5.56%	4.75%		

In 2017, other operating income was 3,747 Million Baht, an increase of 505 Million Baht, or 15.6% of 2016, from dividend income, investment in associated companies, ordinary shares, and reversal of impairment loss investment units set up last year. There are foreign exchange losses and profit from property foreclosed lower than last year.

Unit : Million Baht

1.4 Operating Expenses

	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Other Operating Expenses				
Expenses on Employees	14,554	16,651	(2,097)	(12.6)
Awards for Directors and Employees	3,888	3,204	684	21.3
Expenditure on Premises and Equipment	5,254	5,249	5	0.1
Compensation Agency	3,122	3,462	(340)	(9.8)
Other expenses	5,120	4,210	910	21.6
Include other operating expenses.	31,938	32,776	(838)	(2.6)
Operating expenses to net income	47.43%	48.14%		

In 2017, the Bank had other operating expenses of 31,938 Million Baht, lower than the year 2016 of 838 Million Baht, or 2.6%. Key items include:

- Employee expenses decreased by 2,097 Million Baht (Early Retirement Project is expected in 2016)
- Compensation Agency for loan repayments decreased by 340 Million Baht (based on loan balances with smaller entities)
- While other expenses increased by 910 Million Baht (advertising expenses and amortization of computer software licenses)
- Directors 'and employees' remuneration increased by 684 Million Baht (based on operating performances).

Unit : Million Baht

1.5 Bad Debts, Doubtful Accounts, and Impairment Losses and Debt Restructuring

	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Bad Debt	1,648	1,051	597	56.8
Doubtful Account	2,536	8,754	(6,218)	(71.0)
(Reversal) Loss on Impairment of Debt Securities	-	(257)	257	(100.0)
Total Bad Debt, Doubtful Account and Loss on Impairment and Debt Restructuring	4,184	9,548	(5,364)	(56.2)

In 2017, bad debt and doubtful accounts amounted to 4,184 Million Baht, down from 5,364 Million Baht in 2016 from the volume of NPLs that were lower than last year. In addition, the allowance for doubtful accounts has been reduced by loans for professional development, public loans, welfare loans, and financial institutions. The corporate community development loan declined accordingly. General Provision of 2,000 Million Baht was set according to bank policy.

02

Financial Position

Unit : Million Baht

Statements of Financial Position	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Total Assets	2,663,828	2,509,588	154,240	6.1
Interbank and Net Capital Market Items	394,910	324,962	69,948	21.5
Net Investments	237,395	283,604	(46,209)	(16.3)
Loans ^{1/}	2,014,123	1,901,851	112,272	5.9
Total Liabilities	2,461,939	2,339,181	122,758	5.2
Deposits and Debt Securities Issued and Loans ^{2/}	2,256,312	2,159,136	97,176	4.5
Part of the Capital	201,889	170,407	31,482	18.5

^{1/} Total loan to financial institutions and cooperatives under interest rates on loans of financial institutions in 2017 amounted to 216,731 Million Baht, and in 2016 amounted to 306,891 Million Baht.

^{2/} Total deposits from financial institutions and cooperatives under interest on loans of financial institutions in 2017 amounted to 21,189 Million Baht, and in 2016 amounted to 21,795 Million Baht.

At the end of 2017, the total assets of the Bank were 2,663,828 Million Baht, an increase of 154,240 Million Baht, from the end of 2016 or 6.1% from mobilizing deposits with popular products and debentures. In addition, there is a surplus on land valuation by investing in the interests of credit and investment in Capital Market.

Important Items in the Statement of Financial Position

2.1 Loans

As of December 31, 2017, the Bank had loans of 2,014,123 Million Baht (including loans to financial institutions and cooperatives), an increase of 112,272 Million Baht or 5.9% over the end of 2016. The proportion of loans to individuals was 65.0%. The loans to government, state enterprises and financial institutions were 28.3%, and 6.7% for private businesses.

• Credit to the Government State Enterprises and Financial Institutions

It was increased by 118,652 Million Baht (26.3%), mainly due to lending to the Ministry of Finance, the State Railway of Thailand (SRT), and Bangkok Mass Transit Authority (BMTA). Meanwhile, the Bank received loan repayment from financial institutions (Soft Loan Program and Bank for Agriculture and Agricultural Cooperatives)

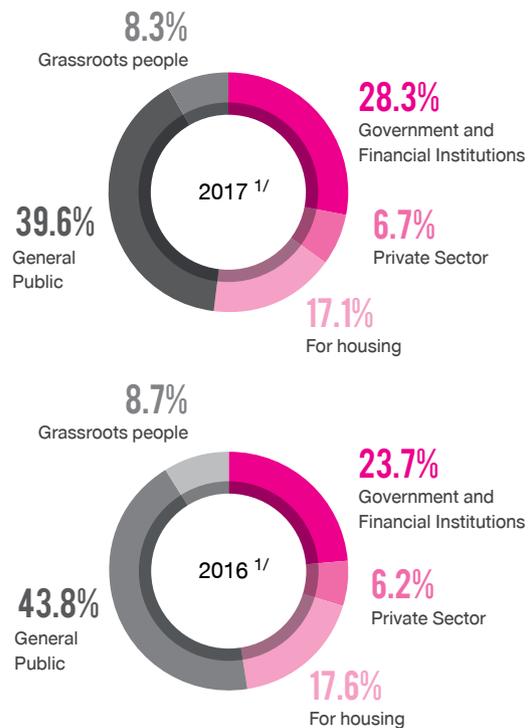
• Personal Loans

It was decreased by 23,272 Million Baht (1.8%), mainly from professional development loans and credit to grassroots people (Social and Community Credit and People's Bank Loan).

- Loan for professional development decreased by 37,885 Million Baht (teacher and educational personnel), social and community loans decreased by 3,979 Million Baht, personal loans decreased by 1,747 Million Baht, and personal loans decreased by 777 Million Baht. All from closing payment including cautious lending.
- Meanwhile, housing loans increased by 9,738 Million Baht, row house loans increased by 4,228 Million Baht, loans to fix the public debt increased 4,069 Million Baht, credit cards and cash loans increased 2,555 Million Baht.

• Loans to Private Sector

It was increased by 16,892 Million Baht (14.3%) due to the expansion of each business group and the support to SMEs from the government sector.



^{1/} Total loans to financial institutions and cooperatives under interest on loans of financial institutions in 2017 amounted to 216,731 Million Baht and in 2016 amounted to 306,891 Million Baht.

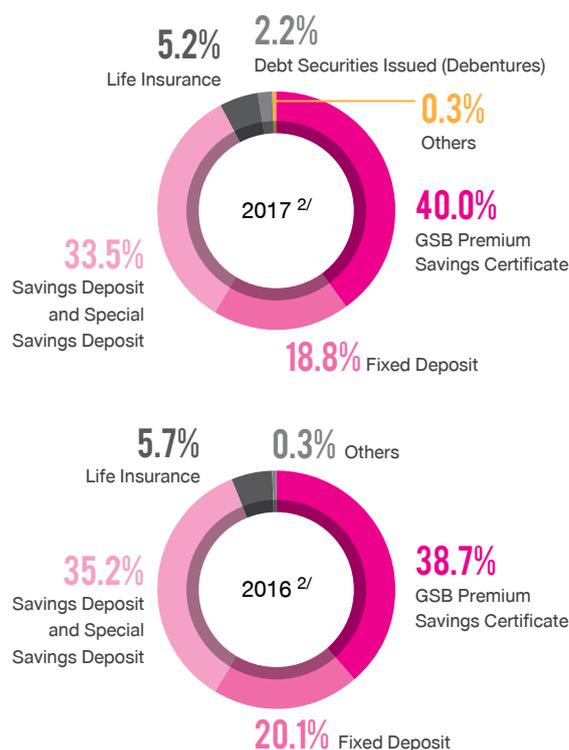
There are a number of loan customers in each customer group, as follows:

Unit : Person

Group of Customers	2017	Proportion (%)
Personal Customer Group	760,960	26.19
Students	16,778	0.58
Start Working	103,374	3.56
Medium Income	611,209	21.03
High Asset	966	0.03
Retirement	28,633	0.99
Grassroots Customers Supporting Government's Policy Group	2,111,249	72.65
Personnel Public Sector	1,109,159	38.16
Low Income	666,554	22.94
Minor Entrepreneurs	27,504	0.95
Freelance career	278,361	9.58
Community Enterprise / Savings Group	29,671	1.02
Business and Government Sectors Group	33,845	1.16
Large Private Corporate (Company)	62	0.00
Small and Medium Enterprises (SMEs)	33,327	1.15
Local government / savings cooperative	434	0.01
Government and state enterprises	22	0.00
Total	2,906,054	100.00

2.2 Deposits and Debt Securities Issued

As of December 31, 2017, deposits amounted to 2,206,312 Million Baht (including deposits from financial institutions and cooperatives) by the end of 2016, amounting to 47,176 Million Baht or 2.2%. When debt securities were issued (debentures), there was be deposits and debt instruments issued. (Including deposits from financial institutions and cooperatives) amounted to 2,256,312 Million Baht, an increase of 97,176 Million Baht or 4.5% from the end of 2016 with conditions and incentive rates of savings, current deposit, and special current deposit. It includes promotional activities and to promote savings on special occasions, such as, children's day, and deposit promotion at financial events to accommodate the maturity of deposits, to prepare liquidity for government loans and state policy. The Bank raised money by issuing a 5-year savings bonds worth 50,000 Million Baht to manage the costs of the match fund with long-term loans with the fixed interest rate (Soft Loan).



^{2/} Total deposits from financial institutions and cooperatives under interest on loans of financial institutions in 2017 amounted to 21,189 Million Baht and in 2016 amounted to 21,795 Million Baht .

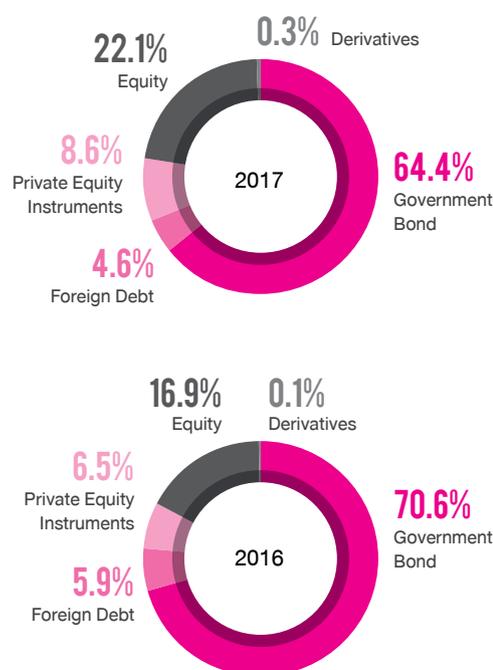
There are a number of deposit customers in each customer group, as follows:

Unit : Person

Group of Customers	2017	Proportion (%)
Personal Customer Group	6,850,543	34.24
Students	3,924,976	19.62
Start Working	340,899	1.70
Medium Income	2,019,776	10.10
High Asset	16,770	0.08
Retirement	548,122	2.74
Grassroots Customers Supporting Government's Policy Group	13,063,491	65.30
Personnel Public Sector	1,957,103	9.78
Low Income	9,284,647	46.41
Minor Entrepreneurs	143,799	0.72
Freelance career	1,442,863	7.21
Community Enterprise / Savings Group	235,079	1.18
Business and Government Sectors Group	91,787	0.46
Large Private Corporate (Company)	162	0.00
Small and Medium Enterprises (SMEs)	36,792	0.18
Local government / savings cooperative	37,582	0.19
Government and state enterprises	17,251	0.09
Total	20,005,821	100.00

2.3 Net Investment

Net investments as of December 31, 2017 amounted to 237,395 Million Baht, a decrease of 46,209 Million Baht or 16.3% from the end of 2016, in particular, the Bank of Thailand's short-term government bonds and foreign bonds, respectively, from maturity of more than 113,000 Million Baht and sales to make a profit. This is including the planned portfolios and investment strategies. The Bank focuses on investing in unlisted government debt securities by considering investments in securities that are likely to outperform and have a reasonable return according to the Bank's Investment Policy Framework.



2.4 Part of the Capital

Capital expenditure of the Bank as of December 31, 2017 amounted to 201,889 Million Baht, an increase of 31,482 Million Baht or 18.5% from the end of 2016, from 31,210 Million Baht in the annual net profit for 24,166 Million Baht (from the revaluation of land amounting to 17,548 Million Baht and from the change in value of available-for-sale investments amounting to 6,618 Million Baht). Meanwhile, the Ministry of Finance received 16,623 Million Baht in 2017 and the loss on employee benefit provision (TAS 19) of 7,271 Million Baht.

2.5 Legal Capital Funds

The Bank has calculated the fund's maturity under the Basel II guidelines of the Bank of Thailand covering the type of risk and reflect the risk of the Bank's assets and liabilities as of December 31, 2017 for 157,845 Million Baht representing 12.47% of total risk weighted assets. The Bank's Tier-1 capital was 150.028 Billion Baht, or 11.85% of total weighted assets. (Mostly from retained earnings after deductions from the Ministry of Finance each year).

The rate does not include the second half of the year. If the net profit for the second half of the year is appropriated by the Ministry of Finance after the State Audit Office of the Kingdom of Thailand (SAO) has audited and certified the financial statements, the Bank will have more capital.

Unit : Million Baht

	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Tier 1	150,028	138,186	11,842	8.6
Tier 2	7,817	8,732	(915)	(10.5)
Total Fund	157,845	146,918	10,927	7.4
Weighted assets at risk.	1,265,913	1,272,962	(7,049)	(0.6)
Total Assets: Total Risk Weighted Assets	12.47%	11.54%		
Tier 1 Capital: Total Risk Weighted Assets	11.85%	10.86%		

Unit : Million Baht

2.6 Quality Loans

	2017	2016	Change (yoy)	
			Increase (Decrease)	%
Non-performing loans (gross NPLs)	41,203	38,720	2,483	6.4
Ratio of Total Loans (%)	2.05	2.04		
Non-performing loans after allowance for doubtful accounts (net NPLs)	12,882	11,507	1,375	11.9
Proportion of Net Loans (%)	0.66	0.62		
Allowance for doubtful accounts in the financial statements	55,405	52,867	2,538	4.8
Proportion on non-performing loans (%)	134.47	136.54		
Allowance for doubtful accounts in accordance with the Bank of Thailand's guidelines.	54,301	47,889	6,412	13.4
Reserve already reserved for the reserve (%)	102.03	110.39		

As of December 31, 2017, the Bank had gross non-performing loans (NPLs) totaling 41,203 Million Baht, representing 2.05 percent of total loans (including loans to interbank and capital market financial institutions). Increased by 2,483 Million Baht from the end of 2016 with the gross NPLs of 2.04% for the NPLs. Net of NPLs at the end of 2017 amounted to 12,882 Million Baht or 0.66% of net loans, an increase of 1,375 Million Baht from the end of 2016 with a net NPL of 0.62%.

As at December 31, 2017, the allowance for doubtful accounts amounted to 55,405 Million Baht, an increase of 2,538 Million Baht from the end of 2016, especially allowance for doubtful accounts for career development, social and community loans, housing loans, row house loans, and welfare loans, respectively, from the debtor class as mentioned above and increased doubts. In addition, the Bank has a provisioning of 2,000 Million Baht in addition to the Bank's policy.

Allowance for doubtful accounts was higher than the Bank of Thailand's provisioning of 1,104 Million Baht.

2.7 Sources and Uses of Funds

As of December 31, 2017, the Bank had assets of 2,663,828 Million Baht, with total liabilities of 2,461,939 Million Baht and equity of 201,889 Million Baht, representing a debt to equity ratio of 12.2 times.

Major sources of funding include Deposits accounted for 82.8%, Net Interbank and capital market items accounted for 4.2%, Debt issued and loans accounted for 1.9% of total assets. While the source of funds of major banks consists of Loans accounted for 73.1 percent, Net interbank and capital market items accounted for 17.4%, and net investment accounted for 8.9%.

Deposits with maturity of less than one year are more than the sources of funds. This is considered normal business of the Bank. However, deposits with a majority of banks will be a deposit in the new product that the Bank will support during that period. The Bank allocates deposits, investments, loans to ensure that the Bank's liquidity is at an appropriate level and that it can meet its financial obligations.

Unit : Million Baht

Sources and Uses of Funds	2017	Proportion (%)	2016	Proportion (%)	Change (yoy)	
					Increase (Decrease)	%
Source of funds						
Duration ≤ 1 year	1,508,677	64.3	1,461,968	65.3	46,709	3.2
Deposits	1,399,733	59.7	1,365,579	61.0	34,154	2.5
Net interbank and capital market items	108,944	4.6	96,389	4.3	12,555	13.0
Debt securities issued and loans	-	-	-	-	-	-
Duration > 1 year	837,651	35.7	776,686	34.7	60,965	7.8
Deposits	785,389	33.5	771,762	34.5	13,627	1.8
Net interbank and capital market items	2,262	0.1	4,924	0.2	(2,662)	(54.1)
Debt securities issued and loans	50,000	2.1	-	0.0	50,000	100.0
Total	2,346,328	100.0	2,238,654	100.0	107,674	4.8
Use of funds						
Duration ≤ 1 year	816,647	30.9	902,905	36.0	(86,258)	(9.6)
Net interbank and capital market items	422,087	16.0	454,661	18.1	(32,574)	(7.2)
Net Investments	71,628	2.7	146,634	5.9	(75,006)	(51.2)
Loans to debtors	322,932	12.2	301,610	12.0	21,322	7.1
Duration > 1 year	1,829,076	69.1	1,607,319	64.0	221,757	13.8
Net interbank and capital market items	40,582	1.5	25,129	1.0	15,453	61.5
Net Investments	165,110	6.2	136,835	5.4	28,275	20.7
Loans to debtors	1,623,384	61.4	1,445,355	57.6	178,029	12.3
Total	2,645,723	100.0	2,510,224	100.0	135,499	5.4

2.8 Maintenance of Liquid Assets

As of December 31, 2017, the Bank's average assets decreased from the previous year. The ratio of liquid assets to deposits, loan to deposit ratio and the ratio of dependence on major sources of capital, comply with risk thresholds and risk limits set by the Bank.

The Bank has a policy on liquidity risk management as a guideline. These will be reviewed annually to suit the changing banking situation and transactions. Risk limits and risk warnings are set for liquidity-to-deposit ratios to provide sufficient liquidity for the Bank. There is also an Asset and Liability Management Committee (ALCO) responsible for controlling to maintain sufficient liquidity in the operation. The risk management process has been developed continuously, such as stress testing, liquidity emergency response and liquidity risk reporting.

2.9 Analysis of Cash Flow Statement

For the year ended December 31, 2017, the Bank had cash and cash equivalents of 30,093 Million Baht, an increase of 1,156 Million Baht or 4.0% from the end of 2016.

- Net cash used in operating activities was 73,424 Million Baht. The operating profit before changes in operating assets and liabilities was 43,681 Million Baht. The operating liabilities increased by 71,001 Million Baht as operating assets increased by 188,106 Million Baht.
- Net cash received from investing activities was 54,795 Million Baht. Proceeds from sales of investments in securities amounted to 176,723 Million Baht. Proceeds from dividends received from associated companies amounted to 235 Million Baht. Cash received from the sale of land, buildings, and equipment amounting to 46 Million Baht. Cash paid for investing in securities amounted to 119,758 Million Baht. Cash paid for purchase of land, buildings, and equipment amounting to 2,002 Million Baht. Cash paid for purchase of investment in associate amounting to 390 Million Baht. Cash paid to purchase intangible assets amounting to 46 Million Baht. And cash payment of leasehold rights of 13 Million Baht.
- Net cash provided by financing activities was 19,787 Million Baht. Raising funds by issuing long-term debt securities (debentures) amounting to 50,000 Million Baht. Meanwhile, the money was sent to the Ministry of Finance for land revenue of 16,623 Million Baht. Long-term loans from financial institutions amounted to 13,590 Million Baht.

2.10 Credit Rating

As of December 31, 2017, the Bank's stable rating from 2016 at "AAA" organized by credit rating agency called TRIS Rating. The rating reflects TRIS Rating's view to business profile and the financial performance of the Bank. The high possibility that the government will support when the Bank has financial problems. Government Savings Bank Act, B.E. 2489 (1967) states that GSB's obligations in respect of principal repayments, borrowings, interest on deposits and other repayments. It will be guaranteed by the government. The details are as follows:

Credit Rating Agency	31 December 2017	31 December 2016
TRIS Rating		
Company Rating	AAA	AAA
Trends of credit rating	Stable	Stable

03

Compare the Operating Performance with the Major Project Goals for the Year 2017.

Government Savings Bank has set up a 5-year enterprise plan, annual work plan and budget. The business plan for each customer group as a guideline for the operation. The planning process integrates with BSC, EVM, Risk Management and SEPA. There are workshops at the Board and top executives in group, sector, department and regional office with communicate plan to action through the various channels including the transfer to indicators (KPIs) from the Bank level to the individual level.

At the end of 2017, the operating performance was as follows:

Unit : Million Baht

Finance	Plan	Outcomes	Analyze plan variance
Net Profit	21,000	31,210	The provision for doubtful accounts and other operating expenses were lower than planned by improving operational efficiency, Non-Performing Asset Management and other operating income are higher than planned.
Net Additions (including debentures)	64,000	97,176	From the deposit product improvement and the special lottery including savings activities. Debenture of 50,000 Million Baht was raised to manage the cost of the fund by match fund and long-term loan with fixed Rate (Soft Loan).
Net Credit Increase	58,000	112,272	Government and state enterprise loans for infrastructure projects, large corporate loans, housing loans, SME loans, and retail loans for emergency use under the scheme of informal debt problem.
NPLs of Total Loans (percent)	2.20	2.05	By accelerating and tracking debt, debt area management and law enforcement team together with sectors / districts / branches as well as measures. Relieve the suffering of customers by reducing the repayment terms and solving debt problems teachers and educational personnel as well as increasing the establishment of the control and debt management center.
NIM (%)	2.45	2.35	With the reserve interest on life savings deposit and to contribute to the SFIs system development at a higher rate than the previous year. As a result, interest and bonus expenses were higher than those of last year. Loan portfolio for professional development and the benefits are reduced with high growth loans. The government loan has a relatively low return on investment.
Cost / Income (%)	48.51	47.43	Other operating expenses are lower than planned from performance improvement.

Non-Finance	Operational Performance for the Year 2017
1. Development to Sustainability	
<p>Promote savings and create financial discipline.</p> <ul style="list-style-type: none"> • Children and Youth 	<ul style="list-style-type: none"> • Open 60 additional School Banks. There were 1,268 School Banks in total. • Organize school sports events. There were 20,010 students enrolled. • Music Contest: There were 8,096 students enrolled. <ul style="list-style-type: none"> - Symphonic Band Contest. There were 1,029 students attended. - 7,067 students singing Thai folk songs. • Support for academic competition: There were 195,077 students. <ul style="list-style-type: none"> - Math and Science: There were 183,027 students enrolled. - English and History: There were 12,050 students enrolled. • Organize Pink Heart Camp to Improve the Potential of Youth under supervision of the Department of Probation 10 times • Funding for the 11 Border patrol police schools
<ul style="list-style-type: none"> • General public 	<ul style="list-style-type: none"> • Develop community financial groups as community financial institutions. <ul style="list-style-type: none"> - Trained for knowledge development in 1,130 places with 2,265 people. - Organized contest of the Best Community Financial Organizations Award with 174 awards. • Financial literacy training for 17,281 people. • Organized 11 Pink Public Market events with 1,714 participating shops. • Pink Community Contest in 10 communities
2. Product and Service Development	
<p>Product development</p>	<ul style="list-style-type: none"> • New deposit product include Special Savings Deposits for 5 months, 10 months, 14 months (round 2), 5/10, 7 months (1/61), 11 months • New types of personal loans include senior citizen public loan, housing loan for senior citizens (Reverse Mortgage), Loan for Relief of Disaster Victims, Revolving Credit, Liquidity Support, Trade Credit, Street Food Loan
3. Service Channel	
<p>Open branch / service unit / currency exchange booth</p>	<ul style="list-style-type: none"> • 5 Digital Branches • 10 branches, totaling 1,059 branches • 22 service units • 456 community banks, totaling 461 units • 4 foreign exchange booths, totaling 21 booths
<p>Self Service Machine</p>	<ul style="list-style-type: none"> • 6,369 ATMs • 1,086 Automatic Passbook Update • 68 Automatic Cash Deposit Machines • 1,003 Automatic Cash Deposit / Withdrawal Machines • 5 Automated Financial Transaction Machines
<p>Electronic Channels and Others.</p>	<ul style="list-style-type: none"> • Provide MyMo My Card Service • Provide MyMo Merchant Service • Provide MyMo Pay / GSB Pay Service

Non-Finance	Operational Performances for the Year 2017
4. Optimizing and Empowering Enterprise Infrastructure	
Work System	<ul style="list-style-type: none"> • Development of Risk Data Mart • Develop Credit Risk Rating Model (CRR): Online Business Loans • Develop a credit reporting system for suspicious credit cards. • Develop quality control system for customer data. • Develop employee recruitment system (e-Testing)
Process	<ul style="list-style-type: none"> • Establishment of Debt Management Center • Establishment of a retail credit approval center for credit and cash cards. • Improved 79 processes.
Human Resources Development	<ul style="list-style-type: none"> • Training / Seminars for 42,047 people with 384 courses. <ol style="list-style-type: none"> 1) 19 business courses supported (14,815 participants) 2) 28 operation courses supported (10,130 participants) 3) 277 policies supported (9,443 attendees) 4) 54 Training Roadmap courses (7,316 participants) 5) 3 successor courses (194 participants) 6) 2 Talent Management courses (60 participants) 7) 1 GSB Idea course (89 participants) • e-learning: 19,789 people. <ol style="list-style-type: none"> 1) 35 Human Resources Management (HR) courses (14,080 students) 2) 17 Internal Audit / Control Risk Management and Anti-Corruption courses (46,841 students) 3) 11 Product Development and Marketing Courses (24,487 attendees) 4) 6 Information Technology (IT) courses (19,517 attendees) 5) 3 Sales and Service courses (763 attendees) 6) 3 Credit Courses (480 participants) 7) Other 25 courses (17,689 attendees) • Successor 194 people including: <ol style="list-style-type: none"> 1) Executive Vice President, GSB to be Senior Executive Vice President 31 persons. 2) Senior Vice President of Department / Regional Office to be Executive Vice President, 92 persons. 3) Vice President of Department / Regional Office to be Senior Vice President, 71 persons • Talent / Young Leadership, 60 people • Provide 48 scholarships for domestic master degree <ol style="list-style-type: none"> 1) MBA Online 27 scholarships include: <ul style="list-style-type: none"> - 11 for Finance - 16 for Marketing 2) 21 Domestic Master Scholarship <ul style="list-style-type: none"> - Finance, Banking, Applied Finance, Financial Engineering, and Risk Management for 10 Scholarships. - Marketing and Management for 8 Scholarships - Economics, Finance and Business Economics for 2 scholarships - Human Resource Management and Development for 1 scholarship.

Overall budget for the year 2017 amounted to 36,750 Million Baht. Real disbursement of 28,672 Million Baht including the saving of 1,422 Million Baht, accounting for 82 percent of the budget. The total operating expenses were 84% of the budget.

04

The Operating Performance of State Policy Transaction

State Policy Transaction	Project Timeline	Credit Line (Million Baht)	Number (s)	Outstanding Loans (Million Baht)
1. Loan Project to Help Independent Self-Employed Entrepreneurs Affected by the Flood and Hurricane in 2010	2010-2016	2,000	126	0.17
2. Financial Assistance Program for Business Operators in the Three Southern Border Provinces	2010-2016 Extends the time for 1 st session to end of 2014 2 nd extension to end of 2017 3 rd extension to end of 2022	25,000	12	13,285
3. GSB Loan Development for Flood Protection System to Industrial Estate / Park / Industrial Zone	2013-2028	15,000	5	1,951
4. Loan Project for Flood Protection System in Industrial Estate	2013-2028	3,546	1	1,998
5. Village Promotion Measures	2015-2023	30,000	20,619	19,395
6. Low Interest Loan Project for Working Capital of Small and Medium Enterprises (SMEs)	2015-2022	100,000	18	76,657
7. Low Interest Loan Program for Working Capital for Small and Medium Enterprises (SMEs) Phase 2	2016-2023	50,000	17	33,611
8. Pracharath Housing Loan Project	2016-2046	20,000	5,826	4,336
9. Low Interest Loan Program to Help Fishermen "Thailand's Fisheries Move Forward"	2016-2024	500	304	333
10. Project for Public Loans for People	2016-2021	Unspecified	33,506	852
11. Low Interest Loan Program to Modify Machinery and Increase Productivity for Small and Medium Enterprises (SMEs)	2016-2024	30,000	17	23,889
12. The Government's Measures to Solve the Public Debt Problem under the Government Policy.	2016-2036	Unspecified	10,119	5,716
13. Public Loan Project (Disaster Victims)	2017-2022	4,000	4,659	160
14. Loan Project to Relieve Suffering of Small and Medium Enterprises (SMEs)	2017-2022	2,500	3	2
15. Retail Loan Program for Emergency Use	2017-2022	5,000	108,761	4,189
Total			183,993	186,374



OPERATION DIRECTION AND POLICY IN 2018



The Bank has reviewed its vision, mission and operational direction by the philosophy of Sufficiency Economy as well as to consider and agree on the link of the 20-year National Strategic Plan, the 12th National Economic and Social Development Plan and the United Nations Development Goals (SDGs), Thailand 4.0 Policy and the Digital Economy and Social Plan, The government's policy guidelines (SOD), Policy Guideline for SFIs Strategic Business Plan And strategic plans for state enterprises, financial institutions and the direction of the Thai economy, including digital change in customer behavior, innovative technologies and regulatories. That is a strategic challenge in response to the needs and expectations of stakeholders and the improvement of the Enterprise Quality Management System (SEPA) to enhance management to international standards. The vision, mission, values and direction of operations are structured for the enterprise plan of 2018 - 2022:

Vision

To be the leader in promoting savings for sustainable development of the country and enhancing people's happiness.

Mission

01



To promote savings and financial discipline

02



To support for investment and development

03



To promote and upgrading grassroots economy and small and medium enterprises for sustainable capability

04



To provide full fledged modern financial services, beyond expectation, under acceptable risks

05



To be the Bank for society with good governance.

Core Value

It is important to link the vision, mission and strategy of the Bank to implement the corporate culture as follows:



From 2018-2022, the Bank will focus on the mission of GSB New Century, Digi-Thai Banking, “Digital for all Thais,” introduces technology and innovation to develop financial products and services as well as service channels to provide customers, particularly for retail customers to have comfortable, easy and safe access, including to provide financial literacy as well as introducing products and services to customers. It also provides opportunities for access to finance and financial services, debt settlement, promotion of savings and create financial discipline for youth and the public, strengthening the community to be self-reliant and ongoing support for state-funded projects.

Direction and policy of operation in the year 2018 has set its business operations, focusing on retail loans to increase an opportunity to access to finance in the system to personal customers, grassroots customers and SMEs, particularly Startup, not less than 90%, and provide a large loan of at least 5% of total loans, with the goal of growing deposits and loans in line with the direction of the Thai economy (GDP) growth. GSB will focus on Digi-Thai Banking, which is in line with the government policy as follows:

1. Financial Strengthening

The Bank’s legal capital is continuously maintained asset quality management. The management of the proportion of the business has the appropriate rate of return and risk management. It also provides efficient asset and asset management and reduces the Bank costs.

2. Sustainable Development: SD

Sustainable organization and society under the concept “GSB creates the Pink World” through savings goals in three aspects: savings economy, savings society, and savings environment. The Sufficiency Economy Philosophy and the Sustainable Development Goals (SDGs) of the United Nations are used in all dimensions of banking business starting from implanting values, savings and financial discipline to every target. It also strengthen grassroots and community economy to upgrade to a sustainable startup business with good governance. It is responsible for the nation, economy, society, the environment and stakeholders by the participation of everyone in the organization, including cooperation between government, private and public sectors through activities / projects.

3. Customer Life Time Value Proposition

The Bank delivers value throughout its life-cycle by customer-centric strategy to deliver value to three customer segments: personal customer group, grassroots customer group and business and government sector customers group with innovative financial and service beyond customer expectations. GSB is developing or seeking cooperation with partners to create and deliver a good experience to customers in all touch points. The process of providing core business services with technology and innovation and digital marketing communications is applied to provide customers with convenience, quick access, easy and safe, and to create customer engagement.

4. Fundamental Capabilities

To raise the standard of corporate management and improve infrastructure to have higher competitiveness to supports digital business, the focus is on organizational restructuring, manpower, management processes, and HR development to keep up with the changes in the digital age. The Bank will manage and analyze big data together with the efficiency management of information technology to support the business and to ensure the security of information and services. This is to promote and integrate governance, risk management, control and internal audit to be a good corporate governance and transparency.



FINANCIAL STRENGTHENING

- Asset and Liability Management Development Project
- Project Management and Development of Debt Management System
- The Debt Settlement and Control Center Project



SUSTAINABLE DEVELOPMENT: (SD)

- School Bank Project
- Youth Dreams Project to Excellence: GSB fulfills dreams and makes Moral Stars Lead to the university
- The Wisdom Bank Project
- Elderly Competence Development Project
- Financial Community Organization Development to be Financial Community Institution Project
- Informal Debt Management and Development Plan



CUSTOMER LIFE TIME VALUE PROPOSITION

- Digital Branch Project
- Smart Device Customer Service Project
- Opportunities and develop potential SMEs StartUp / SMEs
- Plan for the development of new financial products and services (Fintech)
- Service Excellence Plan
- Electronic Business Marketing Plan
- Corporate Communications Business Plan and the Bank's Image



FUNDAMENTAL CAPABILITIES

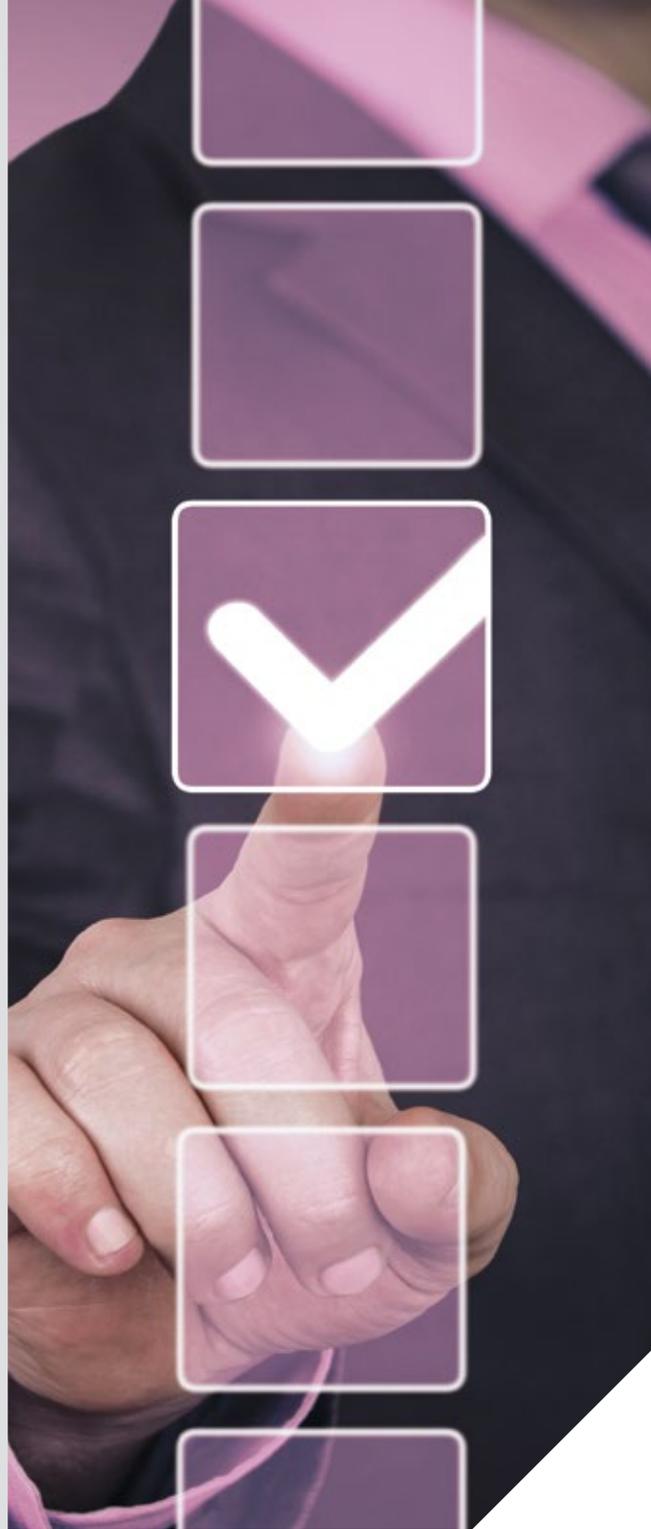
- Corporate Governance Plan and Digital Asset Management (Re-Organization & Re-Process)
- Human Resource Management and Development Plan for Digital Change
- Development of information technology systems to support business operations.
- Roadmap development tools for risk management and preventive monitoring
- Big Data Management and Analysis Plan

However, in the year 2018, there may be external factors that result in the operation not being in line with the plan and goals set by the Bank; both domestic and global economic factors, social change, demographics, customer behavior, innovation and modern finance technology, as well as government policies and regulations. With an increase of the competition of financial institutions and non-financial institutions, the Bank has planned for the risk by analyzing and evaluating the impact of such factors to prepare measures and review the Bank's strategy and business strategy to keep up with the ever-changing situation with the results of the Bank's achievement.



GOOD CORPORATE GOVERNANCE

**GOOD CORPORATE
GOVERNANCE IS A KEY
FACTOR IN STRENGTHENING
THE BANK'S GOVERNANCE
SYSTEM TO BE
TRANSPARENCY AND MEET
INTERNATIONAL STANDARD.**



Good Corporate Governance

Good corporate governance is a key factor in strengthening the Bank's governance system and to meet global standard. Government Savings Bank has adopted good corporate governance principles in its management to achieve its mission and in line with national strategy. The Board of Directors and the Management apply knowledge, ability, prudence, honesty to structure and arrange mechanism of internal management to link the relationship between the Board and employees. The main purpose is to create the right benefits to take into account the overall stakeholder. This will add value and sustainability in the long term.

In the year 2017, the good governance of Government Savings Bank had proven as the great award received as "State-owned Enterprises Excellence in Moral and Transparent Operations", Personal Excellence Award for Corporate Governance and Anti-Corruption in the Year 2017 and the 7th Transparency Award from the Office of the National Counter Corruption Commission.

Good Corporate Governance Principles

The Bank is structured and managed the organization to link the relationship between the Board of Directors, the management, the employees, with the important objectives to create the right benefits taking into account of all stakeholders. The structure and management mechanism must reflect the following seven key principles.



1. ACCOUNTABILITY

responsibility for performance



2. RESPONSIBILITY

awareness of duty with sufficient capacity and efficiency.



3. EQUITABLE TREATMENT

honest and equality must be taken in action to all stakeholders, for example, procurement must be fair and equitable. If there is a complaint, action should be taken with logical description.



4. TRANSPARENCY

must be transparent in two ways:

4.1 Transparent operation

4.2 Transparent Information Disclosure to all parties involved.



5. VALUE CREATION

value creation for both short and long term. Any change or value-adding activity should increase competitive competency.



6. ETHICS

to promote Good Corporate Governance and Ethics



7. PARTICIPATION

to promote the dissemination of opportunities for the public to engage in commenting on actions that may have an impact on the environment, health, hygiene, quality of life and well-being of the community or local area.

Good Corporate Governance Policy

The Board of Directors is committed to promote the Bank's corporate governance. It focuses on creating benefits for all stakeholders with integrity, transparency, and effective operations. There is an opportunity for stakeholders to participate in the joint decision-making and collaborative action which corresponds to the "Good Governance Principles and Guidelines for State Enterprises in 2009" by the State Enterprise Policy Office, Ministry of Finance.

The Board of Directors has established a good corporate governance policy in order to let the Board of Directors, executives and employees to follow the guidelines as follows:

1. The management and all employees are committed to apply the key principles of good corporate governance. There are seven aspects which are accountability, responsibility, equitable treatment, transparency, value creation, ethics and participation to be used in the operation. The management structure is related to the Board of Directors and the management.
2. The Board of Directors will perform their duties with dedication and responsibility. There is a clear separation of roles and responsibilities between the Chairman of the Board and the Director of the Bank.
3. The Board of Directors play an important role in shaping the Bank's vision, strategy, policies and plans. Risk factors should be considered along with appropriate management guidelines. Accounting system and auditing must be transparent to ensure reliability.
4. The Board of Directors and executives must be leaders in ethics to be a good example of the Bank's corporate governance practices to help monitor and supervise on problem solving, Conflict of Interest and connected transactions.
5. The Board of Directors may appoint specific committees as appropriate to help scrutinize important tasks carefully.
6. The Board of Directors must provide annual self-assessment as a frame to monitor the performance of the Board of Directors.
7. The Board of Directors should consider and determine the Bank's Code of Conduct to all management and employees as a guide of working practice.
8. The Bank Information Disclosure in both financial and non-financial matters should be provided reliably and timely to ensure that all stakeholders are equally informed. There are also agencies responsible for disseminating bank information to customers and the general public.
9. There is a system of personnel selection that will take over the key management positions at all levels with appropriate and transparent recruitment process

Good corporate governance

The Bank has adopted a good corporate governance policy. The Master Plan of Corporate Governance for the years 2017 - 2021 is the framework for the implementation. The five strategies are as follows:

- Strategy 1: Develop Information Disclosure and Transparency
- Strategy 2: Create Good Governance Culture
- Strategy 3: Define the framework and procedures for compliance.
- Strategy 4: Develop database and information for regulatory compliance.
- Strategy 5: Develop professional standards for regulatory compliance.

Responsibilities of the Board of Directors

The Cabinet has appointed GSB Board of Directors between January 1 and December 31, 2017

No.	Name	Position
1	Mr.Kulit Sombatsiri	Chairman
2	Mr. Prapas Kong-led	Director
3	Mr. Sutthichai Sungkamanee	Director
4	Mr. Pipat Khanthong (1 January - 30 September 2017)	Director
5	Mr. Pitsanu Vichitcholchai	Director
6	Mrs. Wannipa Bhakdibutr	Director
7	Mr. Jessada Promjart	Director
8	Miss Sompis Charoenkiatikul	Director
9	Mrs. Pratana Mongkolkul (until 30 January 2017)	Director
10	Mr. Chusak Salee	Director
11	General Jiradej Mokkhasmit (since 21 February 2017)	Director
12	Mr. Boonchai Charassangsomboon (21 February - 4 October 2017)	Director
13	Mr. Chatchai Payuhanaveechai	Director and Secretary

Authority

Government Savings Bank Act, B.E. 2489 and amended the authority to control and manage the Bank as follows:

“The Minister of Finance shall have the powers and duties on Government Savings Bank. There is a committee called. “GSB Board of Directors” consists of one Chairman and not less than six other directors, but not more than thirteen people which the Cabinet appointed and GSB President & CEO is the director and the secretary. The Board has the power to set policies and supervise in general. The business of Government Savings Bank includes general terms and conditions of various types of businesses. The Director shall be the Manager of Government Savings Bank. The Authority shall have the power to administer the affairs and work of Government Savings Bank in accordance with the law, rules, regulations, and regulations of Government Savings Bank as assigned by the Board which have the power to appoint, promote or pay disciplinary action may be taken or dismissed from the position of the employee in accordance with the rules and conditions prescribed by the Board, the Bank’s policy and regulation, or the regulations of the Board of Directors.”

In the year 2017, the operation of GSB was in line with the situation of the current economic change. This is to ensure that the operation of GSB is continuous and more effective. The promulgation of Government Savings Bank Act (No. 4), B.E. 2560 (2017), which has added provisions on the capital increase of Government Savings Bank and amending the powers and duties of the Board. The Board of Directors of Government Savings Bank have the authority to consider and approve the budget of the Bank as well as to announce the statement of financial position and annual report.

Qualifications of Directors

The Bank's directors must have qualifications and not be prohibited under the Qualifications Act B.E. 2518 and the amendment to Government Savings Bank Act B.E. 2489, as amended by the notification of the Bank of Thailand on Governance.

The Board of Directors consists of experts in various fields such as Economics, Accounting, Business Administration, Law and Public Administration. The Board are qualified, knowledgeable and practical. All directors dedicate their time to perform the duties of the Board of Directors taking the time to participate in the Bank's activities.

Independent Director

The Independent Director of Government Savings Bank is defined by the Office of the State Enterprise Policy Committee as "an external director who is not an executive of a state enterprise and not being an executive director or a director who is empowered by state enterprise. He should be independent of major shareholders, executives and related persons. It can equally protect the interests of the state or shareholders. It can help to prevent conflicts of interest between state-owned enterprises and their related parties.

Tenure

The Chairman of the Board of Directors or the Board of Directors appointed by the Cabinet shall hold office for a term of three years, with the Chairman of the Board of Directors or the Bank's Director vacating office may be re-appointed not more than 2 consecutive terms.

Subcommittee

The Board of Directors has appointed sub-committees to analyze and give opinions to the Board of Directors. Subcommittees have the following components and responsibilities:

1. Executive Committee

No.	Name	Position
1	Mr. Prapas Kong-led	Chairman
2	Mrs. Pratana Mongkolkul (until 30 January 2017)	Committee
3	Miss Sompis Charoenkiatikul	Committee
4	GSB President & CEO	Committee and Secretary

- Consider policies, strategies, business plans. The plan to control and monitor the management to the Board of Governors for approval.
- Propose direction and investment guidelines. Other credit and business operations GSB Board of Directors shall approve.
- Approval of investment Credit and other business operations of Government Savings Bank as assigned by the Board of Directors.
- Monitoring of investment. Credit and other business operations in accordance with the plan and goals of Government Savings Bank.
- Screening or approving general debt restructuring and debt problems. Valuation criteria for collateral Write off and changes to the terms and conditions of investment as assigned by the Board of Directors.
- Consider and comment on investment. Credit and the procurement is under the approval of the Board of Government Savings Bank.

- Consider the Strategic Plan, Budget, and Agreement for the Annual Performance Evaluation of Government Savings Bank.
- Follow up on comments and suggestions. According to the strategic plan and budget of Government Savings Bank.
- Consider, approve or approve budget transfers and/ or change the item. The budget has been appropriated as assigned by the Board of Directors.
- Consider the appropriate and effective organizational structure, including suggestions, policies and strategies on personnel, compensation and welfare of employees and employees to the Board of Government Savings Bank. To be approved by the Board of Directors.
- Supervise and advise on the performance of Government Savings Bank. Organization, personnel, compensation and welfare of employees and employees. The organization is dynamic and sustainable.
- Consider the human capacity framework and how to recruit to be consistent with the structure of Government Savings Bank Board.
- Supervise and advise on Human Resources Development at all levels to be ready in all aspects. To have personnel with vision, knowledge and personality and have a good conscience.
- Supervise and advise on the employment of educational institutions, external Consultants or advisors to develop the human resources management system of GSB.
- Focus on integrating work processes in corporate governance, risk management, and compliance with laws, regulations, rules, regulations, and announcements to achieve operational results by the participation of all units (Integrity-Driven Performance).

2. Audit Committee

No.	Name	Position
1	Mr. Pitsanu Vichitcholchai	Chairman
2	Mr. Jessada Promjart	Committee
3	Mr. Chusak Salee	Committee
4	Deputy Director of the GSB - Audit	Secretary

- Review quarterly and annual financial reports. To ensure that all financial reports are properly prepared. This is in accordance with generally accepted accounting principles and adequate disclosure, completed and reliable.
- Review the effectiveness and effectiveness of internal control processes, Good Governance Process Risk Management Process.
- To review the operation of Government Savings Bank in accordance with the laws, rules, regulations and procedures, Cabinet Resolutions or Notices Relating to the Operation of Government Savings Bank.
- To review the Bank's internal audit system well. Review the independence of the audit group.
- Review and approve auditing group charter, Master Plan for Internal Auditing Performance Evaluation Agreement and the operating manual of the monitoring group.
- Prepare audit committee charter to be in line with the scope of responsibilities. In the operation of Government Savings Bank It must be approved by the Board of Directors. The charter is reviewed at least once a year.
- Coordinate with management, auditors and other regulatory bodies to achieve the objectives of Government Savings Bank effectively and efficiently.

- Coordinate the audit results with the auditor. It may also suggest reviewing or reviewing any items deemed necessary. The proposed remuneration of the auditor to the Board of Directors.
- Supervise personnel development, monitoring group considering the adequacy of the number and skills of internal auditors in the context of Government Savings Bank environment. Key Features Including qualification and professional skills, computer, business and other skills as appropriate.
- To propose recommendations to the Board of Directors of Government Savings Bank for the appointment, transfer, promotion, promotion and evaluate the performance of the top executives of the audit group. The top executives of Government Savings Bank offer opinions for consideration.
- Considering connected transactions or transactions that may lead to conflicts of interest or potential fraud that may affect the performance of Government Savings Bank. The disclosure of information of Government Savings Bank, especially in the case of transactions that may have conflicts of interest, including the public service account to be accurate and complete.
- Focus on integrating work processes in corporate governance, risk management, and compliance with laws, regulations, rules, regulations, and announcements to achieve operational results by participation of all agencies. (Integrity-Driven Performance).

3. Risk Management Committee

No.	Name	Position
1	Mr. Sutthichai Sungkamanee	Chairman
2	Mrs. Wannipa Bhakdibutr	Committee
3	Miss Sompis Charoenkiatikul	Committee
4	Mrs. Pratana Mongkolkul (until 30 January 2017)	Committee
5	GSB President & CEO	Committee
6	GSB Senior Executive Vice President, Risk Management Group	Secretary

- Review and approve Risk Management Policy Risk Management Master Plan Also, the strategies and risk management plans should be approved to suit the situation and the transaction of Government Savings Bank changed to present to the Board of Directors for approval.
- Evaluate, monitor and supervise the risk level of Government Savings Bank to the appropriate level.
- Approve systems for measuring, monitoring and controlling risks.
- Follow up the implementation of the risk management policy to ensure that the risk management system is effective.
- Ensure adequate resources for risk management
- Considering the rules / procedures for entering into transactions or the issuance of new product (s) of derivatives transactions that affect the risk before proposing for approval transactions by the Board of Directors or Committee assigned by GSB.
- Monitor and report the risk status of Government Savings Bank proposed to the Board of Directors and the Audit Committee.
- Focus on integrating work processes in corporate governance, risk management, and compliance with laws, regulations, rules, regulations, and announcements to achieve operational results by participation of all agencies. (Integrity-Driven Performance)

4. Good Corporate Governance Committee (From 21 February 2017) *

No.	Name	Position
1	Mrs. Wannipa Bhakdibutr	Chairman
2	Mr. Sutthichai Sungkamanee	Committee
3	GSB President & CEO	Committee
4	GSB Senior Executive Vice President - Human Resources	Committee
5	GSB Senior Executive Vice President - Business and Government Sector	Committee
6	GSB Senior Executive Vice President - Governance	Secretary

- Define policies, strategies, goals and action plans as well as the regulations, Good Corporate Governance Guidelines Regulatory compliance and credit review of the Bank to comply with the laws and regulations, Rules and how to manage the good business presented to the Board of Directors.
 - Set good practices of the Board of Directors, Good Corporate Governance in the State Enterprise, approved by the Cabinet to GSB Board of Directors.
 - Promote and disseminate corporate governance culture. The Board also encourages the Board of Directors, executives, employees, the community, customers and the general public to participate in the activities.
 - Control and monitor the operation of good corporate governance, Regulatory compliance and regular credit review to report to the Board of Directors of the Bank to know the abnormal or inaccurate right. The report of the performance to the Board of Directors for acknowledgement at least quarterly including good corporate governance reports, Regulatory compliance and annual credit review.
 - Suggesting measures or guidelines needed to promote the operation of Government Savings Bank Good Corporate Governance, Regulatory compliance And effective annual credit review to the Board of Directors and GSB Management.
 - For the benefit of the duties set out in the above charter, may invite committees the current Board of Directors appointed to comment on or consider related issues and have the power to issue an inquiry or call any person. involved in the implementation of the Charter as provided in the Charter. Send a statement in writing or submit an account, document or any other evidence to review or to consider the appropriate.
 - Focus on integrating work processes in corporate governance, risk management, and compliance with laws, regulations, rules, regulations, and announcements to achieve operational results by participation of all agencies. (Integrity-Driven Performance).
- * Note: The Bank has adjusted Corporate Governance and Social and Environmental Responsibility Committee to be Good Corporate Governance Committee

5. Employee Relations Committee

No.	Name	Position
1	Mr. Prapas Kong-led	Chairman
2	9 Representatives of Employers	Committee
3	9 Representatives of Employees	Committee
4	GSB Senior Executive Vice President - Human Resources	Secretary

- Considering the improvement of the operating efficiency of Government Savings Bank to promote and develop labor relations.
- Find a way to reconcile and settle disputes in Government Savings Bank.
- Consider updating the working regulations. This will be beneficial to employers, employees and the Bank.
- Consultation to resolve employee complaints, including complaints about disciplinary action.
- Consultation to improve employment conditions.
- Appointment of a working group to scrutinize the work of Employee Relation Committee
- Perform any other actions as prescribed in the State Enterprise Labor Relations Act.
- Integrate the processes of governance, risk management, and compliance with laws, regulations, announcements, and regulations to achieve the results of operations by participation of all agencies. (Integrity-Driven Performance).

6. GSB President Performance Assessment and Remuneration Consideration Committee

No.	Name	Position
1	Mrs. Wannipa Bhakdibutr	Chairman
2	Mr. Pipat Khanthong (until 30 September 2017)	Committee
3	GSB Senior Executive Vice President - Human Resources	Secretary

- Suggest method of evaluating the performance of GSB President & CEO that shall be in accordance with the employment contract as President & CEO of Government Savings Bank to the Board of Directors for consideration and approval.
- Evaluate and report the results of the performance evaluation of GSB President & CEO to the Board of Directors under the agreement made with the Board of Directors according to the terms of employment contract.
- Recommend the appropriate remuneration rates of GSB President & CEO to GSB Board of Directors.
- Suggested remuneration rate for GSB President & CEO annually, according to level of performance evaluation results, the criteria and methods of assessment approved by the Board of Directors.
- Focus on integrating work processes in corporate governance, risk management, and compliance with laws, regulations, rules, regulations, and announcements to achieve operational results by participation of all agencies. (Integrity-Driven Performance)

7. GSB Executive Nomination and Remuneration Consideration Committee and Sub-Committee

No.	Name	Position
1	Mrs. Wannipa Bhakdibutr	Chairman
2	Mr. Sutthichai Sungkamanee	Committee
3	Mr. Pipat Khanthong (until 30 September 2017)	Committee
4	GSB Senior Executive Vice President - Human Resources	Secretary

- Define policies, procedures, recruitment methods, appoint staff in positions of First Senior Executive Vice President, Senior Executive Vice President or equivalent, Executive Vice President or equivalent, except the top executives of the audit group to propose to the Board of Directors for approval.
- Selection and nomination of qualified persons to serve as directors in various sub-committees and responsibility from the Board of Directors to propose to the Board of Directors.
- Selection and nomination of qualified candidates for appointment of First Senior Executive Vice President, Senior Executive Vice President or equivalent, Executive Vice President or equivalent, except the top executives of the audit group to propose to the Board of Directors.
- Determine the policy and the amount of remuneration and other benefits for directors in various committees, of First Senior Executive Vice President, Senior Executive Vice President or equivalent, Executive Vice President or equivalent. It must have clear and transparent criteria to be proposed to the Board of Directors for consideration and approval.
- To oversee directors in Sub-Committees, of First Senior Executive Vice President, Senior Executive Vice President or equivalent, Executive Vice President or equivalent to get the right return on their duties and responsibilities. Directors who are assigned more responsibilities and responsibilities should receive appropriate remuneration for their assigned duties and responsibilities.
- Set up guidelines for evaluating the performance of board members in sub-committees. of First Senior Executive Vice President, Senior Executive Vice President or equivalent, Executive Vice President or equivalent, except the top executives of the audit group to consider annual adjustment. It must take into account the responsibilities and the risks involved.
- Disclose the policy and details of the recruitment process in Annual Report.
- Disclosure of compensation policy and disclosure of compensation in various forms. Prepare a report on the remuneration at least the details of the operational goals and the opinions of GSB Executive Nomination and Remuneration Consideration Committee and Sub-committee are set out in Annual Report.
- Consider moving and switching executives as First Senior Executive Vice President, Senior Executive Vice President or equivalent, Executive Vice President or equivalent, except the top executives of the audit group. In case the Chairman of the Board considers the transfer and replacement of top executives (GSO) as the Acting President & CEO of Government Savings Bank to submit to the Board of Directors for approval.
- Select and nominate qualified persons to appoint the acting President & CEO of Government Savings Bank to the Board of Directors for approval and the authority to follow the regulations of Government Savings Bank on acting in that position.

Board of Directors meetings and remunerations

Board of Directors meetings

The Board of Directors recognizes the importance of carefully planned meetings. Getting accurate information to make decisions on issues affects effective and efficient operations. The meeting is scheduled once a month throughout the year. Special meetings may be held as appropriate. In the year 2017, there were a total of 17 meetings of the Board of Directors, divided into 15 regular meetings, one was of the Board of Directors and top executives to review the vision, mission, values and operational directions of the year 2018 - 2022. Another was GSB board meeting without the executives. The meeting documents were sent to the directors 7 days prior to the meeting date. The Board of Directors attended the meeting according to the meeting criteria and in meetings of directors that may be involved or have interests in any agendas, the meeting should abstain from voting on the agenda or leave the room.

Directors meeting attendance 2017

Unit : Time

No.	Government Savings Bank Board of Directors	Board of Directors											
		Board of Directors	Executives Director	Audit Committee	Risk Committee	Good Corporate Governance Committee	Employee Relations Committee	Senior Executive Consideration	GSB President and CEO Performance Assessment and Remuneration Consider	Procurement Problem Judgment Committee	Verification Committee	Employee Disciplinary investigation Committee	Nomination and Remuneration Committee, Top Executive and Board Committees
1	Mr. Kulit Sombatsiri (Chairman)	16/17											
2	Mr. Prapas Kong-ied	15/17	17/17			12/12				1/1			
3	Mr. Sutthichai Sungkamane	17/17			12/12	7/8			1/1	2/2			4/4
4	Mr. Pipat Kanthong	11/11					2/2						4/4
5	Mr. Pitsanu Vichitchonchai	17/17		13/13									
6	Mrs. Wannipa Bhakdibutra	11/17			4/12	5/8	2/2						4/4
7	Mr. Jessada Promjart	17/17		13/13									
8	Ms. Sompit Charoenkiatikul	16/17	17/17		12/12				1/1		4/4		
9	Mrs. Pratana Mongkolkul	1/1	-/1		-/1	-/1							
10	Mr. Chusak Salee	15/17		13/13									
11	General Jiradej Mokkahasmit	13/15											
12	Mr. Boonchai Charassangsomboon	6/11											
13	Mr. Chatchai Payuhanaveechai (President and CEO)	17/17	14/17		9/12	6/8			1/1			1/1	4/4
	%	90.05	92.31	100.00	75.51	72.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Remuneration of Directors

Remuneration and benefits of directors consists of three parts: monthly compensation, meeting allowance, and bonus.

- Monthly Remuneration (according to Cabinet's resolution on July 2, 2013, effective from August 1, 2013)
 - Chairman 20,000 Baht per month
 - Director 10,000 Baht per month
- Meeting allowance
 - Chairman 12,500 Baht per meeting
 - Director 10,000 Baht per meeting
- Bonus paid for performance based on bonus calculation is as follows:
 - 3% of the net profit calculated for the bonus, Not more than 60,000 Baht
 - If the net profit is higher than 100 - 11,000 Million Baht, the bonus will be increased by another 5,000 - 60,000 Baht per year based on the level of profits and if net profit increased every 2,000 Million Baht, the bonus will be added for 10,000 Baht.
 - Chairman of the Board of Directors shall receive 25% of bonus more than directors.

For the committee whom attend only one meeting per month will be titled as Subcommittee and Other Committees which appointed by the provisions of the law of The Cabinet Resolution or the Board of Directors. The meeting allowance is to be paid by meeting at the same rate as meeting allowances. Only directors who attend the meeting will receive the meeting allowance for the committees / sub-committees / other working groups. Total not more than 2 groups, no more than 1 time per month.

Remuneration of GSB President & CEO

The Board of Directors assign GSB Executive Nomination and Remuneration Consideration Committee and Sub-committee to evaluate the performance and submit to the Board of Directors under agreement with GSB Board of Directors and terms of the employment contract, as well as suggest the appropriate compensation rates of GSB President & CEO for the Board of Directors to consider.

Executives' Remuneration

Type of income	2015 Expenses		2016 Expenses		2017 Expenses	
	GSB President & CEO	GSB First Senior Executive Vice President	GSB President & CEO	GSB First Senior Executive Vice President	GSB President & CEO	GSB First Senior Executive Vice President
Salaries	7,716,129.01	9,778,620.00	8,580,000.00	8,019,684.00	9,805,500.00	2,640,000.00
Compensations	-	-	3,306,912.44	-	3,677,142.86	-
Meeting allowances	458,709.68	38,290.32	460,000.00	12,000.00	460,000.00	15,000.00
Bonus	-	13,963,896.93	363,548.39	4,357,463.12	367,500.00	1,161,745.56
Total	8,174,838.69	23,780,807.25	12,710,460.83	12,389,147.12	14,310,142.86	3,816,745.56

Manpower

The Bank has officers and employees under the agreement as of December 31, 2017, divided by the following positions (following the HR structure table):

Human Resource Structure Manpower per group and line as of December 31, 2017

No.	Group	Line (Report to)	Number of Person
1	GSB President and CEO	GSB President and CEO	1
2	Regional Urban Development Fund Office (RUDF)	Regional Urban Development Fund Office (RUDF)	1
3	Under supervision of GSB President and CEO	Under supervision of GSB President and CEO	1
		Branch Management Department	70
		Business Proportion Management Department	18
		Corporate Secretariat	214
		Branch Operations 1	3,067
		Branch Operations 2	2,699
		Branch Operations 3	2,565
		Branch Operations 4	2,942
		Branch Operations 5	3,243
		Branch Operations 6	2,439
	Total		17,258
4	Compliance and Good Governance Group	Compliance and Good Governance Group	5
		Compliance and Control	148
	Total		153
5	Audit Group	Audit Group	5
		Internal Audit	306
	Total		311
6	Human Resources Group	Human Resources Group	5
		Human Resources Management	233
		Human Resources Development	89
	Total		327
7	Information Technology Group	Information Technology Group	5
		IT Security Department	43
		Information Technology	265
		IT Planning and Development	259
	Total		572
8	Risk Management Group	Risk Management Group	5
		Risk Management	97
		Credit Risk Analysis	219
	Total		321
9	Operation Support Group	Operation Support Group	8
		General Administration	431
		Debt and Legal Management	322
	Total		761

No.	Group	Line (Report to)	Number of Person
10	Corporate Strategy Group	Corporate Strategy Group	5
		Corporate Policy and Strategy	104
		Research and Customer Data Management	75
		Total	184
11	Investment and Financial Management Group	Investment and Financial Management Group	11
		Finance	240
		Investment	128
		Financial Management	129
Total	508		
12	Grassroots Customer and Government's Policy Supporting Group	Grassroots Customer and Government's Policy Supporting Group	6
		Grassroots Customer Management and Government's Policy Supporting Department	23
		Government Officers Customers	58
		Retail Customers and Community Organization	139
		Total	226
13	Business and Public Sector Customers Group	Business and Public Sector Customers Group	8
		Business and Public Sector Management Department	35
		Business and Public Sector Operation	155
		SMEs Business	230
		Corporate and Public Sector	92
		SMEs Startup Entrepreneurs	45
Total	565		
14	Personal Customer Group	Personal Customer Group	5
		Personal Customer Management	27
		Sales Management	261
		Personal Customer Business Management	340
		Personal Customer Operation Management	537
Total	1,170		
Total Manpower			22,358

Employees' Remuneration

The Bank paid salaries, bonuses and welfare for the past three years (2015-2017) as shown in table below:

Detail	2015 Expenses		2016 Expenses		2017 Expenses	
	Officers	Employees	Officers	Employees	Officers	Employees
Salaries	7,363,558,259.24	884,437,712.86	7,695,246,062.50	956,637,025.14	7,655,170,388.67	976,246,489.10
Bonuses	3,167,709,288.35	-	3,261,674,025.14	-	33,535,013,020.23	-
Welfare (include employees)	672,420,745.98		769,238,477.32		713,791,329.44	
Total	10,681,174,131.73	803,616,903.52	11,726,158,564.96	956,637,025.14	41,903,974,738.34	976,246,489.10

Meeting Premium and Remuneration for GSB Board of Directors 2017

No.	Government Savings Bank Board of Directors	Board of Directors								Performance and Remuneration of the President & CEO
		Board of Committee	Executives Committee	Audit Committee	Risk Management Committee	Good Corporate Governance Committee	Employee Relations Committee	GSB President and CEO Performance Assessment and Remuneration Consider		
1	Mr. Kulit Sombatsiri (Chairman)	150,000.00	-	-	-	-	-	-	-	-
2	Mr. Prapas Kong-ied	100,000.00	150,000.00	-	-	-	-	125,000.00	-	-
3	Mr. Sutthichai Sungkamanee	120,000.00	-	-	137,500.00	60,000.00	-	-	-	-
4	Mr. Pipat Kanthong	90,000.00	-	-	-	-	-	-	20,000.00	-
5	Mr. Pitsanu Vichitchonchai	120,000.00	-	137,500.00	-	-	-	-	-	-
6	Mrs. Wannipa Bhakdibutra	90,000.00	-	-	30,000.00	62,500.00	-	-	25,000.00	-
7	Mr. Jessada Promjart	120,000.00	-	110,000.00	-	-	-	-	-	-
8	Ms. Sompit Charoenkiatikul	120,000.00	110,000.00	-	80,000.00	-	-	-	-	12,500.00
9	Mrs. Pratana Mongkolkul	10,000.00	-	-	-	-	-	-	-	-
10	Mr. Chusak Salee	110,000.00	-	110,000.00	-	-	-	-	-	-
11	General Jiradej Mokkahasmit	90,000.00	-	-	-	-	-	-	-	-
12	Mr. Boonchai Charassangsomboon	60,000.00	-	-	-	-	-	-	-	-
13	Mr. Chatchai Payuhanaveechai (President and CEO)	120,000.00	100,000.00	-	50,000.00	60,000.00	-	-	-	-
Total meeting premium		1,300,000.00	360,000.00	357,500.00	297,500.00	182,500.00	125,000.00	45,000.00	12,500.00	

Remarks :

- No. 4 Mr. Pipat Khantong resigned from the position of GSB Director, effective from October 1, 2017
- No. 9 Mrs. Prattana Mongkolkul resigned from the position of GSB Director, effective from January 31, 2017
- No. 11 General Jiradej Mokkahasmit and No. 12 Mr. Boonchai Charussaengsomboon are appointed to be GSB Director of the Board, effective from February 21, 2017
- No. 12 Mr. Boonchai Charussaensimboon resigned from the position of GSB Director, effective from October 5, 2017.

Procurement Problem Judgment Committee	Fact-Finding Committee	Employee Disciplinary Investigation Committee	Nomination and Remuneration Committee, Top Executive and Board Committees	Monthly Remuneration	Total Meeting Premium	Total Meeting Premium and Remuneration	Board of Directors Bonus 2017 for 2016 Performance	Total Board of Directors Meeting Premium, Remuneration and Bonus
-	-	-	-	240,000.00	150,000.00	390,000.00	459,375.00	849,375.00
-	12,500.00	-	-	120,000.00	387,500.00	507,500.00	367,500.00	875,000.00
25,000.00	-	-	20,000.00	120,000.00	362,500.00	482,500.00	367,500.00	850,000.00
-	-	-	40,000.00	100,000.00	150,000.00	250,000.00	367,500.00	617,500.00
-	-	-	-	120,000.00	257,500.00	377,500.00	367,500.00	745,000.00
-	-	-	37,500.00	120,000.00	245,000.00	365,000.00	275,625.00	640,625.00
-	-	-	-	120,000.00	230,000.00	350,000.00	367,500.00	717,500.00
-	-	50,000.00	-	120,000.00	372,500.00	492,500.00	367,500.00	860,000.00
-	-	-	-	19,677.42	10,000.00	29,677.42	367,500.00	397,177.42
-	-	-	-	120,000.00	220,000.00	340,000.00	367,500.00	707,500.00
-	-	-	-	92,857.14	90,000.00	182,857.14	-	182,857.14
-	-	-	-	74,147.46	60,000.00	134,147.46	-	134,147.46
-	10,000.00	-	-	120,000.00	340,000.00	460,000.00	367,500.00	827,500.00
25,000.00	22,500.00	50,000.00	97,500.00	1,486,682.02	2,875,000.00	4,361,682.02	4,042,500.00	8,404,182.02

Self Development of Directors

The Bank encourages its directors to attend various training courses to increase knowledge related to the role of directors. This allows the directors to better understand the roles and responsibilities of the directors in accordance with good corporate governance. This includes enhancing knowledge and new perspectives for financial business management as well as technology and innovation to support effective operations. Every director has been trained by the Thai Institute of Directors (IOD). In the year 2017, the Bank encouraged its directors to attend additional training courses, namely, "National Executive Institute for National Construction" (NESDB) of Executive Director of the Institute of Internal Auditors, Advanced Audit Committee Program (AACP) of The Institute of Internal Auditors, The 2016 IIA International Conference in Sydney of Thai Institute of Directors (IOD). The Bank also organized special lectures to educate directors on topics such as "Notification of the Bank of Thailand in Good Corporate Governance" and "International Financial Reporting Standards" by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. In addition, the Bank invited its board of directors to attend the Digital Banking Exhibition in Guangzhou, Shenzhen, People's Republic of China and Hong Kong Special Administrative Region to study the new financial services approach with modern technology and reduce operating costs. The study how the Bank will develop into Digital Banking to fit with customer needs and lifestyle. It helps support the operation and service to be efficient, convenient, fast, and able to conduct financial transactions anytime and anywhere with a smartphone. This is to bring innovation knowledge to the strategy of developing innovative and comprehensive financial products and services to become Digi-Thai Banking.

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Orientation for New Directors

In 2017, in accordance with the Cabinet's resolution on February 21, 2017 that approved the appointment of two additional members of the Board of Directors, as follows:

1. Gen. Jiradej Mookhasemit
2. Mr. Boonchai Charassangsomboon

Therefore, for the newly appointed members to know important information about GSB, business operations, and scope of duties and responsibilities of the Board of Directors, the Bank has arranged an orientation for new directors.

Self Assessment of the Board of Directors

The Board of Directors have provided self-assessment. This will allow the Board of Directors to reconsider their roles and responsibilities including obstacles during the year are in line with the principles of good corporate governance for state enterprises. In 2017, the Board of Directors had one self-assessment comprising of

Self Assessment There are 6 topics in the assessment: participation in the meeting, independence, readiness for mission, care for duties and responsibilities, performance on Board of Directors duty, and comments and suggestions in an open-ended question, which the results were excellent.

Board Evaluation There are 6 topics in the assessment: Board Meetings, Communication, Working Procedure, Relationship with Management, Structure and Qualifications of the Board of Directors, and comments and suggestions in an open-ended question, which the results were excellent.

The Board of Directors has considered the self-assessment for the year 2017, together with comments, suggestions and guidelines for directors to lead the good corporate governance to effective management.

State Enterprises and Companies or other agencies that the Bank's Board Members or Senior Executives hold position

GSB Board of Directors		State Enterprise and Companies that the Bank's Board Members or Senior Executives take position	
Name	Position	Name	Position
1. Mr. Kulit Sombatsiri	Chairman	1. The Customer Department, Ministry of Finance 2. PTT Exploration and Production Public Company Limited	Director-General Director and Director of Remuneration
2. Mr. Prapas Kong-ied	Director	1. The Public Debt Management Office 2. Dhipaya Insurance Public Company Limited 3. Don Muang Tollway Public Company Limited 4. Law Reform Commission of Thailand	Director-General Director Director Director
3. Mr. Sutthichai Sungkamanee	Director	None	-
4. Mr. Pipat Kanthong	Director	1. TOT Public Company Limited 2. Thai Smile Airways Company Limited	Vice Chairman Director
5. Mr. Pitsanu Vichitchonchai	Director	1. MFC Asset Mangement Plc.	Director and Executive Board
6. Mrs. Wannipa Bhakdibutra	Director	1. Osotspa Company Limited	President Director

GSB Board of Directors		State Enterprise and Companies that the Bank's Board Members or Senior Executives take position	
Name	Position	Name	Position
7. Mr. Jessada Promjart	Director	1. Expressway Authority of Thailand 2. IRPC Public Company Limited 3. Nation Broadcasting Corporation Public Company Limited 4. Director of Compliance with the Joint Operation Contract of Color Television Broadcasting between MCOT Public Company Limited and Bangkok Entertainment Company Limited 5. Director of Compliance for Agreement of Shopping Center in Triangle Area of Phaholyothin between Railway of Thailand and Central Inter Pattana Company Limited 6. Chulabhorn Hospital and Chulabhorn Medical Institution	Director and Director of Audit Committee Director and Director of Audit Committee Independent Director and Director of Audit Committee Director Director Executive Director
8. Ms. Sompit Charoenkiatikul	Director	None	-
9. Mrs. Pratana Mongkolkul	Director	1. Boutique Consulting Group Company Limited 2. Dr. Kamchad - Pranee Mongkolkul Foundation 3. Port Authority of Thailand 4. Thailand Post Company Limited 5. Dusit Thani Public Company Limited 6. FN Factory Outlet Company Limited 7. T.K.S. Technologies Public Company Limited 8. The Central Intellectual Property and International Trade Court 9. Thailand Management Association 10. Institute of Directors Association	Chairman Director, Secretary & Treasury Director Director Independent Director Director Independent Director and Director of Audit Committee Associate Judge Director of Steering Committee Graduate Member and Lecturer
10. Mr. Chusak Salee	Director	1. National Credit Bureau 2. Sri Ayudhya Capital Public Company Limited 3. Sri Ayudhya General Insurance Public Limited	Director Director Director
11. General Jiradej Mokkahasmit	Director	None	-
12. Mr. Boonchai Charassangsomboon	Director	None	-
13. Mr. Chatchai Payuhanaveechai (President and CEO)	Director and Secretary	1. MFC Asset Mangement Plc. 2. Dhipaya Insurance Plc.	Director Director, Executive Director

Remarks : No. 2 and 5 Appointed GSB Board of Directors in second term
No. 4 Resigned from the position of GSB Director, effective from October 1, 2017
No. 9 Resigned from the position of GSB Director, effective from January 31, 2017
No. 10 Appointed until January 15, 2018 because the officer has 65 years of age
No. 12 Resigned from the position of GSB Director, effective from October 5, 2017

GSB Directors and Senior Executives' Holding of Positions in Related Businesses (As of December 31, 2017)

No.	Name of GSB Directors and Senior Executives	GSB Directors																									
		Related Businesses																									
		GSB					Related Companies (1)					Companies with common director(s) or executive(s) (2)															
1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
1	Mr. Kulit Sombatsiri																										
2	Mr. Prapas Kong-ied	✓																									
3	Mr. Sutthichai Sungkamanee																										
4	Mr. Pipat Khanthong																										
5	Mr. Pitsanu Vichitchonchai		✓																								
6	Mrs. Wannipa Bhakdibutra																										
7	Mr. Jessada Promjart																										
8	Miss Sompit Charoenkiatikul																										
9	Mrs. Pratana Mongkolkul																										
10	Mr. Chusak Salee																										
11	General Jiradej Mokkhasmit																										
12	Mr. Boonchai Charassangsomboon																										
13	Mr. Chatchai Payuhanaavechai																										
14	Mr. Boonson Jenchaimahakoon																										
15	Mr. Isara Wongrung																										
16	Mr. Pichet Dhamvavipark																										
17	Mr. Numporn Yommana																										
18	Ms. Jiraporn Nugitragson																										
19	Mrs. Vipaporn Chairat																										
20	Miss Kompranom Wongmongkol																										
21	Mr. Vitai Ratanakorn																										
22	Mr. Chokchai Kunawat																										

Remarks : No. 2 and 5 Appointed GSB Board of Directors in second term
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Definitions :

(1) Related company refers to a juristic person in which GSB has a shareholding of more than 10%
 (2) Companies with common director(s) or executive(s) refers to companies or state enterprise in which director(s) or Senior executive(s) of GSB hold a position and GSB has zero or not more than 10% shareholding.

Symbols :

- ☑ means Vice Chairman
 - ✓ means Director
 - * means The Ministry of Finance has assigned Mr. Vitai Ratanakorn to the position that is the right of the Ministry of Finance
- Related companies
1. Dhipaya Insurance Plc.
 2. MFC Asset Management Plc.
 3. National Credit Bureau
 4. IRPC Plc.
 5. Thai Rating and Information Services Co., Ltd.
 6. Thanachart Fund Management Co., Ltd.
 7. Dhipaya Life Insurance Plc.
 8. Thai Smart Card Ltd.
 9. TSFC Securities Plc.
 10. Islamic Bank of Thailand
- Companies with common director(s) or senior executive(s)
1. PTT Exploration and Production Public Company Limited
 2. Don Muang Tollway Public Company Limited
 3. TOT Public Company Limited
 4. Thai Smile Airways Company Limited
 5. Osotspa Company Limited
 6. Expressway Authority of Thailand
 7. National Broadcasting Corporation Public Company Limited
 8. MCOT Public Company Limited and Bangkok Entertainment Company Limited
 9. Railway of Thailand and Central Inter Pattana Company Limited
 10. Boutique Consulting Group Company Limited
 11. Port Authority of Thailand
 12. Thailand Post Company Limited
 13. Dusit Thani Public Company Limited
 14. FN Factory Outlet Company Limited
 15. T.K.S. Technologies Public Company Limited
 16. Sri Ayudhya Capital Public Company Limited
 17. Sri Ayudhya General Insurance Public Company Limited

Succession Plan

The Bank carries out succession development projects with the objective to prepare potential successors to replace retired executives or empty position, in case of business fluctuations or changes in the future. The selection process is based on systematic rules and procedures through the process of developing and implementing external training systems with top management. Creating partnerships and having broad perspectives is to ensure that executives are able to drive the organization's operations to achieve their vision and mission in line with Digi-Thai Banking's goals. The top four executives positions are:

1. GSB President & CEO

It has developed important issues for the Banking business, direction, innovation and business driving in various dimensions to support the 5-year banking strategy and the growth of the Banking business in the digital age. Professional Leadership Development Program (PLDP) for Individuals is arranged, as well as study visits to external training institutions in the country and abroad.

2. Senior Executive Vice President of GSB

Developing business critical issues, directions, and innovations is to manage the Banking business in the Digital Banking era. Build a Professional Leadership Development Program (PLDP).

3. Executive Vice President of GSB

Develop a strategy in line with the Bank's strategy. Thailand 4.0 / Digital Economy, as well as the study of external institutions.

4. Senior Vice President of Department / Regional Office

TIPS (Theorist, Ideator, Partner, Systematizer) has been developed by focusing on enhancing effective leadership in the digital age, human resources management, business planning in the era, digital, innovation, change management, and business ethics, including external study.

In addition, the Bank has established Human Resource Master Plan for the years 2018-2022 with key strategies including the development of succession leaders and the preparation of key positions for executives. It helps drive the business and the performance of the organization and be able to accommodate future business changes. The Bank will have a sufficient number of successors in every line of work to fill all vacant or retirement positions. Successful candidates will be developed in accordance with the Bank's guidelines. The successor is monitored and evaluated every year.

Role of Stakeholders

The Bank recognizes the rights and roles of various stakeholders inside and outside the Bank. It has set the role to meet the needs and expectations of stakeholders.

Principles

The Board should recognize the rights of stakeholders as required by law. Stakeholders should be supervised by the Bank in accordance with the applicable laws. The Board encourages the Bank to cooperate with stakeholders to create stability, create jobs, and establish a sustainable financial position. The Board should recognize and ensure that the rights of stakeholders are protected and treated.

Good Practice

1. The Board should determine who the stakeholder group is, and prioritize it for consideration without error or to make the business fail or fail.
2. The Board should develop a stakeholder engagement mechanism for the promotion of the Bank's Performance to achieve sustainable security and should disclose relevant information to those stakeholders sufficiently to be able to effectively engage in such participation.
3. The Board should set clear policy on environmental and social protection. The public hearing should be held in the event that the Bank conducts any project or activities that may affect the quality of the environment, health, wellbeing, quality of life or other community or local interests.

Information Disclosure and Transparency

Information disclosure is a key operational transparency indicator for building stakeholder trust, but it is also a mechanism for examining the Bank operations. The Bank stresses correct and accurate information disclosures that enhance stakeholder decision-making and broadens communication channels.

GSB Information Center gathers data from all work units and makes formal financial and non-financial disclosures to all internal and external stakeholders. The Bank disseminates information through the following channels:

1. External disclosures via the Bank website: www.gsb.or.th, e-mail: news@gsb.or.th, ATM screens, Call Center, and TV, radio, newspaper, publications and magazines, including LCD screens at branches.
2. Internal disclosures through its Intranet, PR Boards, Digital Signage, GSB Magazine, LED moving sign-boards and public address sound systems.

The Official Information Act B.E. 2540

As a state enterprise under Ministry of Finance and a public agency, GSB has presented information about the Bank to provide the public and stakeholders with access to the Bank information as follows:

1. Procurement disclosures

The Bank provides procurement and employment information on the Internet including procurement and employment announcements, TOR drafts, bids, bid results, disposal and auction sales.

2. Disclosure of the Bank and customer information to requesting agencies and third parties

The Bank cooperates with legally authorized agencies' that request documentary evidentiary information and request for the Bank staff court testimonies. These agencies include: Officer of the Auditor General, Bank of Thailand, Ministry of Finance, Office of the Securities and Exchange Commission, Office of the National Anti-Corruption Commission, Anti-Money Laundering Office, the Court, Legal Execution Department, Revenue Department, Department of Special Investigation and Office of the Consumer Protection Board. (information only provided if requests conform with current laws and regulations as well as compliance with Bank regulations)

Complaint Management

The Bank manages and handles complaints through the Complain Tracking Application of GSB and has classified the complaints into two categories:

1. General issues refer to product information and customer service to be resolved within 15 days.
2. Significant / Urgent matters refers to issues directly affecting customers related to property damage, life, and the Bank image to be resolved within 3 days.

Complaints and Fraudulent Practice Notices

The Bank focus on prevention and anti-corruption. This is an urgent and important policy that must be taken seriously at the national level. Customers and the general public can report complaints and clues. Corrections or comments to the Bank through the following channels:

1. Call Center 1115 or call 0 2299 8000.
2. E-mail: news@gsb.or.th
3. GSB Website: <http://www.gsb.or.th/contact/form.php>
4. Facebook: GSB Society
5. A letter or complaint sent to GSB President & CEO, Customers Relations Department, Special Audit Department, or head of department / GSB branches nationwide
6. Feedback Box Suggestions and Complaints at Government Savings Bank Head Office and its branches nationwide.
7. Reporting or reporting fraud to the Anti-Corruption Commission of GSB through Operation Control Department.
8. Special Audit Department is a special inspection body message or as commanded and investigate the facts when there is fraud or misbehavior.
9. Other channels such as complaints through social network media according to complaints, (Newspaper, television, etc.), external agencies such as the Bank of Thailand, Office of the Prime Minister (GCC 1111), Ministry of Finance, Center of Dhamma Office of the Consumer Protection Board, Office of the Auditor General.

Protection and confidentiality of complainants

To protect the rights of complainants and informants who act in good faith. The Bank will conceal the name, address or any information that may identify the complainant or the data provider. Keep the information of the complainant and the information provider confidential. Only those responsible for investigating the complaint to access such information.

1. The person who reported the complaint or the complainant can choose not to disclose the name, address, telephone number, contact information. If the disclosure would cause insecurity. If there is a self-disclosure, it will be able to report progress, more helpful info to clarify the facts or ease the damage faster and faster.
2. The information received is confidential and no clue who reveals clues or the complainant to the public without consent.
3. Those who report clues or complaints about corrupt practices. Will be protected In accordance with relevant laws and regulations of the Bank.
4. If the complaint is false or for slander, there will be a disciplinary offense.

The staff and employees of the Bank can report complaints and frauds or provide recommendations to the Board of Directors and executives including GSB's Fraud Prevention Committee via E-mail directly from GSB Intranet.

Complainant Protection Measure

Reporters, complainants, or whistle-blower are not required to disclose themselves, if the disclosure would cause insecurity or any damage. However, if it is self-disclosure, it will be able to help report progress, clarify facts, or mitigate the damage more conveniently and quickly. Relevant information is kept confidential and will be disclosed as necessary and taking into account the safety and damage of the complainant, the source of the information, or those involved. If the complaint case is become false, bullying or slander, will be considered a disciplinary offense.

Ethics and Code of Conduct

The Bank has established the code of conduct to encourage and ensure that all personnel behave in an ethical manner in good interaction with customers, partners and stakeholders systemically. The Board has set policies and oversight of the Code of Conduct, Business ethics, ethics of Directors, executives and employees through ethics assessment and Code of Conduct of Government Savings Bank starting with the Cultivation of moral, ethical awareness, knowledge and comprehension establishment, awareness in implementation of audit and evaluation.

In the year 2017, the Bank developed the following moral and ethical responsibilities:

1. Code of Ethics and Morality to protect the reputation and image risk. The wrong use of social media data. May affect the reputation and appearance of the Bank.
2. Improve mechanisms and systems for enforcing Ethics and Code of Conduct and the penalty procedure.
3. Prepare a portable handbook of Ethics and Code of Conduct and e-Book for distribution to social media.
4. Require management and employees throughout the organization to sign the memorandum and strictly adhere to Ethics and Code of Conduct. In the year 2017, all executives and employees were signed.
5. All new employees are required to sign the memorandum and strictly adhere to Ethics and Code of Conduct. The supervisor signs to act as a good example to the subordinate to provide knowledge, advice, control, and instill in subordinates to strictly comply with Ethics and Code of Conduct.

Ethics and Code of Conduct

GSB Ethics consists of 2 parts:

Part 1 Ethical standards as core values for government officials

Directors, executives and employees are required to comply with the laws, regulations, notifications, orders, conventions and practices of the Bank. To maintain the common good. Political Neutral Public Benefit in facilitating and providing services to the people according to the principles of good governance. It must adhere to the nine core values of ethics as follows:

1. Commitment to morality and ethics.
2. Good Consciousness, honesty, integrity and responsibility.
3. Prioritize benefits of the country and the Bank over its own benefits: no conflict of interest nor providing undue and wrongful benefits to any person.
4. Adhere to righteousness, fairness and lawfulness.
5. Providing services to the people in a timely, courteous and non-discriminatory manner.
6. Provide information to the public completely, accurately and without distorting the facts.
7. Commitment to the achievement of standardized work, quality, transparency and accountability.
8. Adherence to democracy with the monarchy.
9. Adherence to professional ethics of the Bank.

Part 2 Ethical Standards of Government Savings Bank

Directors, executives and employees must abide by and comply with all laws, regulations, notifications, orders, conventions and practices of the Bank for the benefit of the public. It also facilitates and provides services to the people in accordance with good governance. It must adhere to 12 ethical standards as follows:

1. Cooperate and support government policies for the benefit of the country.
2. Act strictly according to the laws, rules, regulations, notifications, orders, rules and regulations of the Bank. Cooperate with other employees to ensure similar employee performance.
3. Perform duties with honesty, transparency, accountability and responsibility and adherence to morality.
4. Perform duties in full force, dedicate intellect knowledge and ability to achieve success and efficiency to maximize the benefits to the Bank and the country.
5. Maintain confidentiality of customers, partners and the Bank strictly. Disclosure is only possible when authorized and authorized or as required by law.
6. Perform duties for the best interests of the Bank. Do not seek personal benefits, do not live or allow others to live in their own position, whether directly or indirectly benefit the Bank for oneself or others. Do not allow the personal benefits or benefits of the person who has a relationship with themselves that may conflict with the Bank's objectives.

7. Cooperate with each other on the Bank's business. Maintaining unity among those in the Banking circle create no cause rupture or aversion among those in the Bank. Respect and honor each other. Ignore any actions that cause others to suffer. Provide sincere support to colleagues.
 8. Do not copy or remove the works of others for their own benefit without the source or do not take the works of others to impersonate their works.
 9. Do not report false or offer dishonest opinions to supervisors. Be polite, obedient, and do not show hardship to your supervisors. The subordinate must comply with the orders of supervisors who order in the business of the Bank in favor of the Bank's operations. Do not cross over supervisors, except performed as ordered by supervisors or higher level or approved as special case from time to time.
 10. Develop social and environmental community as well as create and conserve, natural resources.
 11. Adhere to and comply with good corporate governance principles and Code of Conduct.
 12. Do not comment to outsiders or media in matters relating to the Bank's affairs that may affect the reputation and operation of the Bank, unless authorized or assigned by the authorized person. And ignore publishing or forward the message, information is inaccurate, misleading, or misleading through online media or other media, which could result in the loss of or damage to the employee's management, staff, employees, or employees or affect the reputation and image of the Bank.
- Executives and employees must adhere to two additional ethical standards:
1. Develop self to morality, improve knowledge and the skills to work to always benefit to the Bank by studying for knowledge and experience.
 2. Provide service with politeness, interpersonal relations, fastness and convenience to contact as well as improving service regularly by considering to the benefits and satisfaction of customers.

GSB Code of Conduct

GSB has set a code of ethics for all stakeholders. This is a guideline for the staff of Government Savings Bank, divided into 3 levels:

1. Code of Conduct for GSB employees
2. Code of Conduct for GSB executives
3. Code of Conduct for GSB Board of Directors

Code of Conduct this is the basis for executives and employees of Government Savings Bank to be treated. Executives have to comply with Code of Conduct, as a good example for employees. All GSB employees are obliged to study and practice, according to Code of Conduct.

To promote, appoint, move, or consider about employees goodness of disobedience, the operation performance on moral and ethics should include for consideration.

Employees who break code of conduct of supervisors consent to subordinates violate the code, it counts as violation of the code, and it is subject to disciplinary punishment, which may include civil and criminal penalties.

1. Code of Conduct for GSB employees

1.1 Employee to the Bank

- (1) Perform duties with honesty, fairness and perseverance,
- (2) Use full potential to perform responsibly for the Bank's maximum benefit: not use position to seek benefit for oneself or others and undertake no conflict of interest actions.
- (3) Perform with good attitude and loyalty: maintain the Bank's reputation and image, not defame nor provided information that may tarnish the Bank reputation, provide information that enhances external party understanding and maintain the Bank's good image.
- (4) Accept no expensive or valuable gifts or other benefits from others who are not relatives: (traditional occasions not exceeding 3,000 Baht from each person.

- (5) Keep non-disclosed Bank information and news and information not yet approved by authorized persons strictly confidential.
- (6) IT security awareness and help maintain information system security,
- (7) Utilize the Bank property efficiently and carefully for maximum benefit, seek no personal benefits from such properties, and assist in maintaining clean and orderly properties and workplaces.
- (8) Strict and untiring attention to all activities which can enhance the Bank quality, efficiency, and development.
- (9) Adhering to the Bank professional code of conduct.

1.2 Employees and executives

- (1) Respect, be polite and humble to supervisors, follow lawful orders and perform work accordingly.
- (2) Report no false information nor give dishonest opinions to supervisors, and don't slander executives without facts.
- (3) Do not attempt to lobby or demand for a required position.

1.3 Employees and colleagues

- (1) Maintain and nurture harmony, participate in activities to strengthen relationship among colleagues,
- (2) Provide knowledge, transfer work experiences or advise colleagues,
- (3) Listen to colleague and subordinate opinions and suggestions: use such opinions and suggestions for the Bank benefit.
- (4) Supporting and assisting colleagues in need within one's limits.
- (5) Don't make personal criticism or disclose information that discredit colleagues or tarnish Bank's image,
- (6) Treat colleagues politely and with respect.

1.4 Employees and themselves

- (1) Develop oneself to consistently ensure effective and efficient performance,
- (2) Adhere to laws, ethics and righteousness; seek no wrongful positions nor benefits from supervisors or any other persons.
- (3) Good attitude and pride as GSB's employee - maintain own reputation and honor as GSB employee,
- (4) Be punctual and dedicate time and full potential to performing duties: don't come to work late, leave early or use working time for personal matters (with reason).

1.5 Employees and customers and general public

- (1) To be sincere and provide quality services willingly in a polite and gentle manner,
- (2) Provide fair and equal services without discrimination,
- (3) Protect customer benefits, comply with conditions, keep promises made with customers, report any conflicts of interest to supervisors immediately; perform transparently,
- (4) Keep customer personal information strictly confidential: not disclose such information to others except with customer consent, don't use information to seek benefits for oneself or others,
- (5) Welcome customer comments and suggestions and be ready to provide correct information according to one's status. If matter cannot be handled nor within scope of responsibility, explain or recommend possible solutions or persons for further action,
- (6) Give advice or information or disclose complete and correct service information to ensure customers understand benefits.

1.6 Employees and competitors

- (1) Behave and treat competitors under rule of law and fair competition,
- (2) Encourage actions and activities that contribute to mutual understanding and support in appropriate occasions,
- (3) View competitors as business acquaintances that enhance Bank's continuous self-development.

1.7 Employees and society

- (1) Devote oneself for public benefit or society by contributing energy, ideas and funds and taking part in both internal and external social activities. Such devotion however should not damage the Bank operations,
- (2) No actions that may damage society and the environment.

2. Code of Conduct for GSB Executives

2.1 Executives and the public sector

- (1) Perform duties with honesty for the public sector benefit in general,
- (2) Manage Bank prudently,
- (3) Apply management knowledge and skills to full potential at all times,
- (4) Report the Bank's status regularly, completely and truthfully.
- (5) Report both realistic positive and negative Bank outlooks, supported by sufficient information,
- (6) Seek no self-benefit or for other persons by using Bank information that has not yet been disclosed to the public,
- (7) Disclose no confidential Bank information to outsiders,
- (8) Take no conflict of interest actions.

2.2 Executives and the Bank

- (1) Perform honestly with no conflicts of interest,
- (2) Perform management duties to full potential, cautiously and prudently under corporate governance principles for the Bank's maximum benefit,
- (3) Keep the Bank information strictly confidential and seek no benefits for oneself or others using non-disclosed the Bank information.

2.3 Executives and employees

- (1) Provide fair remuneration to employees,
- (2) Continuously maintain caring and safe work environment,
- (3) Appointing, transferring, rewarding and punishing employees with sincerity: based on appropriate knowledge of employees skills and capabilities,
- (4) Attaching importance to employees' skills and knowledge development by providing regular and fair opportunities to all employees,
- (5) Open to employee professional opinions and suggestions,
- (6) Strictly complying with employee laws and regulations,
- (7) Manage operations by avoiding any unfair acts which may affect employee work and employment security,
- (8) Treat employees politely and respect human individuality and dignity,
- (9) Encourage employees to thoroughly understand employee code of conduct and roles, as well as inculcate appropriate Code of Ethics behavior,
- (10) Provide employee opportunities to report legal violations,
- (11) Provide employees work safety and welfare confidence,
- (12) Ensure employees optimize Bank's limited resources.

2.4 Executives toward customers and general public

- (1) Provide acceptable level of quality services,
- (2) Disclose services information completely and correctly, and without facts distortion,
- (3) Service provisions must not cause customers to misunderstand the quality, price, quantity or any other conditions,
- (4) Establish complaints system, so customers and general public can easily file complaints, and receive prompt feedback,
- (5) Strictly, maintain customers' and people's information confidentiality: not using information for one's own or related persons' wrongful benefit,
- (6) Strictly complying with customer and general public contract terms and conditions,
- (7) If conditions cannot be delivered, notify customers and the general public promptly for solutions,
- (8) Seek no undue gain from poor service quality nor establish unfair business terms and conditions,
- (9) Introduce new innovative services that meet customer and general public needs.

2.5 Executives toward business partners, creditors or debtors

- (1) Do not demand or accept or pay dishonest benefits from or to business partners, creditors or debtors,
- (2) Any evidence of demands or acceptance of dishonest benefits, promptly disclose to business partners, creditors, or debtors, and seek fair solutions.

2.6 Executives and competitors

- (1) Behave and operate under fair competition rules,
- (2) Seek no confidential information dishonestly or inappropriately: including bribing competitors' staff, etc.,
- (3) Make no attempt to tarnish competitors reputation by slandering without facts.

2.7 Executives and society

- (1) Perform no acts which may cause damage to natural resources and environment,
- (2) Return part of Bank profits to activities beneficial to the society on a regular basis,
- (3) Continuously instilling employee social responsibility conscience at all levels,
- (4) Strictly supervising operating performance in compliance with regulatory bodies' objectives and laws,
- (5) Not assist, supporting nor, allowing oneself to be used as a tool for avoiding compliance with laws, rules and regulations,
- (6) Cooperating with regulatory bodies and reporting all legal and regulatory breaches and noncompliance,
- (7) Not use the Bank funds for political purpose.

3. Code of Conduct for GSB Board of Directors

3.1 Director and the Bank

- (1) Perform duties honestly and transparently for maximum the Bank's benefit (no conflicts of interest),
- (2) Apply management knowledge and skills to full potential and perform management duties with prudence,
- (3) Protect the Bank's honor, reputation and good image,
- (4) Disclose no confidential the Bank information to outsiders,
- (5) Use no personal authority or allow other persons to use authority to directly or indirectly seek wrongful benefits.

3.2 Directors and employees

- (1) Treat employees politely, avoid unfair actions, and listen to comments and suggestions,
- (2) Determine fair employee safety, remuneration and welfare policies,
- (3) Encourage employee knowledge and competence development,
- (4) Monitor the Bank procedures in reference to employees code of conduct and roles to ensure compliant behaviors.

3.3 Directors toward customers and general public

- (1) Encourage quality services provision to customers,
- (2) Support guidelines that enhance continuous customer and general public benefit,
- (3) Encourage innovation development that meets customer and general public needs,
- (4) Disclose complete and correct services information without distortion,
- (5) Ensure the Bank complaint system provides for prompt feedback.

3.4 Directors and society

- (1) Encourage the Bank corporates social responsibility that upholds national traditions and culture,
- (2) Ensure the Bank strict compliance with the spirit of laws and rules imposed by regulatory authorities.

Good Corporate Governance Practices and Activities

For the year 2017, the Bank has focused on improving its operational guidelines in line with the Bank of Thailand's guidelines. It has been implemented through various activities and projects to achieve corporate governance. Good in the process (CG-in-process) as follows:

- Improve GSB Ethics and Code of Conduct, and Subcommittee Charter to comply with the Bank's policy and Bank of Thailand's regulations. It is distributed through the Bank's communication channels such as intranet, email, communication to all stakeholders and GSB Ethics and Code of Conduct Manual to learn, understand, and adhere to the principles and guidelines for maximum benefit to the Bank and all stakeholders.
- Create Good Corporate Governance Learning Process to personnel at all levels as follows:
 1. Board of Directors and Executives Attending seminars of various organizations such as King Prajadhipok's Institute, Corporate Governance Program for Directors and Senior Executives of State Enterprises and Public Organizations "Corporate Governance for Executive (CGE)", "Successful Formulation and Execution of Strategy (SFE)", "Ethical Leadership Program (ELP)", "Risk Management Program for Corporate Leadership (RCL) "and" Driving Success with IT Governance (ITG) ".
 2. Management and employees at all levels attend training courses on good governance as follows:
 - (1) "Corporate Governance and Ethics Course" for executives and employees from Branch Operations.
 - (2) "Behave as Good Governance Course" for Assistant Branch Manager or Equivalent and Large Branch Manager in 2017
 - (3) Through the e-learning system, the topic "Good Corporate Governance" and "Ethics and Morals", as the Bank sets up KPIs for all employees and It is Key performance of all agencies.
 - (4) Improve mental performance training without counting as absent or leave to instill a sense of morality, ethics, and efficiency in the workplace and apply to work and live properly.

- Provide good corporate governance communication by following activities:
 1. Annual Corporate Governance Day (CG Day) for the Board of Directors, Executives, Employees and stakeholders who involved in the Bank's corporate governance.
 2. Good Corporate Governance Day (CG Day) Tour to convey corporate governance policy for employees in Branch Operations to be aware of the importance and use as a guideline for the operation.

In 2017, the Bank organized the following activities:

- (1) 29th May 2016 CG Day Activity focuses on Digi-Thai Banking led by Mr. Kulit Sombatsiri, Chairman of the Board of Government Savings Bank to provide the Bank's direction with Governance 4.0 and GSB President and CEO presents the vision of "Sustainable Sustainability with Governance".
- (2) 15th November 2017 Mr. Kulit Sombatsiri, Chairman of Board of Government Savings Bank, presided over the CG Day Tour (1st Day) for 2017 and announced policy of good corporate governance. In addition, GSB President and CEO also jointly provided guidelines for implementation of good corporate governance principles into tangible action at Branch Operations 5, Chonburi Province.
- (3) 22nd December 2017, Mr. Chusak Salee, Director of Government Savings Bank, presided over the CG Day Tour (2nd Day) for 2017 and announced policy of good corporate governance. In addition, President and CEO also jointly provided guidelines for the implementation of good corporate governance principles to tangible action at Branch Operations 2, Phetchabun Province.



- Organize activities to encourage the management and staff to adhere to good corporate governance principles, ethics and Code of Conduct throughout the year.
 1. Present Outstanding Ethics and Moral Award Annually to select executives, and employees who have good morals and ethics, have self-responsibility for work and society and be a good role model for other employees.

For the year 2017, Outstanding Ethics and Moral Awards Ceremony for the year 2015 was held on May 29, 2017 and Outstanding Ethics and Moral Awards Ceremony for the year 2016 was held on November 15, 2016.

2. The Bank issued a letter of refraining from giving / receiving New Year gifts inside and outside the Bank to prevent misuse and possible conflicts of interest, including transparency in the work. However, there are also other agencies that bring gifts to the Bank, thus collecting New Year gifts from stakeholders, and organizing activities "Deliver the Essential Uses to Deliver Happiness and Reward to Veterans Rehabilitation in Veterans Hospital."
3. Visit 9 temples to pay respect to the Buddha
4. "Artificial Flowers for the Royal Cremation Ceremony of His Majesty King Bhumibol Adulyadej Bhumabophit"
5. Charity Activities at Wat Huai Pla Kung, Chiang Rai Province
6. Religious activities at the Center for International Enlightenment, Chiang Rai Province

- Monitoring and evaluation, the Bank has been involved in the following areas:
 1. Review of GSB Ethics and Code of Conduct Practice to bring the result to develop and improve the oversight process for GSB Ethics and Code of Conduct. The result found that executives and employees had good understanding of GSB Ethics and Code of Conduct for 93.00 percent, and 93.60 percent of the Practice according to GSB Ethics and Code of Conduct.
 2. A survey of directors, executives, officers, employees and all stakeholders of the Bank such as customers, government, regulators, partners, partners, key players, competitors, the media, and other stakeholders on the role of corporate governance and the application of good corporate governance principles in the operation of Government Savings Bank. The results are as follows:
 - (1) The survey of officers and employees regarding the role of executives and how corporate governance principles was taken and applied to the Bank's operations. The results of the survey are very good in overall. Good Corporate Governance Principles, Ethics and Code of Conduct could apply to the operations 99.60 percent.
 - (2) Reports of surveys of customers and other stakeholders, about the role of executives and how corporate governance was taken and applied principles in the operation of GSB. The results of the survey are very good in overall.

Conflict of Interest

Business

The Bank has Government Savings Bank Regulation No. 582 on conflict of interest which defines terms and conditions for providing loan of investment in the business that the Bank, Board of Directors or management has a vested interest to be considered carefully, transparently, reasonably, independence under the good ethical framework. The Bank also has a policy to supervise the practice of securities business No. 584 on Code of Conduct covers conflicts of interest related to the securities business as a guideline for employees, executives and the Board of Directors, to practice and disclose the conflict of interest to ensure transparency and fairness to customers, to prevent any conflict of interest, Offenses under the Securities and Exchange Act In particular, the use of inside information to benefit self or others.

1. Cross management

The Bank has set the rules for cross executives, that may cause Conflict of Interest. The executive cannot approve transactions related to the securities companies in which they hold positions. It must also adhere to the secret information management practices.

2. Trade of securities of employees, executives and the Board of Directors of GSB

The Bank encourages good corporate governance practices. The Code of Conduct is set out in accordance with the rules of securities business.

2.1 Supervision and control of securities trading of employees, executives and the Board of Directors and related parties who have the opportunity to know the inside information. The Bank will control the purchase, sale, transfer or transfer of securities that are likely to be exploited by outsiders by internal information that is disclosed to others for their own benefits.

2.2 Reporting of irregularities or irregularities occurring in the purchase, sale, transfer or transfer of securities, and the consideration of corrective action taken. Compliance Unit will follow the guidelines of the regulatory authorities.

Supervision of the preparation and management of the list of securities. The Bank manages list of securities that must be cautious in trading, Watch List, List of securities that prohibit the trading, Restricted List and limit the persons involved in the information to follow the control of transactions related to securities to comply with the rules on securities business.

These regulations and the Bank policies are reviewed to be consistent with the current situation regularly.

Employees

The Bank is an important policy that will not conflict with personal interests and interests of the Bank. All employees must report conflict of interest to avoid using the opportunity to become an employee, seek personal benefits and set the rules for employees.

All employees make a report on employee conflict of interest on an annual basis. Employees are required to report conflicts of interest to the head of the unit in the following cases:

1. Prepare report form to review the conflict of interest by the end of December every year.
2. When appointed or relocate new jobs
3. When the restructuring of organizational chart of the Bank
4. When a new conflict of interest has not yet been disclosed or reported before

In 2017, there were no conflicts of interest of executives, employees and staff of GSB

Connected transaction

Connected transaction refers to transactions or transactions between GSB and listed companies, public or private organizations, where the Bank holds more than 10% of shares, or with related parties, such as directors, executives, and related persons, including the company or juristic person in which such person holds shares and the Company has significant control over its operations.

GSB Regulation No. 582 on conflict of interest, defines terms and conditions for providing loan of investment that in business at the Bank. Board of Directors or management has a vested interest to be considered carefully, transparently, reasonably independence under the good ethical framework.

In considering the transactions that may lead to conflict of interests or connected transaction or connected transaction The Bank is required to:

1. Follow the regulations of Government Savings Bank on Credit Policy.
2. Transactions with related parties must be approved by the Board of Directors of GSB by unanimous vote.
3. Directors, executives, or employees are prohibited to involve in interests related to loan, investment, obligations or participate in the approval of loan, investment, and obligations.

Regulatory compliance

The year 2017 is still another year that many external rules have changed, both in the rules of business governance and financial services such as the enforcement of the Payment System Act, the Payment System Act and the Code of Business Conduct. For example, guidelines for selling and servicing capital market products, unit trusts and debt securities, Guidelines for Mutual Fund Managers in the issuance and sale of fund products. In addition, there are guidelines for the supervision of the Bank's operations, for example, the Government Procurement and Public Procurement Act, 2017, the Anti-Money Laundering Regulation With the rules and how about the suspension of operations on the property, and storage and the property management has suspended the operation with the property, 2017, and also changed the external rules to accommodate changes in the environment in the field of information technology such as the Digital Development Act for the Economy and Society, 2017.

GSB recognizes and values business governance and the Bank's operations under the above internal and external rules. The Group is responsible for monitoring the progress of the changing rules and the impact on the Bank. Communication has been made to the Board of Directors, management and employees of GSB to understand business practices and operations that are in accordance with external regulations.

This year, the Bank has focused on integrating work processes in corporate governance, risk management, and compliance with laws, regulations, rules, regulations and announcements. It also focuses on 3 Lines of Defense principles to raise awareness of corporate responsibility and compliance. It is a collaboration between governance and governance. Risk Management Group and the monitoring group in communication, the rules should focus on employees who work in all branches of the business to work in accordance with the rules and reduce the error in the operation.

The overview of the Regulatory Compliance Act of 2017 is as follows:

Legal changes and important rules

Analyze the impact of changes in laws and regulations to the Bank to carry out any modifications or additions to the operation method. Law Enforcement Payment System Act 2017 (Payment System Act) must be licensed to conduct business. The Act on the Criminal Liability of Juristic Person Juristic Person, B.E 2560 (1973), has the effect of rendering the criminal liability of the juristic person representative, if there is no action or action under the law.

Performance Review

Randomized review of the Bank regulations and external rules by various means to ensure that the Bank has complied with both the on-site and off-site methods and the self-assessment method with recommendations to the Bank and agencies.

Implementation of observations and recommendations of regulatory agencies

There is the analysis to solve the error in order to avoid the same issue of observation of the agency. Follow up and follow the correct operation to fully comply with the corrective measures both observations of the Bank of Thailand, Securities and Exchange Commission and the Anti-Money Laundering Office.

Consultation on the rule

Has participated since the process to discuss the issue until the release of the Bank's products and comments. It also coordinates with external and internal agencies about the rules closely.

Quality control

There is a systematic operation and quality control work in various ways such as product database. The outside regulations go into effect. A Guide to Anti-Money Laundering Practices and Financial Support for Terrorism and the Spreading of Arms Highly destructive. Daily and monthly reporting include a Checklist for control, follow up and follow the Bank's regulations effectively and efficiently.

Training

Communicate to the practitioners in a variety of ways. Curriculum development e-Learning Regularly Prepare Statements when the rules change or when there are significant incidents. In particular, there is a partnership between operation control and governance, Risk Management Group and Audit Group. Provide training to all levels of management and employees in Branch Operations to provide insight into the Bank of Thailand's supervision. Product offering is taking into account on the rights of consumers and the reduction of errors in credit operations.

In addition, the Bank employs qualified and experienced consultants to oversee compliance. Review the regulatory compliance process to ensure that the Bank's compliance process complies with good practice and the relevant international standards. The Bank is ready and able to operate effectively, respond to the risk of compliance in a timely manner if there are events that may cause an impact on the organization as a whole. Significantly Vulnerability defect or failure to comply with the rules has been monitored and corrected in a timely manner.

In the year 2017, Government Savings Bank received a letter of thanks in the Bank's cooperation with the Anti-Money Laundering Office of Narcotics Control Department of Special Investigation concerning Government Savings Bank provided useful information on the legal proceedings. In addition, the results of the audit and evaluation of the anti-money laundering laws of Government Savings Bank in the year 2017, the Anti-Money Laundering Office and the Bank of Thailand, no offense found in the non-compliance.

Education on Legal and Formal Rules

The Bank has provided training courses on laws and regulations to the Board of Directors, executives and employees for the following knowledge:

1. Training for GSB Board of Directors

No.	Courses
1	Announcement of the Bank of Thailand on Good Governance
2	International Accounting Standards Group Financial Instruments

2. Training for executives and employees

GSB executives and employees are knowledgeable about banking operations by training in various courses to ensure that employees can perform correctly in the business of the Bank.

No.	Courses
1	GSB Tax Withholding and Value Added Tax
2	Knowledge of the rules governing the specialized financial institutions as announced by the Bank of Thailand
3	New employee development
4	New personnel development
5	Project Manager Assistant Branch Manager or equivalent in 2017
6	Project Manager Assistant Branch Manager or equivalent in Large Branch (L) in 2017
7	Change Management in the Digital Age and Management to Reduce Operational Mistakes for Vice President of Zonal Office
8	Foreign Exchange Business
9	Seminar "Meeting to explain the results of the audit and recommendations to the agency"
10	The implementation of anti-money laundering and counter-terrorism financing and the proliferation of weapons of mass destruction for Virtual Teller Machine: VTM Operation

Corruption Prevention

Government Savings Bank places emphasis on risk management to prevent fraud as follows:

1. Define a clear anti-corruption policy in writing, that the Bank forbids all forms of fraud. The Board of directors, executives, employees and officers of GSB Offerings, Promising, Soliciting, Demanding, Giving or Accepting Bribes, or any other third party related to the Bank. The act is corroborated.
2. Structure of anti-corruption: the Bank set up a committee structure to oversee the prevention and suppression corruption to manage risk and follow-up to comply with the requirements of the laws, regulations, announcements, internal and external norms. It is an important mechanism that drives the operation.
 - 2.1 **GSB Board of Directors** Has a role in approval on policy, Master Plan and Anti-Corruption Action Plan of Government Savings Bank: Assess the Bank's Performance in Implementing the Anti-Corruption Policy
 - 2.2 **Good Corporate Governance Committee** Play a role in counseling, recommendations for the establishment of policies, guidelines and programs on anti-corruption and appoint anti corruption committee to work on the prevention and suppression of corruption of GSB.
 - 2.3 **Audit Committee** Play a role in governance track the efficiency and effectiveness of internal controls to provide effective internal auditing to ensure that the protection process, detect and correctly Track Fraud
 - 2.4 **Anti-Corruption Committee** Play a role in policymaking Master Plan and Action Plan on Anti-Corruption Measures and guidelines to prevent fraud. It is central to receiving reports or reporting fraud and the offense that could lead to corruption.
3. Define operational procedures to align with anti-corruption policy by reviewing GSB order No. 68/2017 on Anti-Corruption Measures.
4. Promote morality and transparency in the operation of agencies by participating in Integrity & Transparency Assessment (ITA) of the Office of the NCC, 4 consecutive years since 2014. At present, Government Savings Bank has increased its annual ITA rating every year (87.24 in 2014, 88.93 in 2019, 91.94 and 95.75 in 2016).
5. Create knowledge about corruption prevention and suppression for GSB Board of Directors, executives, employees, and all stakeholders continuously. In 2017, T-shirt are provided for promoting GSB White Project.



6. The Bank has organized training courses on anti-corruption to educate to the management and employees as follows:

No.	Courses
1	Assessing the virtues and transparency of government agencies
2	The giving or receiving of property or other benefits of public officials
3	Introduction to Anti-bribery Management System - ISO 37001
4	Tableau Report Creator
5	Tableau Report User, Class 1 - 2
6	IFMS Administrator
7	IFMS Processing Operator

7. Excellent Award on State Enterprises Excellence in Driving the Moral Improvement Plan and Transparency in Operations in 2017

8. Ms. Nilawan Lekcharoensuk, Senior Vice President of Retail Customers and Community Organization Support and Operation Department received the “master model” award on transparency in the procurement of the organization in the year 2017 by the Office of the NCC.

9. 100 executives, employees and employees attended the activity “International Anti-Corruption Day (Thailand)” on 25 December 2017

Internal control

Government Savings Bank recognizes the importance of internal control, therefore, GSB sets unit, branch, Zonal office, regional office, department and working line self-assessment (CSA) to create internal control responsibilities for all employees who own the work at the subordinate level. This is a part of normal operation, adheres to internal control standard practices, to achieve the objectives of internal control in all three aspects:

1. The operation is effective and efficient (Operation)
2. Financial Reporting (Financial)
3. Compliance Rules and Regulations (Compliance)

This is to ensure reasonable assurance that the operation will achieve its objectives. The Bank has appointed a working group to take responsibility of the subcontractor to determine the control, prepare reports and assessments of internal controls to report to regulatory authorities, include a summary of the results of each component of internal control. The five elements are as follows:

1. Control environment

The Bank has a good control environment. The Bank’s management has created an atmosphere of control that gives a positive attitude to internal control with emphasis on honesty, ethics and transparency, no conflict of interest. Management is in line with good corporate governance principles. Workers’ understanding of the scope of their duties is in writing, include knowledge, abilities, skills in practice. Assigned duties Encourages employees throughout the organization to raise awareness in the performance of duties.

2. Risk Assessment

The Bank recognizes the importance of internal risk management at both organizational and operational levels. The purposes are set with clear, coherent, and linked to achieve its purposes. Risk is identified from internal and external factors that may affect the achievement of organizational objectives. Risk analysis and risk management are appropriate to reduce errors and prevent defects that may arise from the operation. As a result, the Bank’s operations are most effective and efficient.

3. Control Activities

The Bank has set the operating direction with appropriate policies and procedures to ensure that when implemented, the organization will achieve its intended purpose. A defined control activity can cause an officer to know if a risk exists and how to do to control the risk, avoid the risk, or reduce the risk. The performance of the work is subject to the statutory regulations, internal and external operating procedures annually.

4. Information and Communication

The Bank has a good information technology system that is suitable for work and meet the needs of users. Communication to management, employees and stakeholders, both Inside and Outside are in the right format to help the recipient of information perform duties effectively and achieve organizational objectives by pay attention to the importance of data security, as well as setting emergency plan for information technology emergency to reduce the impact and create continuity in business services.

5. Evaluation

The Bank has an effective internal control system, by setting the appropriate procedures to continuously monitor and evaluate internal control. As part of the normal operation process, the executives have the duty to control the operation, follow the line of command. The evaluation is done on a case-by-case basis. If a defect or significant weaknesses is found, it must be investigated whether have a good internal control or not, in order to be able to solve the problem or defect in time.

The Bank has appointed a working group to set guidelines for processing reports and improvement of internal control in accordance with Rules of the Audit Commission Clause 6, Compliance with internal control and internal control reports to control sub-units in the Bank to follow the guideline of making the assessment report more efficient and effective. Process and prepare a report to GSB President & CEO, prepare a certificate of internal control assessment to send the Office of the Auditor General, Permanent Secretary for Finance, Chairman of the Audit Committee and report Implementation of the management, Good Corporate Governance Committee and the Board of Directors quarterly and annually.

In 2017, the team worked on the overall assessment in the significant risk at the risk level of the organization and has monitored the operational plan of the relevant sub-sections to cover the risk in five aspects:

1. Organizational Structure and Personnel

the Bank has restructured its organization to accommodate its obligations to serve new transactions or transactions to support the Bank's strategy to enter the digital era, including reviewing and determining manpower to comply with the vision, mission and business plan of the Bank.

2. Work Process

The Bank has revised the Order, a clear and easy-to-find operating manual, improved credit process by setting up a retail loan center, set up a debt control and management center Improve the operating procedures of Government Savings Bank by outsourcing to carry out an important document collection center to reduce the burden of keeping important documents of the branch.

3. Information Systems

the Bank has studied and prepared for Big Data to develop and implement the system to meet the standards of regulatory agencies, such as Risk Data Mart, ALM.

4. External events

The Bank has made a short-term plan and long-term plans according to the Bank of Thailand's guidelines for the prevention of ATM risk.

5. Compliance

The Bank has a study and analysis (Gap Analysis) compliance with the rules of supervision of specialized financial institutions as announced by the Bank of Thailand with plan to supervise the work of the relevant agencies to meet the criteria.



RISK MANAGEMENT



01

GSB risk management overview

In 2017, the Bank has initiated GSB New Century policy which aims to push GSB to be the leader in Financial & Social Innovations amid the new financial digital age and emphasizes on corporate social responsibility as well as to support the government's policy to develop the country in accordance with Thailand 4.0 scheme.

In respond, the Bank has developed products and services to satisfy demands of consumers in all groups including grassroots customers group, personal customers group and business group, as well as offering loan products for the elderly to support aging society.

In order to drive financial innovations which cater to the needs of this new social era as well as become a sustainable bank for society, GSB has implemented risk management to cover risks in all aspects, especially organizational restructuring which requires working units to propose policy, process, risk management plan and develop IT Risk management tools and ensure compliance with IT regulations as well as study trend of IT security threat and Cyber Attack which affects the Banking operation.

GSB implements integrated risk management bank-wide in order to control risk according to risk management policy and risk limit stipulated by the Board of Directors. In this regard, Risk Management Committee has been providing opinions and recommendations to the management to ensure appropriate risk management in accordance with the Bank's policy and the guidelines of the regulatory authorities. Each risk owner is responsible for risk identification, evaluation of risk level based on the Bank's guidelines, implementation of risk management measures to contain risks within the acceptable level (Risk Appetite), monitoring and reporting of the risk status and review of adequacy and efficiency of the risk management measures to ensure that risks are managed in a timely manner. Meanwhile, Risk Management Group is in charge of coordinating with and providing supports for risk owners to operate according to the policy and report key risk status to the Board of Directors, Audit Committee and Risk Management Committee on a regular basis so as to continuously foster risk management culture among the management and employees.

In addition, Risk Management Committee, Audit Committee, and Good Governance and Corporate Social Responsibility Committee have jointly conducted integrated meetings in order to determine direction for all the units so that they would effectively and efficiently implement their operations in conformity under the same direction.

Risk management structure

The Bank has set Committee structure to oversee risk management strategy and policy, monitor risk management operations of the management, as well as emphasizes on operational integration regarding good corporate governance, risk management and compliance with the requirements of law, regulations, notifications and criteria as mechanism to accelerate task achievement and achieve Integrity-Driven Performance. Main committees of risk management are as below:

1) GSB Board of Directors

Has duties to determine vision, direction, and strategy of the Bank, and take into account all possible risks to ensure the management's efficient and effective implementation in line with the vision, direction, and strategy set forth.

2) Risk Management Committee

Has the responsibilities to stipulate, revise and approve risk management policy and risk management master plan, as well as endorse risk management strategies and plans in various perspectives to suit the changing circumstances and transactions of the Bank; assess, monitor and supervise the Bank's risk level to be within Risk Appetite; and report the Bank's risk status to the Board of Directors and the Audit Committee on a regular basis. Moreover, the Committee Charters prescribes that Audit Committee, Risk Committee and Good Governance and Corporate Social Responsibility Committee shall jointly hold meetings to share ideas, integrate and enhance collaboration among one another.

3) Good Governance and Corporate Social Responsibility Committee

Plays the role in defining policies, strategies, goals and action plans as well as regulation concerning good governance guidelines, compliance to regulations, review of bank credit in accordance with applicable laws and regulations, rules and procedures for good governance as well as emphasizes on operational integration regarding good corporate governance, risk management and compliance with the requirements of law, regulations, notifications and criteria to achieve Integrity-Driven Performance. (Integrity-Driven Performance)

4) Audit Committee

Has the responsibilities to review efficiency and effectiveness of internal control process, corporate governance process, risk management process, compliance with laws, rules, regulations, operational procedures, Cabinet's Resolutions and the Bank's announcements or orders, and to consider related-party transactions or transactions that may cause conflict of interest or fraud and affect the Bank's operations.

5) Executive Committee

Has the duties to consider and propose policy, strategy, business plans, monitor plans, investment direction and regulations, loan issuance plans and other GSB business recommendations that are presented for Board of Directors approval. The Committee also recommends suitable and effective organization structure as well as proposes human resource management policy and strategy, employees' remunerations and welfares to the GSB Board of Directors for consideration and approval.

6) Assets and Liabilities Management Committee

Is in charge of stipulating the Bank's policy and guidelines for assets and liabilities management to be in consistent with master plan; set strategies for risk management in terms of interest rate, liquidity, foreign exchange, and other relevant areas to be aligned with the Bank's risk management policy; set out deposit rates and lending rates in line with the situation; manage the financial structure and interest rate structure to be in line with the Bank's policy; and formulate policy and guidelines of product transfer pricing.

Moreover, operation level committees have been set up for risk management in main business undertakings, namely Credit Committee, Investment Committee, Business Continuity Management Committee, Fraud Prevention Committee, and so forth.

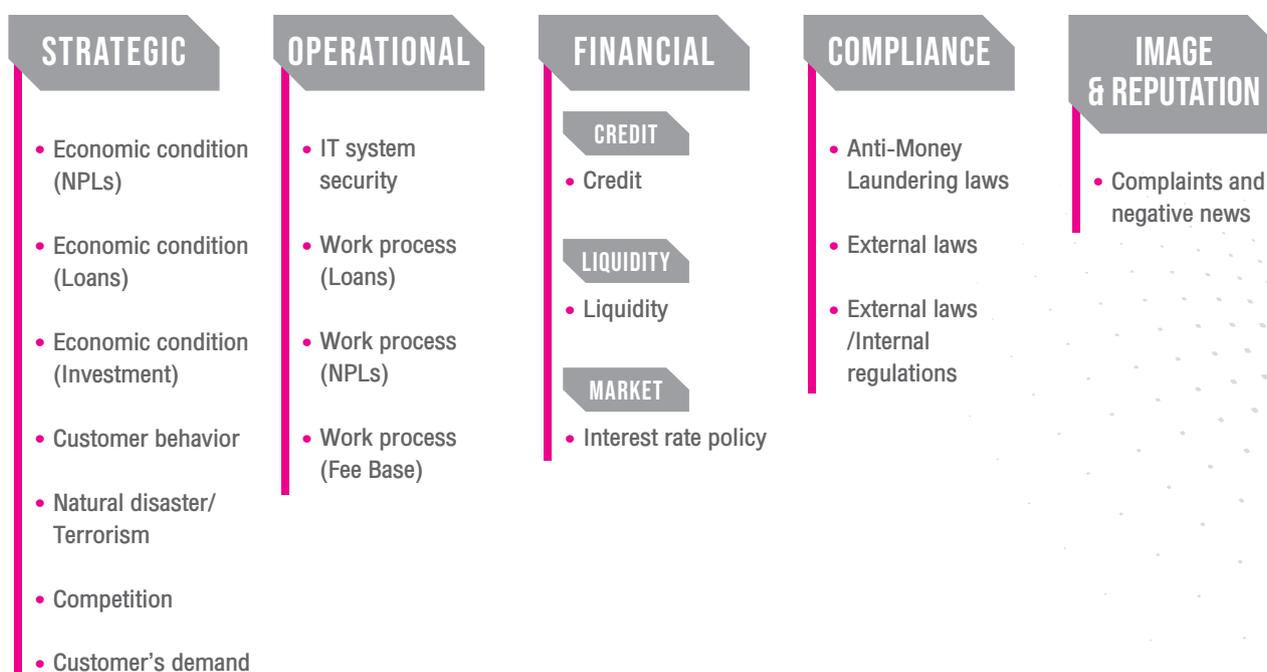
03

Risk Map

The Bank realizes the importance of effective and timely risk management to handle uncertainty in the economic situations, especially increase in household debt, domestic political instability, and government's enforcement of significant national economic policy. Therefore, the Bank has created mechanism to monitor, analyze and evaluate impact by develop effective risk management process under good governance policy stipulated by the Bank of Thailand, Ministry of Finance etc. Risk Management Team, Risk Management Group, Risk Management Committee and GSB Board of Directors shall supervise and control risk level to be within Risk Appetite.

Risk Map is Enterprise Risk Management tool to manage and contain risk under Risk Appetite and Risk Tolerance so that the Bank can effectively realize its objectives and goals. Business Unit and Support Unit, which are Risk Owner, play a key role in risk evaluation by analyze and identify key risk factors relating to Strategy Map and Key Performance Indicators (KPIs) of operating units and the Bank as well as determine measures to reduce/control risk to be within acceptable level. In 2017, the Bank has 18 significant risk factors as follows:

Risk Map of Government Savings Bank in 2017



Moreover, the Bank places emphasis on Key Risk Indicators which are Early Warning system before our risk management fall short of our target by sending email directly to the group executives or related teams to review risk and determine risk management measures/plan. In 2017, the Bank has prescribed Key Risk Indicators as follows:

Financial KRIs	Non Financial KRIs
<ul style="list-style-type: none"> NPLs rate per Credit Balance 	<ul style="list-style-type: none"> Level of customer satisfaction
<ul style="list-style-type: none"> Unrealized Loss from Mark to Market 	<ul style="list-style-type: none"> Frequency and intensity level of warning from regulatory unit
<ul style="list-style-type: none"> Asset Management Liquidity Ratio 	<ul style="list-style-type: none"> A period that major media reports negative news on the Bank.
<ul style="list-style-type: none"> Proportion of fee and service incomes to total revenue 	<ul style="list-style-type: none"> Recovery Time Objective
<ul style="list-style-type: none"> Cost of Fund 	<ul style="list-style-type: none"> Scanning results of server vulnerabilities and network of important transactions
	<ul style="list-style-type: none"> Maximum Acceptable Outage (MAO) from Cyber Attack/Virus

04

Strategic Risks

Strategic risks mean the risks arising from the Bank’s strategies and action plans or from implementation thereof that is inappropriate and unaligned with the prevailing internal and external environments, hence possible impacts on the direction of annual action plans and the Bank’s revenue and capital fund. Therefore, GSB Board of Directors and senior executives have determined strategic risk management guidelines to be implemented through the Bank’s policy and strategic risk management manual to ensure that the risk is under acceptable level. At the same time, risk management strategy is monitored and controlled by GSB Board of Directors, Risk Management Committee, GSB President and CEO and senior executives to ensure that the objective can be effectively achieved.

In 2017, the financial industry was exposed to strategic risk from competition in Digital Banking and FinTech era, risk from untimely follow-up on customer information due to higher and changing customers’ expectation, GSB thus reviews input factors for strategic planning process such as Technology Change, Internet of things, Customer Change, Financial Innovations (Fin-tech) which applied technology in financial business, banking and investment and service channel (IT & Innovation). Furthermore, the industry also encountered Regulatory Change, which tighten and increase complexity of governing laws and regulations, including government’s policy regarding Cashless Society, changing population structure to Aging Society, and government’s policy to stimulate economy by supporting SMEs/SMEs Startup etc.



Therefore, the Bank has adjusted its operational direction, vision and mission for 2017-2021 and strive to become Digi-Thai Banking “Digital for all Thai” by emphasizing on applying innovations and technology to improve financial products/ services / service channel, personal development to support Digi-Thai Banking as well as readjusting Business Model and Rebalanced Portfolio by increase proportion of secured loan portfolio, reduce credit risk, effective financial cost management and maintain fund capital level of the Bank, etc.

The Bank gives importance on IT security including data, IT system and IT infrastructure of the Bank to prevent Digital Banking transaction from possible Cyber Threat such as Distributed Denial of Service (DDoS), malware attack or potentially unwanted software, and virus etc. which will affect the Bank’s operation. The Bank also implement data leakage preventive measures, especially during the transmission of information on the Bank’s network by focusing on risk classification and assessment of the information as well as install a system to allow the Bank to detect and prevent breach of data more effectively.

In addition, GSB has prescribed New Product Policy to ensure that new products are analyzed and applied appropriate level of preventive measure. In this regard, the launching unit will conduct risk assessment in all aspects including image and reputation by modify the contents in accordance with the rules and guidelines of the external agencies, customers’ satisfactions and demands and comments from internal working units regarding the New Product Policy. The definitions of the new product, roles and responsibilities of the Board of Directors, Committees and related agencies have been redefined in order to prepare and support staffs when proposing these products to customers.



05

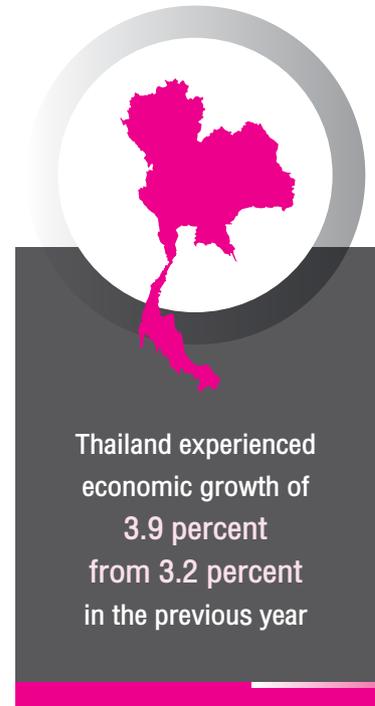
Market Risks

Market risks arise from movements or fluctuations of interest rates, foreign exchange rates and prices of financial instruments in the money and capital markets, which may cause negative impacts on the Bank's revenues and capital funds.

In 2017, the global economic growth¹ has increased from 3.1 to 3.5 percent. The United States and the European Union were the continents which experience rapid economic recovery. Meanwhile, economy of the Asia-Pacific region has expanded at a similar pace to last year, with improved financial stability. For investment sector, as investors reckoned that Asia is a safe haven and a good investment opportunity, investment continued to flow into the region, despite the Federal Reserve's decision to raise interest rate for three times and reduce its balance sheet, political instability and US economic policy which depreciated US dollar when compared to other currencies.

Simultaneously, Thailand's economy expanded from the export and tourism sectors in line with global economic growth and improved economic situation of partner countries. Thailand experienced economic growth¹ of 3.9 percent from 3.2 percent in the previous year, with continuous surplus balance on current account. As a result, foreign investors were confident in the financial stability and the Thai economy and continued to invest in both equity and debt markets of Thailand. At the end of 2017, SET Index² increased by 13.7%, yields on government bonds³ in all maturity period have declined (increase in prices) and the Baht was appreciated against the US dollar¹ by 8.8 percent from the end of the previous year.

GSB manages portfolios carefully in compliance with investment policy, commercial account status management policy and risk management policies as determined by the Board of Directors. Market risk management system was developed to limit risk within Risk Appetite. These are regularly reviewed by the Risk Management Committee. The Asset and Liability Management Committee oversees interest rate and interest rate risk management in accordance with the circumstance. There are also committees and executives who closely monitor the portfolios and risk exposure. The Bank's market risk management process in 2017 can be concluded as follows:



Source : 1. Bank of Thailand (BOT)
2. The Stock Exchange of Thailand (SET)
3. The Thai Bond Market Association (Thai BMA)

1) Revision of risk management policy to ensure its alinement with the regulatory criteria of the Bank of Thailand

including market risk management policy and interest rate risk management in banking book policy.

2) Development of market risk measurement and assessment tools including:

- Measurement of impacts from changes of risk factors, such as assessment of the impact of marked-to market assessment of the fluctuations and the change in the present value of one basis point (PV01) of the bond yields on bond market.
- Assessment of potential maximum losses from transactions made under normal situations, such as the use of Value at Risk (VaR) criteria to measure risks in the event of the change of risk factors under certain confidence level and holding period, and with back testing performed regularly to ensure the effectiveness of the VaR.
- Assessment of interest rate risk by timing mismatch analysis of maturity and interest rate change of assets and liabilities (repricing gap) and sensitivity analysis as to the impact of interest rate changes on net interest income (NII Sensitivity) of the Bank.
- Consistent review of risk limits and risk trigger for both trading and banking accounts and consistent review thereof to suit the changing situations, such as NII Sensitivity, PV01, VaR, Duration, etc.
- Conduct Stress Test for Market Risk which is a simulation exercise under drastic changes in market risk and interest rate risk factors which might impair the Bank's revenues and capital funds basing on the situations referred to the Bank of Thailand's guidelines and the Bank's additional requirements. The results of the Stress Test are reported every quarter. In 2017, the test results for all situations complied with the stipulated criteria.
- Assessment of efficiency of risk hedging derivatives to ensure that derivatives are actually effective for risk prevention.

3) Monitoring and report market risks as below:

- Preparation of investment and market risk status reports on daily, monthly and quarterly basis for submission to the relevant committees and executives.
- Utilize IT system (Investment System) for ongoing market risk monitoring and control that will give early warning before occurrence of any damaging event or risks exceeding the acceptable levels, and discontinuing transactions that are on the verge of exceeding risk limits set forth.

06

Liquidity Risks

Liquidity risks are the risks that may arise from the Bank's failure to settle debts and commitments at due dates if the assets available cannot be converted into cash, or if sufficient funds cannot be acquired, or even if the funds are available but carry unacceptably high costs to the extent (Funding Liquidity Risk) that will erode the Bank's revenues and capital funds at present or in the future. Liquidity risk may also occur when the Bank is unable to terminate or offset risk with the assets in hand, or the assets have to be disposed of at the price lower than the cost due to low liquidity of the assets or market liquidity shortage (Trading Liquidity Risk).

In 2017, the overall liquidity of commercial banks in Thai banking system remained high. Most of the increase in deposits are from savings account as the Banks focus on restructuring their deposits for cost management and maintain deposits level to be in the same proportion with loans expansion. Thus, there is no intense competition to attract more deposits from customers. Meanwhile, the Bank's loans increased in line with economic expansion, especially loans related to export, tourism and government investment. Retail loan has been growing at limited level due sluggish purchasing power and the Bank of Thailand's enforcement of measures to monitor credit card debt and personal loans. For an overview of the interest rates, major commercial banks still maintained deposit interest rates relatively stable, while lending interest rates fell slightly.

GSB has been providing loans to government and state enterprises and many government projects such as retail loans for emergency use (under the Debt Relief Program), housing loans for Baan Pracha Rath Project. Moreover, the Bank has issued new deposit products with different maturity periods to allow customer to allocate appropriate assets and liabilities structure, such as 4-month special savings deposit, 7-month special savings deposit for elderly, Special GSB Premium Certificates, etc. In addition, the Bank has created additional channel to raise capital by issuing a 5-year GSB bonds worth 50 Billion Baht to manage the costs and risks in line with the Soft Loan program. The Bank can provide sufficient liquidity to support the operation of each period and can manage liquidity risks under the Risk Appetite.

The Bank sets the policy for liquidity risk management by the Board of Directors. The Risk Management Committee is responsible for approving monitoring and controlling of liquidity risk measure and system. In addition, the Asset and Liability Management Committee (ALCO) has the responsibilities to take charge of determining asset and liability management guidelines and setting liquidity risk management strategy to control the risk under the Risk Appetite. Also, a liquidity management taskforce consisting of executives from relevant units has been set up to consider and determine guidelines for deposit mobilization, investment, and loan provision to be in line with the business action plan. This aims at maintaining the Bank's liquidity at an appropriate level and available for fulfilling financial obligations. The Bank's liquidity risk management in 2017 can be summarized as below:



1) Revision of the liquidity risk management policy to be in line with the Bank of Thailand's guiding principles as well as the Bank's business strategy and business plan.

2) Development of liquidity risk measurement and assessment tools consisting of:

- Liquidity risk measurement and assessment using financial ratios, such as loans to deposits ratio and liquid assets to deposits ratio, proportion of major funding source, including liquidity gap report for remaining contractual period and behavioral modification.
- Review of liquidity risk limits and triggers and identified high liquid assets (Liquidity Cushion) to ensure the Bank has adequate liquidity to serve its business both in normal and crisis situations.
- Review of stress test assumptions in relation to liquidity risks, conducted three simulation tests according to BOT guidelines including (1) Institution-specific crisis (2) Market-wide crisis and (3) combination of both. The Bank identified specific criteria for each simulation including deposit outflows and estimated securities' hair-cuts. Stress test results were reported quarterly and showed that in 2016 the Bank had adequate liquidity to cope with all crisis situations.
- Review of contingency liquidity plan, identified executives and related working units roles and responsibilities and working processes as well as identified Early Warning Signals that indicated unusual liquidity. The contingency liquidity plan was tested to ensure its preparedness to cope with liquidity and crises problems promptly.

3) Monitoring and reporting liquidity risks including:

- Preparation of liquidity risks status reports on daily, weekly, monthly and quarterly basis, and projection of important liquidity ratios for submission to relevant executives and committees.
- Prepare liquidity risk report via the Executive Information System (EIS) so that senior executives promptly acknowledge and use such information to support decision-making to contain possible risks in a timely manner.

07

Credit Risks

Credit risks mean the probability of customers' or contract parties' failure to repay debts payment or non-compliance with obligations agreed upon, or inability to repay debts resulting in downgrading of credit ratings which may impair the Bank's revenues and capital funds.

The Bank is well aware of risks from current economic and social uncertainties and has closely monitored the debt quality and improved loan provision criteria and risk management to be better suit the current situation. Moreover, the Bank has systematically developed its risk management procedures in accordance with the best practice, rationalized loan underwriting process, and developed credit risk management tools to support quality credit expansion and investments, as well as monitored and controlled credit risk to an acceptable level. Details are summarized as below:

1) Stipulate Credit Risk Management Policy

For effective credit risk management in the same direction and conforming with the Bank's strategy and policies.

2) Determine business loan policy

To serve as a framework and standard guidelines for better Bank's business loan performance.

3) Set up retail loan policies

To serve as a framework and standard guidelines for effective Bank's retail banking operations.

4) Determine the authority to review and renew the business credit line including a review of the credit process and practices

To align with the organizational structure by setting check-and-balance process that complies with the principles of good risk management.

5) Identification on debt repayment ability including

- 5.1 Identify maximum total credit line for each unsecured/personal guaranteed loan of retail customers to reduce risks to acceptable levels
- 5.2 Standardize debt repayment criteria for retail customers or DTI ratios to ensure that borrower has adequate funds for their living and to prevent future NPLs.
- 5.3 Standardize each business's net profit to be used as suitable criteria to determine debt repayment ability.

6) Determine Credit Product Program (CPP)

To serve as a primary guideline for business loans consideration that the Bank will support, and business credit risk considerations for loan approval and renewal credit line with a business loan and/or total investment (Total Exposure) not exceeding 20 Million Baht (Check List : CL).

7) Set Industry Limit

as guideline for loan approval process and ensure that loans are not concentrated in any particular industry or business.

8) Review of the Prime Bank qualification criteria

To consider qualifications for eligible Prime Bank.

9) Development and improvement of Credit Scoring Model

Consists of Credit Scoring Model (including Application Scoring, Behavior Scoring, Collection Scoring), credit risk rating model, and credit risk rating so as to screen customers in a more appropriate and efficient manner, including a Bureau Score for consideration in conjunction with the Credit Scoring Model.

10) Putting in place work systems to support the loan approval process of the Bank up to the standards and increase efficiency of risk management, such as

- 10.1 Loan origination and process system (LOPs), comprising loan origination system (LOR), collateral management system (CMS), and legal system (LS) to increase efficiency of loan approval process and competition ability.
- 10.2 Systems to analyze information of corporate customer loan risks, consisting of Business Data Analysis System (Enlite), financial analysis system (Optimist) and credit scoring calculation system (Blaze Advisor), CRR Model on Web System and CRR for Business Model on web System
- 10.3 Data base for risk management (Risk Data Mart) to support BIS ratio calculations, Stress Test and Credit Portfolio Management.

11) Monitor and control credit risks including:

- 11.1 Setting single lending limit to control risks and prevent the Bank from lending, invest, under obligation, or make transaction resemble giving out loan and to avoid Concentration Risk in any single customer as well as the concerned parties and not exceeding the rate specified by regulatory body.
- 11.2 Monitoring of industry limits to diversify risks and ensure no concentration in any particular industry.
- 11.3 Rationalization of credit review guidelines in line with regulatory criteria.
- 11.4 Monitor structure and quality of loan portfolios in line with the Bank's policy as well as monitor and control credit concentration regularly; Credit concentration by loan type, Business sector and Single Lending, to ensure the Bank's sufficient capital fund to run business if any event occurs that may affect a particular group of debtors or any business sector.

12) Establish an effective debt management process

To prevent and fix overdue debt including litigation or compromise process and property foreclosure management.

13) Provision of training and skill development

in areas of credit, investment and credit risk management, and support building of work culture among relevant staff members on a consistent basis.

14) Monitor and report risk to the Risk Management Committee and related Committees on regular basis.

08

Operational Risks

Operational risks mean the risks that may arise from lack of good corporate governance or good governance in relation to internal work process, personnel, work systems, or external circumstances, which may impair the Bank's revenues and capital funds. These also include legislative risks.

In 2017, operational risks facing financial institutions were on the upward trend, triggered by such external factors including robbery, natural disasters such as sudden floods, hurricanes, storms, which affect the Bank's operation. The Bank has thus given importance to efficient operational risk management, especially contingency plan to handle the damage caused by external factors, which are beyond the control of the Bank and allow the Bank to be able to cope with any unprecedented incidents in a timely manner and run its business on continuous basis.

The Bank has instituted operational risk management processes. Every unit diagnose risk identification, assessment, follow-up, control and regular reports, to acknowledge and control operational risks to acceptable levels. Key operational risk management tools include:

1) Conduct of Risk Control Self Assessment (RCSA)

It is a tool to identify, evaluate and control risk including planning and key risk management consideration in order to allow the Bank to manage and cover significant risks and have adequate risk control under the acceptable risk level. RCSA will be reviewed at least once a year or when there are changes in key risk factors that affect the Bank's operations.

2) Loss Data Collection from operational risk

The Bank developed a system to collect loss data from operational risk both from the past and at the present so as to facilitate report preparation through Loss Data Collection System. Loss data has also been collected systematically which will help the Bank analyze and monitor risks efficiently.

3) Key Risk Indicators (KRIs)

KRIs is a tool to monitor the Bank's risks to be a warning when errors happen or exceed to acceptable level of operational risk. The Bank needs to develop a proper management plan to prevent any damage.

4) Business Continuity Management (BCM)

BCM is a tool to relieve level of severity caused from the Bank's risks conducted regularly through the Bank's policies, standard, work processes, and significant Risk Assessment (RA) and threat that affects the Bank's ongoing services. In addition, the Business Impact Analysis (BIA) from disruption of service was performed to determine the important sequences of critical transactions and implemented the Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP) of major business transactions to ensure that the disruption of normal operation will not impact the core transactions and those can be carried out on a continuous basis or get back to normal environment in an appropriate time. In 2017, the Bank conducted Bank-Wide Business Continuity Plan for important transactions, as well as Disaster Recovery Plan (DRP) for the Core Banking System.

In addition, the Bank has established a policies, regulations to enhance the Bank's operational risk management:

- The Bank has implemented Operational Risk Management policy as a tool for determining operational scope and guidelines on the Bank's operational risk management by focusing on creating and developing the efficient operational risk management to be the core culture of the organization. This will help build confidence to customers, increase competitiveness, and add value to the Bank and stakeholders in a sustainable manner in accordance with the good risk management practices. The Bank also has a sufficient and appropriate capital calculation principle to prepare for its operational risk.
- New product policies are used as a framework and guidelines for launching new products to increase the Bank competitiveness, create revenue growth, expand customer base, and ensure clear and standard product launch processes that reduce failures.
- Outsourcing policy is used for hiring external service providers in line with the Bank of Thailand guidelines. Three main principles are outsourcing risk management, business continuity management and customer service /customer protection and customer information security management.
- Business Continuity Management Policy and Business Continuity Management Framework are used to determine bank wide policies, standards, and work processes to ensure when any event disrupts normal operations, critical transactions can be carried on uninterruptedly or restored in due time. The Bank uses Risk Assessment (RA), Business Impact Analysis (BIA), operation target recovery, Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) to mitigate potential disruptions.

- The Bank's insurance policies use guidelines that protect against and reduce asset and liability risks. Appropriate insurance coverage is outlined and effectively managed to align with supervision unit guidelines. The Bank also established guidelines for selecting secure and efficient insurance companies to ensure acceptable level risks.

The Bank annually reviews policies in line with changing environments including: Bank operations, organization restructure so that supervisory units, the Board of Directors and stakeholders remain confident of the Bank's management and operational risk management efficiency.

09

Capital Adequacy

Capital adequacy risks occur when inadequate capital is available to support business expansion or to accommodate any unexpected loss or damage as well as any changing regulations and circumstances.

GSB has been complying with regulation controlling the specialized financial institutions prescribed by the Bank of Thailand (BOT), which was in effect from January 1, 2017 onwards, adopted capital adequacy ratio calculation under Basel II (Pillar I) as follows:

- Standardized Approach "SA" for credit risk
- Standardized Approach "SA" for market risk
- Basic Indicator Approach "BIA" for operational risk

Moreover, the Bank has committed to maintain the capital fund higher than the requirement of regulation controlling the specialized financial institutions stipulated by the Bank of Thailand. The capital adequacy will be evaluated for future operations. Information and goals of the five-year strategic plan, which are reviewed annually, will be factors in the analysis of capital adequacy. External and internal factors that may affect the Bank's fund status will be monitored and analyzed and reported to the Risk Management Committee on regular basis. Risk factors and events that may affect the capital adequacy will be tested in a form of the Portfolio View of Risk. If the evaluation results indicated any possibilities that BIS Ratio is lower than the acceptable level, risk management team will report senior executives and Risk Management Committee to immediately prepare responding plan to ensure that the Bank has an adequate level of capital at all times.

In 2017, the Bank has conducted Internal Capital Adequacy Assessment Process: ICAAP according to Basel II prescribed by the Bank of Thailand to prepare for significant risk, in addition to credit risk, market risk and operational risk and ensure that capital adequacy is in line with international standards and for long-term stability of the Bank.

At the end of 2017, the Bank's capital adequacy ratio was 12.47 percent, Tier-1 Capital ratio was 11.85 percent, higher than BOT criteria of 8.5 percent and Tier-1 Capital ratio of not less than 4.25 percent.

Board of Directors' Financial Statement Responsibilities Report

GSB Board of Directors is responsible for the Bank's financial statements as well as the information appearing in the annual report. The financial Statements were developed according to generally accepted accounting principles and standards and accompanied by appropriate accounting policies. Financial statements must accurately and reasonably reflect Bank performance and provide transparent and adequate disclosure.

The Board of Directors established and maintained proper and efficient risk management, internal control, internal audit and supervision processes to ensure financial information is accurate and sufficient to protect the Bank's assets and prevent corruption, fraud or significant unusual activities.

The Board of Directors appointed Audit Committee of independent directors. The Audit Committee is responsible for reviewing the quality of financial reports, internal control systems, and connected transactions and ensuring all activities are sufficiently and appropriately executed. The Audit Committee forwarded its recommendations in its Audit Committee Report.

The Board of Directors announce the quarterly financial statements of the Bank and its statement of financial position as of the end of the year. The auditor has verified the accuracy by the time required by regulatory authority.

The Board of Directors agreed that overall internal control processes were appropriate for the Bank's business and the financial statements for year ended December 31, 2017 are reliable, accurate and lawful according to generally accepted accounting principles, standards and related regulations.



(Mr. Kulit Sombatsiri)
Chairman of the Board of Directors
Government Savings Bank



(Mr. Chatchai Payuhanaveechai)
President and CEO
Government Savings Bank

Propose to GSB Board of Directors

Comments

The Office of the Auditor General has reviewed the financial statements of Government Savings Bank. The consolidated financial statements include the statements of financial position and the separate financial statements of the Bank as of 31 December 2016, the statements of income and other comprehensive income, which presented the equity method, the statements of changes in shareholders' equity, the related statements of income, changes in shareholders' equity, and cash flow for the year to end. The accompanying notes are an integral part of these financial statements.

State Audit Office of the Kingdom of Thailand sees the financial statements referred to above present fairly, in all material respects, the financial position of GSB as of 31 December 2017, the results of its operations and its cash flows for the year then ended. The financial statements are prepared in accordance with the generally accepted accounting principles.

Criteria for Comments

State Audit Office of the Kingdom of Thailand has audited in accordance with the auditing standards. The responsibilities of the Office are stated in the paragraph of responsibility of the auditor on the audit of financial statements in the office's list. The Office is independent of the Bank in accordance with the standards of the Office of the Auditor General of Thailand and the Code of Ethics of professional accountants as prescribed by the Federation of Accounting Professions. In respect of the audit of financial statements, the Office has complied with all other ethical responsibilities in accordance with the Thai Capital Market Supervisory Board and the Code of Ethics. The Office believes that the audit evidence is sufficient and appropriate to serve as a basis for the comment of State Audit Office of the Kingdom of Thailand.

Other Information

Management is responsible for other information. Other Information included in the annual report. It does not include the financial statements and reports of the auditors cited in the annual report. The management will prepare an annual report to the State Audit Office of the Kingdom of Thailand after the date set out in the auditor's report.

The Office's opinion on the financial statements does not cover other information. The Office does not provide affirmation on any other information.

The responsibility of the Office regarding the financial statements is to review and consider whether other information has conflicts with the financial statements, with the knowledge gained from the audit of the Office or whether any other information is contrary to the facts.

When the Office reads the annual report and found that there is a material misstatement, the Office must communicate with the person responsible for oversight.

Responsibilities of Management and Those for Overseeing the Financial Statements.

Management is responsible for the preparation and presentation of these financial statements in conformity with financial reporting standards. GSB management is responsible for the correctness and completeness of information in these financial statements. The responsibility is to express an opinion on these financial statements based on the audits.

In preparing the financial statements, the Management is responsible for assessing the Bank's ability to continue its operations, disclosing issues relating to proper operation and the use of accounting criteria for operations, unless the management is willing to stop operating the Bank or could not be able to operate continuously.

The official in charge is responsible for monitoring the process of preparing the financial statements of the Bank.

Auditor's Responsibility for Auditing the Financial Statements.

The review of State Audit Office of the Kingdom of Thailand is intended to provide an assurance that the consolidated financial statements are free from misstatement, whether caused by fraud or error. The Office offers the auditor's report, which includes the opinion of the Office of the Auditor General, with assurance that it is of high confidence but does not guarantee that the auditing standards will always be able to detect any issues that are against the facts. Unfavorable information may be due to fraud or error is considered that any item of fact or all of the facts would be detrimental to the economic decision of the user of these financial statements.

In the audit of the State Audit Office of the Kingdom of Thailand in accordance with the audit standards, the Office discretion and professional observation throughout the examination. The Office operations include:

- Identify and assess the risk of misstatements in the financial statements, whether due to fraud or errors. The Office designs and operates audit procedures to respond to those risks. The audit evidence is adequate and appropriate as a basis for the opinion of the Office. The risk of non-disclosure of information as a result of fraud is higher than the risk of error because corruption may be about conspiracy, falsification of documentation, intentional omissions, misrepresentation of information, or interference with internal controls.

- Understand the internal control system related to the audit to design appropriate monitoring procedures. It is not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.

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

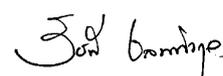
- A summary of the appropriateness of applying the accounting standard of the management and the audit evidence to conclude that there is uncertainty about an event or situation that may cause doubt about the Bank's ability to continue operations. If the Office concluded that there is uncertainty, The Office must mention in the report of the auditor of the Office. The notice of the Office shall be changed. The conclusion of the Office shall be based on the audit evidence received up to the date of the report. However, future events or circumstances may cause the Bank to cease its operations.

- Evaluate the presentation, structure and content of the consolidated financial statements. Include disclosures of financial statements and events in such a way that accurate information is presented.

State Audit Office of the Kingdom of Thailand communicates with those who are responsible for overseeing important matters, including the scope and timing of the planned audit and significant issues found from the audit including flaws in the internal control system if the Office found during the inspection.



(Mrs. Pattra Showsri)
Inspector General



(Miss Ratchanee Chohnakijkul)
Director of Finance Audit Office 2

Office of the Auditor General of Thailand
12th March, 2018

Government Savings Bank

Financial Statements

As of December 31, 2017

Unit : Thousand Baht

	Note	investments by equity method		Bank-only financial statement	
		2017	2016	2017	2016
Assets					
Cash	5.2	30,092,814	28,936,611	30,092,814	28,936,611
Interbank and money market items - net	5.3	462,668,652	479,790,208	462,668,652	479,790,208
Derivative Assets	5.4	657,002	135,736	657,002	135,736
Investments - net	5.5	235,362,391	282,482,428	235,362,391	282,482,428
Investments in associated companies - net	5.6	1,958,334	1,431,707	1,375,919	986,415
Loans to customers and accrued interest receivables - net	5.7				
Loans to customers		1,757,877,772	1,557,990,126	1,757,877,772	1,557,990,126
Accrued interest receivables		6,492,605	5,713,894	6,492,605	5,713,894
Total loans to customers and accrued interest receivables		1,764,370,377	1,563,704,020	1,764,370,377	1,563,704,020
Less Deferred revenue		458,900	417,530	458,900	417,530
Less Allowance for doubtful accounts	5.8	52,992,437	50,735,152	52,992,437	50,735,152
Less Revaluation allowance for debt restructuring	5.9	10,879	10,879	10,879	10,879
Total loans to customers and accrued interest receivables - net		1,710,908,161	1,512,540,459	1,710,908,161	1,512,540,459
Loans to PSA customers and accrued interest	5.38				
Loans to PSA customers					
Non-PSA compensation		188,437,110	188,973,591	188,437,110	188,973,591
PSA compensation		938	1,663	938	1,663
PSA accrued interest receivables					
Non-PSA compensation		171,780	25,090	171,780	25,090
Total loans to PSA customers and accrued interest receivables - net		188,609,828	189,000,344	188,609,828	189,000,344
Less PSA Deferred revenue		2,236,047	1,880,093	2,236,047	1,880,093
Total loans to PSA customers and accrued interest receivables - net		186,373,781	187,120,251	186,373,781	187,120,251
Debtors waiting for PSA compensation	5.38.4	2,371,956	3,257,767	2,371,956	3,257,767
Assets pending sales - net	5.10	2,428,437	1,618,774	2,428,437	1,618,774
Land, building and equipment - net	5.11	25,730,778	7,761,723	25,730,778	7,761,723
Other intangible assets - net	5.12	1,330,645	1,355,562	1,330,645	1,355,562
Other assets - net	5.13	4,527,595	3,602,174	4,527,595	3,602,174
Total assets		2,664,410,546	2,510,033,400	2,663,828,131	2,509,588,108

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

As of December 31, 2017

Unit : Thousand Baht

	Note	investments by equity method		Bank-only financial statement	
		2017	2016	2017	2016
Liabilities and Equity					
Deposits	5.14	2,185,122,288	2,137,341,104	2,185,122,288	2,137,341,104
Interbank and money market items - net	5.15	111,205,802	101,313,062	111,205,802	101,313,062
Liabilities payable on demand		1,010,071	810,225	1,010,071	810,225
Derivative Liabilities	5.4	91,156	659,894	91,156	659,894
Debt Securities Issued and Loans	5.16	50,000,000	-	50,000,000	-
PSA Creditor	5.38.5	-	308,446	-	308,446
Provisions	5.17	55,682,323	47,253,943	55,682,323	47,253,943
Accrued deposit and PSC interest payables	5.18	49,425,112	43,425,421	49,425,112	43,425,421
Accrued expenses		6,604,581	5,126,776	6,604,581	5,126,776
Other liabilities	5.19	2,798,129	2,941,960	2,798,129	2,941,960
Total liabilities		2,461,939,462	2,339,180,831	2,461,939,462	2,339,180,831
Equity					
Capital granted by HM King Rama VI		100	100	100	100
Other components of equity	5.20	33,535,457	9,297,987	33,404,863	9,239,580
Accumulated profit					
Allocated					
Reserves for business expansion		27,007,881	24,413,284	27,007,881	24,413,284
Unallocated		141,927,646	137,141,198	141,475,825	136,754,313
Total equity		202,471,084	170,852,569	201,888,669	170,407,277
Total liabilities and equity		2,664,410,546	2,510,033,400	2,663,828,131	2,509,588,108

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



(Mr. Kulit Sombatsiri)
Chairman of the Board of Directors
Government Savings Bank



(Mr. Chatchai Payuhanaveechai)
President and CEO
Government Savings Bank

Income Statement

As of December 31, 2017

Unit : Thousand Baht

	Note	Financial statements exhibiting investments by equity method		Bank-only financial statement	
		2017	2016	2017	2016
Interest Income	5.28	98,364,635	98,884,716	98,364,635	98,884,716
Interest expenses	5.29	42,448,209	40,337,474	42,448,209	40,337,474
Interest Income - net		55,916,426	58,547,242	55,916,426	58,547,242
Fees and service income		6,450,576	5,343,826	6,450,576	5,343,826
Fees and service expenses		684,852	528,282	684,852	528,282
Fees and service income - net	5.30	5,765,724	4,815,544	5,765,724	4,815,544
Gain on trading and foreign exchange - net	5.31	89,932	184,507	89,932	184,507
Gain on investment - net	5.32	257,194	21,652	257,194	21,652
Share of profit on investment by equity method		300,346	292,102	-	-
Dividend income		2,153,789	1,821,541	2,388,698	1,955,676
Other operating income		1,011,244	1,079,542	1,011,244	1,079,542
Public Service Account income	5.38.6	5,948,822	5,474,884	5,948,822	5,474,884
Total operating income		71,443,477	72,237,014	71,378,040	72,079,047
Other operating expenses					
Personnel expenses		13,095,326	14,976,371	13,095,326	14,976,371
Director remuneration		4,058	3,367	4,058	3,367
Employee remuneration		3,496,826	2,878,672	3,496,826	2,878,672
Director Compensation		4,362	4,550	4,362	4,550
Premises and equipment expenses		4,731,650	4,720,843	4,731,650	4,720,843
Remuneration for dept collection agency	5.33	2,811,902	3,113,630	2,811,902	3,113,630
Others		4,602,973	3,717,114	4,602,973	3,717,114
Total other operating expenses		28,747,097	29,414,547	28,747,097	29,414,547
Public Service Account expenses	5.38.7	7,236,462	7,170,111	7,236,462	7,170,111
Bad debts, doubtful accounts and loss (reversal) on impairment	5.34	4,184,407	9,548,418	4,184,407	9,548,418
Net profit		31,275,511	26,103,938	31,210,074	25,945,971
Other comprehensive profit (loss)					
Item that will be reclassified subsequently to profit or loss					
Gain on impairment of securities available-for-sale	5.20	6,618,036	5,628,918	6,618,036	5,628,918
Share of other comprehensive profit on affiliated companies	5.20	72,187	41,845	-	-
Total item that will be reclassified subsequently to profit or loss		6,690,223	5,670,763	6,618,036	5,628,918
Item that will not be reclassified subsequently to profit or loss					
Change of Surplus on Asset Valuation	5.20	17,547,247	-	17,547,247	-
Actuarial Losses					
Employee Benefits Scheme		(7,270,965)	-	(7,270,965)	-
Share of other comprehensive (loss) on affiliated companies		(501)	(2,794)	-	-
Total item that will not be reclassified subsequently to profit or loss		10,275,781	(2,794)	10,276,282	-
Total other comprehensive (loss) - net		16,966,004	5,667,969	16,894,318	5,628,918
Total comprehensive profit		48,241,515	31,771,907	48,104,392	31,574,889

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



(Mr. Kulit Sombatsiri)
Chairman of the Board of Directors
Government Savings Bank



(Mr. Chatchai Payuhanaveechai)
President and CEO
Government Savings Bank

Statement of Changes in Equity

As of December 31, 2017

Unit : Thousand Baht

Financial statements exhibiting investment by equity method									
Note	Capital granted by HM King Rama VI	Other components of equity				Accumulated profit		Total	
		Capital Surplus of Asset Valuation	Capital (lower) Surplus Change in Value Investment for Sales	Share of other comprehensive profit (loss) on affiliated companies	Total other components of equity	Allocated Reserves for business expansion	Unallocated		
	100	-	3,610,662	16,562	3,627,224	22,143,401	126,231,937	152,002,662	
5.21	-	-	-	-	-	2,269,883	(2,269,883)	-	
5.21	-	-	-	-	-	-	(12,922,000)	(12,922,000)	
	-	-	5,628,918	41,845	5,670,763	-	26,101,144	31,771,907	
Balance as of December 31, 2016	100	-	9,239,580	58,407	9,297,987	24,413,284	137,141,198	170,852,569	
	100	-	9,239,580	58,407	9,297,987	24,413,284	137,141,198	170,852,569	
5.21	-	-	-	-	-	2,594,597	(2,594,597)	-	
5.21	-	-	-	-	-	-	(16,623,000)	(16,623,000)	
	-	17,547,247	6,618,036	72,187	24,237,470	-	24,004,045	48,241,515	
Balance as of December 31, 2017	100	17,547,247	15,857,616	130,594	33,535,457	27,007,881	141,927,646	202,471,084	

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



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Government Savings Bank

Government Savings Bank

Statement of Changes in Equity

As of December 31, 2017

Unit : Thousand Baht

Bank-only financial statement							
Note	Capital granted by HM King Rama VI	Other components of equity			Accumulated profit		Total
		Capital Surplus of Asset Valuation	Capital (lower) Surplus Change in Value Investment for Sales	Total other components of equity	Allocated Reserves for business expansion	Unallocated	
	100	-	3,610,662	3,610,662	22,143,401	126,000,225	151,754,388
5.21	-	-	-	-	2,269,883	(2,269,883)	-
5.21	-	-	-	-	-	(12,922,000)	(12,922,000)
	-	-	5,628,918	5,628,918	-	25,945,971	31,574,889
	100	-	9,239,580	9,239,580	24,413,284	136,754,313	170,407,277
	100	-	9,239,580	9,239,580	24,413,284	136,754,313	170,407,277
5.21	-	-	-	-	2,594,597	(2,594,597)	-
5.21	-	-	-	-	-	(16,623,000)	(16,623,000)
	-	17,547,247	6,618,036	24,165,283	-	23,939,109	48,104,392
	100	17,547,247	15,857,616	33,404,863	27,007,881	141,475,825	201,888,669

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



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Government Savings Bank

Statement of Cash Flows

As of December 31, 2017

Unit : Thousand Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statement	
	2017	2016	2017	2016
Cash flows from operating activities				
Net profit	31,275,511	26,103,938	31,210,074	25,945,971
Adjustment to reconcile net profit with cash receivables (payables) from operating activities				
Depreciation and amortization	1,673,703	1,721,111	1,673,703	1,721,111
Bad debts and doubtful accounts	4,198,588	9,765,210	4,198,588	9,765,210
Loss on debt restructuring	(300,654)	(76,505)	(300,654)	(76,505)
Adjusted investment amortized Loss on transfer of securities amortized	5,022	5,611	5,022	5,611
Unrealized gain - tradable	(6,503)	(7,205)	(6,503)	(7,205)
(Reversal of) Loss on impairment of investments	(98,101)	156,025	(98,101)	156,025
(Reversal of) Loss on impairment of Debt Securities	-	(257,244)	-	(257,244)
Gain on sales of assets	(41,501)	(12,658)	(41,501)	(12,658)
Gain on sales of assets pending sale	(115,504)	(235,166)	(115,504)	(235,166)
Gain on sales of investment in securities	(159,093)	(177,677)	(159,093)	(177,677)
Gain on sales of investment in securities - tradable	(73,759)	(62,131)	(73,759)	(62,131)
Loss on foreign currency translation	998,233	219,812	998,233	219,812
Gain on forward contracts	(1,090,446)	(405,288)	(1,090,446)	(405,288)
Loss on forward contracts - tradable	443	127,397	443	127,397
(Reversal of) Loss on discount of assets pending sales	-	(15,609)	-	(15,609)
Loss on discount of assets pending sales	16,190	-	16,190	-
(Reversal of) Loss on impairment of assets	(50,305)	175,632	(50,305)	175,632
Loss on Land Revaluation	49,425	-	49,425	-
Increase in estimated liabilities	1,157,415	980,740	1,157,415	980,740
Increase in provisions Decrease in other accrued income	1,442	(1,731)	1,442	(1,731)
(Decrease) Increase in other accrued expenses	1,112,373	(34,849)	1,112,373	(34,849)
Receivables from donation	(1,887)	(11,020)	(1,887)	(11,020)
Share of profit on investment by equity method	(300,346)	(292,102)	-	-
	38,250,246	37,666,291	38,485,155	37,800,426
Net interest income	(52,784,675)	(55,049,056)	(52,784,675)	(55,049,056)
Dividend income	(2,153,789)	(1,821,541)	(2,388,698)	(1,955,676)
Interest cash receivables	98,268,607	100,018,154	98,268,607	100,018,154
Interest cash payables	(40,053,395)	(51,883,067)	(40,053,395)	(51,883,067)
Divident cash receivables	2,153,789	1,821,541	2,153,789	1,821,541
Operating profit before changes in operating assets and liabilities	43,680,783	30,752,322	43,680,783	30,752,322

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

Government Savings Bank

Statement of Cash Flows (Continued)

As of December 31, 2017

Unit : Thousand Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statement	
	2017	2016	2017	2016
Cash flows from operating activities (Continued)				
(Increase) Decrease in operating assets				
Interbank and money market items	17,155,990	(111,129,818)	17,155,990	(111,129,818)
Investment in securities - tradable	(3,659,057)	432,855	(3,659,057)	432,855
Loans to customers	(201,812,765)	76,147,063	(201,812,765)	76,147,063
Loans to PSA debtors	536,083	(52,911,231)	536,083	(52,911,231)
PSA compensation debtors	885,811	(2,632,705)	885,811	(2,632,705)
Assets pending sales	(394,501)	323,777	(394,501)	323,777
Other assets	(817,552)	(53,100)	(817,552)	(53,100)
Increase (Decrease) in operating liabilities				
Deposits	47,781,184	79,202,252	47,781,184	79,202,252
Interbank and money market items	23,482,568	26,916,323	23,482,568	26,916,323
Liabilities payable on demand	199,846	(108,533)	199,846	(108,533)
Payable under State Policy Transactions	(308,446)	308,446	(308,446)	308,446
Other liabilities	(153,479)	(284,946)	(153,479)	(284,946)
Net Cash (used in) Derived from Operating Activities	(73,423,535)	46,962,705	(73,423,535)	46,962,705
Cash flows from investment activities				
Cash payables on purchase of land, buildings and equipment	(2,001,699)	(1,641,906)	(2,001,699)	(1,641,906)
Cash receivables on sales of land, buildings and equipment	45,699	19,074	45,699	19,074
Cash payables on purchase of investment in securities	(119,757,910)	(203,065,774)	(119,757,910)	(203,065,774)
Cash receivables on sales of investment in securities	176,957,516	171,988,421	176,722,607	171,854,286
Cash payables on purchase of investment in affiliated companies	(389,504)	(19,801)	(389,504)	(19,801)
Cash receivables on dividend from affiliated companies	-	-	234,909	134,135
Cash payables on purchase of intangible assets	(46,409)	(24,285)	(46,409)	(24,285)
Cash payable on leasehold right	(12,886)	(2,755)	(12,886)	(2,755)
Net Cash from (used in) investing activities	54,794,807	(32,747,026)	54,794,807	(32,747,026)
Cash flows from financing activities				
Long-term Debt Securities	50,000,000	-	50,000,000	-
Long-term loans of financial institutions	(13,589,828)	(5,348,170)	(13,589,828)	(5,348,170)
Delivery of income to the MOF	(16,623,000)	(12,922,000)	(16,623,000)	(12,922,000)
Net cash from (used in) investment activities	19,787,172	(18,270,170)	19,787,172	(18,270,170)
Impact of foreign exchange rates on cash	(2,241)	(1,921)	(2,241)	(1,921)
Net increase (decrease) in cash and cash equivalents	1,156,203	(4,056,412)	1,156,203	(4,056,412)
Cash and cash equivalents as of January 1	28,936,611	32,993,023	28,936,611	32,993,023
Cash and cash equivalents as of December 31	30,092,814	28,936,611	30,092,814	28,936,611

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



(Mr. Kulit Sombatsiri)

Chairman of the Board of Directors, Government Savings Bank



(Mr. Chatchai Payuhanaveechai)

President and CEO, Government Savings Bank

1. General Information

Government Savings Bank (GSB or the Bank) is a juristic person established by Government Savings Bank Act B.E. 2489 (1946). The Headquarter is located at 470 Phaholyothin Road, Samsen nai, Phayathai, Bangkok. The Bank's core business operations are deposit services, sales and purchases of government bonds, profit-oriented investments as allowed by the Minister, and any other banking activities. GSB has branches throughout the country.

2. Significant accounting policies and principles

2.1 Basis of Presentation of financial statement.

The Bank's Financial Statements exhibiting investments by the equity method and bank - only financial statements for the year ended December 31, 2017 are prepared pursuant to the Federation of Accounting Professions' Financial Reporting Standards and Accounting Guidelines as well as accounting principles generally accepted under the Accounting Act B.E.2543. The Bank uses the format for presenting the Financial Statements in conformity with Thai Accounting Standard No. 1 (Revised 2016) regarding Presentation of Financial Statements. The transactions therein are presented, pursuant to Bank of Thailand (BOT) Notification No. SorNorSor. 1/2559 dated June 29, 2016 regarding Preparation and Announcement of Financial Statements of Commercial Banks. This includes the conformity to relevant Notifications of Bank of Thailand by gathering the accounts of various branches of the Bank around the country and the accounting items of the Regional Urban development Fund Office which is one of the bureau of the Bank already having deferred the transactions.

The Bank prepares the financial statements and presents currency denominations in Thai Baht which is the currency used in the Bank's operation. The financial statements are expressed in the unit of Thousand Baht and the notes to the financial statements are expressed in the unit of Million Baht except for being indicated otherwise.

• Financial statements expressing the investment fund following the equity method

Financial statements expressing the investment fund following the equity method is applied to show the investment fund in the equity securities of the associates by equity method. The initial recognition is made at the cost including transaction costs. The book value of investments in the associates will increase or decrease after the acquisition date with the shares of profit or loss attributable to the associated companies in proportion to the investment of the Bank and the dividends received from the associated companies.

• Financial statements particularly for the Bank

The financial statements particularly for the Bank record the investment accounts in the associates following the method of cost price deducted with the allowance for impairment (if any) and the dividends having been recognized from those received from the associated companies are recognized as dividend income.

2.2 Accounting standards and Financial Reporting Standards enforced with current accounting period

The Federation of Accounting Professions' new and revised Accounting Standards, Financial Reporting Standards, Accounting and Financial Reporting Standards Interpretation, and Conceptual Framework for Financial Reporting are designated to be enforced with Financial Statements for accounting periods beginning on or after January 1, 2017. The Bank has assessed and found no material impact on the Bank's Financial Statements for the period they have taken effect.

2.3 New and revised Accounting Standards and Financial Reporting Standards has been announce but not yet taken effect.

The Federation of Accounting Professions has issued the following Accounting Standards and Financial Reporting Standards regarding the Bank's business operation which have been announced in the Royal Gazette but not yet taken effect in 2017,

		Accounting Standards	Effective date
TAS 1	(Revised 2017)	Presentation of Financial Statements	January 1, 2018
TAS 7	(Revised 2017)	Statement of Cash Flows	January 1, 2018
TAS 8	(Revised 2017)	Accounting policies, changes in accounting estimates and errors.	January 1, 2018
TAS 10	(Revised 2017)	Event after the reporting period	January 1, 2018
TAS 16	(Revised 2017)	Property, Plant and Equipment	January 1, 2018
TAS 17	(Revised 2017)	Leases	January 1, 2018
TAS 18	(Revised 2017)	Revenue Recognition	January 1, 2018
TAS 19	(Revised 2017)	Employee Benefits	January 1, 2018
TAS 20	(Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2018
TAS 21	(Revised 2017)	The Effects of Changes in Foreign Exchange Rates	January 1, 2018
TAS 24	(Revised 2017)	Related Party Disclosures	January 1, 2018
TAS 27	(Revised 2017)	Separate Financial Statement	January 1, 2018
TAS 28	(Revised 2017)	Investments in Associates and Joint Venture	January 1, 2018
TAS 34	(Revised 2017)	Interim Financial Reports	January 1, 2018
TAS 36	(Revised 2017)	Impairment of Assets	January 1, 2018
TAS 37	(Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2018
TAS 38	(Revised 2017)	Intangible Assets	January 1, 2018

		Financial Reporting Standards	Effective date
TFRS 4	(Revised 2017)	Insurance Contracts	January 1, 2018
TFRS 5	(Revised 2017)	Non - current Assets Held for Sale and Discontinued Operations	January 1, 2018
TFRS 8	(Revised 2017)	Operating Segments	January 1, 2018
TFRS 12	(Revised 2017)	Disclosure of Interests in Other Entities	January 1, 2018
TFRS 13	(Revised 2017)	Fair Value Measurement	January 1, 2018

		Accounting Standards Interpretation	Effective date
TSIC 15	(Revised 2017)	Operating Leases - Incentives	January 1, 2018
TSIC 27	(Revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2018
TSIC 32	(Revised 2017)	Intangible Assets - Web Site Cost	January 1, 2018

		Financial Reporting Standards Interpretation	Effective date
TFRIC 1	(Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2018
TFRIC 4	(Revised 2017)	Determining whether an Arrangement contains a Lease	January 1, 2018
TFRIC 10	(Revised 2017)	Interim Financial Reporting and Impairment	January 1, 2018
TFRIC 13	(Revised 2017)	Customer Privilege Program	January 1, 2018
TFRIC 14	(Revised 2017)	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2018
TFRIC 21	(Revised 2017)	Levies	January 1, 2018

New and revised TAS, TFRS, TSIC and TFRIC are designated to be enforced with Financial Statements for accounting periods beginning on or after January 1, 2018. The Bank has assessed and found no material impact that may be caused by the adoption of such TAS, TFRS, TSIC and TFRIC.

2.4 The Change of Accounting Policies

In Financial Statement for the year ending on December 31, 2017, the Bank has changed the accounting policies on land, building and equipment from the value measurement after the recognition of land transaction using the cost method to the revaluation method (Clause 2.5.12 of the Notes). The Change of Accounting Policies causes impacts on financial statement for the Bank as follows:

Unit: Million Baht

	As of December 31, 2017 Increase (decrease)
Statement of financial position	
Land, building and equipment - net	
Increasing revaluation of Land	17,547.25
Decreasing revaluation of Land	(49.42)
Reversal of loss on impairment of asset	50.30
Total	17,548.13
Equity	
Other components of equity	17,547.25
Accumulated profit	0.88
Total	17,548.13
Statement of Profit and Loss and other comprehensive income	
Profit and loss	
Reversal of loss on impairment of asset	50.30
Loss from revaluation of Land	(49.42)
Other comprehensive income	
Changes in surplus from asset revaluation	17,547.25
Total	17,548.13

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

Interest Income

Interest income of Interbank and money market items is recognized on accrual basis.

Interest income on investments in debt instruments is recognized on effective interest rate method.

Interest income on loans is recognized on accrual basis. Recognition of interest income on loans with interest accrued for more than three months from the due date will be stopped and reversed in full or the loans with interest accrued for less than three months from the due date but it is in classification of loss, doubtful of loss or doubtful and it will be resumed on new accrual basis when the debt is paid fully. In case of receivables from debt restructuring, interest income recognition will stop throughout the agreement term and will be resumed on collection basis.

Interest on loans which is recorded in advance on the date of loan repayment, and will gradually be recognized as income on a monthly basis throughout the contractual term.

Public Service Account (PSA) compensation interest income according to Cabinet Resolution is recognized on accrual basis throughout the term of each project. The compensation income for any damages will be resumed on collection basis.

Fees and service income

Fees and service income are recognized on accrual basis.

Income or accrued income from special privilege reward redemption program that allows customers to earn and accrue points which then be redeemable for gifts or future discount on products or services is allocated by fair value of accrued points as deferred income. It will then be recognized as income according to the amount of redeemable points actually claimed by customers.

Dividend income

Dividend income is recognized upon entitlement to dividend payment.

Other income

Other income is recognized on an accrual basis.

2.5.2 Expense recognition

The Bank recognizes the deposit interest expenses, interest on all types of loans, lottery award expenses, funds transferred to the Specialized Financial Institution Development, and other operating expenses on an accrual basis. The expenditure on state policy transactions is recognized by allocating the expenses of costs, fees and services, and other operating expenses. The method of allocation on the expenses has been approved by Fiscal Policy Office (FPO).

2.5.3 Cash and cash equivalents

Cash and cash equivalents in statements of cash flows refer to cash in hand and cash items under collection.

2.5.4 Derivatives

Derivatives transactions are recognized on the trade date by the following methods:

Tradable derivatives are stated at a fair value. Gain (Loss) on change in fair value is recognized as income or expense in Statement of Profit and Loss and Other Comprehensive Income and incorporated into net gain (loss) on trading and foreign exchange.

Hedging derivatives are measured by the same method as that used for valuing the hedged items and are recognized as income or expense in the same manner as the hedged items.

2.5.5 Investments

Investments of the Bank encompass debt instruments and equity instruments, classified into investment in tradable securities, securities available-for-sale, debt instruments held to maturity, general investments

Investments in tradable securities

Marketable debt instruments or equity instruments which held in a short term and will be sold for profit taking from securities price changes are presented at a fair value. Unrealized gain or loss on change in the fair value are presented in Statement of Profit and Loss and Other Comprehensive Income and incorporated into net gain (loss) on trading and foreign exchange.

Investments in Securities available-for-sale

Marketable debt instruments or equity instruments which are neither held for trading nor held to maturity are presented at a fair value. Unrealized gain or loss on change in fair value are presented in Statement of Profit (Loss) and Other Comprehensive Income. The accumulated balance is presented in other components of equity. Upon sales of securities, the unrealized gain or loss on change in the fair value will be reversed before recognition of gain or loss on sales of securities in Statement of Profit and Loss and Other Comprehensive Income.

The Bank will appraise impairment of securities available-for-sale right away once there is a proof to support impairment of securities. The lower value on mark to market of securities available-for-sale presented in other components of equity will be reversed to the loss from impairment or surplus on mark-to market value of securities in other components of equity will be reversed to mark down the value of investment before the loss in impairment is recognized in Statement of Profit and Loss and other Comprehensive Income. The Bank will reverse the loss of impairment in investment available-for-sale whenever there is no proof of impairment in securities.

Debt instruments held to maturity

Debt securities purchased with the intention and ability of holding the investments to maturity are classified as debt instruments held to maturity and are reported at the amortized cost net of allowance for impairment.

The impairment of debt instrument held to maturity will be appraised by the Bank when it is quite sure that all or some of principle or interest cannot be collected as written in an agreement. The Bank will recognize the loss on impairment in Statement of Profit and Loss and Other Comprehensive Income. The loss on impairment of debt instrument held to maturity will be reversed when the loss on impairment is none or decreased but it should not be more than the amortized cost of that debt instrument held to maturity.

General investments

Non-marketable equity instruments are classified as general investments and are presented at cost net of allowance for impairment.

The Bank will appraise the impairment in general investment when there is an indicator of impairment by comparing the book value of investments to the value expected to be recovered. If the book value of investments is higher than the value expected to be recovered, loss on impairment will be recognized in Statement of Profit and Loss and Other Comprehensive Income. The loss on impairment in general investment will be reversed when there is no more indicator on impairment.

Trade of investments in securities is reported on the trade date by recording initial investment accounts with the price of total purchase plus total direct payment in order to get the amount of investments. When investments are on sales, the Bank will calculate cost price of investments on sales using the weighted average method. Gain/Loss on sales of tradable securities is presented in net gain (loss) on trading and foreign exchange, whereas other types of investments are stated in net gain (loss) on investments.

Fair value of debt instruments is calculated from the yield rate quoted by the Thai Bond Market Association, and fair value of marketable equity instruments is based on the latest bid on a domestic market, which is regulated by a state agency and on which the said securities are traded, prevailing as of the end of the last business day of the fiscal period.

2.5.6 Investments in Associated Companies

Investments in businesses that the Bank invest will be considered as investments in associated companies when the Bank has significant influence over the business activities, includes directly and indirectly at least 20% of voting right, decision making on financial and operation policies but not includes controlling such policies. In Bank-only financial statements, investments in Associated Companies is presented by cost net of allowance for impairment and in Financial statements exhibiting investment by equity method, investments in Associated Companies is presented by equity method.

The Bank will appraise the impairment in investments in Associated Companies when there is an indicator of impairment by comparing the book value of investments to the value expected to be recovered. If the book value of investments is higher than the value expected to be recovered, loss on impairment will be recognized in Statement of Profit and Loss and Other Comprehensive Income. The loss on impairment will be reversed when there is no more indicator on impairment.

2.5.7 Loans

Loans are presented in terms of outstanding principal amount, and accrued interest receivables on loans are recorded separately, except in case of overdrafts.

Personal loans which is guaranteed by life insurance deposit is presented in outstanding principal amount. In-advance interest receivable on life insurance loans is presented in a separate item deductible from life insurance loans.

Hire purchase receivables are stated by the amount of debts under agreements, net of commission fee and deferred initial direct cost on hire purchase financing. Deferred revenue is presented in a separate item deductible from loans.

Unearned discount on notes receivable, in-advance interest receivable on loans and unearned financial income are presented in deferred revenue as deductible from loans.

2.5.8 Allowance for doubtful accounts

The Bank sets aside an allowance for doubtful accounts in accordance with the provisioning guidelines set forth in BOT Notification No. SorNorSor. 14/2559 dated October 11, 2016 regarding Guidelines on Assets Classification and Provision of Specialized Financial Institutions.

Type of classification	Provisioning rate
Normal (0-1 month overdue)	1%
Special mention (more than 1-3 months overdue)	2%
Sub-standard (more than 3-6 months overdue)	100%
Doubtful (more than 6-12 months overdue)	100%
Doubtful of loss (more than 12 months overdue)	100%

For general loans, minimum allowance for doubtful accounts is set aside based on the percentage set by BOT, calculating from outstanding principal amount of debt excluded accrued interest receivable after collateral value deduction, or debt amount after deduction of current cash flow value expected to collect from debtors, or current cash flow value expected from collateral disposal. The collateral value used is based on the type of collateral and the date of the most updated appraisal of the collateral.

Hire purchase loans is set aside an allowance for doubtful accounts based on the percentage set by BOT, calculating from hire purchase receivables net amount after deduction of deferred revenue.

Personal loans which is guaranteed by life insurance deposit is set aside an allowance for doubtful accounts based on the percentage set by BOT, calculating from outstanding principal amount of debt before deduction of collateral value.

For normal and special mention accounts, the Bank has set additional allowance in accordance with the minimum guidelines set forth in BOT by considering the loss from changes in economy, law and other factors which may have impact on debtor's payment ability.

For other uncollectible doubtful accounts, allowance is set aside in full. Doubtful accounts are recorded as expenses in the fiscal period of such recognition and reversed when they are settled.

Bad debt write-off during the year is deducted from allowance for doubtful accounts.

Bad debts and doubtful accounts are recognized as expenses, while bad debts recovery is stated as other income in Statement of Profit and Loss and Other Comprehensive Income.

2.5.9 Troubled debt restructuring (TDR)

1. Loss on troubled debt restructuring arising from reduction of principal and accrued interest on defaulted loans and from various restructuring methods such as transfer of assets, change of repayment conditions, debt restructuring in mixed forms, etc. is fully recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income.

2. In case of a relaxation of repayment conditions without reduction of principal and accrued interest before debt restructuring, the Bank estimates the present value of cash flow expected to be recovered by using the interest rate under the conditions specified in the TDR agreement as a discount rate. In case where such interest rate is lower than the financial cost rate, the financial cost rate is used as the discount rate instead. If the estimated current cash flow value is lower than the book value (the principal amount plus accrued interest receivable recorded in the outstanding balance of restructured debt), the allowance for loss on troubled debt restructuring is fully recognized in Statement of Profit and Loss and Other Comprehensive Income for the relevant fiscal period.

The components of financial costs encompass costs of deposits, contribution to SFI Development Fund and operation expenses.

3. In case of the Bank accepting transferred assets, financial instruments, or debt-equity conversion for debt repayment, total accounts receivable are entirely written off. Losses arising are charged to Statement of Profit and Loss and Other Comprehensive Income instantly upon the receipt of transfer by taking into account the original allowance for doubtful accounts provided. The value of transferred assets is recorded at a fair value and not higher than the book value of the debt plus accrued interest receivable to which the Bank is entitled by law.

In case of partial settlement of debt through the transfer of assets, financial instruments or debt-equity conversion, the Bank follows the practice in No. 3 in the first place. For the remaining amount of debt, if there is a relaxation of lending criteria, the Bank will follow the practice in No. 2.

2.5.10 PSA Accounts receivable pending compensation by Public Service Account

PSA Accounts receivable pending compensation by Public Service Account refers to the Bank's rights to receive compensation for the losses from the government as stipulated in Cabinet resolutions or letter of order in written form from public service account.

2.5.11 Assets pending sales

Assets pending sales are immovable properties earlier mortgaged as loan security and acquired by the Bank as debt settlement and from purchase at a court-ordered auction sale, which will thereafter be disposed of by the Bank. These assets are stated at the fair value or at the outstanding debt plus accrued interest receivable, inclusive of interest entitled by creditors on the asset acquisition date, whichever is lower, and are also recorded as partial debt repayment. The Bank will appraise the asset value and make allowance for the downward deviation from the book value in full amount (100%), which is recognized as other operating expenses or income in Statement of Profit and Loss and Other Comprehensive Income. The Bank does not calculate the depreciation for the assets pending sales.

Gain or loss on disposal of assets pending sales is recognized as other operating income or expenses in Statement of Profit and Loss and Other Comprehensive Income.

2.5.12 Land, buildings, equipment and depreciation

Land, buildings, equipment consist of land, buildings (both freehold and leasehold), durable goods and work in process. The Bank recognizes initial cost of land, buildings and equipment which includes direct cost from acquiring the assets or from maintaining the assets to be ready to use in any purposes. The Bank calculates the final values by cost method or revaluation method using the same accounting policy as Land, buildings, equipment in the same category.

Land is presented at revaluating price less allowance for asset impairment (if any). The price if land will be regularly revaluated every 3-5 year by qualified outsource estimator in accordance with BOT's policy. If the fair value of land is fluctuated and changed significantly, the land will be revaluated again so that the land value presented will not be significantly different from fair value at the end of the reporting period. If the land has less value after revaluation or less than capital surplus recognized by the landlord of the same land, the Bank will recognized the decreasing value in Statement of Profit and Loss and Other Comprehensive Income. If the land has more value, the Bank will recognize the increasing value in capital surplus in landlord's asset revaluation except the decreasing value is already recognized as the loss in Statement of Profit and Loss and Other Comprehensive Income from previous revaluation. The increasing value in the second revaluation will be recognized only the surplus value from the decreasing one of the same land.

Buildings (both freehold and leasehold) and durable goods are presented at cost less accumulated depreciation and allowance for asset impairment (if any).

Depreciation is recorded as expenses in Statement of Profit and Loss and Other Comprehensive Income and computed on a straight-line basis according to the estimated useful life of each item of assets, as follows:

Buildings and other constructions	12 - 82 years
Buildings constructed on leased land	20 - 87 years or based on lease contract term
Leased building improvements	5 years
Durable goods	5 - 8 years

The Bank reviews the remaining value and the useful life of assets at every year-end so as to properly reflect the actual usage at present and the expected economic benefits in the future. This is considered a change in accounting estimates and the Bank recognizes the effect from such change by the immediate recognition method. As regards the assets fully depreciated but still in use, the Bank does not make any change to the estimate.

Loss on impaired land, buildings and equipment is recognized as other operating expenses in Statement of Profit and Loss and Other Comprehensive Income.

Land, buildings and equipment will be excluded when they are on sale or economic benefits in the future from the usage or the sale of Land, building and equipment are not expected. Profit or loss on assets sale is recognized as other income or operating expenses in Statement of Profit and Loss and Other Comprehensive Income.

2.5.13 Intangible assets

Intangible assets, comprising computer programs, are stated at cost less accumulated amortization and allowance for asset impairment (if any).

The Bank will recognize the initial intangible assets from cost. The cost of computer programs are the expenses in buying computer programs and in acquiring the ownership of computer programs.

Computer programs, having a useful life of around 1-21 years, is amortized on a straight-line basis over the useful life and is recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income.

The Bank reviews the remaining value and the useful life of intangible assets at every year-end so as to properly reflect the actual usage at present and the expected economic benefits in the future. This is considered a change in accounting estimates and the Bank recognizes the effect from such change by the immediate recognition method. As regards the computer programs fully amortized but still in use, the Bank does not make any change to the estimate.

Loss on impaired intangible assets is recognized as other operating expenses in Statement of Profit and Loss and Other Comprehensive Income.

Intangible assets will be excluded when they are on sale or economic benefits in the future from the usage or the sale of Intangible assets are not expected. Profit or loss on Intangible assets sale is recognized as other income or operating expenses in Statement of Profit and Loss and Other Comprehensive Income.

2.5.14 Leasehold right

Leasehold rights consist of leasehold rights to rent the land for establishing the branch and installing public ATM.

Leasehold right is presented at cost less amortization which is calculated on a straight-line basis and according to the lease contract term. It will be recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income.

2.5.15 Assets from donation

Assets from donation are land and other assets which are donated. The Bank recognizes assets from donation from its appraisal value or fair value at the date being donated. Assets from donation are stated at the donation price and accounted for as unearned income from donation, then gradually recognized as income from donation throughout the useful life of the relevant assets.

2.5.16 Life Insurance deposit

Life insurance deposit is a deposit for life insurance and for savings as income and education insurance. The return is in the form of dividends, pensions and coverage in accordance with insurance's condition. The Bank makes payments according to the deposit conditions.

The Bank has the debts of life insurance deposit as in the features of deposits and insurance with the accounting policies as follows:

1. Life insurance deposit shown in the deposit account with net balances from operating expenses from depositors.
2. The accrued interest on life insurance under Clause 1 is shown in the interest deposit account and bonds payable.

For life insurance deposits as in the features of deposits recorded by the Bank under Clauses 1 and 2 at the end of the reporting period, the reserves will be calculated following the mathematic method of Net Premium Valuation (NPV).

The Bank tests the adequacy of the debts of life insurance as recorded by the Bank in accordance with Clauses 1 and 2 at the end of the reporting period by using the current estimation of future cash flow from insurance contracts used in the insurance sector based on Gross Premium Valuation (GPV) and the discount rate following the guidelines of the Office of Insurance Commission "OIC".

Healthcare benefits for life insurance depositors and additional provision based on the deposit balance are recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income.

2.5.17 Provisions

Provisions are recognized in Financial Statements when the Bank debts which results from incidents in the past and there is possibility that the Bank will lose economic benefits from paying that debts. It consists of the provisions in obligations which are items outside the Financial Statements, provisions in employee's defined benefits, the indemnity from the prosecution and other provisions. The provisions will be reviewed regularly. The increasing or decreasing changes in provisions will be recognized in Statement of Profit and Loss and Other Comprehensive Income.

Contingent liabilities and obligations which are items outside the Financial Statements are recognized as provisions in the Financial Statements as follows:

1. Provisions are set for obligations which are items outside the Financial Statements of sub-standard, doubtful, doubtful loss, and loss loans to ensure its resilience against any loss.
2. Contingent liabilities and obligations which are items outside the Financial Statements are recognized as provisions in the Financial Statements when they meet all the following conditions:
 - 2.1 The Bank has current obligations, either legal or constructive, which result from incidents in the past;
 - 2.2 Payment for such obligations will lead to a rather high possibility that the Bank will lose economic benefits of its resources; and
 - 2.3 Reliable estimates of the value of obligations can be made.

2.5.18 Employee Benefits

The Bank provides a number of benefit plans for its employees as follows:

Short-term employee benefits

Short-term employee benefits consist of salary, overtime pay and bonus, including other short-term benefits under the employment contract and the present legal or constructive obligation to pay the benefits as a result of past service provided by employees where the obligation can reliably be estimated. Short-term employee benefits are recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income on an accrual basis.

Benefit Plans

Defined contribution plan

Defined contribution plan is a post-employment benefit plan for employees. The Bank established a provident fund under the Provident Fund Act B.E. 2530 (1987) and became a registered fund approved by the Ministry of Finance on June 29, 2005. The provident fund is managed by an external fund manager. The Bank's liability is limited to the amount of contributions it is obligated to pay to the fund at a rate ranging from 9% to 12% according to the individual employees' length of service, whereas employees who are the fund members may opt for any contribution rate between 3% and 12% of their respective salary and will receive this benefit upon termination of employment from the Bank pursuant to the fund's regulations.

Provident fund is classified as a defined contribution plan. Contributions paid by the Bank are recognized as personnel expenses in profit and loss.

Defined benefit plan

Defined benefit plan is a post-employment benefit plan, besides a defined contribution plan, comprising gratuities/pensions, retirement gifts, merit pays, living gratuities and special gratuities. The obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years. The said benefit is discounted based on the yield rate of government bonds that have maturity dates approximating the terms of the Bank's obligations. The calculation is performed by a qualified actuary, using the projected unit credit method done by the experts in insurance mathematics for the profits (loss) from the Actuarial Gain/Loss in the type of benefits after the recognition in other comprehensive incomes. The provisions will be recognized from the current value of obligation in employee benefits in Financial Statement. The post-employment benefit will be recognized as expenses in profit and loss.

Other long-term employee benefits

The Bank offers other long-term employee benefits to the eligible employees in return for their service in the current and former periods before retirement such as long service awards. The obligations in respect of other long-term employee

benefits are recognized in the Financial Statements and the payment in other long-term employee benefits as expenses in profit and loss, calculated on the same basis as the defined benefit plan. Actuarial gain/loss and relevant expenses are recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income.

Layoff Benefits Plan

Layoff benefit comes from the Bank's decision to lay off its employees or employee's decision to accept benefit offers in exchange of the layoff. Layoff Benefits Plan such as Early Retirement Plan, the Bank will recognize the layoff benefits as expenses in profit and loss when the Bank cannot cancel the offer of that benefit plan.

Layoff benefits are expected to be paid in the total amount of 12-month at the end of the reporting period when the layoff benefits are recognized in accordance with the regulations of short-term employee benefits plan. If the layoff benefits are not expected to be paid in the total amount of 12-month at the end of the reporting period, the Bank will comply the regulations of other long-term employee benefits plan.

2.5.19 Foreign currency translation

The Bank's Items denominated in foreign currencies are foreign currencies from foreign currency service, assets, debts, incomes and expenses paid in foreign currencies. Items denominated in foreign currencies arising during the period are converted and recorded in Thai Baht at the immediate exchange rate prevailing as of the transaction date. The remaining foreign currency balance, as of the reporting period, of assets and liabilities is converted and recorded in Thai Baht at the exchange rate announced by the BOT. Assets and liabilities which are non-monetary items will be presented as the original cost converted in Thai Baht as of the transaction date.

Profits and losses from currency exchange rates and foreign currency translation will be presented in Statement of Profit and Loss and Other Comprehensive Income.

2.5.20 Long-term lease contracts

Financial leases

Lease contracts where the risks and returns on majority ownership have been transferred to the Bank, as a lessee, are classified as financial leases. Financial leases are recorded as assets at the fair value of leased assets or the present value of amounts payable under the lease contracts, whichever is lower. Assets acquired under financial leases are subject to depreciation calculation throughout the useful life of the leased assets. Obligations under the lease contracts less financial expenses are recognized as liabilities. Rental fees payable are divided into amounts deductible from liabilities under contracts, resulting in a fixed interest rate for each of the remaining installments in respect of the outstanding debt balance. Financial expenses are recognized in Statement of Profit and Loss and Other Comprehensive Income.

Operating leases

Long-term contracts for assets leasing where the risks and returns on majority ownership still rest with the lessors are classified as operating leases and are recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income on a straight-line basis throughout the lease terms.

3. Risk Management

3.1 The Bank's risk overview

3.1.1 Credit risk

Credit risk refers to risk arising from failure by the Bank's customers or counterparties to comply with the credit repayment contract, or fail to comply with the obligation as agreed with the Bank, or customers seem likely default on repayment, resulting to credit risk downgrade, which could have impacts on the Bank's fund and revenue.

The Bank is well aware of risks from current economic and social uncertainty and has closely monitored the debt quality and improved loan provision criteria and risk management to be better suit the current situation. Moreover, the Bank has systematically developed its risk management procedures in accordance with the best practice, rationalized loan underwriting process, and developed credit risk management tools to support quality credit expansion and investments, as well as monitored and controlled credit risk to an acceptable level. Details are summarized as below:

1. Setting Credit Risk Management Policy to be the best credit risk management in the same direction and gets along with the Bank's strategy and policies.
2. Setting business loan policy to serve as a framework and standard guidelines for better Bank's business loan performance.
3. Setting retail loan policies to serve as a framework and standard guidelines for effective Bank's retail banking operations.
4. Determine the authority to review and renew the business credit line including a review of the credit process and practices to align with the organizational structure by setting check-and-balance process that complies with the principles of good risk management.
5. Identification on debt repayment ability including;
 - 5.1 Standardize debt repayment criteria for retail customers or DTI ratios to ensure that borrower has adequate funds for their living and to prevent future NPLs.
 - 5.2 Standardize each business's net profit calculation to determine loan limits.
6. Determine Credit Product Program (CPP) to serve as a primary guideline for business loans consideration that the Bank will support, and business credit risk considerations for loan approval and renewal credit line with a business loan and/or total investment (Total Exposure) not exceeding 20 Million Baht (Check List : CL)
7. Setting and reviewing single lending limit to ensure no concentration in any particular company or group of companies.
8. Review of the leading financial institutions qualification criteria to consider the interest rate for those leading financial institutions.
9. Development and improvement of credit scoring model (Application Scoring, Behavior Scoring, Collection Scoring), credit risk rating model, and credit risk rating so as to screen customers in a more appropriate and efficient manner, including a Credit Bureau Score for consideration in conjunction with the Credit Scoring Model.
10. Putting in place work systems to support the loan approval process of the Bank up to the standards and increase efficiency of risk management, such as
 - 10.1 Loan origination and process system (LOPs), comprising loan origination system (LOR), collateral management system (CMS), and legal system (LS) to increase efficiency of loan approval process and competition ability.
 - 10.2 Systems to analyze information of corporate customer loan risks, including decision support system (DSS) for corporate analysis, financial analysis system (Optimist) and credit scoring calculation system (Blaze Advisor).
 - 10.3 Data base for risk management (Risk Data Mart) to support BIS ratio calculations, Stress Test and Credit Portfolio Management.
11. Monitored and controlled credit risks including:
 - 11.1 Setting single lending limit to control risks and prevent the Bank from lending, invest, under obligation, or make transaction resemble giving out loan and to avoid Concentration Risk in any single customer as well as the concerned parties.
 - 11.2 Setting and revision of industry limits to diversify risks and ensure no concentration in any particular industry.
 - 11.3 Rationalization of credit review guidelines in line with regulatory criteria.
 - 11.4 Monitoring structure and quality of loan portfolios in line with the Bank's policy as well as monitor and control credit concentration regularly; Credit concentration by loan type, Business sector and Single Lending, to ensure the Bank's sufficient capital fund to run business if any event occurs that may affect a particular group of debtors or any business sector.
12. Monitoring an effective debt management process to prevent and fix overdue debt including litigation or compromise process and property foreclosure management.
- 13 Provision of training and skill development in areas of credit, investment and credit risk management, and support building of work culture among relevant staff members on a consistent basis.
- 14 Monitoring and reporting risks to the Risk Management Committee and relevant committees on a regular basis.

3.1.2 Market Risk

Market Risk means the risk arising from the movement of interest rates, foreign exchange rates, equity price, and commodity prices having negative impact on the income and fund capital. Therefore, the Bank has the risk management system for monitoring and controlling the potential risks in both commercial and banking accounts under the Limit and Trigger approved by the Risk Management Committee with regular report to the executive and relevant committees regularly as follows:

Interest rate risk

Interest rate risk refers to risk associated with interest rate movements that adversely affect the Bank's revenues and/or economic value, consisting of interest rate risk in the Banking book and interest rate risk in the trading book.

The interest rate risk in the Banking book arises from a mismatch of repricing of assets and liabilities. The Bank aligns its assets and liabilities structure with the interest rate movement and conducts risk management by analysis and report on repricing gap to measure the interest rate change impact on net interest income (NII sensitivity) in the next one year. This will be compared to the defined limits.

For the risks in the interest rate in the account for commerce as at the end of December, 2017, the balance in the port for commerce is only 2.21 of the total investment port value.

The table below illustrates the Bank's average outstanding balance and amount of interest for interest-bearing financial instruments for the years ended December 31, 2017 and 2016:

Unit : Million Baht

	2017			2016		
	Avg. Outstanding of balance	Amount Interest	Avg. Outstanding of Interest rate (%)	Avg. Outstanding of balance	Amount Interest	Avg. Outstanding of Interest rate (%)
Interest-bearing financial assets						
Interbank and money market items	393,018.50	6,384.06	1.62	375,862.90	6,785.53	1.81
Investments	197,341.11	4,490.10	2.28	200,827.28	4,674.72	2.33
Loan to Loan customers	1,676,123.45	87,474.19	5.22	1,572,736.63	87,400.71	5.56
Loan to PSA customer	190,606.64	5,937.56	3.12	176,877.91	5,450.30	3.08
Total	2,457,089.70	104,285.91	4.24	2,326,304.72	104,311.26	4.48
Interest-bearing financial liabilities						
Deposits	2,156,055.07	44,225.48	2.05	2,145,687.91	42,847.81	2.00
Interbank and money market items	94,172.48	1,251.12	1.33	112,777.52	1,239.22	1.10
Issued debt securities and loans	47,563.34	941.92	2.34	-	-	-
Total	2,297,790.89	46,418.52	2.03	2,258,465.43	44,087.03	1.95

Foreign exchange risk

Foreign exchange risk refers to risk incidental to exchange rate volatility having adverse impact on the Bank's income and capital funds as a result of its foreign exchange transactions. The Bank controls the risks by defining the Limit and Trigger such as Warning Indicator, etc. Moreover, the financial derivatives are used to hedge against foreign exchange risk by entering into forward contract which is controlled by the departments and committees concerned.

Equity instrument price risk

Equity instrument price risk refers to risk stemming from changes in equity instrument prices having adverse impact on the Bank's income and capital funds, divided into equity instrument price risk in the Banking book and equity instrument price risk in the trading book.

Equity instrument price risk in the Banking book at December 31, 2017, the Bank invests in common shares and funds in the available-for-sale portfolio approximately 11.24% and 10.20% of the Bank's total investment portfolio. To cushion against this risk, the Bank applies risk limits and risk triggers such as a 1-month VaR limit at the 99%.

The Bank has not invested in common shares in the Bank's tradable securities portfolio, thus there is not equity instrument price risk in the trading book.

Risks in commodity prices

The risks in commodity prices mean the risks of changes in the prices of commodities that adversely affect the Bank's income and fund capital. However, the Bank does not invest in commodities so it has no commodity price risk.

3.1.3 Liquidity risk

Liquidity risk refers to risk arising from failure by the Bank to repay liabilities and contingencies on due dates due to inability to liquidate assets into cash or to acquire sufficient funds or ability to acquire funds but at an unacceptably higher cost (Funding Liquidity Risk) thus likely affecting the Bank's income and capital funds both at present and in the future. Liquidity risk may also stem from failure by the Bank to mitigate or offset risk with the assets it is holding, forcing it to dispose of the assets at a price lower than acquisition cost due to either low liquidity of the assets or illiquid market (Trading Liquidity Risk).

In Liquidity risk management, the Board of Directors and Risk Management Committee will approve, monitor and control liquidity risk. The Bank's Assets and Liabilities Management Committee (ALCO) is responsible for monitoring compliance with risk management framework and liquidity risk limit in order to control risk at acceptable level (Risk Appetite) and acceptable degree of uncertainty (Risk Tolerance). Liquidity management working group has the duty to formulate a guideline on deposit mobilization, investments and lending in alignment with the Bank's business plan in order to maintain the Bank's liquidity at a proper level and enable it to fulfill all financial obligations.

The Bank measures and evaluates liquidity risk by using a liquidity gap report prepared both in the remaining time to maturity and with behavioral adjustments. The Bank also conducts a stress testing of liquidity risk quarterly with three simulations including

- (1) Institution-specific crisis
- (2) Market-wide crisis and
- (3) Combination of both.

Several assumptions are formulated such as unusual outflows of deposits with difference on proportions, identifying haircut rate. In addition, the Bank develops the contingency liquidity plan and early warning indicators to discover uncommon situation that needs the Bank's preparation and identifies roles and responsibilities of executives and relevant working units. The Bank also arranges working processes, the way to manage liquidity in several cases as well as tests the contingency liquidity plan for its preparedness to react against problems and liquidity crisis efficiently, and identifies the size of quality asset with liquidity cushion to ensure that Bank has adequate liquidity for its operations either normal situation or crisis.

The Bank controls this risk by using risk limits and risk triggers, comprising loans to deposits ratio and bonds, liquid assets to deposits ratio, etc. The report will be conducted to monitor the risks in the liquidity daily, weekly, monthly, and quarterly to propose to the executives and relevant bureaus. The liquidity asset ratio per deposit as on December 31, 2017, equaled to 21.86% slightly decreasing from December 31, 2016, equaling to 22.56% which is still higher than BOT standard (not less than 6%) and in accordance with the defined limit and trigger.

The table shows the remaining balances of financial assets and financial liabilities classified by the remaining periods of the contract as on December 31, 2017 and 2016, as follows:

Unit : Million Baht

	2017					
	Not more than 1 Month	More than 1 month and not more than 3 month	More than 3 month and not more than 1 year	More than 1 year	No time limits	Total
Financial Assets						
Interbank and money market items-net	399,516.63	11,775.21	10,795.18	40,581.63	-	462,668.65
Investments	7,384.98	21,596.16	42,646.88	163,594.37	1,515.92	236,738.31
Loans to customers	51,391.84	34,491.59	157,403.39	1,514,590.95	-	1,757,877.77
Loans to PSA customers	13,654.37	49,011.00	16,979.99	108,792.69	-	188,438.05
Total	471,947.82	116,873.96	227,825.44	1,827,559.64	1,515.92	2,645,722.78
Liabilities						
Deposits	653,395.46	333,457.98	412,879.53	785,389.32	-	2,185,122.29
Interbank and money market items-net	84,278.55	20,083.73	4,581.24	2,262.28	-	111,205.80
Issued debt securities and loans	-	-	-	50,000.00	-	50,000.00
Total	737,674.01	353,541.71	417,460.77	837,651.60	-	2,346,328.09

Unit : Million Baht

	2016					
	Not more than 1 Month	More than 1 month and not more than 3 month	More than 3 month and not more than 1 year	More than 1 year	No time limits	Total
Financial Assets						
Interbank and money market items-net	1,506.10	340,372.80	112,782.50	25,128.81	-	479,790.21
Investments	-	15,840.07	130,793.86	135,848.50	986.41	283,468.84
Loans to customers	29,007.45	47,159.20	141,450.31	1,340,373.17	-	1,557,990.13
Loans to PSA customers	-	69,701.32	14,291.62	104,982.31	-	188,975.25
Total	30,513.55	473,073.39	399,318.29	1,606,332.79	986.41	2,510,224.43
Liabilities						
Deposits	501,102.64	375,043.85	489,432.19	771,762.42	-	2,137,341.10
Interbank and money market items-net	4,625.55	74,767.98	16,995.84	4,923.69	-	101,313.06
Total	505,728.19	449,811.83	506,428.03	776,686.11	-	2,238,654.16

3.2 Fair value of financial instruments

Following table shown book value and the estimated fair value of financial instrument, as the outstanding balance summary appearing in the financial statements as of December 31, 2017 and 2016:

Unit : Million Baht

Type of financial instrument	Financial statements exhibiting investment by equity method			
	2017		2016	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	30,092.81	30,092.81	28,936.61	28,936.61
Interbank and money market items-net	462,668.65	462,668.65	479,790.21	479,790.21
Derivative	657.00	657.00	135.74	135.74
Investments-net	237,320.73	237,743.41	283,914.13	284,536.18
Loans to customers-net	1,710,908.16	1,710,908.16	1,512,540.46	1,512,540.46
Loans to PSA customers-net	186,373.78	186,373.78	187,120.25	187,120.25
PSA Accounts receivable pending compensation by Public Service				
Account	2,371.96	2,371.96	3,257.77	3,257.77
Total	2,630,393.09	2,630,815.77	2,495,695.17	2,496,317.22
Financial liabilities				
Deposits	2,185,122.29	2,185,122.29	2,137,341.10	2,137,341.10
Interbank and money market items-net	111,205.80	111,205.80	101,313.06	101,313.06
Liabilities payable on demand	1,010.07	1,010.07	810.23	810.23
Derivative	91.16	91.16	659.89	659.89
Issued debt securities and loans	50,000.00	50,000.00	-	-
PSA Accounts payables	-	-	308.45	308.45
Accrued interest on deposits and bonds	49,425.11	49,425.11	43,425.42	43,425.42
Total	2,396,854.43	2,396,854.43	2,283,858.15	2,283,858.15

Unit : Million Baht

Type of financial instrument	Bank-only financial statements			
	2017		2016	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	30,092.81	30,092.81	28,936.61	28,936.61
Interbank and money market items-net	462,668.65	462,668.65	479,790.21	479,790.21
Derivative	657.00	657.00	135.74	135.74
Investments-net	236,738.31	237,743.41	283,468.84	284,536.18
Loans to customers-net	1,710,908.16	1,710,908.16	1,512,540.46	1,512,540.46
Loans to PSA customers-net				
PSA Accounts receivable pending compensation by Public Service	186,373.78	186,373.78	187,120.25	187,120.25
Account	2,371.96	2,371.96	3,257.77	3,257.77
Total	2,629,810.67	2,630,815.77	2,495,249.88	2,496,317.22
Financial liabilities				
Deposits	2,185,122.29	2,185,122.29	2,137,341.10	2,137,341.10
Interbank and money market items-net	111,205.80	111,205.80	101,313.06	101,313.06
Liabilities payable on demand	1,010.07	1,010.07	810.23	810.23
Derivative	91.16	91.16	659.89	659.89
Issued debt securities and loans	50,000.00	50,000.00	-	-
PSA Accounts payables	-	-	308.45	308.45
Accrued interest on deposits and bonds	49,425.11	49,425.11	43,425.42	43,425.42
Total	2,396,854.43	2,396,854.43	2,283,858.15	2,283,858.15

3.3 Assets and Liabilities fair value

The Bank categorized fair value measurement into three levels based on the type of inputs used for valuation technique as follows:

- Level 1 - Inputs were quoted prices (unadjusted) in active markets for the same assets and liabilities accessible by the Bank on the measurement date.
- Level 2 - Inputs other than quoted prices in Level 1 that were observable directly or indirectly for those assets or liabilities.
- Level 3 - Unobservable inputs adopted for those assets or liabilities.

Fair value measurement techniques of regular transactions that were categorized into Level 2 are as follows:

- Derivatives calculated by standard model commonly used in the market, using observable inputs including interest rates, currency exchange rates, to discount future cash flows for fair value measurement.
- Unlisted securities available-for-sale were measured at Net Assets Value as of reporting date.
- Government and state enterprise debt securities and corporate securities investments for trading and available-for-sale were measured at yield rates of Thai Bond Market Association.

As of December 31, 2017 and 2016, the Bank's assets and liabilities fair value were categorized according to the levels as follows:

Unit : Million Baht

	2017			
	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Tradable derivatives	-	0.57	-	0.57
Hedging derivatives	-	0.10	-	0.10
Investments				
Trading investments	-	5,226.38	-	5,226.38
Available-for-sale investments	37,114.50	155,208.19	-	192,322.69
Total	37,114.50	160,435.24	-	197,549.74
Liabilities				
Derivatives				
Tradable derivatives	-	0.03	-	0.03
Hedging derivatives	-	0.45	-	0.45
Total	-	0.48	-	0.48

3.3 Assets and Liabilities fair value (Continued)

Unit : Million Baht

	2016			
	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Tradable derivatives	-	0.98	-	0.98
Investments				
Trading investments	-	1,500.88	-	1,500.88
Available-for-sale investments	32,250.46	206,772.81	-	239,023.27
Total	32,250.46	208,274.67	-	240,525.13
Liabilities				
Derivatives				
Hedging derivatives	-	0.89	-	0.89
Total	-	0.89	-	0.89

3.4 Capital fund

As of December 31, 2017 and 2016, the Bank's capital fund was calculated based on BOT guideline set forth under Basel II framework.

GSB's capital fund under Basel II framework is as follows:

Unit : Million Baht

	2017	2016
Tier 1 capital		
Capital granted by HM King Rama VI	0.10	0.10
Allocated accumulated profit-net	27,007.88	24,413.29
Net profit after allocation	130,290.69	113,828.34
deducted transaction from Tier 1 Capital	(7,270.96)	(55.78)
Total of Tier 1 Capital	150,027.71	138,185.95
Tier 2 capital		
Reserve for normal assets	1,103.84	4,978.35
Profit from revaluation of instruments	6,713.50	3,809.80
deducted transaction from Tier 2 Capital	-	(55.78)
Total of Tier 2 Capital	7,817.34	8,732.37
Total Capital fund	157,845.05	146,918.32

According to the requirements of the Bank of Thailand, the domestically registered commercial banks are required to maintain the capital adequacy ratio of not less than 8.50% provided that the Tier 1 capital must not be less than 4.25% of total risk assets.

3.4 Capital fund (Continued)

As on December 31, 2017 and 2016, the Bank maintained the capital adequacy ratio to the total risk assets according to Basel II principles as follows:

	Percentage	
	2017	2016
Total capital fund	12.47	11.54
Tier 1 capital	11.85	10.86

4. Estimates and assumptions

In order to prepare the financial statements in conformity with the generally accepted accounting principles and financial reporting standards, the Bank's management has to use several estimates and assumptions, which thereby affect the amounts related to income, expenses, assets and liabilities, as well as the disclosure of information on contingent assets and liabilities. Thus, the real amounts incurred may differ from the estimates.

The estimates and assumptions are reviewed consistently. Changes in accounting estimates are recorded in the fiscal period when the change occurs and future period which is affected. Information on the estimates of uncertainties and key hypotheses for determining the accounting policies is disclosed in notes to financial statements for the fiscal period where there are material effects.

5. Additional information

5.1 Additional information of cash flows

Significant non-cash items for the year ended at December 31, 2017 and 2016 are as follows:

Unit : Million Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2017	2016	2017	2016
Revaluation surplus on lands (Increase)	17,547.25	-	17,547.25	-
Revaluation surplus (Increase)				
on available-for-sale investments	6,618.03	5,628.92	6,618.03	5,628.92
Share of other comprehensive profit				
on associated companies (increase)	71.69	39.05	-	-
Assets pending sales acquired from				
asset transfer for increased (decreased)				
debt settlement	319.67	(294.05)	319.67	(294.05)

5.2 Cash

Unit : Million Baht

	2017	2016
Cash	28,033.53	27,624.28
Foreign Currencies	34.75	26.92
Cash under collection	2,024.53	1,285.41
Total cash	30,092.81	28,936.61

5.3 Inter-bank and money market items - net (assets)

Unit : Million Baht

	2017			2016		
	At call	Term	Total	At call	Term	Total
(1) Domestic items						
Bank of Thailand and Financial institutions Development Fund	2.37	387,241.00	387,243.37	2.48	316,943.00	316,945.48
Commercial Banks	76.27	5,700.00	5,776.27	107.78	7,099.00	7,206.78
Specialized financial institutions	0.19	51,040.50	51,040.69	0.08	129,839.20	129,839.28
Other financial institutions	400.00	18,256.78	18,656.78	130.00	25,761.80	25,891.80
Total	478.83	462,238.28	462,717.11	240.34	479,643.00	479,883.34
Plus Accrued interest receivable	-	193.46	193.46	-	235.73	235.73
Less Allowance for doubtful accounts	4.00	248.56	252.56	1.30	328.02	329.32
Total domestic items	474.83	462,183.18	462,658.01	239.04	479,550.71	479,789.75
(2) Foreign items						
US dollar	5.48	-	5.48	0.08	-	0.08
Yen	0.02	-	0.02	0.03	-	0.03
Euro	4.43	-	4.43	0.02	-	0.02
Other currencies	0.71	-	0.71	0.33	-	0.33
Total foreign items	10.64	-	10.64	0.46	-	0.46
Total domestic and foreign items	485.47	462,183.18	462,668.65	239.50	479,550.71	479,790.21

As of December 31, 2017, the balance of Loan which is Interbank and money market items will be discontinuing on an accrual basis in accordance with BOT's principal as of 48.02 Million Baht.

5.4 Derivatives

As of December 31, 2017 and 2016, the Bank's derivatives were comprised of:

- Derivatives assets of 657.00 Million Baht and 135.74 Million Baht respectively; and
- Derivatives liabilities of 91.16 Million Baht and 659.89 Million Baht respectively.

5.4.1 Tradable derivatives

Unit : Million Baht

Type of risk	2017			2016		
	Fair Value *		Notional Amount or Effective Notional Amount	Fair Value *		Notional Amount or Effective Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	0.57	0.03	99.59	0.98	-	59.93
Total	0.57	0.03	99.59	0.98	-	59.93

* Fair value refers to gain (loss) on revaluation to reflect the fair value as of the date of the Financial Statements.

The proportion, determined based on the notional amount, of derivatives transactions classified by type of counterparty as of December 31, 2017 and 2016 was as follows:

Counterparty	Unit : Million Baht	
	2017	2016
Third parties	100.00	100.00
Total	100.00	100.00

5.4.2 Hedging derivatives

The fair value and notional amount of hedging derivatives, classified by type of risk hedging, as of December 31, 2017 and 2016 were as follows:

Table 1 Risk hedging in the fair value

Type of risk	Unit : Million Baht					
	2017			2016		
	Fair Value*		Notional Amount or Effective Notional Amount	Fair Value*		Notional Amount or Effective Notional Amount
Assets	Liabilities	Assets		Liabilities		
Foreign exchange rate	656.43	91.13	11,626.07	134.76	659.89	16,107.98
Total	656.43	91.13	11,626.07	134.76	659.89	16,107.98

*Fair value refers to gain (loss) on revaluation to reflect the fair value as of the date of the Financial Statements

As of December 31, 2017 and 2016, derivative assets were 656.43 Million Baht and 134.76 Million Baht, derivative liabilities were 91.13 Million Baht and 659.89 Million Baht subsequently. Fair value measurement by foreign exchange rates according to the Bank of Thailand announcement as day-end of reporting period were derivative assets of 656.33 Million Baht and 134.76 Million Baht and derivative liabilities of 90.68 Million Baht and 659.00 Million Baht subsequently.

5.5 Investments - net

As of December 31, 2017 and 2016, the Bank classified its investments in securities as follows:

5.5.1 Tradable securities

	Unit : Million Baht	
	2017	2016
	Fair Value	Fair Value
Government and state enterprise securities	5,226.38	1,469.25
Domestic marketable equity instruments	-	31.63
Total	5,226.38	1,500.88

5.5.2 Securities available-for-sale

	Unit : Million Baht	
	2017	2016
	Fair Value	Fair Value
Government and state enterprise securities	140,323.24	191,247.16
Private sector bonds	1,168.57	963.54
Foreign debt securities	83.13	115.96
Domestic marketable equity instruments	37,522.25	32,364.34
Others	13,225.50	14,332.27
Total	192,322.69	239,023.27

5.5 Investments - net (Continued)

5.5.3 Debt instruments held to maturity

	Unit : Million Baht	
	2017	2016
	Cost /Amortized cost	Cost /Amortized cost
Government and state enterprise securities	7,335.78	6,978.03
Private sector bonds	19,225.69	18,114.11
Foreign debt securities	10,948.52	16,562.81
Total	37,509.99	41,654.95

5.5.4 General investments

	Unit : Million Baht	
	2017	2016
	Cost	Cost
Domestic non-marketable equity instruments	395.73	395.73
Others	0.00	0.00
Total	395.73	395.73
<u>Less</u> Allowance for impairment	92.40	92.40
Total	303.33	303.33
Total investments-net	235,362.39	282,482.43

* Others of 0.00 Million Baht which were investments in foreign securities with a cost price of 3,919.00 Million Baht.

December 31, 2017 and 2016, Securities available-for-sale which were domestic marketable equity instruments with a fair value of 37,522.25 Million Baht and 32,364.34 Million Baht were inclusive of the transactions for which the allowance for impairments was recognized in the amount of 689.12 Million Baht and 689.12 Million Baht respectively.

December 31, 2017 and 2016, Securities available-for-sale which were not listed on the SET and classified as other investments with a fair value of 13,225.50 Million Baht and 14,332.27 Million Baht were inclusive of the transactions for which the allowance for impairments was recognized in the amount of 98.10 Million Baht at December 31, 2016.

The Bank's investments in which it holds 10% or more of paid-up capital and which were not classified as investments in subsidiaries and associated companies can be shown by type of business as follows:

Type of business	Unit : Million Baht	
	2017	2016
Manufacturing and commerce	1,579.20	1,688.40
Fund and financial business	12,834.54	13,268.89
Others	12.58	12.58
Total	14,426.32	14,969.87

5.5 Investments – net (Continued)

Investments in private funds are part of other types of securities available-for-sale.

- The fair value of investments in private funds, classified by fund manager, was as follows:

Unit : Million Baht

	2017 (Fair Value)				
	SKFM	Krung Thai	One	UOB	Total
Deposits at bank					
Current	29.72	-	-	-	29.72
Savings	-	10.29	7.76	10.21	28.26
	29.72	10.29	7.76	10.21	57.98
Investment in other securities					
- Equity instruments					
Common stock	354.73	92.00	112.43	31.10	590.26
	354.73	92.00	112.43	31.10	590.26
Other receivables	1.21	0.03	0.91	0.00	2.15
	1.21	0.03	0.91	0.00	2.15
Other payables	0.20	3.25	4.87	0.00	8.32
	0.20	3.25	4.87	0.00	8.32
	385.46	99.07	116.23	41.31	642.07

The Bank's accumulated returns on investment in private funds brought forward amount to 397.99 Million Baht at December 31, 2017, an increasing of 84.57 Million Baht during the period, therefore, the total accumulated amount is 482.56 Million Baht.

Unit : Million Baht

	2016 (Fair Value)				
	SKFM	Krung Thai	One	UOB	Total
Deposits at bank					
Current	23.96	-	-	-	23.96
Savings	-	4.30	11.72	8.74	24.76
	23.96	4.30	11.72	8.74	48.72
Investment in other securities					
- Equity instruments					
Common shares	394.03	52.00	105.87	96.61	648.51
	394.03	52.00	105.87	96.61	648.51
Other receivables	1.03	0.24	1.64	0.01	2.92
	1.03	0.24	1.64	0.01	2.92
Other payables	0.22	1.09	0.07	0.00	1.38
	0.22	1.09	0.07	0.00	1.38
	418.80	55.45	119.16	105.36	698.77

5.5 Investments - net (Continued)

As of December 31, 2016, the Bank's accumulated returns on investment in private funds brought forward amount to 319.67 Million Baht, an increasing of 78.32 Million Baht during the period therefore the total accumulated amount is 397.99 Million Baht.

As of December 31, 2017 and 2016, investment in private funds which Krung Thai Asset Management Public Company Limited to act as the trustee is in value of 99.07 Million Baht and 55.45 Million Baht. According to the Cabinet's Resolution on September 8, 2015, Government Savings Bank in cooperation with the Small and Medium Enterprise Development Bank of Thailand and Krung Thai Bank Public Company Limited set up the joint venture fund of 2,000.00 Million Baht totaling 6,000.00 Million Baht which was the fund following the SMEs promoting measures via the co-investment. The form of fund to be established depends in the competences and suitability in the management of each financial institute. Such joint venture fund is intended to co-invest in the start-up SMEs with high potential or the opportunity to grow or in a business group that is beneficial to the country's economic growth or as a supplier to the large public and private sectors or a member of the Thai Chamber of Commerce or government agencies as follows:

Unit : Million Baht

Funds	Investment Amount	2017		2016	
		Cost Price	Fair Values	Cost Price	Fair Values
SMEs Private Equity Trust Fund No. 1	500.00	100.00	90.95	60.00	55.45
SMEs Private Equity Trust Fund No. 2	500.00-750.00	8.00	2.75	-	-
SMEs Private Equity Trust Fund No. 3	500.00-1,000.00	8.00	5.37	-	-
Total		116.00	99.07	60.00	55.45

- Changes of investments in private funds were as follows:

Unit : Million Baht

	2017				
	SKFM	Krung Thai	One	UOB	Total
Beginning balance (cost price)	298.36	60.00	32.36	48.53	439.25
Securities purchase/transfer	-	56.00	-	-	56.00
Securities sale/transfer	(20.36)	-	(6.01)	(30.37)	(56.74)
Total (cost price)	278.00	116.00	26.35	18.16	438.51
Unrealized gains	107.46	(16.93)	89.88	23.15	203.56
Ending balance (fair value)	385.46	99.07	116.23	41.31	642.07

Unit : Million Baht

	2016				
	SKFM	Krung Thai	One	UOB	Total
Beginning balance (cost price)	300.03	-	533.31	94.19	927.53
Securities purchase/transfer	-	60.00	-	-	60.00
Securities sale/transfer	(1.67)	-	(500.95)	(45.66)	(548.28)
Total (cost price)	298.36	60.00	32.36	48.53	439.25
Unrealized gains	120.44	(4.55)	86.80	56.83	259.52
Ending balance (fair value)	418.80	55.45	119.16	105.36	698.77

5.6 Investments in Associated Companies – Net

As of December 31, 2017 and 2016, the Bank's investments in associated companies were as follows:

Unit : Million Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2017	2016	2017	2016
Beginning balance	1,431.70	1,214.89	5,149.54	5,129.74
Share of profit (loss) on investment by equity method	372.04	331.15	-	-
Plus Purchase / transfer	389.51	19.80	389.51	19.80
Less Dividend received	234.91	134.14	-	-
Total	1,958.34	1,431.70	5,539.05	5,149.54
Less Allowance for impairment	-	-	4,163.13	4,163.13
Ending balance	1,958.34	1,431.70	1,375.92	986.41

5.6.1 Bank-only Financial Statements

The Bank's investments in associated companies as of December 31, 2017 and 2016 were as follows:

Unit : Million Baht

Company name	Type of Business	Type of Securities	Percentage of invested securities		Investment (cost method)	
			2017	2016	2017	2016
Thanachart Fund	Finance business	Common share	25.00	25.00	25.00	25.00
MFC Asset Management Plc.	Finance business	Common share	24.97	24.30	353.53	338.64
Islamic Bank of Thailand	Finance business	Common share	39.81	39.81	4,163.13	4,163.13
Dhipaya Insurance Plc.	Insurance business	Common share	25.00	19.58	997.39	622.77
Total					5,539.05	5,149.54
Less Allowance for devaluation					4,163.13	4,163.13
Investments in associated companies-net					1,375.92	986.41

5.6 Investments in Associated Companies – Net (Continued)

5.6.2 Financial Statements Exhibiting Investments by Equity Method

The Bank's investments in associated companies as of December 31, 2017 and 2016 were as follows:

Unit : Million Baht

Compant name	Type of Business	Type of Securities	Percentage of invested securities		Investments (cost method)		Investments (equity method)	
			2017	2016	2017	2016	2017	2016
Thanachart Fund Management Co.,Ltd	Finance business	Common share	25.00	25.00	25.00	25.00	84.54	74.35
MFC Asset Management Plc.	Finance business	Common share	24.97	24.30	353.53	338.64	310.87	339.16
Islamic Bank of Thailand	Finance business	Common share	39.81	39.81	4,163.13	4,163.13	-	-
Dhipaya Insurance Plc.	Insurance business	Common share	25.00	19.58	997.39	622.77	1,562.93	1,018.19
Total					5,539.05	5,149.54	1,958.34	1,431.70
<u>Less</u> Allowance for devaluation					4,163.13	4,163.13	-	-
Investments in associated companies-net					1,375.92	986.41	1,958.34	1,431.70

As of December 31, 2017, investment in associated companies were accounted for by the equity method based on the unaudited Statement of Profit and Loss and Other Comprehensive Income for the year ended December 31, 2017 of the associated companies. Islamic Bank of Thailand was recognized by audited Statement of Profit and Loss and Other Comprehensive Income for nine months ended September 30, 2017. The Bank's executives believe that no significant change on Financial Statements exhibiting investments by equity method.

The Bank received new share warrants of MFC Assets Management Plc. which were allocated to the existing ordinary shareholders at the ratio of 2 existing shares per 1 unit of warrant. A total of 14.70 million warrant units were allocated to the Bank. The warrants will be due on March 30, 2017. The Bank uses the right to purchase 0.83 million ordinary shares in the amount of 14.89 Million Baht. The Bank's investment fund in the MFC Asset Management Public Company Limited has the remaining balance as on December 31, 2016, of 30.50 Million Shares in the amount of 338.64 Million Baht calculated as the proportion in the paid ordinary shares of 24.30%.

Investment in Islamic Bank of Thailand showed an outstanding balance of 4,091.53 Million Shares amounting to 4,163.13 Million Baht as of December 31, 2017. The Bank had set aside an allowance for its impairment in full.

As of December 31, 2016, investment in Dhipaya Insurance Plc. showed an outstanding balance of 365.71 Million Shares amounting to 622.77 Million Baht, calculated as the proportion in the paid ordinary shares of 19.58%. In 2017, the Bank increased the investment to 101.25 Million Shares, amounting to 374.62 Million Baht so the Bank has investment funds in Dhipaya Insurance Plc., as of December 31, 2016, in amount of 466.96 Million Shares, amounting of 997.39, calculated as the proportion in the paid ordinary shares of 25%.

5.6 Investments in Associated Companies - Net (Continued)

For the year ended December 31, 2017, the Bank recognized 372.04 Million Baht sharing of profit on investment in Islamic Bank of Thailand by equity method without recognizing sharing of net loss on the portion in excess of investment in the Islamic Bank as the Bank had no obligation relating to such loss in financial Statements exhibiting investments by equity method.

5.6.3 Financial Status and Performance Results of Associated Companies

Summary of financial status and performance results of associated companies are as follows:

Unit : Million Baht

Company name	Financial Statement					
	2017			2016		
	"Unaudited"			"Audited"		
	Total Assets	Total Liabilities	Equity	Total Assets	Total Liabilities	Equity
Thanachart Fund Management Co.,Ltd.	542.80	214.14	328.66	457.44	169.40	288.04
MFC Asset Management Plc.	1,498.84	256.94	1,241.90	1,579.47	240.51	1,338.96
Islamic Bank of Thailand *	76,544.43	92,874.46	(16,330.03)	82,063.47	98,784.63	(16,721.16)
Dhipaya Insurance Plc.	18,887.68	13,566.58	5,321.10	15,338.71	10,671.14	4,667.57
Total	97,473.75	106,912.12	(9,438.37)	99,439.09	109,865.68	(10,426.59)

* Islamic Bank of Thailand's financial statements for three month ended September 30, 2017 is unaudited but had verified by auditors.

Unit : Million Baht

Company name	Statement of Profit and Loss and Other Comprehensive Income			
	2017		2016	
	"Unaudited"		"Audited"	
	Total Revenue	Net Profit (loss)	Total Revenue	Net Profit (loss)
Thanachart Fund Management Co.,Ltd.	1,342.02	425.63	1,070.09	355.48
MFC Asset Management Plc.	921.77	167.37	918.08	187.53
Islamic Bank of Thailand	-	-	4,389.07	(3,492.62)
Dhipaya Insurance Plc.	7,107.99	751.48	6,366.08	763.06
Total	9,371.78	1,344.48	12,743.32	(2,186.55)

5.7 Loans to Customers and Accrued Interest Receivable - Net

5.7.1 Classified by type of loans

Unit : Million Baht

	2017	2016
Overdrafts	29,550.71	24,404.27
Loans (Clause 5.7.2)	1,510,854.14	1,450,084.48
Notes	217,209.03	83,238.25
Receivables under hire purchase agreement	263.89	263.13
<u>Less</u> Deferred revenue	458.90	417.53
Total loans, net of deferred revenue (Clause 5.7.4)	1,757,418.87	1,557,572.60
<u>Plus</u> accrued interest receivable	6,492.61	5,713.89
Total loans, net of deferred revenue, plus accrued interest receivable	1,763,911.48	1,563,286.49
<u>Less</u> Allowance for doubtful accounts		
1. Minimum allowance required by BOT criteria		
- by loan	36,493.36	36,236.07
- by group (CPK Loans paid by OTPE)	15,395.24	9,520.73
2. Excess allowance	1,103.84	4,978.35
<u>Less</u> Revaluation allowance for debt restructuring	10.88	10.88
Total loans to customers and accrued interest receivable-net	1,710,908.16	1,512,540.46

As of December 31, 2017 and 2016, loan to customers and net accrued interest receivables include the government policy loan project lent by the Bank (Clause 5.38.2 of the Notes) as follows:

Unit : Million Baht

Project	Amount	2017	2016
The project of loan with low interest to be spent as cycling capital for small and medium enterprises (SMEs)	100,000.00	2,692.55	3,496.16
The project of loan with low interest to be spent as cycling capital for small and medium enterprises (SMEs) in Phase 2	50,000.00	2,780.88	3,519.13
The project of loan with low interest to be spent in modifying the machinery and increasing the productivity for small and medium enterprises (SMEs)	30,000.00	401.64	63.09
Total		5,875.07	7,078.38

The Bank's credits include the loans from making the transactions to support the government sector's fiscal measures but not the loans to the debtors according to state policy transactions as follows:

	Unit : Million Baht	
	2017	2016
Loans - Financial support to flood victims in 2011 (Note 5.15)	3,349.97	22,785.73

As of December 31, 2017, remaining balance of loans to customers which the Bank stopped recognizing on an accrual basis in accordance with BOT principle is 234,884.77 Million Baht.

5.7.2 Classified by Loan program

	Unit : Million Baht					
	2017			2016		
	Loans	Allowance for doubtful accounts	Net loans	Loans	Allowance for doubtful accounts	Net loans
Loan for occupation development	504,376.39	26,125.58	478,250.81	542,239.72	21,712.98	520,526.74
Housing loan	337,762.32	2,790.22	334,972.10	329,160.91	2,301.14	326,859.77
Public sector and state enterprise loan	130,495.22	39.02	130,456.20	52,550.80	37.99	52,512.81
Welfare loan	130,152.18	8,048.32	122,103.86	148,966.65	8,474.95	140,491.70
Sai Thong loan	102,617.88	778.10	101,839.78	86,880.26	623.00	86,257.26
General business loan	73,733.46	733.89	72,999.57	72,643.29	796.07	71,847.22
People's Bank loan	69,432.18	6,419.33	63,012.85	70,875.30	6,317.85	64,557.45
Corporate loan	39,718.70	1,251.97	38,466.73	31,186.91	1,056.84	30,130.07
Row House loan	32,371.27	1,047.91	31,323.36	28,126.87	821.41	27,305.46
Happy Life loan	27,793.29	20.37	27,772.92	27,066.93	16.68	27,050.25
Others	62,401.25	3,627.42	58,773.83	60,386.84	2,726.17	57,660.67
Total	1,510,854.14	50,882.13	1,459,972.01	1,450,084.48	44,885.08	1,405,199.40

Loan for occupation development are provided for improvement of living condition of teachers, civil servants, local officials and military officials.

Welfare loan are intended for government and state enterprise officials, private sector officers and retired government officials.

People's Bank loan are offered to small entrepreneurs, people earning fixed income or those not having a career yet but wishing to be small independent entrepreneur. The loans are for using as capital fund or working capital in their business, or payment of necessary expenses in their living or other debts.

Sai Thong loan are for education, tourism, medical practitioner, consumption, working in oversea and multipurpose.

As of December 31, 2017 and 2016 Public sector and state enterprise loans included loan with common share as collateral amount of 3,014.26 Million Baht and 3,014.26 Million Baht. Other loans included loans that Regional Urban Development Fund offers to municipality amount of 380.02 Million Baht and 414.03 Million Baht subsequently.

5.7.3 Classified by Currency and Resident

Unit : Million Baht

	2017			2016		
	Domestic	Oversea	Total	Domestic	Oversea	Total
Thai Baht	1,746,152.80	11,245.23	1,757,398.03	1,545,527.82	12,023.94	1,557,551.76
Other currencies	20.84	-	20.84	20.84	-	20.84
Total	1,746,173.64	11,245.23	1,757,418.87	1,545,548.66	12,023.94	1,557,572.60

5.7.4 Classified by Type of Business and Loan Classification Criteria

Unit : Million Baht

	2017					
	Pass	Special mention	Sub-standard	Doubful	Doubful of loss	Total
Agriculture and mining	9,370.58	878.92	90.52	79.21	680.32	11,099.55
Manufacturing and commercial	44,472.69	1,148.20	80.96	112.48	841.29	46,655.62
Real estate and construction	16,112.04	880.15	56.34	205.98	466.47	17,720.98
Public utilities and services	73,672.35	2,069.66	495.31	198.92	2,453.88	78,890.12
Housing loan	311,858.89	16,623.20	1,737.53	2,233.01	5,311.02	337,763.65
Others	1,121,411.47	118,406.48	5,826.71	5,444.38	14,199.91	1,265,288.95
Total	1,576,898.02	140,006.61	8,287.37	8,273.98	23,952.89	1,757,418.87

Loans to customers classified by other types of business amounted of 1,265,288.95 Million Baht mostly included loans of 504,376.39 Million Baht for occupation development (including customers in Chor Por Kor loan project written in agreement Chor Por Kor loan project between Office of the Welfare Promotion Commission for Teachers and Educational Personnel and Government Savings Bank amounted of 418,698.55 Million Baht) and Public sector and state enterprise loan of 295,083.13 Million Baht.

Unit : Million Baht

	2016					
	Pass	Special mention	Sub-standard	Doubful	Doubful of loss	Total
Agriculture and mining	8,551.04	402.32	109.20	114.39	612.80	9,789.75
Manufacturing and commercial	39,108.25	768.46	89.40	255.06	559.34	40,780.51
Real estate and construction	13,737.60	721.21	35.18	107.50	446.25	15,047.74
Public utilities and services	56,901.49	1,448.19	876.22	213.76	2,739.39	62,179.05
Housing loan	309,122.81	12,442.88	1,481.28	2,053.43	4,062.13	329,162.53
Others	1,007,985.00	67,773.66	6,365.07	6,417.62	12,071.67	1,100,613.02
Total	1,435,406.19	83,556.72	8,956.35	9,161.76	20,491.58	1,557,572.60

5.7.4 Classified by Type of Business and Loan Classification Criteria (Continued)

Loans to customers classified by other types of business amounted of 1,100,613.02 Million Baht mostly included loans of 542,239.72 Million Baht for occupation development (including customers in Chor Por Kor loan project written in agreement Chor Por Kor loan project between Office of the Welfare Promotion Commission for Teachers and Educational Personnel and Government Savings Bank amounted of 444,438.80 Million Baht) and welfare loans of 148,966.65 Million Baht.

5.7.5 Classified by Loan Classification Criteria

Unit : Million Baht

	2017			
	Loans and accrued interest receivable	Net amount used* for setting the allowance	Rate used for setting the allowance (%)	Allowance for doubtful account
1. Minimum allowance according to BOT criteria				
Normal	1,582,904.03	697,032.95	1	6,970.33
Special mention	140,476.90	108,982.06	2	17,024.92
Sub-standard	8,303.68	5,725.46	100	5,725.46
Doubtful	8,273.98	5,447.74	100	5,447.74
Doubtful of loss	23,952.89	16,720.15	100	16,720.15
2. Excess allowance				1,103.84
Total	1,763,911.48	833,908.36		52,992.44

Unit : Million Baht

	2016			
	Loans and accrued interest receivable	Net amount used* for setting the allowance	Rate used for setting the allowance (%)	Allowance for doubtful account
1. Minimum allowance according to BOT criteria				
Normal	1,440,651.96	785,629.13	1	12,960.18
Special mention	84,008.21	61,128.43	2	5,639.41
Sub-standard	8,972.98	6,361.85	100	6,361.85
Doubtful	9,161.76	6,289.03	100	6,289.03
Doubtful of loss	20,491.58	14,506.33	100	14,506.33
2. Excess allowance				4,978.35
Total	1,563,286.49	873,914.77		50,735.15

* Net amount used for setting the allowance for doubtful account calculated by outstanding principal excluding accrued interest receivable after deduction of collateral or debt amount after current value of cash flow expected to receive from debtors or current value of cash flow expected to receive from collateral disposal, except leasehold contract debtors which are net amount after deduction of deferred revenue.

As of December 31, 2017, loan classified as normal and special mention were comprised a number of Chor Por Kor loan project which debtors were unable to repay themselves and repayment made by the Office of the Welfare Promotion Commission for Teachers and Educational Personnel, according to Chor Por Kor welfare loan project memorandum of agreement between the Office of the Welfare Promotion Commission for Teachers and Educational Personnel and Government Savings Bank. Bank set the additional allowance for doubtful accounts for Chor Por Kor loan project of 9,976.45 Million Baht and 5,103.89 Million Baht for loan classified subsequently and 5,418.79 Million Baht and 4,416.84 Million Baht as special mention subsequently.

5.7.6 Non-Performing Loans

As of December 31, 2017 and 2016, GSB recorded non-performing loans (NPLs) comprising sub-standard, doubtful and doubtful of loss loans. Total loans including the loans to the customers following the transactions of the government's policy of inter-bank and money market items were as follows:

	Unit : Million Baht	
	2017	2016
NPLs before deduction of allowance for doubtful of loss	41,203.43	38,719.92
As percentage of total loans	2.05	2.04
NPLs after deduction of allowance for doubtful of loss	12,881.90	11,506.72
As percentage of total loans	0.66	0.62

5.7.7 Troubled Debt Restructuring (TDR)

For the years ended December 31, 2017 and 2016, the Bank recorded loss on debt restructuring and interest income from debt restructuring in Statement of Profit and Loss and Other comprehensive income as follows:

	Unit : Million Baht	
	2017	2016
Interest income from debt restructuring	-	0.10

As of December 31, 2017 and 2016, the Bank recorded an outstanding balance of restructured loans in the Financial Statements as follows:

	Unit : Million Baht	
	2017	2016
Outstanding balance of restructuring loans	802.65	802.65

5.7.8 Leasehold Contract Debtors

	Unit : Million Baht			
	2017			
	Payment amount in due course according to the contract			
	Less than 1 year	Over 1-5 year	Over 5 year	Total
The sum total of initial investment according to leasehold contract	30.29	107.59	126.01	263.89
Less deferred financial revenue				93.37
Current value of minimum repayment amount according to leasehold contract				170.52
Less allowance for doubtful of loss				130.50
Leasehold contract debtors - Net				40.02

5.7.8 Leasehold Contract Debtors (Continued)

Unit : Million Baht

	2016			
	Payment amount in due course according to the contract			
	Less than 1 year	Over 1-5 year	Over 5 year	Total
The sum total of initial investment according				
to leasehold contract	44.06	131.66	87.41	263.13
Less deferred financial revenue				75.16
Current value of minimum repayment amount				
according to leasehold contract				187.97
Less allowance for doubtful of loss				9.19
Leasehold contract debtors - Net				178.78

5.8 Allowance for Doubtful Account

Unit : Million Baht

	2017						
	Normal	Special mantion	Sub-standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	12,960.18	5,639.41	6,361.85	6,289.03	14,506.33	4,978.35	50,735.15
Doubtful accounts	(5,989.85)	5,511.00	(636.39)	(841.29)	3,860.63	2,000.00	3,904.10
Transfer							
during a period	-	5,874.51	-	-	-	(5,874.51)	-
Bad debt write-off	-	-	-	-	(1,646.81)	-	(1,646.81)
Ending balance	6,970.33	17,024.92	5,725.46	5,447.74	16,720.15	1,103.84	52,992.44

Unit : Million Baht

	2016						
	Normal	Special mantion	Sub-standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	11,853.67	2,944.16	4,891.31	5,405.91	11,126.46	6,204.15	42,425.66
Doubtful accounts	(489.19)	1,065.15	1,470.54	883.12	4,428.23	2,000.00	9,357.85
Transfer							
during a period	1,595.70	1,630.10	-	-	-	(3,225.80)	-
Bad debt write-off	-	-	-	-	(1,048.36)	-	(1,048.36)
Ending balance	12,960.18	5,639.41	6,361.85	6,289.03	14,506.33	4,978.35	50,735.15

On December 31, 2017 and 2016, the allowance for doubtful accounts amounted to 52,992.44 Million Baht and 50,735.15 Million Baht subsequently including the allowance for doubtful accounts of the project of the loans with low interest to be used as the cycling capital for small and medium enterprises (SMEs) and Phase 2, and the project of the loans with low interest to modify machinery and increase productivity for small and medium enterprises (SMEs) amounting 4.92 Million Baht and 2.08 Million Baht subsequently (Clause 5.7.1 of the Notes)

5.9 Revaluation Allowance for Debt Restructuring

Unit : Million Baht

	2017	2016
Beginning balance	10.88	10.88
Amortization	-	-
Ending balance	10.88	10.88

5.10 Assets Pending Sales - Net

Unit : Million Baht

	2017			
	Beginning balance	Increased	Disposed/transferred	Ending balance
Immovable assets	1,634.14	1,191.22	365.36	2,460.00
Less Allowance for impairment	15.37	19.19	3.00	31.56
Total assets pending sales-net	1,618.77	1,172.03	362.36	2,428.44

Unit : Million Baht

	2016			
	Beginning balance	Increased	Disposed/transferred	Ending balance
Immovable assets	2,016.81	375.75	758.42	1,634.14
Less Allowance for impairment	30.98	0.42	16.03	15.37
Total assets pending sales-net	1,985.83	375.33	742.39	1,618.77

As of December 31, 2017, 2016, the Bank has Immovable Assets Pending Sales as debt payment categorized by Appraiser as follow;

Unit : Million Baht

	2017	2016
External Appraiser	1,749.21	1,062.86
Internal Appraiser	710.79	571.28
Total	2,460.00	1,634.14

For the years ended December 31, 2017 and 2016, the Bank gained 115.50 Million Baht and 235.17 Million Baht from assets pending sale subsequently.

5.11 Land, Buildings and Equipment - Net

Unit : Million Baht

	2017											
	Cost price				Accumulated depreciation				Allowance for devaluation			Land building and equipment net
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance	Beginning balance	Increased/ (Decreased)	Ending balance	
Land												
Original Cost	2,007.15	117.15	(34.67)	2,089.63	-	-	-	-	50.30	(50.30)	-	2,089.63
Appraise (Increase)	-	17,547.25	-	17,547.25	-	-	-	-	-	-	-	17,547.25
Appraise (Decrease)	-	(49.42)	-	(49.42)	-	-	-	-	-	-	-	(49.42)
Building	6,899.25	518.04	(31.36)	7,385.93	3,818.16	222.84	(27.05)	4,013.95	369.96	-	369.96	3,002.02
Equipment	9,876.91	950.94	(870.41)	9,957.44	7,515.81	987.40	(868.72)	7,634.49	-	-	-	2,322.95
Assets in												
Process	732.64	1,069.65	(983.94)	818.35	-	-	-	-	-	-	-	818.35
Total	19,515.95	20,153.61	(1,920.38)	37,749.18	11,333.97	1,210.24	(895.77)	11,648.44	420.26	(50.30)	369.96	25,730.78

In 2017, the Bank has changed the recognition of land value from cost method to new appraise method so that the land value presented will not be different from fair value significantly at the end of the reporting period using the fair value appraised by freelance appraiser. As the result, the value of land increased to 17,548.13 Million Baht.

Unit : Million Baht

	2016											
	Cost price				Accumulated depreciation				Allowance for devaluation			Land building and equipment net
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance	Beginning balance	Increased/ (Decreased)	Ending balance	
Land	1,834.83	188.70	(16.38)	2,007.15	-	-	-	-	86.17	(35.87)	50.30	1,956.85
Building	6,592.30	336.18	(29.23)	6,899.25	3,565.25	278.29	(25.38)	3,818.16	158.46	211.50	369.96	2,711.13
Equipment	9,376.08	977.98	(477.15)	9,876.91	6,893.37	1,098.66	(476.22)	7,515.81	-	-	-	2,361.10
Assets in												
Process	776.12	1,057.69	(1,101.17)	732.64	-	-	-	-	-	-	-	732.64
Total	18,579.33	2,560.55	(1,623.93)	19,515.95	10,458.62	1,376.95	(501.60)	11,333.97	244.63	175.63	420.26	7,761.72

As of December 31, 2017 and 2016, the Bank had buildings and equipment that had been fully depreciated but were still in use with the cost price of 6,118.93 Million Baht and 5,702.41 Million Baht subsequently.

5.12 Other Intangible Assets - Net

Unit : Million Baht

	2017									
	Cost price				Accumulated depreciation				Other Intangible Assets-net	
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance		
Computer Program	3,133.02	428.67	(248.66)	3,313.03	1,777.46	453.02	(248.09)	1,982.39	1,330.64	
Total	3,133.02	428.67	(248.66)	3,313.03	1,777.46	453.02	(248.09)	1,982.39	1,330.64	

Unit : Million Baht

	2016								
	Cost price				Accumulated depreciation				Other Intangible Assets-net
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance	
Computer Program	2,959.42	205.39	(31.79)	3,133.02	1,472.17	337.04	(31.75)	1,777.46	1,355.56
Total	2,959.42	205.39	(31.79)	3,133.02	1,472.17	337.04	(31.75)	1,777.46	1,355.56

In 2017, the Bank changed a useful life of computer program (Clause 2.5.13). As the result, depreciation and net profit increased to 47.19 Million Baht.

As of December 31, 2017 and 2016, the Bank had computer programs that had been fully amortized but were still in use with the cost price of 431.80 Million Baht and 441.77 Million Baht subsequently.

5.13 Other Assets - Net

Unit : Million Baht

	2017	2016
Accrued income	1,270.38	1,223.80
Leasehold right	29.42	26.97
Receivables from sales of investments	367.58	292.04
Auction asset purchase - suspended	1,869.23	1,095.17
Other receivables and miscellaneous assets	990.99	964.19
Total	4,527.60	3,602.17

Receivables from sales of investments of 367.58 Million Baht are comprised of sale transactions duly concluded but settlement for which not yet been made.

Suspended auction asset purchase of 1,869.23 Million Baht is the suspended outstanding balance of loan accounts thereby adjustment and appropriation for loan repayment will be made upon availability of receipt-payment account from Legal Execution Department or provincial legal execution offices.

Other receivables and miscellaneous assets of 990.99 Million Baht are comprised of:

- Regional Urban Development Fund Office (RUDF) other receivables of 15.59 Million Baht
- Receivables pending transfer - fraud and deficit amounts of 0.44 Million Baht, consisting of a fraud amount of 276.51 Million Baht less full allowance for doubtful accounts, and a deficit amount of 12.80 Million Baht less full allowance for doubtful accounts of 12.36 Million Baht, leaving a balance of 0.44 Million Baht
- Other receivables pending transfer of 280.98 Million Baht
- Others of 693.98 Million Baht

5.14 Deposits

5.14.1 Classified by Types of Deposit

Unit : Million Baht

Types of deposit	2017		2016	
At-call deposit		2,941.40		2,757.02
Savings		491,389.01		481,870.08
Deposit payable at the end of period				
- Fixed term special savings	259,924.93		273,356.98	
- Fixed deposit	410,990.34		418,749.74	
- PSCs and bond	900,286.61		833,565.47	
- Life Insurance				
- Insurance	54,725.87		55,129.53	
- Deposit	61,776.27	1,687,704.02	69,001.89	1,649,803.61
Other deposits		3,087.86		2,910.39
Total		2,185,122.29		2,137,341.10

Savings deposit of 491,389.01 Million Baht include the guarantee contributions (pension category 1) made by the Bank employees, amounting to 108.77 Million Baht, which cannot be withdrawn during their employment period with the Bank.

Other deposits of 3,087.86 Million Baht are inclusive of the neglected accounts of 3,084.67 Million Baht covering accounts with a remaining balance of not more than 10,000.00 Baht for which the depositors have not been in contact with the Bank in the specified period. For accounts with a remaining balance of not more than 500.00 Baht, an account maintenance fee is charged pursuant to Ministerial Notification no. 44 (2003) issued by virtue of Government Savings Bank Act B.E. 2489 (1946) regarding savings deposit services.

5.14.2 Life insurance deposit in the nature of insurance

As on December 31, 2017 and 2016, the Bank had the debts of life and family allowance deposits in the nature of insurance as follows:

Unit : Million Baht

	2017		2016	
Life insurance deposit		54,725.87		55,129.53
Accrued interest receivables of Life insurance deposits (Clause 5.18)		21,424.36		17,429.93
Total		76,150.23		72,559.46

The Bank analyzed the sensitivity on the change in the assumption used for counting the value of the debts of life and family allowance deposits in the nature of insurance as on December 31, 2017 as follows:

Unit : Million Baht

	Increased debt (Decreased)
	2017
Discount rates	
Increased of 0.25%	(2,072.65)
Decreased of 0.25%	2,173.56
Mortality rates	
Increased of 25%	47.49
Decreased of 25%	(30.54)
Expiry rates	
Increased of 25%	(57.09)
Decreased of 25%	57.19
Expenses	
Increased of 10%	247.02
Decreased of 10%	(247.02)

5.14.3 Classified by Currency and Depositors' Resident

Unit : Million Baht

	2017			2016		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Thai Baht	2,182,040.32	3,081.97	2,185,122.29	2,134,115.68	3,225.42	2,137,341.10
Total	2,182,040.32	3,081.97	2,185,122.29	2,134,115.68	3,225.42	2,137,341.10

5.15 Net Inter-bank and Money market Items (Debt)

Unit : Million Baht

	2017			2016		
	At-call	Fixed term	Total	At-call	Fixed term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	7.35	2,342.68	2,350.03	35.92	15,932.51	15,968.43
Commercial Banks	2.09	86,750.02	86,752.11	20.94	61,350.15	61,371.09
Specialized Financial Institutions	1.95	665.00	666.95	2.81	2,000.00	2,002.81
Other Financial Institutions	5,370.31	16,066.40	21,436.71	4,523.27	17,447.46	21,970.73
Total	5,381.70	105,824.10	111,205.80	4,582.94	96,730.12	101,313.06

As of December 31, 2017 and 2016, net inter-bank and money market items of 111,205.80 Million Baht and 101,313.06 Million Baht subsequently, included promissory notes issued by the Bank for borrowing from BOT of 2,342.68 Million Baht and 15,932.51 Million Baht subsequently for on lending to those affected by the flood crisis in accordance with the Emergency Decree on Financial Aids for People Affected by Flood B.E. 2555 dated January 26, 2012 and BOT's Notification no. SorKorNgor. 12/2555 Re: Financial Assistance for People Affected by Flood in 2011 dated February 16, 2012 in the total amount of 300,000 Million Baht, of which up to 210,000 Million Baht is loans from BOT to financial institutions and at least 90,000 Million Baht (Note 5.7)

5.15 Net Inter-bank and Money market Items (Debt) (Continued)

is financed by financial institutions. Such allocated loan amount can be disbursed in full or until December 31, 2013. Maturity of the promissory notes is up to 5 years from the issuance date and no later than December 31, 2018. BOT charges interest of 0.01% p.a. from financial institutions and banks charge up to 3% p.a. from those damaged by the flood. After receiving full or partial payment from flood hit persons before the due date of the promissory notes, the Bank is required to repay BOT in proportion to the received payment plus interest. The Bank recognizes interest expense on the outstanding promissory notes every month end and pays interest on the outstanding promissory notes semi-annually, i.e. end of June and end of December, and BOT collects the payment on the first business day of the following month.

5.16 Issuance Debt Instruments and Loans

Unit : Million Baht

	Currency	Interest rate (Percent)	Due	2017			2016		
				Domestic	Overseas	Total	Domestic	Overseas	Total
Bonds									
No. 1/2017	Baht	2.36	2022	36,000.00	-	36,000.00	-	-	-
No. 2/2017	Baht	2.33	2022	14,000.00	-	14,000.00	-	-	-
Total				50,000.00	-	50,000.00	-	-	-

Bonds in amount of 50,000.00 Million Baht.

On February 23, 2017, the Bank issued and sold Senior Bonds No. 1/2017 with the total value of issuance was 36,000.00 Million Baht in maturity of 5 years. The fixed interest rate was 2.36% per year. The interest installment shall be paid every 6 months on February and August 23 of every year.

On May 11, 2017, the Bank issued and sold Senior Bonds No. 2/2017 with the total value of issuance was 14,000.00 Million Baht in maturity of 5 years. The fixed interest rate was 2.33% per year. The interest installment shall be paid every 6 months on May and November 11 of every year.

5.17 Provisions

Unit : Million Baht

	2017		2016	
Employee benefit plans				
Gratuities / Pensions	45,771.11		38,525.96	
Living gratuities	2,059.01		1,996.45	
Special gratuities	2,458.56		1,995.91	
Compensation	3,932.96		3,176.49	
Retirement gifts	122.53		113.82	
Long-service gifts	255.91	54,600.08	362.51	46,171.14
Other contingent liabilities (Note 5.23.1)		1,081.69		1,081.69
Contingent liabilities from prosecution (Note 5.23.2)		0.55		1.11
Total provisions		55,682.32		47,253.94

Employee benefit plans

Present value of employee benefit commitments under the employee benefit plan as of December 31, 2017 and 2016 were reconciled as shown below:

	Unit : Million Baht	
	2017	2016
Employee benefit plans		
Beginning balance	46,171.14	45,183.75
Current service cost	1,437.22	1,291.45
Interest cost	1,721.59	1,951.89
Loss (Profit) from actuarial estimates assumptions		
- Demographic Assumptions	899.05	-
- Financial Assumption	7,713.75	-
- from benefits payment	(1,444.90)	-
Special remuneration	-	839.78
Benefits paid during the period	(1,897.77)	(3,095.73)
Total of Employee benefit plans	54,600.08	46,171.14

The Bank measures employee benefit commitments based on actuarial estimates assumptions less often than every three years if there is no significant change situation. In the 1st quarter of 2017, the Bank assessed the current value of employee benefit plans. According to the actuarial calculation, the loss in Post-employment benefits plan was in amount of 6,843.44 Million Baht and profit in other long-termed benefit plan was 104.80 Million Baht. Later at the end of the reporting period, the Bank reviewed the assumption on Mortality Rates from Mortality Timetable of Thailand 2017 which was used instead of the previous one (Mortality Timetable of Thailand 2008) in compliance with Office of Insurance Commission (OIC). The Bank's liabilities on employee benefits was increased that the loss in amount of 427.52 Million Baht in Post-employment benefits plan and 1.74 Million Baht in other long-termed benefit plan. The total of loss in Post-employment benefits plan was in amount of 7,270.96 Million Baht, recognized in other Comprehensive Income. Profit based on actuarial estimates assumptions in other long-termed benefit plan was 103.06 Million Baht, recognized in Other Comprehensive Income. The key assumptions for calculation as of December 31, 2017 and 2016 are as follows:

	2017	2016
Average discount rate	3.37%	4.50%
Average rate of salary increase for employees	4.00% - 10.00%	4.00% - 12.00%
Average rate of salary increase for contract staff	6.00%	3.50%
Average turnover rate of employees	0.00% - 1.50%	0.00% - 1.00%
Average turnover rate of contract staff	0.00% - 20.00%	0.00% - 7.00%
Mortality Rate	Thailand mortality table 2017	Thailand mortality table 2008
Early retirement earlier	earlier than 60 years	earlier than 60 years
Retirement	60 years	60 years

5.17 Provisions (Continued)

The Bank conducted a sensitivity analysis of key assumptions for calculation as of December 31, 2017 and 2016 as follows:

Unit : Million Baht	
	Unit : Million Baht Estimated liabilities Increased (Decreased) 2017
Post-employment benefits	
Discount rates	
Increase of 0.5%	(3,667.59)
Decrease of 0.5%	4,098.42
Increase of 0.50%	
Increase of 1%	3,640.53
Decrease of 1%	(3,224.45)
Other long-term benefits	
Discount rates	
Increase of 0.5%	(11.78)
Decrease of 0.5%	12.78
Inflation rates	
Increase of 1%	32.33
Decrease of 1%	(27.69)

Estimated maturity of employee benefit payments as of December 31, 2017 and 2016 were as follows:

	2017	2016
Weighted average duration of employee benefit payments	20 years	23 years

Unit : Million Baht		
	2017	2016
Expected number and durations of employee benefit payments		
Post-employment benefits		
Expected payments within 1 year	2,092.69	675.66
Expected payments more than 1 year to 2 years	2,232.45	869.67
Expected payments more than 2 year to 3 years	2,386.90	1,119.31
Expected payment more than 3 years to 4 years	2,535.93	1,441.45
Expected payment more than 4 years to 5 years	2,653.91	1,619.51
Expected payment more than 5 years to 10 years	15,777.91	11,626.15
Expected payment more than 10 years	100,498.10	115,615.86

5.17 Provisions (Continued)

Unit: Million Baht

	2017	2016
Other long-term benefits		
Expected payments within 1 year	20.50	30.17
Expected payments more than 1 year to 2 years	12.61	29.47
Expected payment more than 2 years to 3 years	21.89	18.95
Expected payment more than 3 years to 4 years	20.25	32.10
Expected payment more than 4 years to 5 years	23.57	28.85
Expected payment more than 5 years to 10 years	106.92	159.10
Expected payment more than 10 years	741.47	791.58

5.18 Interest on deposits and bonds payable

As of December 31, 2017 and 2016, interest income on deposits and bonds amounted to 49,425.11 Million Baht and 43,425.42 Million Baht, respectively, including interest on life assurance and accrued family bonds amounting to 21,424.36 Million Baht and 17,429.93 Million Baht, respectively. (Note 5.14.2)

5.19 Other liabilities

Unit: Million Baht

	2017	2016
Check in to the depositor account	1,505.71	1,889.27
Property foreclosed	917.63	443.96
Other payables and Miscellaneous Liabilities	374.55	608.67
Pending improvement-credit	0.24	0.06
Total	2,798.13	2,941.96

5.20 Other components of equity

Unit: Million Baht

	Financial statements exhibiting investment by equity method					
	2017			2016		
	Beginning Balance	During the period	End of period	Beginning Balance	During the period	End of period
Surplus Asset Revaluation	-	17,547.25	17,547.25	-	-	-
Surplus From the Chang						
Investment Value	9,239.58	6,618.03	15,857.61	3,610.66	5,628.92	9,239.58
Share of other comprehensive						
income	58.41	72.19	130.60	16.56	41.85	58.41
Total	9,297.99	24,237.47	33,535.46	3,627.22	5,670.77	9,297.99

5.20 Other components of equity (Continued)

Unit: Million Baht

	Bank Statements					
	2017			2016		
	Beginning Balance	During the period	End of period	Beginning Balance	During the period	End of period
Surplus Asset Revaluation	-	17,547.25	17,547.25	-	-	-
Surplus From the Chang						
Investment Value	9,239.58	6,618.03	15,857.61	3,610.66	5,628.92	9,239.58
Total	9,239.58	24,165.28	33,404.86	3,610.66	5,628.92	9,239.58

5.21 Net profit allocation

GSB is approved by State Enterprise Policy Office to allocate net profit for the year 2016 and 2015 as follows:

Unit: Million Baht

	Profit of 2016	Profit of 2015
Annual net income	25,945.97	22,698.82
Reserve for expansion	2,594.60	2,269.88
Directors Bonus	4.04	3.34
Employee Bonus	3,355.54	3,258.92
Deliver Revenue	13,904.00	13,447.00

For the appropriation of net income for the year 2016, the Bank has transferred the interim revenue on October 20, 2019 amounting to 3,020.00 Million Baht, which must be remitted in 2017 amounting to 10,098.00 Million Baht. On April 4, 2017, and deposited additional revenue on December 18, 2017 amounting to 786.00 Million Baht. The total proceeds from the appropriation of net income for the year 2016 was 13,904.00 Million Baht. The Bank's net profit for the six-month period ended June 30, 2017 was 5,739.00 Million Baht.

For the appropriation of net income for 2015, the Bank has transferred the interim revenue on October 15, 2015 in the amount of 3,545.00 Million Baht, which must be remitted in 2016, amounting to 9,837.00 Million Baht. On March 30, 2016, and additional income of 65.00 Million Baht was delivered on June 28, 2016. The total proceeds from the appropriation of net income for the year 2015 was 13,447.00 Million Baht.

5.22 Assets with obligations and restrictions

Unit: Million Baht

	2017	2016
Government and state enterprise securities		
- Collateral for repurchase agreements	87,454.94	61,804.54
property foreclosed	262.51	129.76
Total	87,717.45	61,934.30

5.23 Contingent Liabilities

5.23.1 Obligations are as follows:

Unit: Million Baht

	2017	2016
The bill of exchange for import goods is not due.	-	3.54
Letter of Credit	48.10	-
Other commitments		
- Bank overdrafts that have not been withdrawn	26,032.25	23,468.41
- Other guarantees	5,484.65	5,193.39
Total	31,565.00	28,665.34

As at 31 December 2017 and 2016, the Bank had commitments of other guarantees amounting to 5,484.65 Million Baht and 5,193.39 Million Baht, respectively. As recognized in the contingent liabilities of 1,081.69 Million Baht and 1,081.69 Million Baht, respectively (Note 5.17)

5.23.2 Contingent liabilities arising from litigation

As at December 31, 2017, the Bank had contingent liabilities from being sued by third parties. The total amount of 380.23 Million Baht was paid to the Company in the amount of 81.83 Million Baht. This included the case under consideration by the Supreme Court. The Bank assessed the damage. As recognized in the contingent liabilities of 0.55 Million Baht (Note 5.17)

5.24 Related party transactions

Unit: Million Baht

	2017			2016		
	Loans		Deposits	Loans		Deposits
	Balance	Allowance for Doubtful Accounts may be lost		Balance	Allowance for Doubtful Accounts may be lost	
1. Associated company	743.09	7.43	285.41	833.35	8.33	345.14
Total	743.09	7.43	285.41	833.35	8.33	345.14
2. Transaction with related parties						
Key management personnel and close persons have the power to control or jointly control or a key executive.	40,059.77	70.18	1,142.75	17,392.56	20.01	189.21
Total	40,059.77	70.18	1,142.75	17,392.56	20.01	189.21
3. Transaction with Related Persons						
Key executives and close persons	367.03	1.34	622.57	394.14	1.53	550.52
Total	367.03	1.34	622.57	394.14	1.53	550.52
Net Total	41,169.89	78.95	2,050.73	18,620.05	29.87	1,084.87

5.25 Other benefits paid to directors and management

The Bank does not pay any other benefits to its directors and executives. In addition to the usual benefits, such as meeting allowances, salaries, bonuses, transportation expenses and welfare benefits,

For the years ended 31 December 2017 and 2016, the remuneration paid to key executives was as follows:

	2017	2016
Short-term benefits	366.57	336.55
Post-employment benefits	67.99	64.31
Other long-term benefits	0.15	0.22
Total	434.71	401.08

5.26 Long-term leases

As at 31 December 2017 and 2016, the Bank had commitments to pay land and/or building lease and car rental the amounts due are based on the period from the statement of financial position date.

	Time remaining	2017			Total
		Over 1 year	Up to 1 year Less than 5 Year	Over 5 Years	
Land and/or building lease agreement	1 Jan 2018 -17 Dec 2039	358.09	256.47	3.01	617.57
Car rental	1 Jan 2018 -31 Oct 2022	377.93	706.00	-	1,083.93
Total		736.02	962.47	3.01	1,701.50

Unit: Million Baht

	Time remaining	2016			Total
		Over 1 year	Up to 1 year Less than 5 Year	Over 5 Years	
Land and/or building lease agreement	1 Jan 2018 -17 Dec 2039	358.54	328.03	3.90	690.47
Car rental	1 Jan 2018 -31 Oct 2021	381.22	948.18	-	1,329.40
Total		739.76	1,276.21	3.90	2,019.87

As at 31 December 2016, the Bank has a long-term lease agreement with a contract term of 1-29 years. The term of the agreement is between 1990 and 2039 and/or building of 637 contracts and 28 car rental agreements, which are subject to future rental payments of approximately 1,701.50 Million Baht.

5.27 Significant positions and performance by domestic and foreign transactions

5.27.1 Status by transaction

Unit: Million Baht

Financial statements in which the equity method is applied						
	2017			2016		
	Domestic Transactions	Foreign Transactions	Total	Domestic Transactions	Foreign Transactions	Total
Total assets	2,664,410.55	-	2,664,410.55	2,510,033.40	-	2,510,033.40
Interbank transactions						
Net Asset Value (Assets)	462,668.65	-	462,668.65	479,790.21	-	479,790.21
Net Investments	237,320.73	-	237,320.73	283,914.13	-	283,914.13
Loans to debtors						
Accrued interest receivables	1,710,908.16	-	1,710,908.16	1,512,540.46	-	1,512,540.46
Deposits	2,185,122.29	-	2,185,122.29	2,137,341.10	-	2,137,341.10
Interbank transactions						
Net Money Market (Liabilities)	111,205.80	-	111,205.80	101,313.06	-	101,313.06
Debt securities issued	50,000.00	-	50,000.00	-	-	-

Unit: Million Baht

Bank Statements						
	2017			2016		
	Domestic Transactions	Foreign Transactions	Total	Domestic Transactions	Foreign Transactions	Total
Total assets	2,663,828.13	-	2,663,828.13	2,509,588.11	-	2,509,588.11
Interbank transactions						
Net Asset Value (Assets)	462,668.65	-	462,668.65	479,790.21	-	479,790.21
Net Investments	236,738.31	-	236,738.31	283,468.84	-	283,468.84
Loans to debtors						
Accrued interest receivables	1,710,908.16	-	1,710,908.16	1,512,540.46	-	1,512,540.46
Deposits	2,185,122.29	-	2,185,122.29	2,137,341.10	-	2,137,341.10
Interbank transactions						
Net Money Market (Liabilities)	111,205.80	-	111,205.80	101,313.06	-	101,313.06
Debt securities issued	50,000.00	-	50,000.00	-	-	-

5.27.2 Operating results classified by transaction

	Financial statements in which the equity method is applied					
	2017			2016		
	Domestic Transactions	Foreign Transactions	Total	Domestic Transactions	Foreign Transactions	Total
Interest income	98,364.64	-	98,364.64	98,884.71	-	98,884.71
Interest expenses	42,448.21	-	42,448.21	40,337.47	-	40,337.47
Net interest income	55,916.43	-	55,916.43	58,547.24	-	58,547.24
Fee income						
Net Service	5,765.72	-	5,765.72	4,815.55	-	4,815.55
Other operating income	9,761.33	-	9,761.33	8,874.23	-	8,874.23
Other operating expenses	40,167.97	-	40,167.97	46,133.08	-	46,133.08
Net profit	31,275.51	-	31,275.51	26,103.94	-	26,103.94

	Bank statements					
	2017			2016		
	Domestic Transactions	Foreign Transactions	Total	Domestic Transactions	Foreign Transactions	Total
Interest income	98,364.64	-	98,364.64	98,884.71	-	98,884.71
Interest expenses	42,448.21	-	42,448.21	40,337.47	-	40,337.47
Net interest income	55,916.43	-	55,916.43	58,547.24	-	58,547.24
Fee income						
Net Service	5,765.72	-	5,765.72	4,815.55	-	4,815.55
Other operating income	9,695.89	-	9,695.89	8,716.26	-	8,716.26
Other operating expenses	40,167.97	-	40,167.97	46,133.08	-	46,133.08
Net profit	31,210.07	-	31,210.07	25,945.97	-	25,945.97

5.28 Interest income

	2017	2016
Interbank Transaction and Money Market	6,384.06	6,785.53
Investment and Trade	16.29	23.75
Investments in debt securities	4,490.10	4,674.72
Loans	87,468.19	87,393.93
Leasing	6.00	6.78
Total Interest Income	98,364.64	98,884.71

5.29 Interest expenses

Unit : Million Baht

	2017	2016
Deposits	27,794.21	29,019.03
Reward	11,519.77	10,407.90
Interbank Transactions and Money Market	1,220.56	1,214.02
Funds transferred to the Specialized Financial Institution Development Fund	4,942.06	3,446.08
Debt issued		
- Debentures	936.25	-
Loans	2.50	-
Fee for the loan	3.17	-
Transfer to expense, interest, state policy transactions. (Note 5.38.7)	(3,970.31)	(3,749.56)
Total Interest Expense	42,448.21	40,337.47

5.30 Net fee and service income

Unit : Million Baht

	2017	2016
Fees and service income		
Approval and guarantees	51.35	42.62
ATM fees	852.36	855.93
Income from VISA cards	1,329.34	1,103.37
Loan fee	1,004.73	810.34
Commission income	1,774.50	1,461.86
Others	1,449.11	1,093.90
Transfer to fee and service income		
From Debtors, State Policy Transactions (Note 5.38.6)	(10.82)	(24.19)
Total fee and service income	6,450.57	5,343.83
Fees and Services Expenses		
ATM Pool Expenses	234.09	235.54
Expenses for Mobile Banking	153.35	79.82
Telecommunication fees	238.08	221.73
Others	134.93	50.27
Transfer to other expenses by state policy transactions. (Note 5.38.7)	(75.60)	(59.08)
Total fees, charges and services	684.85	528.28
Net fee and service income	5,765.72	4,815.55

5.31 Net income from trading and foreign exchange transactions

Unit : Million Baht

	Profit (Loss) Net	
	2017	2016
1. Profit (loss) on trading and foreign exchange transactions		
Foreign currency and foreign exchange derivatives	(1,080.77)	(290.12)
Debt certificate	80.26	69.34
Total	(1,000.51)	(220.78)
2 Profit (loss) from hedging	1,090.44	405.29
Total	89.93	184.51

5.32 Net income from investments

Unit : Million Baht

	Profit (Loss) Net	
	2017	2016
1. Profit from sales		
Available-for-sale investments	159.09	177.68
Total	159.09	177.68
2 reversal (loss) on impairment		
Equity securities Available-for-sale investments	98.10	(156.03)
Total	98.10	(156.03)
Net total	257.19	21.65

5.33 Compensation for creditors

Unit : Million Baht

	2017		2016	
Agency Compensation-Credit	63.21		74.14	
Agency Compensation-Social Credit	3,059.08		3,387.70	
Transfer to operating expenses, state policy transactions.	(310.39)		(348.21)	
Total	2,811.90		3,113.63	

For the years ended December 31, 2017 and 2016, the Company and its subsidiaries paid a total of 2,811.90 Million Baht and 3,113.63 Million Baht, respectively, including special allowances for debt repayment. The loan agreement for the Office of the Securities and Exchange Commission amounted to 2,533.35 Million Baht and 2,773.89 Million Baht, respectively.

5.34 Impairment allowances for doubtful accounts and loss on impairment (reversal)

	Unit : Million Baht	
	2017	2016
Interbank transactions and money market	(76.77)	(70.29)
Debt securities held to the ended period	-	(257.24)
Loans to debtors	3,904.10	9,357.85
Credit to Debtors on State Policy Transactions	357.08	518.10
Total	4,184.41	9,548.42

5.35 Contribution to provident fund

	Unit : Million Baht	
	2017	2016
Provident Fund	470.22	457.58
Expense of money initiated	1,090.02	2,152.04
Expenditure Benefits	340.67	491.09
Total	1,900.91	3,100.71

5.36 Islamic Financial Services

The Bank provides financial services in accordance with Islamic law, which is free of interest service. There are some types of accounts available such as Hajj and Umrah Mukhabha, and the investment is for rent, Selling Products Investment in various securities and joint venture. The Bank was first opened in December 1998, currently there are 343 branches of the Islamic Financial Services (open deposit account). Of these, there are full Islamic financial services of 243 branches.

5.37 Regional Development Fund Office

Government Savings Bank has managed Social Investment Fund and Urban Development Fund in the region until the end of the project's termination period under Social Investment Program of the Ministry of Finance. The Ministry of Finance approves Government Savings Bank to end the management of Social Investment Fund. Government Savings Bank will continue to manage Urban Development Fund in the region. Regional Development Fund is set up in the region to run Regional Development Fund instead of Social Fund Office. It is an independent agency under the supervision of Government Savings Bank. The management of the Board in the form of the original. And allow Government Savings Bank to lend to Urban Development Fund in the region to local governments in the form of Syndication Loan for investment projects in infrastructure and public utilities. In the amount not exceeding 1,000.00 Million Baht in accordance with GSB Regulation No. 408 on Regional Development Fund. The management fee is 10.00% of the loan disbursed under the loan agreement, calculated on the date of disbursement under the loan agreement. According to the Memorandum of Understanding on Management and Management of Urban Development Funds in the Region As of December 31, 2017, the Bank provided loans to the Office of Regional Development Fund in the amount of 473.86 Million Baht.

For the year ended 31 December 2005, the financial statements of the Bank include the accounts of Regional Development Fund of the region which is a part of GSB Organizational Structure. The intercompany transactions have been eliminated.

The financial statements of Regional Development Funds as included in the Bank's financial statements as at 31 December 2017 and 2016 (after deduction of related party transactions) consisted of:

	Unit : Million Baht	
	2017	2016
Asset	396.61	428.74
Debt	0.81	1.03
Part of the capital	179.17	169.34
Income	24.00	25.68
Expense	14.17	18.27

5.38 Public Service Account (PSA)

5.38.1 Summary Information for State Policy Transactions

Assets and liabilities	Unit : Million Baht	
	2017	2016
Asset		
Credit to Debtors on State Policy Transactions		
Accrued interest receivable (Note 5.38.2)	186,373.78	187,120.25
Accounts Receivable Pending Transactions on State Net Transactions (Note 5.38.4)	2,371.96	3,257.77
Total asset	188,745.74	190,378.02
Debt		
Creditors in State Policy Transactions (Note 5.38.5)	-	308.45
Total debt	-	308.45

Income and Expenses	Unit : Million Baht	
	2017	2016
Revenue from State Policy Transactions (Note 5.38.6)	5,948.82	5,474.89
<u>Deduct</u> from state policy transactions (Note 5.38.7)	7,236.46	7,170.11
<u>Deduct</u> bad debt doubtful And impairment losses		
on government policy transactions (Note 5.34)	357.08	518.10
Profit (Loss) Net	(1,644.72)	(2,213.32)

5.38.2 Loans to Debtors according to the Government's Policy and Accrued Interest Receivables net

Unit : Million Baht

Project	Project Overview	Project timeline	2017	2016
1. Loan Project for Rescuing Independent Self-Employed Persons Affected by Flood and Storm in 2010	<p>Loan amount of 2,000.00 Million Baht to self-employed persons affected by floods and windstorms.</p> <p>Government compensates for future damage.</p>	2010-2016	0.17	0.32
2. Financial assistance program for business operators in the Three southern order provinces	<p>Loan amount of 25,000.00 Million Baht</p> <p>The government compensates for costs equal to 12-month fixed deposit rates for most depositors. Plus operating expenses 0.98% per year deduct from the lender rate of return 0.01% plus operating expenses 0.98% per year deduct from the lender rate of return 0.01%</p>	<p>2010-2013</p> <p>Extend</p> <p>1st session to end of 2014</p> <p>2nd extension to end of 2017</p> <p>3rd extension to the end of 2022</p>	13,284.88	17,233.11
3. GSB Loan Development for Flood Protection System to Industrial Estate / industrial estates / parks / industrial zones,	<p>Loan Amount of 15,000.00 Million Baht to 6 Industrial Estate / industrial estates / parks / Industrial Zonenamely Bangpa-in, Bangkokdee, Rojana, Hightech, interest rate is 0.01% per year</p> <p>The government compensates for costs equal to 12-month fixed deposit rates for most depositors operating expenses plus 0.98% per year deduct rate of return on interest rate 0.01% per year</p>	2013-2028	1,950.91	1,950.91
4. Loan Project for Flood Protection System in Industrial Estate	<p>Loan Amount of 3,546.24 Million Baht directly to the Industrial Estate Authority of Thailand to build a flood protection system with interest charged at 0.01% per year.</p> <p>The government compensates for costs equal to 12-month fixed deposit rates for most depositors. Plus operating expenses 0.98% per year deduct rate of return on interest rate 0.01% per year.</p>	2013-2028	1,998.26	1,980.70
5. Housing Promotion Project - Village Level	<p>Loan Amount of 30,000 Million Baht to a village and urban fund that is classified as A and B type of up to 1 Million Baht at interest rates as follows:</p> <p>Year 1-2 Interest at 0.00% per year</p> <p>Year 3-7 Interest is equal to financial cost, plus 1.00% per year</p> <p>The government compensates the cost in year 1-2 at the rate of 2.21% per year, without compensation for future damages.</p>	2015-2023	19,394.68	21,781.06

5.38.2 Loans to Debtors according to the Government's Policy and Accrued Interest Receivables net (Continued)

Unit : Million Baht

Project	Project Overview	Project timeline	2017	2016																	
6. Low interest loan project for working capital of small and medium enterprise (SMEs)	<p>Loan Amount of 100,000 Million Baht to commercial banks and specialized financial institutions. at the interest rate of 0.10% per year for lending to SMEs at the interest rate of 4.00% per year, the Bank can use the program limit (Note 5.7.1)</p> <p>The interest rate compensation is equal to the cost of 2.21% per year plus the operating expense of 0.75% per year. The deduct rate of return on the institution loan is 0.10% per year.</p>	2015-2022	76,657.09	86,996.03																	
7. Low Interest Loan Program for Working Capital for Small and Medium Enterprises (SMEs) Phase 2	<p>Loan Amount of 50,000 Million Baht to commercial banks and specialized financial institutions. At the interest rate of 0.10% per year for lending to SMEs at the interest rate of 4.00% per year, the Bank can use the program limit (Note 5.7.1)</p> <p>The interest rate compensation is equal to the cost of 2.21% per year plus the operating expense of 0.75% per year, deduct rate of return on the institution loan is 0.10% per year.</p>	2016-2023	33,611.05	39,764.18																	
8. Public Home Project (Baan Pracha Rath Project)	<p>Loan Amount of 20,000 Million Baht for Post Finance housing at the following interest rates:</p> <table border="1" data-bbox="475 1086 1054 1485"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Loan</th> </tr> <tr> <th>Up to 700,000 Baht</th> <th>More than 700,000 Baht but not more than 1.5 Million Baht</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>0% per year</td> <td>3% per year</td> </tr> <tr> <td>2-3</td> <td>2% per year</td> <td>3% per year</td> </tr> <tr> <td>4-6</td> <td>5% per year</td> <td>5% per year</td> </tr> <tr> <td>7 years or more</td> <td>MRR-1.475 per year</td> <td>General Customer MRR-1.475% per year, Customers with agreements MRR.-1.725% per year</td> </tr> </tbody> </table> <p>No compensation from the government</p>	Year	Loan		Up to 700,000 Baht	More than 700,000 Baht but not more than 1.5 Million Baht	1	0% per year	3% per year	2-3	2% per year	3% per year	4-6	5% per year	5% per year	7 years or more	MRR-1.475 per year	General Customer MRR-1.475% per year, Customers with agreements MRR.-1.725% per year	2016-2046	4,336.24	3,106.67
Year	Loan																				
	Up to 700,000 Baht	More than 700,000 Baht but not more than 1.5 Million Baht																			
1	0% per year	3% per year																			
2-3	2% per year	3% per year																			
4-6	5% per year	5% per year																			
7 years or more	MRR-1.475 per year	General Customer MRR-1.475% per year, Customers with agreements MRR.-1.725% per year																			
9. Low interest loans to assist fisherman. "Thailand's fisheries move forward"	<p>Loan Amount of 500 Million Baht to help fishermen affected by illegal fishing tackle at the interest rate as follows:</p> <p>Year 1 0.00% per year Year 2-7 4.00% per year</p> <p>The government compensates the interest rate of 3.00% per year.</p>	2016-2024	333.04	152.80																	
10. Public loans for people Project	<p>Provides loans to freelance professionals to finance their careers in solving problems and alleviating difficulties in living. Payment of other liabilities Including informal debt at the interest rate as follows:</p> <p>Year 1 Interest 0.00% per month Year 2-5 interest 1.00% per month</p> <p>No compensation from the government.</p>	2016-2021	852.27	1,347.33																	

5.38.2 Loans to Debtors according to the Government's Policy and Accrued Interest Receivables net
(Continued)

Unit : Million Baht

Project	Project Overview	Project timeline	2017	2016																								
11. Low interest loan for machine change and production efficiency for small and medium enterprises (SMEs)	<p>Loan Amount of 30,000 Million Baht to commercial banks and specialized financial institutions at 0.10% per year for lending to SMEs to adjust machinery and increase production efficiency. The interest rate is 4.00% per year. The Bank can use the program limit (Note 5.7.1).</p> <p>The government compensates the cost of 6-month fixed deposit rates for general depositors plus 1.85% per year, up to a maximum of 3.00% per year.</p>	2016-2024	23,889.28	6,499.63																								
12. Civil Society Project to solve public debt problems under government policy.	<p>To ease the burden on the Bank customers who wish to participate in the project. The temporary suspension of debt payment or the extension of repayment period to reduce the burden of payment.</p> <p>No compensation from the government.</p>	2016-2036	5,715.63	6,307.51																								
13. Public loans for people Project (Disaster victims)	<p>Loan Amount of 4,000 Million Baht for working capital to solve problems and alleviate the suffering of the flood and disaster victims in the interest rate as follows:</p> <p>Year 1 Interest 0.00% per month Year 2-5 interest 1.00% per month</p> <p>No compensation from the government.</p>	2017-2022	159.47	-																								
14. Loans to Small and Medium Enterprises (SMEs) affected by floods Project (2017)	<p>Loan Amount of 2,500 Million Baht to alleviate the suffering of the SMEs victims affected by flood 2017 as follows:</p> <p>Year 1 interest rate MLR - 2.00 per year Year 2-5 MLR interest per year</p> <p>No compensation from the government.</p>	2017-2022	2.23	-																								
15. Retail loans for emergency use Project	<p>Loan Amount of 5,000 Million Baht loan to help low income people and small farmers who need to make emergency payments or troubleshoot household problems must not refinance their debt in a flat rate of no more than 0.85% per month. Government compensation for damages as follows:</p> <table border="1"> <thead> <tr> <th>NPL Level</th> <th>Government compensation for damages</th> <th>Amount Million Baht</th> <th>Coverage ratio</th> </tr> </thead> <tbody> <tr> <td>No more than 25</td> <td>100%</td> <td>2,500</td> <td rowspan="5">No more than 40%</td> </tr> <tr> <td>More than 25</td> <td>70%</td> <td>875</td> </tr> <tr> <td>No more than 37.50</td> <td></td> <td></td> </tr> <tr> <td>More than 37.50</td> <td>50%</td> <td>625</td> </tr> <tr> <td>No more than 50</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td>4,000</td> <td></td> </tr> </tbody> </table>	NPL Level	Government compensation for damages	Amount Million Baht	Coverage ratio	No more than 25	100%	2,500	No more than 40%	More than 25	70%	875	No more than 37.50			More than 37.50	50%	625	No more than 50			Total		4,000		2017-2022	4,188.58	-
NPL Level	Government compensation for damages	Amount Million Baht	Coverage ratio																									
No more than 25	100%	2,500	No more than 40%																									
More than 25	70%	875																										
No more than 37.50																												
More than 37.50	50%	625																										
No more than 50																												
Total		4,000																										
			186,373.78	187,120.25																								

5.38.3 Asset Classification and Provision of State Policy Transactions

Unit : Million Baht

2017					
	No. Case	Accrued Interst Receivable	Collateral Value	Rate used to set allowance for doubtful accounts (Percent)	Allowance for doubtful account
Normal	167,198	186,308.44	6,538.17	1	1,796.08
Special mentioned	11,656	1,614.35	865.40	2	14.81
Substandard	2,900	297.22	55.72	100	240.63
Suspicious	1,702	197.59	97.22	100	100.37
Classified as doubtful	537	192.23	108.07	100	84.16
Total	183,993	188,609.83	7,664.58		2,236.05

Unit : Million Baht

2016					
	No. Case	Accrued Interst Receivable	Collateral Value	Rate used to set allowance for doubtful accounts (Percent)	Allowance for doubtful account
Normal	70,459	187,641.89	6,311.18	1	1,813.08
Special mentioned	3,022	1,248.58	676.79	2	11.38
Substandard	62	23.98	10.19	100	13.79
Suspicious	116	83.10	44.04	100	39.06
Classified as doubtful	158	2.79	0.01	100	2.78
Total	73,817	189,000.34	7,042.21		1,880.09

5.38.4 Debtors awaiting compensation under state policy transactions

Unit : Million Baht

Program	2017	2016
Financial Assistance Program for Business Operators in 3 Southern Border Provinces GSB's Loan Development for Flood Protection System to		
Industrial Estate / Park / Industrial Zone	14.75	10.71
Loan Project for Flood Protection System in Industrial Estate	15.86	-
Housing Promotion Project Village Level	24.27	122.76
Low Interest Loan Program for Working Capital for Small and Medium Enterprises (SMEs)	630.91	794.19

5.38.4 Debtors awaiting compensation under state policy transactions (Continued)

Unit : Million Baht

Program	2017	2016
Low Interest Loan Program for Working Capital for Small and Medium Enterprises (SMEs) Phase 2	1,044.71	1,256.05
Low interest loans to assist fishermen. "fisheries move forward"	0.16	1.57
Low interest loan for machine change and production efficiency for small and medium enterprises (SMEs)	269.94	31.72
A workshop for professional development and financial literacy for small-scale occupations in urban communities.	80.98	149.98
Income Increase Program for Low Income People in the State Welfare Registration Scheme	-	870.30
Total	2,371.96	3,257.77

5.38.5 Creditors in State Policy Transactions

Unit : Million Baht

Program	2017	2016
Income Increase Program for Low Income People in the State Welfare Registration Scheme	-	308.45
Total	-	308.45

5.38.6 Income from government policy transactions

Unit : Million Baht

Program	2017	2016
Revenue from State Policy Debt Transaction		
Interest income from state policy debtor	838.56	251.37
Fee income and services from the debtor.		
State Policy Transactions (Note 5.30)	10.82	24.19
Other income from state policy debtor	0.44	0.40
Government Revenue Transactions Offered by Government		
Revenue from Government Policy Transactions	5,099.00	5,198.93
Total	5,948.82	5,474.89

5.38.7 Expenditures on State Policy Transactions

Program	Unit : Million Baht	
	2017	2016
Expenditure on State Policy Transactions (Note 5.29)	3,970.31	3,749.56
Expenditure on State Policy Transactions	3,190.55	3,361.47
Other expenses by state policy transactions (Note 5.30)	75.60	59.08
Total	7,236.46	7,170.11

5.39 Events after the reporting period

According to the resolution of GSB Board of Directors No. 14/2017 dated 28 November 2017 approved the principle to sell investment in ordinary shares of one company. Subsequently, Executive Committee Resolution No. 4/2018 held on February 20, 2018 approved the sale of investment in ordinary shares of the said company. The Bank holds 1,950.00 million shares at a price of 13,845.00 Million Baht. The Bank received the proceeds on February 26, 2018. The investments are presented in the financial statements as at 31 December 2017 amounting to 13,650.00 Million Baht.

5.40 Approval of financial statements

GSB President & CEO approved this financial statement on March 12, 2018.



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