



ธนาคาร
ออมสิน
Government Savings Bank

2015

GSB

GSB New Era – Moving forward into the future

GSB

NEW

ERA


DIGITAL
BANKING


EXCELLENT
SERVICE


REBRANDING


SUSTAINABILITY

Annual Report 2015
Government Savings Bank

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GSB NEW ERA

G S B

NEW ERA

THE ERA OF EXCELLENCE

Savings services in Thailand were introduced by HM King Vajiravudh (King Rama VI). Its purpose was to provide a secure place for Thai people to maintain their assets and to educate them on the right way to save money.

The Savings Office was initially established under the Royal Treasury or the Ministry of Finance and operated in compliance to the Savings Act (effective on 1 April 1913).

Later in 1946, the Savings Office became a financial state enterprise after the government enacted the Government Savings Bank Act. The Bank's obligations were guaranteed by the government and its operations supervised by the Ministry of Finance.

Currently, Government Savings Bank has 15,653 employees and 1,043 branches nationwide. The Bank head office is located at 470 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok.

The 1st Special State-owned
Bank

1

Assets

2.3

trillion baht

More
than

20

million
deposit
accounts

1

Number in deposits



We must be Thailand's best savings financial institution: a main sustainable economic and social development pillar that enhances grassroot people's living standards and creates retail business growth through our international-quality standard full-cycle services.



Download applications
Layar



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Experience
interactive service

Proud awards received by Government Savings Bank



“Kanok Nakaraj”
2015 outstanding organization
that fulfills society
and country’s benefits



**CEO Thailand
Awards 2015**



Thailand’s Most Admired Brand 2015 – 2016
Brandage Magazine: the number one government
special financial institution brand



MONEY EXPO 2015
“Excellent Award”
Beautiful Booth

Quality Persons of The Year
2015 award for businessmen role models



Bank of the Year 2015
Dokbia Magazine



SOE Award for
Outstanding Organizational Management

NEW ERA OF DIGITAL BANKING

GSB's new era digital banking services satisfy all digital lifestyle and economic demands.

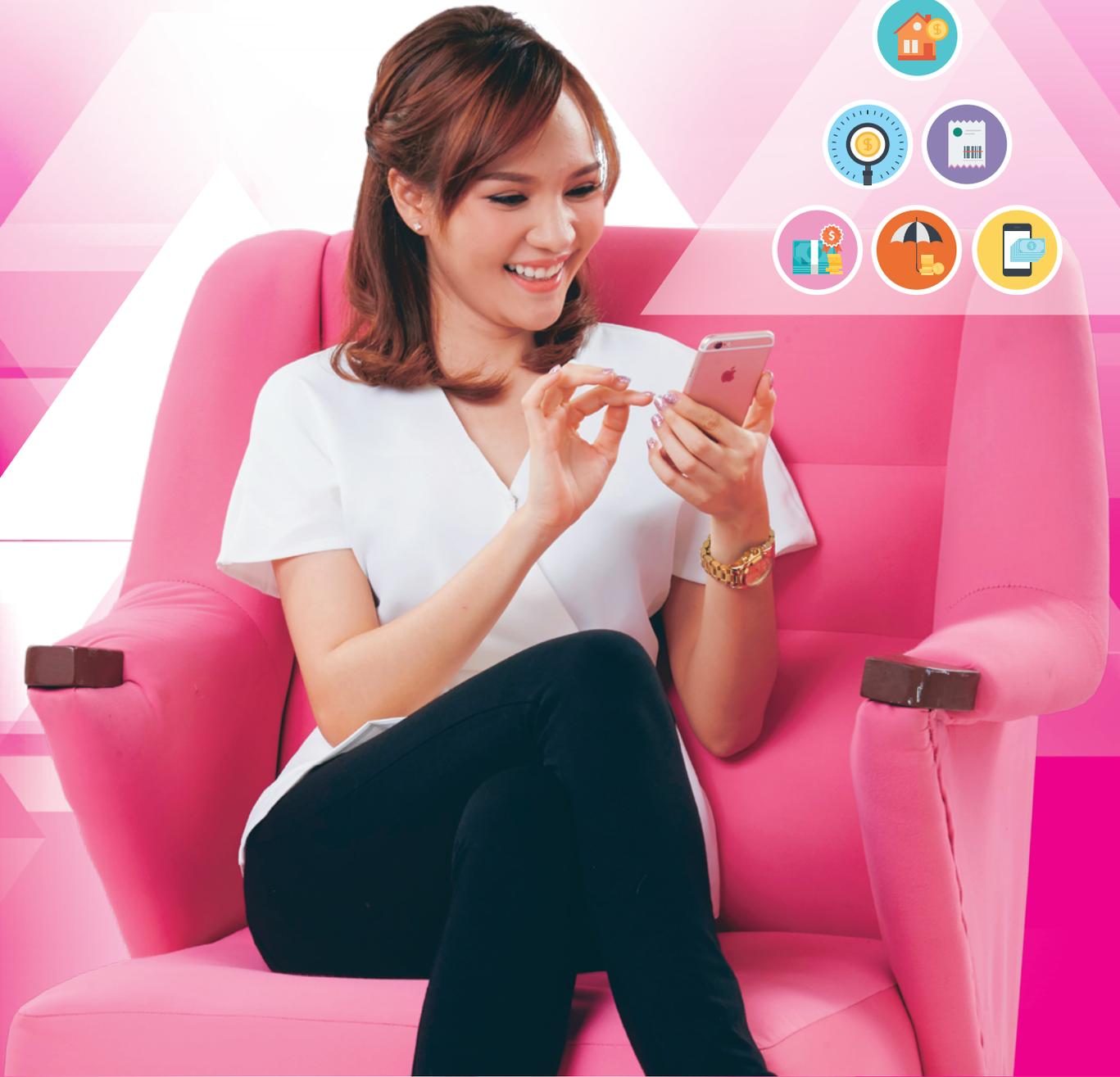


E BANKING

Online
transaction
solutions accessible
platforms for all digital
lifestyles



myb



NEW ERA OF SERVICES

Complete innovative and excellent GSB customer services
Satisfying all customers' needs



CUSTOMER CENTRIC

Services that impress
and satisfy all
customers'
needs





NEW ERA OF BRANDING

Modern, bright and easy,
This century's number one trusted state-owned bank.

REBRANDING



Innovative
superior savings
products demonstrate
Bank's corporate identity.





NEW ERA OF SUSTAINABILITY

To be the leading AEC people's bank:
sustainably supports government policies and the Bank's social mission.

SOCIAL
BANK



Our priority is creating social benefit,
more than making profit. We
are the Social Bank, that
supports sustainable
Thai happiness.





Social Bank Sustainable Development Policy

Government Savings Bank promotes social and environmental responsibility policies covering economic, social and environmental development based on a “Savings to build a beautiful world” concept that focuses on growth, sustainability and social benefits. The concept forces Bank executives, staff and all employees to recognize that the Social Bank’s sustainable development policies are an integral management tool to establish and achieve corporate goals and objectives.

The Bank executed numerous projects and activities that encouraged savings and financial discipline along with enhancing community development: i.e. School Bank project, education promotion project, sports, art, culture, social and environmental projects and House-Temple-School project near the Bank. These projects will lead to long lasting social harmony.

Economy

Promoting savings and financial discipline Government Savings Bank School Bank project



Government Savings Bank’s educational institution School Banks allowed students to work under Bank supervision. The Bank coached, supported and encouraged students to love savings and gain financial security. GSB School Bank started in 1998 and at the end of 2015, 1,086 School Banks served 2,143,259 students. Total outstanding deposits were 945,434,769.31 Baht in 2,194,257 accounts.



Enlightening and financially supporting grassroots economy and SMEs The Local Wisdom Bank

The Bank promotes grassroots economies: and SME businesses, retail manufacturers and entrepreneurs by enhancing their social and environmental development and financial capabilities. We help develop careers that will ultimately result in stronger grassroots societies with better qualities of life. The project is consistent with government policies on education, learning, maintaining religious, art and culture, local wisdom and dissemination and adding value to the country’s economy.

The Bank acts as a local wisdom collection and publication center, encourages knowledge enlightenment and learning to maintain and enhance local wisdom’s visibility. The Bank helps communities and their people develop wisdom and thinking, enhances careers, incomes and quality of life, as well as developing knowledge that can be maintained and preserved over long periods.

The Local Wisdom Bank collected information and developed CDs for the following six projects:

1. Manufacturing monk alms bowls
2. Manufacturing super stoves
3. Manufacturing coconut shell shoes
4. Manufacturing lemon grass toothpicks
5. Manufacturing mud cloths
6. Manufacturing Thai drama masks



Promoting grassroots customers and general public's abilities

To develop a socially sustainable economy, Government Savings Bank promotes grassroots and SME businesses by enlightening financial knowledge, providing financial support, improving financial abilities and extending product distribution channels. It strengthens grassroots manufacturers so they can help sustain strong communities and provide better qualities of life in-line with enhancing government

solutions for the poor.

The Bank's "Aomsin creates happiness to people" project helped community manufacturers distribute their products in 12 market places throughout the country. Project participants received free product selling spaces and increased distribution channels to new retail customers. Aomsin market places helped small manufacturers save rental costs and electricity expense so that they could invest in more materials to produce more products. The Bank also promoted plastic bag and foam box use reduction initiatives.

Operating Performance in 2015

The Bank's customers operated 1,339 market place booths in 2015 and generated total revenues of 4,092,653 Baht. These revenues generated revolving grassroots economies incomes in adherence to the Bank's overall vision.

Promoting Innovative Creativity GSB "Thai living" business concept contest

GSB "Thai living" business concept contest 2015 continued from the "From hundred to million" project launched two years ago. The contest focuses on creating, outstanding and unique "Thai living" concepts. New entrepreneurs aged 16-25, the backbone of this country's sustainable economic growth were provided opportunities to create new jobs and income. Participants presented proposed business concepts on video clips (between 100 second and three minutes). **More than 1,468 teams (3,379 persons)** attended the contest. Initially 100 teams were selected but later were selected again to ten teams. One winner was selected from the ten remaining teams. The Bank presented 1,000,000 Baht to the winning team as initial capital for its business.

The winning team: In-Plaeng Farm with its "In Milk Herb+" product

In Plaeng Farm produced a pasteurized milk mixed with lemon grass and fragrant pendants with medicinal benefits for cardiac care, rejuvenating blood and relieving sleeplessness. The products QR Code allows consumers to trace product quality, manufacturers location, locate plantation where herbs grown, evaluate environmental friendly production processes, pasteurization using cow dung biogas and use of farm waste to fertilize community vegetable plantation that re-sells product back to the farm. The farm created new jobs and income for the community.



The first runner up team: Ezy Jam with its Thai blueberry jam-sheet product with Carrageenan and Locust bean gum. The product creates nutritious value from natural sweet and sour tasting Thai blueberries that are suitable for producing jam. It's benefits have been validated by numerous research studies. Stevia is substituted for sugar. The team received 500,000 Baht from the Bank as starting capital for their business.

The second runner-up team: Thanya team with its Thai customized as needed herbal ready-scrub skin product. This product brings fast herbal benefits after efficient skin scrubs. Thanya intends to promote Thai local wisdom with its great products and brand, including products mixing rice with herbs. The Thanya team receive Bt200,000.



Seven teams received 50,000 Baht complimentary awards, totalling 3,500,000 Baht. In addition, all ten teams attended the future entrepreneurs program.

Social



Offering innovative social products and services

The Bank linked CSR activities with its financial products to build customer and Bank participation and develop a sustainable society.

“Savings for Youngsters” project

Realizing the importance of education and youth development, the Bank has an education support fund under its “Savings for Youngsters” project. Bank customers can participate in this project by applying for a GSB VISA Debit cards. The Bank collects 10 Baht from each card application and applies it to education funds (1,000 Baht to each fund). The funds proceeds are presented to students with good school-records and good behavior in 77 provinces. These funds enhance compulsory education attendance by reducing each family’s financial burden.

In 2015, the Bank donated 17,910 scholarships from fees collected from 1.79 million new VISA debit card applications to needy children throughout the country.

Promoting youth talent: Aspiration for excellence (Music / Sports and education)

GSB School Bank Sport project

The Bank encouraged School Bank members to participate in healthy activities and use their time productively. The project emphasizes athlete spirit, learning how to win and lose, forgiving others, maintaining harmony and unity and growing up to be persons valued by society. Project attendees increase skills and experience teamwork. Many children are encouraged to enter university Chang-puak” project and some may become future national athletes. In 2015, two sports were supported including football (males) under 18 and volleyball (females) under 18. The competitions were held in twelve provinces with 35,070 participants.



GSB School Bank Music project

To develop Thai children's musical talent to international levels, GSB has organized a School Bank music contest since 2009 (seven consecutive years).

In 2015 the two contests were arranged: symphonic bands (1,490 competitors) and military bands (9,620 competitors).



Thailand Educational Development Evaluation Test (TEDET)

GSB and the Institute for the promotion of Teaching Science and Technology (IPST) established a Thailand Education Development Evaluation Test (TEDET) to evaluate junior high school students' math and science knowledge. This project promotes math and science knowledge efficiency. It allows small and large schools (rural and urban) students / teachers to access math and science information

resources through the TEDET system—a Korea's data warehouse. The data information searches can be used to develop and up-grade math and science knowledge and enhance Thailand's future Program for International Student Assessment (PISA) scores.

In 2015, 154,321 students from 1,283 schools participated.

Supporting 12th Thai Pet Yod Mong Kut competition for Her Royal Highness Princess Maha Chakri Sirindhorn trophy

This GSB, Rom Chat foundation and the Office of Basic Education cooperative project test students' Thai language knowledge. The tests' four levels include junior primary school (Prathom 1-3), primary school (Prathom 4-6), junior high school ((Mattayom 1-3) and high school (Mattayom 4-6). Students who score in the top tenth percentile are eligible for Pet Yod Mong Kut, the final contest to win Her Royal Highness Princess Maha Chakri Sirindhorn's trophy. The Bank contributed 1,500,000 Baht to the event.

In 2015, 3,524 students participated in the contest; 100 provincial level and country level winners were selected.





Auspicious Year to Do Good Things project - promoting good, moral and ethical thinking

GSB and the Office of the Permanent Secretary selected 2015 as an auspicious year to do good things, by encouraging people to directly and indirectly conduct themselves morally and ethically for the good of society.. The Bank developed boxes of good things collections (when people go good things they can write on the boxes and hang it on a Sai Thong tree) as gifts for His Majesty the

King, Her Majesty Queen and all Royal relatives during 2015-2017.

In 2015, people wrote 10,000 things that they wished to do with the Bank.

Outstanding moral and ethical school and student contest

GSB and the Ministry of Education have conducted this project since the auspicious year of 2007, HM the King's 80th birthday during which the Thai people expressed gratitude to the King and complied with His Sufficiency Economy Philosophy. Participating schools and students practice morality, a key sufficiency economy philosophy value.



In 2015, 319 schools participated in the project: 44 schools won and received 100,000 Baht each. 540 students entered the contest: 110 students won and received 40,000 Baht with honor certificates. The Bank and the Thai society compliment all schools that perform as excellent educational models, act morally, ethically, promote savings and comply with HM Sufficient Economy Philosophy principles. The Bank wishes that everyone will act morally and ethically.

Total Operating Performance: nine years (2007-2015)

Supervisory agency	Number of winners	Number of winners (students)
OBEC	342	720
VEC	30	150

Remark:* VEC entered the project in 2011

Development Camp project: children and youth under Department of Probation, Department of Justice

GSB and the Department of Probation, Department of Justice established this project for children on probation because of illegal behavior. The project helps them reenter society with good attitudes and self-confidence, and reduces and eliminates recidivism risks. Five days and four nights of camping activities were held. The probationers learned about discipline, living together; one day learning about savings, HM the King's Sufficiency Economy Philosophy and self-esteem, led by a GSB trainer.



Ten camps were held in 2015: Nonthaburi, Suratthani, Sukothai, Ubon Ratchathani, Chonburi, Chantaburi, Chiangmai, Kampaengpet, Songkla and Sakonnakorn, for 514 children (total attendees three years - 1,440 persons).

Developing Bank surrounding communities (House-Temple-School project) Houses-Temple-School and GSB New Era 2015 (CSR & ENGAGEMENT)



House, temples and schools are sustainable social foundations. The project combines these three elements to create developmental awareness. Bank branches organized House-Temple-School concept social events to improve youth quality of life, undertake community improvements, create unity and uphold religious beliefs. 13 events were held countrywide as follows;

Branch Division	Project	Date
1	Volunteers for preserving and improving tourist sites project: Klong Lad Mayom floating market, Talingchan, Bangkok	September 19, 2015
	Preserving and improving tourist sites project: Klong Lad Mayom floating market, Talingchan, Bangkok	September 30, 2015
2	GSB House-Temple-School project, at Lin Chang temple, Ban Lin Chang School and Lin Chang village, Yang Namgladneur, Nong Yaplong, Petchburi	March 28, 2015
	Constructing almshouses, conducting religious ceremonies at Nakarat Chansen shrine, Taklee, Nakornsawan	June 28, 2015
	Aquatic animal conservation project: HRH Princess Maha Chakri Sirindhorn project, constructing fish house at Kun Kradai bay, Aow noi, Prachuabkirkhan	July 29, 2015
	CSR Activity at GSB School, Bangsapan, Prachuabkirkhan	November 18, 2015
3	Aomsin sharing with fire victims project at Bai Nai Soi, Pang Moo, Maehongsorn	April 10, 2015
	Aomsin Be with You, project in Kampaengpet	October 13-14, 2015
	Constructing Childrens' playground: in-line with human brain development processes at Prachanukroh School 26, Pasang, Lampoon	September 9, 2015
	Professional Thai massage training: sustainable income project at Chiengrai	October 27-31, 2015
	Social activities at Sang Kaew Potiyan temple, Jadee Luang, Mae Saruay, Chiengrai	December 12, 2015
4	Aomsin Care project: attending to Ban tom temple and school, Ubonratchathani communities	August 7, 2015
6	Thai dessert occupational training: Klongdan district administration organization, Songkla	September 10, 2015



Bank Branch Operations 1-6 executives, staff and employee were encouraged to create public benefit programs that developed community awareness and social harmony that can enhance the Bank's sustainable growth, through the following activities:

- GSB NEW ERA Dhamma seminar (CSR & ENGAGEMENT) at Tipsukontaram temple, Huaykrajae, Kanjanaburi.
- House-Temple-School and GSB NEW ERA 2015 program at Srisangwan school, Chiangmai and Prathat Haripunchai Mahavoraviharn temple, Lumpoon.
- GSB NEW ERA 2015 (CSR & ENGAGEMENT) at Phuthong Tepnimitr and Tubkung District Administration Organization office, Nong Saeng, Udonthani

Traditional Thai Pansa Candle presentation

To ensure Buddhism remains as a core thought, the Bank presented Pansa candle to 77 temples (8,000 Baht each, total 616,000 Baht).

Public benefits and charity

The Border Patrol Police School project (the sixth consecutive year)

This project ensures school education quality development, arranges teacher's training and long-distance teaching programs, improves buildings and surrounding areas, funds modern learning tools and develops libraries as regional study and research centers.

This Royal wilderness child development project (HRH Princess Maha Chakri Sirindhorn's 2015 project) was conducted in nine regions (total budget 1,600,000 Baht).

The Bank also contributed education funds for three consecutive years to school students under Border Patrol Police Bureau supervision. In 2015, the Bank contributed 20 lump-sum payments (10,000 Baht each, total 200,000 Baht).



Assisting natural disaster victims

The Bank assisted natural disaster victims as follows:

Extreme cold-weather

GSB presented 13,800 blankets to needy families in the north including Chiangrai and Chiangmai (total contribution 3,400,000 Baht).

Floods

The Bank presented 600 life bags (cost 320,000 Baht) to assist flood victims throughout the country



Earthquake victims

GSB donated 5,000,000 Baht to Nepal earthquake victims on behalf of the Ministry of Finance: 3,913,125 Baht via the government's Nepal project, 1,000,000 Baht via Channel 3 News Family. The Bank's executives, employee and customer donated 409,850 Baht to the Thai Red Cross on behalf of the GSB Ethics Association.



Environment



Promoting and building environmental spirit

GSB School Bank Youth project

Tree planting: honoring HRH Princess Maha Chakri Sirindhorn fifth cycle birthday, April 2, 2015

This GSB School Bank project was conducted to enrich members' relationships and share knowledge. School Bank students and advisor teachers' voluntary spirit are enhanced by these annual activities.

In addition to celebrating HRH Princess Maha Chakri Sirindhorn fifth cycle birthday, the tree planting and conservation project ties in closely with GSB's CSR environmental conservation initiatives. The Bank also understands that each province enhances its future tourism value with more unique and beautiful trees. In addition to developing enormous participation and spirit, the students also realized the importance of maintaining provincial green areas.

The activities were held in 18 areas where 6,967 students planted 6,599 trees (Mangrove, Golden Teak, White Meranti, Burma Padauk, Pink Trumpet, Coon, Yang (Gurgan), Jambolan, Black Afara, Takian, Siamese Rosewood, Mahogany, Acacia Mangium, Inthanin, Neem Tree, Sri Yala, Golden Takian, Chingal)

Five years highlights ^{1/}

Unit: Million Baht

	2011	2012	2013	2014	2015	Change (%YoY)
Income Statement						
Interest income	80,108	99,226	105,620	106,955	103,815	(2.9)
Interest expense	38,780	50,083	51,713	51,301	45,749	(10.8)
Net interest income	41,328	49,143	53,907	55,654	58,066	4.3
Net fees and services income	2,251	2,705	3,741	4,008	4,590	14.5
Other operating income	5,046	3,106	2,636	1,319	3,070	132.8
Other operating expenses	28,291	31,258	33,908	34,062	34,985	2.7
Operating income	20,334	23,696	26,376	26,919	30,741	14.2
Bad debts, doubtful accounts and loss on impairment & TDR	2,714	2,402	4,467	4,688	8,042	71.5
Net Profit ^{1/}	17,620	21,294	21,909	22,231	22,699	2.1
Other comprehensive profit (loss)- net	(7,506)	4,494	(4,948)	(603)	(1,437)	138.3
Total comprehensive profit (loss)	10,114	25,788	16,961	21,628	21,262	(1.7)
Balance Sheet						
Total assets	1,772,111	1,962,550	2,176,901	2,259,016	2,404,416	6.4
Net investment in securities	197,800	249,177	250,633	268,815	246,126	(8.4)
Loans ^{2/}	1,351,990	1,585,145	1,678,309	1,802,971	1,923,607	6.7
Total liabilities	1,655,423	1,828,834	2,040,042	2,111,917	2,252,661	6.7
Deposits ^{2/}	1,525,756	1,679,764	1,879,425	1,952,504	2,082,706	6.7
Equity	116,688	133,716	136,859	147,099	151,755	3.2
Key Financial Ratios (in percentage)						
Return on assets (ROA) ^{1/}	1.12	1.16	1.07	1.01	1.00	
Return on equity (ROE) ^{1/}	14.25	17.21	16.13	16.03	15.37	
Net interest income to average net assets (NIM)	2.66	2.69	2.62	2.51	2.56	
Operation expenses to total net income ratio (Cost/Income) ^{1/}	57.45	56.93	56.28	55.98	53.35	
Loans to deposits (L/D)	88.61	94.37	89.30	92.34	92.36	
Capital Adequacy Ratio (CAR) ^{3/}	11.38	10.63	10.56	11.11	10.78	
Tier 1 capital adequacy ratio ^{3/}	10.57	9.75	9.88	10.21	10.22	
Non-performing loans to total loans (gross NPLs) ^{2/}	0.94	1.06	1.14	1.37	1.61	
Allowance for doubtful account to NPL (LLR/NPL)	206.56	171.21	168.60	148.22	142.84	
Number of employee	12,737	13,787	14,666	15,366	15,653	
Number of Branches	867	932	1,001	1,025	1,043	
Number of service units ^{4/}	140	160	156	152	163	
Number of Self Service auto machines	4,757	6,341	6,505	7,534	7,764	
Number of School Banks	613	733	853	973	1,086	

^{1/} Since 2011, the Bank has recorded extra expense items, i.e. employee benefit obligations in accordance with IAS19 recognized as expenses for 5 years at 5,346.7 Million Baht each, and initial contributions for employees entering the provident fund program recognized for 10 years.

^{2/} Loans and deposits also include financial transactions with financial institutions and cooperatives under the Loans or Credit from Financial Institutions Interest Rate Control Act that were recorded in Interbank and money market-assets and liabilities.

^{3/} Calculated in compliance with Basel II criteria since 2011.

^{4/} Including service units at district offices, EXIM Bank, mobile units (vans and boats).

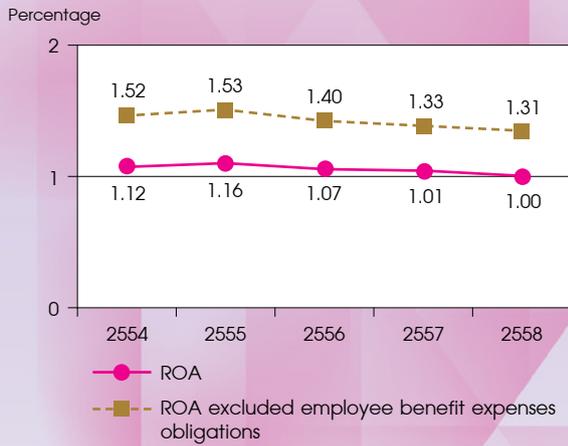
Net profit ^{1/}



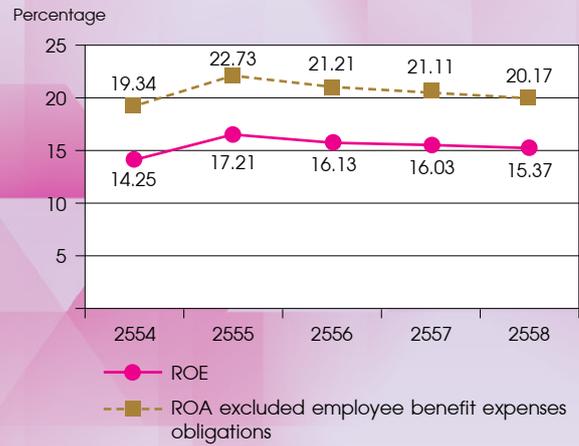
Loans to Deposit ^{2/}



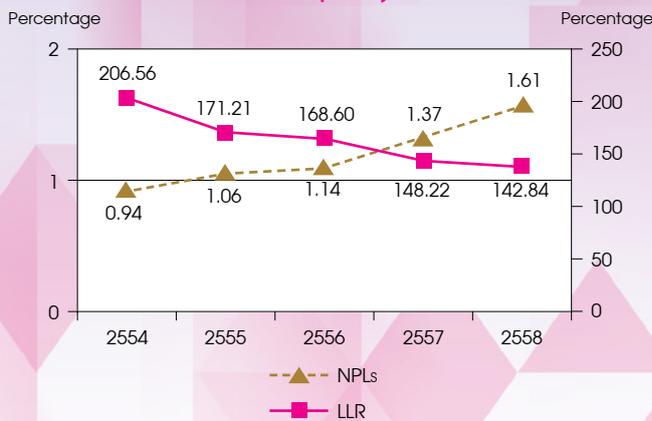
ROA ^{1/}



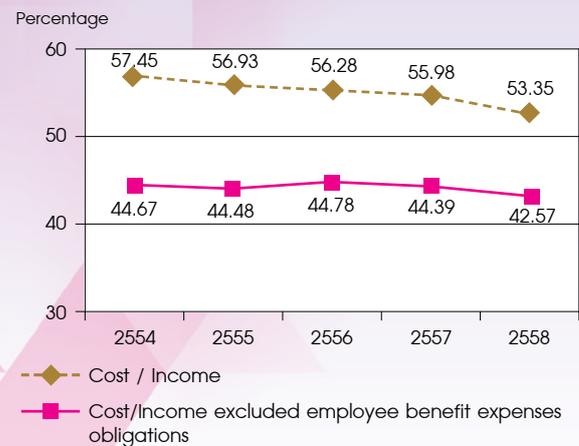
ROE ^{1/}



Assets quality ^{2/}



Cost/Income ^{1/}



^{1/} Since 2011, the Bank has recorded extra expense items, i.e. employee benefit obligations in accordance with IAS19 recognized as expense for 5 years at 5,346.7 Million Baht each, and initial contributions for employees entering the provident fund program recognized for 10 years.

^{2/} Loans and deposits also include financial transactions with financial institutions and cooperatives under the Loans or Credit from Financial Institutions Interest Rate Control Act that were recorded in Interbank and money market- assets and liabilities.



In 2015, Government Savings Bank (GSB) was a key cogwheel that kept the Thai economy moving during a global recession and a period of tremendous economic, social and political change. Complying with government policies, GSB instituted policies that helped the Thai economy continue growing and reduce social and economic inequality. During the year, the Bank allocated low-interest soft-loans of 30,000 Million Baht to Village and Urban Community Funds; specified SME borrowers. Soft loans of 100,000 Million Baht were also allocated in 2015 to commercial banks and specialized financial institutions for SME loans. These soft loans were increased by an additional 50,000 Baht in phase 2. 2,000 Million Baht was also allocated for SMEs joint ventures in 2015.

Financial performance in 2015 was excellent with assets, deposits and loans, all increasing. During the year, the Bank launched several GSB New Era initiatives that addressed customers needs with innovative new products such as MyMo, debit and credit cards. The Bank received State Enterprise Policy Office, Ministry of Finance Best State Enterprise award 2015 (Best Management award) and Bank of the Year award 2015 from Dokbia magazine.

On behalf of the Bank's Board of Directors, I wish to express my heartfelt thanks to customers, business partners and stakeholders for steadfastly participating in all Bank's missions. Your overall support and trust were greatly appreciated. I would also like to thank Bank executives, staff and employees for their utmost dedication. In closing, I respectfully pray to the Three Buddhist Gems and all things Holy and request the powers of H.M King Vajiravudh, H.M King Bhumibol Adulyadej and H.M Queen Sirikit, to bless and protect you and wish everyone happiness, health and exceptional auspicious lives.



Kulit Sombatsiri
Chairman of the Board of Directors
Government Savings Bank



Government Savings Bank President and CEO Message

Government Savings Bank in 2015 entered a new GSB New Era, wherein innovative new and perceptible business concepts are launched to create greater happiness for its customers.

The concept focuses on seven key innovations:

- 1) Customer-centric focus — restructuring focus on customer
- 2) Branding & Marketing - maintaining savings bank role and fulfilling customer needs with full cycle services that can bring happiness: products that meet all age demands and continue being a modern 102 year old Bank.
- 3) Product/sales & services — developing innovative modern service channels in all areas that are easily accessible anytime anywhere.
- 4) Developing social and grassroots economy: executing strategic plans according to government policy.
- 5) Developing human resources: preparing for changes, increasing capabilities and professionalism; training courses to enlighten knowledge, skills, creativity and innovation.
- 6) Developing IT to increase competitiveness and
- 7) Standardizing risk management transparency tools: becoming a good governance organization

During 2015, GSB New Era concept realized numerous positive results including completing branch openings in all districts throughout the country; launching Mobile Banking or MyMo (My Money My Mobile) applications; launching PR robot named “Aom-Mo” and ATM robot named “Aom-Bot”, introduced “Cookie Run”, provincial flower designed, Thai Fight and “Thai Sufficiency Happiness” debit cards. We also created new generation employee GSB Brand Ambassadors and GSB Smart MCs to build the Bank’s image. Keeping pace with current social media life styles, GSB also launched several new innovative financial services. .

As a government specialized financial institution, GSB continued its critical role of helping drive the country’s economic growth. In 2015, we supported three main government policies including:

1. Low-interest rate soft-loans of 30,000 Million Baht to Village and Urban Community Funds; specified for SME borrowers.
2. Soft loans of 100,000 Million Baht were also allocated to commercial banks and specialized financial institutions for SME loans. These soft loans were increased by an additional 50,000 Million Baht.
3. 2,000 Million Baht was also allocated for SME joint ventures in 2015.

In addition, GSB cooperated with National Village and Urban Community Funds and other related agencies to organize community markets to strengthen grass-roots economies, and create sustainable community self-reliance. All government and Ministry of Finance policies were successfully processed.

Although the overall economy performed marginally in 2015, GSB’s financial results were outstanding. Total assets increased from 6.43 per cent from the previous year. Deposits increased 6.67 per cent and loans increased 6.69 per cent. Our fee income increased 12.80 per cent from the previous year and our NPLs were 1.62 per cent of total loans.

The Bank’s outstanding performance was widely recognized in 2015. We received the Best State Enterprise Award 2015 (Outstanding Organizational Management Award) and Bank of the Year Award from Interest Magazine. BrandAge selected GSB as Thailand’s Most Admired Brand 2015. GSB was also presented a Thailand Top Company award 2016 (a customer focus award to the organization that gives priority to customers).

During the year, the Bank was also appointed a World Savings and Retail Banking Institute (WSBI) Board of directors. WSBI includes 110 banks from 80 countries. We are a proud representative that will reflect a positive image for Thailand globally.

Customer Centric:
restructuring GSB
to be the organization
that recognizes customers
as the heart of its
operations.



On behalf of GSB executives and employees, I would like to thank all customers and stakeholders for your support. In addition, thank you to all our dedicated management team and everyone that helped GSB successfully fulfill its vision and mission.

The Bank will continue developing new financial innovations to maximize customers' satisfaction. We will continue responding to the financial demands of customers in all demographics areas while returning benefits to society.

With our "GBS Collaboration for Excellence" initiatives, we will retain our position as Asia's most innovative modern people's bank.

A handwritten signature in black ink, appearing to read 'C Payu'.

Mr. Chartchai Payuhanaveechai
President and CEO
Government Savings Bank



Audit Committee Report 2015

The GSB Audit Committee includes three independent directors in specialized areas with knowledge and experience to review financial statements. The Audit Committee performed duties and responsibilities assigned by the Board of Directors and pursuant to Ministry of Finance Regulations relating to Audit Committee and Internal Audit of State Enterprise B.E.2555, the Operation Manual for Audit Committee of the State Enterprise and Audit Committee Charter.

In 2015, the Board of Directors approved the following Audit Committee members:

1. According to Government Savings Bank Specific Order No 2-44/2014 dated August 7, 2014 and Government Savings Bank Specific Order No 2-6/2558, Audit Committee Appointment (first revision) dated January 16, 2015 including:

Mr. Pitsanu	Vichitcholchai,	Chairman
Mr. Wattana	Opanon-amata,	Member
Ms. Thanita	Vongruamlarp,	Member

These appointments were effective from August 1, 2014 to December 3, 2015 except Ms. Thanita Vongruamlarp (effective from December 16, 2014 to December 3, 2015).

2. According to Government Savings Bank Specific Order No 2-22/2559, Audit Committee Appointment dated February 19, 2016 effective from December 24, 2015 to the present:

Mr. Pitsanu	Vichitcholchai,	Chairman
Mr. Jessada	Promjart,	Member
Mr. Chusak	Salee,	Member

The Executive Vice President of Internal Audit is the Audit Committee Secretary.

In 2015, the GSB Audit Committee held thirteen meetings with the management team, internal auditors, and auditors (Office of the Auditor General of Thailand) that focused on good corporate governance. All meeting results were reported to Board of Directors. Salient points were as follows:

Financial Statement Review

The Audit Committee reviewed pre-and post-auditor-reviewed quarterly and annual financial statements, in collaboration with the Internal Audit, auditors, and management team. A performance analysis was conducted and important financial statement issues were discussed. The Audit Committee provided suggestions to ensure that financial statements and important information disclosures are accurate, complete, and reliable in accordance with generally accepted accounting standards.

Review internal control efficiency and effectiveness, good governance and risk management processes

The Committee reviewed internal control reports in compliance with OAG Regulations, Clause 6, both quarterly and yearly. Mobile Banking (MyMo) reports, credit operation processes, GSB personnel discipline processes were also reviewed to protect against corruption, and ensure internal control processes were followed. Quarterly and monthly risk analysis reports were reviewed to reduce or control risks to an acceptable level, ensure efficiency and avoid impacts on the Bank. The Committee also proposed guidelines to ensure comprehensive control systems that can prevent risks, damage and fraud.

Review compliance with legal, Bank rules, regulations and supervisory agencies

The Audit Committee monitored compliance progress according to internal auditors recommendations and improvements in-line with Bank of Thailand audit results. It also reviewed and monitored compliance with life insurance and non-life insurance law, regulations, rules, procedure and GSB's orders, to ensure that each department performed accurately and developed strict internal controls.

Monitoring internal audit operations

The Committee reviewed and approved the internal audit charter that considered the appropriateness of duties and responsibilities, scope of work, rights, duties and performance independence. It approved audit plan adjustments for 2015, Internal Audit Group human resource plan adjustments 2015-2019, internal audit procedure manual 2015, strategic audit plan 2016-2020, Internal Audit Group human resource management and development plan 2016-2020, Internal Audit Group action plan and budget 2016, and internal audit career path development progress report wherein internal auditors were encouraged to continuously develop skills and knowledge and undergo professional certificate examinations.

Discussion with auditors

The Committee held regular discussions with auditors on audit scope and guidelines, detected issues and recommendations to prevent overlapping audit work, and followed-up auditor progress and improvement recommendations.

Discussions with GSB President and CEO and Functional Group executives

The Committee discussed policy and management guidelines, internal controls and risk management policies with the President, CEO and Functional Group executives to develop prevention guidelines and recommend solutions for issues that will impact the Bank.

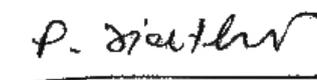
Maintaining Audit Committee quality

The Committee reviewed and improved the Audit Committee Charter and conducted self-assessments in-line with State-enterprise Policy Office, Ministry of Finance best practices, to ensure that Audit Committee's operations are efficient and achieved objectives set forth in the Audit Committee Charter. Self-assessments results, problems and obstacles and the Audit Committee operation improvement plan 2016 were reported to the Board of Directors.

Remuneration for auditors

GSB is a state enterprise that remunerates 3,000,000 Baht to the Office of the Auditor General.

The Audit Committee believes that the Bank should continue building a dedicated harmonious spirit that will ensure GSB remains a sustainable business.



Mr. Pitsanu Vichitcholchai
Chairman of Audit Committee

The Internal Audit processes build confidence by providing independent and fair advice that increases corporate value through improved Bank operations. These activities, that help the Bank achieve its overall objectives include reviewing and evaluating risk management, internal control and supervision processes in compliance with Ministry of Finance Internal Audit Committee and state enterprise internal audit unit B.E. 2555 as well as internal audit procedures manual B.E. 2555 standards.

The Bank's Board of Directors, Audit Committee and management team recognize and promote internal audit planning and process implementation independence. Our co-objective is to effectively evaluate Bank internal control efficiency to protect or reduce operations risks.

In 2015, Internal Audit Group complied with the state-enterprise internal audit framework as follows:

Internal auditor qualifications - All GSB internal auditors must possess a bachelor degree or more. The Internal Audit pro-actively helps internal auditors continuously acquire knowledge and skills to improve their ability to perform duties in accordance with internal audit professionals' code of ethics. Each person must attend not less than 40 hours training per year. Seven auditors received Certificate of Information System Auditor (CISA), three auditors received Certificate of Public Accountant (CPA) and ten auditors received Certificate of Professional Internal Auditors of Thailand (CPIAT) designations.

Internal audit unit structure The Internal Audit performs independently. Its performance was reported to the Audit Committee and the GSB President and CEO. An Internal Audit Charter developed specific internal audit roles and responsibilities that are published to all GSB employees. All internal auditors must disclose conflicts of interest prior to performing duties.

Management team relationships The Internal Audit collaborated with senior executives and related managers to discuss and plan audits. Recommendations from related managers audit reports were used to improve internal controls.

Internal audit responsibilities An Internal audit includes auditing for 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 maximizing resources management. 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 reports The Internal Audit develops a strategic audit plan and comprehensive annual audit plans that evaluate risks that may affect the Internal Audits inability to achieve goals that will hinder the Bank's ability to achieve overall targets. The Internal Audit applies all Risk-Management-Group identified risk factors to develop and implement efficient audit plans that ensure Bank can achieve its overall corporate goals. Internal auditors provide improvement recommendations and review results monthly. Quarterly and annual reports are submitted to the Bank's President and CEO and Audit Committee.

Maintaining internal auditor quality The Internal Audit conducts self-quality-performance assessments that are used to improve internal audit efficiency.



Board of Directors' Financial Statement Responsibilities Report

Government Savings Bank 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 an 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 agreed that overall internal control processes were appropriate for the Bank's business and the financial statements are reliable, accurate and lawful according to generally accepted accounting principles, standards and related regulations.



Kulit Sombatsiri
Chairman of the Board of Directors
Government Savings Bank



Chartchai Payuhanaveechai
President and CEO
Government Savings Bank

Board of Directors



Mr. Kulit Sombatsiri

- Chairman of the Board of Directors
52 years old

Education

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

Working Experiences

- 2015 - Present Director-General, The Customs Department, Ministry of Finance
- 2014 - 2015 Director-General, Fiscal Policy Office, Ministry of Finance
- 2011 - 2014 Inspector General, Ministry of Finance
- 2009 - 2010 State Enterprise Development Advisor, State Enterprise Policy Office
- 2005 - 2007 Deputy Director, State Enterprise Policy Office, Ministry of Finance
- 2004 - 2005 Director, Bureau of Monetary Management, Treasury Department
- 2002 - 2003 Deputy Secretary General, Office of the National Broadcasting and Telecommunications Commission

Training

- Executive Program, Capital Market Academy (Class 10)
- Top Executive Development, Program Office of the Civil Service Commission (Class 40)
- The National Defense Course, The National Defense College (Class 54)

Other Present Positions

- Director, The Government Lottery Office, Ministry of Finance



Mr. Prapas Kong-led

- Director
- Chairman of Executive Committee
- Member of Employee Relations Committee
- 53 years old

Education

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

Working Experiences

- 2015 - Present Deputy Permanent Secretary, Ministry of Finance
- 2015 Inspector General, Ministry of Finance
- 2012 - 2015 Legal Counsel, Ministry of Finance
- 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

- The National Defense Course, Class 56, The National Defense College, National Defence Studies Institute
- Certificate in Top Executives in the Energy Education Program, Thailand Energy Academy (Class 6)
- Top Executive Program, Capital Market Academy (CMA), Class 21
- Chartered Director Class (CDC) , Class 9/2015, Thai Institute of Directors (IOD)
- Risk Management Program for Corporate Leaders (RCL), Class 2/2015, Thai Institute of Directors (IOD)
- Successful Formulating & Execution of Strategy (SFE), Class 22/2014, Thai Institute of Directors (IOD)
- Director Certification Program Update (DCPU), Class 2/2014, Thai Institute of Directors (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

Other Present Positions

- Director, Don Muang Tollway Public Company Limited
- Director, Dhipaya Insurance Public Company Limited



Mr. Suthichai Sangkhamanee

- Director
 - Chairman of Risk Management Committee
 - Chairman of Problem Analysis about the Supplies Committee
 - Member of Good Governance and Corporate Social Responsibility Committee
 - Member of Position Classification, Appointment, Job rotation, and Executive Salary Committee
- 59 years old

Education

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

Working Experience

- 2014 - Present Inspector General, Ministry of Finance
- 2013 - 2014 Director-General, The Revenue Department, Ministry of Finance
- 2014 Inspector General, Ministry of Finance
- 2013 - 2014 Deputy Director-General, The Revenue Department, Ministry of Finance
- 2009 - 2013 Director, Regional Revenue Office 3, The Revenue Department, Ministry of Finance

Training

- Top Executive Development, Program Office of the Civil Service Commission
- The National Defense Course (Class 6), the National Defense College of Thailand

Other Present Positions

- Representative Director of Ministry of Finance, Industrial Estate Authority of Thailand
- Independent Director, Esso (Thailand) Public Company Limited



Mr. Pipat Khanthong

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

Education

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

Working Experience

- 2014 - Present 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

- Public Economic Management for Executives, King Prajadhipol's Institute
- The National Defense Course (Class 48), the National Defense College of Thailand
- Advance 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. Pitsanu Vichitcholchai

- Director
- Chairman of Audit Committee
- 61 years old

Education

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

Working Experiences

- 2014-Present 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

- Advanced Audit Committee Program (AACP, Class 20/2015), Thai Institute of Directors (IOD)
- Director Certification Program No.228/2004, Thai Institute of Directors

Other Present Positions

- Director and Management Committee, MFC Asset Management PLC.



Mrs. Wannipa Bhakdibutra

- Director
 - Chairman of Good Governance and Corporate Social Responsibility Committee
 - Chairman of Performance Evaluation and Remuneration of the President and CEO Committee
 - Member of Risk Management Committee
- 52 years old

Education

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

Working Experience

- 2003 - Present Vice President, Unilever Thai Trading Company Limited
- 1999 - 2003 Director, Unilever Thai Trading Company Limited

Other Present Positions

- Director, the Zoological Park Organization
- Director, Thailand Institute of Scientific and Technological Research



Mr. Jessada Promjart

- Director
- Member of Audit Committee
- 54 years old

Education

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

Working Experience

- 2014 - Present Director and Chief Executive Officer, Chukai Public Company Limited
- 2014 Vice Chairman, Seed MCOT Company Limited
- 2013 - 2014 Executive Vice President and Chief Financial Officer, MCOT Public Company Limited
- 2012 - 2013 Director, True Vision Public Company Limited
- 2010 - 2013 Chief Financial Officer, MCOT Public Company Limited
- 2010 - 2010 Assistant Managing Director, Piyavate Hospital Public Company Limited
- 2009 - 2014 Independent Director and Director of Audit Committee, Chukai Public Company Limited
- 2009 - 2015 Director, D Land Development Company Limited

Training

- 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
- Director Certification Program (DCP) Class 45/2004, Thai Institute of Directors
- Telecommunication Management Course, Engineering Faculty, Chulalongkorn University

Other Present Positions

- 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 Director of Audit Committee, Nation Broadcasting Corporation Public Company Limited
- Director of Audit Committee and Advisor of Executive Committee, Chulalongkorn Hospital
- 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
- Director, the Crane Service Company Limited
- Director, the Crane Lamechabang Comp
- Director, the Crane Rayong Company Limited
- Director, the Crane Heavy Lift Company Limited



Miss Sompit Charoenkiatkul

- Director
- Chairman Director of Position Classification, Appointment, Job Rotation and Executives Salary Committee
- Member of Executive Committee
- Member of Risk Management Committee
- 62 years old

Education

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

Working Experience

- 2011 - 2013 Senior Executive Vice President, Risk Management Group, Krungthai Bank Public Company Limited
- 2010 - 2011 Executive Vice President, Krungthai Bank Public Company Limited
- 2009 - 2010 Wholesale Banking, 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



Mrs. Pratana Mongkolkul

- Director
 - Member of Executive Committee
 - Member of Risk Management Committee
 - Member of Good Governance on Corporate Social Responsibility Committee
- 51 years old

Education

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

Working Experience

- 2011 - Present Chairman, Boutique Consulting Group Company Limited
- 2014 - 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 Executive Vice President, Financial and Accounting, Central Development Public Company Limited

Training

- Corporate Governance Program for Directors and Top Executives of State Enterprises and Public Organizations (Class 13/2015), Public Director Institute (PDI), King Prajadhipok's Institute
- Thai Intelligent Investors (Class 1/2012), Thai Investors Association
- Advanced Management Program 180, Harvard Business School
- Executive Program, Capital Market Academy (Class 6/2008), Capital Market Academy
- Chief Financial Officer Certification Program (Class 1/2004), the Institute of Certified Accounting and Auditors of Thailand
- Director Diploma Examination, the Australian Institute of Directors Association
- Director Certificate Program (Class 37/2003), 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 Director of Audit Committee, T.K.S. Technologies Public Company Limited
- Associate Judge, The Central Intellectual Property and International Trade Court
- Director of Steering Committee, Thailand Management Association
- Graduate Member and Lecturer, Institute of Directors Association



Mr. Chusak Salee

- Director
 - Member of Audit Committee
- 62 years old

Education

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

Working Experience

- 1997 - Present Managing Director, Sri Ayudhya Capital Public Company Limited
- 2010 - Present Managing Director, Sri Ayudhya General Insurance Public Company Limited

Training

- Director Certification Program, Institute of Directors (IOD)



Mr. Chatchai Payuhanaveechai

- President and CEO
- Director and Secretary
- 56 years old

Education

- Bachelor of Business Administration (BBA), Thammasat University
- Master of Business Administration (MBA), Chulalongkorn University

Working Experiences

- 2015 - Present President and CEO, GSB
- 1983 - 2014 Kasikorn Bank Public Company Limited

Training

- Certificate Course in Public Administration and Law for Executives Class 6 (Prajadhipok's Institute)
- Director Certification Program Class 116 (DCP, The Institute of Directors)
- Certificate Course in Good Governance for Medical Executives Class 2 (MDKPI), Prajadhipik'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 Positions

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



G S B

NEW ERA

Executives



Mr. Chatchai Payuhanaveechai President and CEO

56 years old

Education

- 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 Kasikorn Bank Public Company Limited

Training

- Certificate Course in Public Administration and Law for Executives, Class 6, Prajadhipok's Institute
- Director Certification Program (DCP), Class 116, The Institute of Directors Association (IOD)
- Certificate Course in Good Governance for Medical Executives, Class 2 (MDKPI), 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 Positions

- Director, MFC Asset Management Public Company Limited



Tachaphol Kanjanakul, Ph.D. First Senior Executive Vice President (Corporate Strategy Group)

55 years old

Education

- Ph.D. in Finance Research, Chulalongkorn University
- M.B.A. (Finance), University of Central Queensland, Australia
- Master Degree in Interior Design (First Class Honor) (Real Estate Development), Chulalongkorn University
- M.B.A. (Marketing), Chulalongkorn University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Arts (Political Science), Ramkhamhaeng University
- Bachelor of Accountancy, Chulalongkorn University

Working Experiences

- 2015-Present First Senior Executive Vice President (Corporate Strategy Group) Government Savings Bank
- 2014-2015 Acting President and CEO, Government Savings Bank
- 2012 Be selected as Secretary General of the National Savings Fund
- 2011-2014 First Senior Executive Vice President (Investment and Financial Management Group) and CFO, Government Savings Bank
- 2010 Senior Executive Vice President (Investment and Financial Management)
- 1998-2000 Senior Vice President and Head of Corporate Loan and Loan Recovery, Standard Chartered Nakornthon Bank
- 1997-1998 Deputy Managing Director and Acting Managing Director, Teerachai Trust
- 1994-1996 Assistant Managing Director (Loan and Securities), SCB Asset Management PLC

Training

- The National Defense Course, Class 57, the National Defense College
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives Certification, Prajadhipok's Institute
- Executive Program - Management & Leadership, University of Southern California, USA
- Executive Program, Capital Market Academy (CMA), Class 2
- Financial Executive Development Program (FINEX), Class 14, the Thai Institute of Banking and Finance Association
- Certificate Course in Financial Advisor, Association of Thai Securities Companies
- Certificate from Philadelphia National Bank
- Certificate from University of Western Sydney, Australia

Other Present Positions

- Director, Thanachart Fund Management Company Limited
- Director, MFC Energy Fund / Tsunami Fund
- Steering Committee, Faculty of Music Silpakorn University Honorary Advisor



Mr. Boonson Jenchaimahakoon First Senior Executive Vice President (Information Technology Group)

53 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
- 2012-2015 Senior Executive Vice President (Information Technology Group), Government Savings Bank
- 2010-2011 Executive Vice President (IT Planning and Development), Government Savings Bank
- 2007-2009 Executive Vice President (Information Technology), Government Savings Bank

Training

- Director Certification 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
- Leader Succession Program (LSP), Class 1, Institute of Research and Development for Public Enterprises (IRDP)

Other Positions

- Director, Executive Director, Chairman of Risk Management Committee, Dhipaya Life Insurance



Miss Nongyao Bacherat
First Senior Executive Vice President
(Grassroots and Public Sector Customers Group)

60 Years old

Education

- Master of Public Administration in Policies and Planning, Chulalongkorn University Certificate of the Thai Bar, the Thai Bar under the Royal Patronage
- Bachelor of Laws, Ramkhamhaeng University

Working Experiences

- 2015-Present First Senior Executive Vice President (Grassroots and Public Sector Customers Group), Government Savings Bank
- 2015 Senior Executive Vice President (Grassroots and Public Sector Customers Group), Government Savings Bank
- 2010 Senior Executive Vice President (Retail Banking Group), Government Savings Bank
- 2008 Executive Vice President (Community Banking), Government Savings Bank
- 2007 Executive Vice President (Branch Operations 2), Government Savings Bank
- 2005 Inspector General (General Supporting), Government Savings Bank

Training

- GSB Team Spirit
- The 7 Habits of Highly Effective People Study Visit on Corporate Social Responsibility, Japan
- Director Accreditation Program (DAP), Class 92/2011, Thai Institute of Directors (IOD)
- Study Visit on Labor Relations and Personnel Management, Japan

Others Present Positions

- Director, Dhipaya Insurance PLC
- Director, Thanachat Fund Management Company Limited

Mr. Pisit Serewiwattana
First Senior Executive Vice President
(Investment and Financial Management Group)

55 years old

Education

- Master of Management & Human Relation, Abilene Christian University, Texas, USA.
- B.A. (Economic), Thammasat University.

Working Experiences

- 2015-Present First Senior Executive Vice President (Investment and Financial Management Group), Government Savings Bank
- 2010-2015 Senior Executive Vice President (Marketing Group), Government Savings Bank
- 2004-2005 Managing Director, CIBM-Principal Asset Management Assistant Managing Director, CIMB Thai Bank
- 1999-2004 Director of Treasury Department and BIBF Managers, Credit Agricole Indosuez Bank
- 1989-1995 Foreign Exchange Trading Manager, The Chase Manhattan Bank (J.P.Morgan Chase)

Training

- Thai Institute of Directors (IOD)
 - Director Certificate Program (DCP), Class 200/2015
 - Corporate Governance for Capital Market Intermediaries (CGI), Class 1/2014
 - Director Accreditation Program (DAP), Class 46/2005
- Leadership Succession Program (LPS), Class 2
- Executive Program, Capital Market Academy, Class 17
- Advance Insurance Academy, Class 3
- Executive Program, Thammasat for Society, Class 2
- Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations, Class 11 (PDI 11)
- Strategy and Innovation for Business in Asia 2015, 4 (SIBA)

Others Present Positions

- Director, MFC Asset Management PLC

Mr. Narain Panyapatiphan
Senior Executive Vice President
(Compliance and Good Governance Group)

57 years old

Education

- Master of Applied Statistics (Operation Research), National Institute of Development Administration (NIDA)
- Bachelor of Science (Physics), Ramkhamhaeng University

Working Experiences

- 2015-Present Senior Executive Vice President (Compliance and Good Governance Group), Government Savings Bank
- 2015 Senior Executive Vice President (Credit and Operation Support Group), Government Savings Bank
- 2010-2015 Senior Executive Vice President (Corporate Strategy and Human Resources Group), Government Savings Bank
- 1998-2010 Inspector General (Information Technology), Government Savings Bank
- 1994-1998 Senior Vice President, Information Technology System Department, Information Technology, Government Savings Bank

Training

- Director Certification Program (DCP), Class 151, Thai Institute of Directors Association (IOD)
- Management Strategies for Preventing and Combating High-Level Corruption, Class 3, the National Institute Against-Corruption, Sanya Thammasak, Office of the National Anti-Corruption Commission.
- SOE Executive Program 2006, State Enterprise Policy Office and Fiscal Policy Research Institute

Other Positions

- Director, Thai Smart Card Company



Miss Kornpranom Wongmongkol
Senior Executive Vice President
(Credit and Operation Support Group)

57 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, U.S.A.
- Bachelor of Education, Chulalongkorn University
- Certificates of Credit Risk Analysis, ABN AMRO Academy, Singapore
- Certificates of Credit Lending Program, Moody's Institution

Working Experiences

- 2015-Present Senior Executive Vice President (Credit and Operation Support Group), Government Savings Bank
- 2012-2015 Executive Vice President (Credit and Operation Support), Government Savings Bank
- 2008-2012 Executive Vice President (Risk Management), Government Savings Bank
- 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 Directors (IOD)
 - 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 Certificate Program (DCP), Class 85/2007
- The Analysis & Valuation of Mortgage-Back Securities, Value Vision (Nida's Institution)

Others Present Positions

- Director, Dhipaya Life Insurance PLC
- Director, Bangkok Commercial Asset Management Co., Ltd.
- Director Pool System State Enterprise Policy Office (SEPO)



Mrs. Wipaporn Chairatana
Senior Executive Vice President
(Risk Management Group)

53 Years old

Education

- Master of Business Administration, Thammasart University
- Bachelor of Accountancy, Thammasart 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
- 2007-2010 Inspector General (Financial Management and International Business), Government Savings Bank
- 2007-2008 Inspector General, (Investment) Government Savings Bank
- 2005-2007 Senior Vice President, Fix Income and Public Loan Department, Investment Group, Government Savings Bank
- 1997-2005 Operation Officer
- 1998-Present A CPA (Certified Public Accountant)

Training

- Advance Certificate Course in Public Administration and Law Executive, Prajadhipok's Institute
- Director Certificate Program (DCP), Class 199/2015, Thai Institute of Directors (IOD)
- Fiscal Management Program, Class 1, Academy of Finance and Economy, Ministry of Finance
- Financial Professional, Class 3, Academy of Finance and Economy, Ministry of Finance
- GSB Leadership Program for Senior Management, Singapore
- Merrill Lynch's 2007 Asian Reverse Roadshows, U.S.A.
- GSB Advance Executive Program, New York, U.S.A.
- GSB Middle Management Leadership Program, Singapore
- Development of Consultant and Analysis Program
- Business Plan Consultant Program

Others Present Positions

- Director, Thai Smart Cards Co.,Ltd.
- Member of the Board, University Business Incubator Center, KMIT-UBI



Mr. Numporn Yommana
Senior Executive Vice President
(Human Resources Group)

56 years old

Education

- Master of Public Administration, Chulalongkorn University
- 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 Enterprises (IRDPE)

Other Present Positions

- Director, the Thai Institute of Banking and Finance Association



Mr. Isara Wongrung
Senior Executive Vice President (Personal Customer Group)

49 years old

Education

- Master of Business Administration (Business Management and Finance), Assumption University
- Bachelor of Business Administration (Management and Marketing), Assumption University

Working Experiences

- 2015-Present Senior Executive Vice President (Personal Customer Group), Government Savings Bank
- 2014-2015 Independent Director / Audit Committee, and Chairman of Recruitment and Remuneration Committee, ACAP Advisory Public Company Limited
- 2015 Independent Director / Audit Committee, Professional Waste Technology (1999) Public Company Limited
- 2012-2014 Executive Chairman, Kasikorn Leasing Company Limited (Deputy Managing Director, Kasikornbank Public Company Limited)
- 2008-2014 Director, Muang Thai Insurance Public Company Limited
- 2005-2011 Managing Director, Kasikorn Leasing Company Limited (Assistant Managing Director, Kasikornbank Public Company Limited)
- 2000-2005 Sales and Marketing Executive Director, Mercedes-Benz Leasing (Thailand) Co., Ltd
- 1997-1999 Senior Vice President (SVP) - Business Development Department Guardian Insurance Thailand Co., Ltd. - A TISCO Bank Group Company
- 1995-1997 First Vice President (FVP) Retail Finance Business Line Head of Provincial Loan Office Department TISCO Bank

Training

- Certificate of Corporate Governance for Executives (CGE) # 5/2015, Thai Institute of Directors Association: IOD
- Advanced Certificate Course in Financial and Fiscal Management Program for Senior Executive Batch#2 (FME 2), The Comptroller General's Department to Ministry of Finance
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executive King Prajadhipok's Institute
- Advanced Certificate Course in Power of The Kingdom Batch#1, Chulalongkorn Executive Program Chulalongkorn University
- Advanced Certificate Course in Security Management Program Batch#5 (ASMP 5), The Association National Defence College of Thailand
- Advanced Certificate Course in Thammasat Leadership Program Batch#5 (TLP 5), Thammasat University
- Certificate of Director Accreditation Program (DAP) #114/2015, Thai Institute of Directors Association: IOD

Other Present Positions

- Honorary Advisor to Music Association of Thailand (Under the Patronage of His Majesty the King)
- Consultant of TV channel for education and occupations
- Committee of Thai-Asean Cultural and Economic Council
- Honorary Advisor to Home Builder Association
- Vice President to Advanced Certificate Course in Thammasat Leadership Program Batch#5 (TLP 5), Thammasat University
- President to Golf Club of 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
- President to Koonchonseuk Group of Advanced Security Management Program Batch#5 (ASMP 5), The Association National Defence College of Thailand

Mr. Vitai Ratanakorn
Senior Executive Vice President
(Business and Public Sector Customers Group)

46 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

- 2015-Present 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
- 2003-2010 Senior Director, Alternative Investment Office (Special Investment Department), Government Pension Fund
- 2007-2010 Director, Siam City Asset Management Co., Ltd.

Training

- The Program for Senior Executives on Process of Judgement, Class 17, Courts of Justice
- Financial Executive Development Program (FINEX), Class 17, the Thai Institute of Banking and Finance Association
- The Executive Program for Senior Management (EX-PSM), Fiscal Policy Research Institute (FPRI)
- Director Certificate Program (DCP), Class 74, Thai Institute of Directors Association (IOD)
- Leadership Succession Program (LSP) Class 5

Other Present Positions

-



Mr. Manus Pironrit
Executive Vice President
Branch Operations 1



Mr. Pinit Pewpong
Executive Vice President
Branch Operations 2



Mr. Pichet Dhamvavipark
Executive Vice President
Branch Operations 3



Mrs. Pachaleeporn Voraviboonsavat
Executive Vice President
Branch Operations 4



Mr. Amornrit Chanprasit
Executive Vice President
Branch Operations 5



Mrs. Rosarin Sojiphan
Executive Vice President
Branch Operations 6



Miss Noppawan Ratanawekin
Executive Vice President
Personal Customer Business Management



Mr. Chokchai Kunawat
Executive Vice President
Debt and Legal Management



Miss Renu Kitkasem
Executive Vice President
IT Planning and Development



Miss Prada Smerapunya
Executive Vice President
Information Technology



Miss Jiraporn Nugitragson
Executive Vice President
Personal Customer Operation



Mr. Rawee Ounpat
Executive Vice President
SMEs Business



Mr. Chukiat Titihirunjaroen
Executive Vice President
Corporate and Public Sector



Miss Panasán Thongboonnak
Executive Vice President
Compliance and Control



Mr. Therdtam Suvichavorrphan
Executive Vice President
Internal Audit



Mrs. Siriwan Prasertchai
Executive Vice President
Financial Management



Mrs. Araya Yommana
Executive Vice President
Investment



Mrs. Nongnuch Pupipatphol
Executive Vice President
Finance



Mr. Prakrit Sheeppakdee
Executive Vice President
Business and Public Sector Operation



Mr. Santhan Yoosiri
Executive Vice President
Human Resources Development



Miss Paphakorn Ratanasate
Executive Vice President
Corporate Policy and Strategy



Mr. Wuitipong Piromyaporn
Executive Vice President
Risk Management



Mr. Kaiwan Worathepnitinan
Executive Vice President
General Administration



Mrs. Pitsinee Tungtrongjitt
Executive Vice President
Corporate Secretariat



Mrs. Rojarej Srimapiwaphan
Executive Vice President
Personal Customer Business Management



Mr. Kittiphong Boonying
Executive Vice President
Grassroots Customer



Mr. Anurak Sangeamjitt
Executive Vice President
Credit Risk Analysis



Mrs. Jeeranan Khetsakun
Executive Vice President
Human Resources Management



Mr. Mongkol Piamuang
Inspector General
Branch Operations 1



Lt. Pratya Thaikla
Inspector General
Personal Customer Group

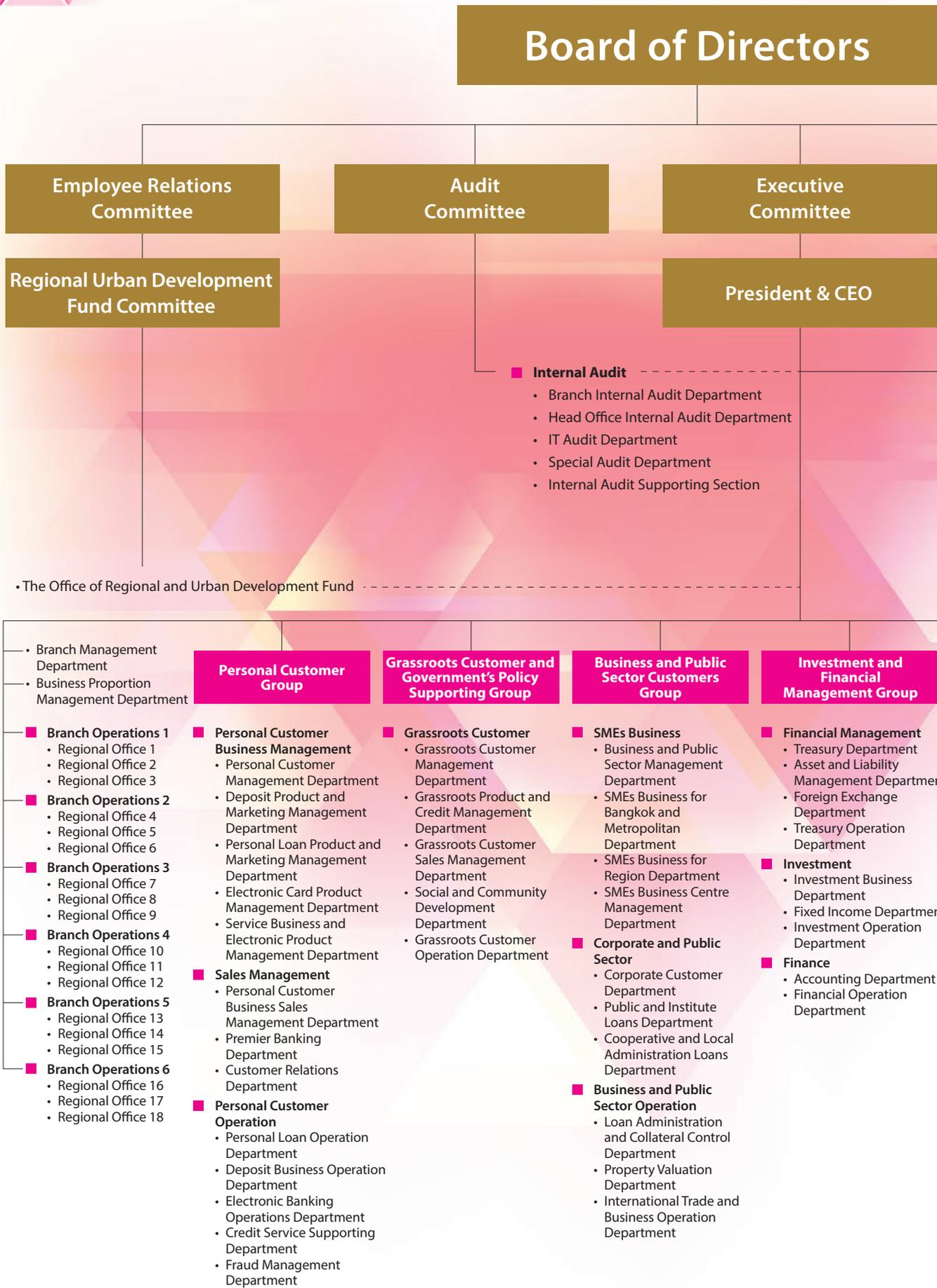


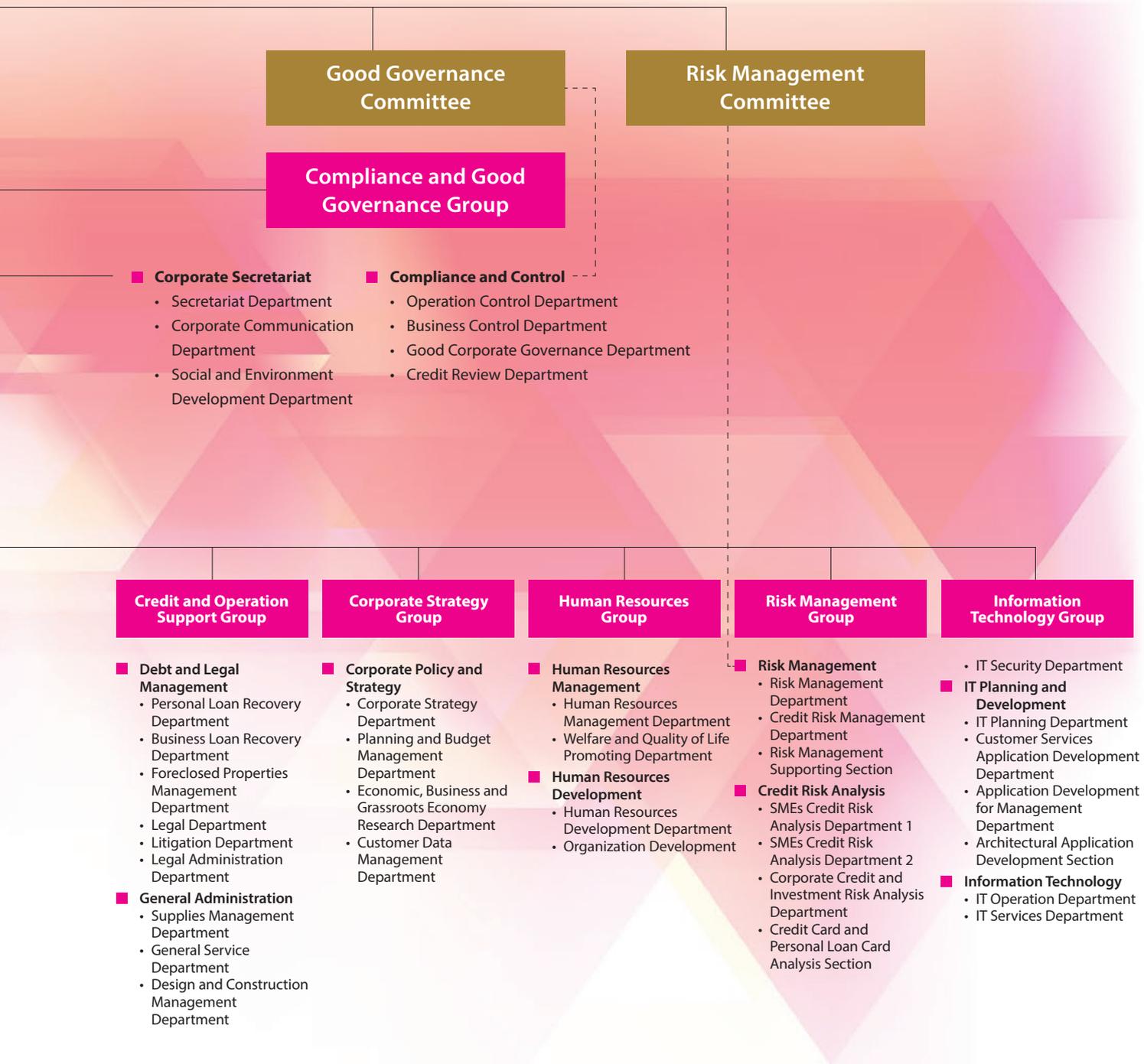
Mr. Choompol Pimsen
Inspector General
Grassroots Customer and Government's Policy
Supporting Group



Mr. Chanchat Pholpirintr
Inspector General
Investment and Financial
Management Group

Organization Chart







The Bank's Customer Centric concept provides customers with a full range of excellent financial services through efficient channels that are in-line with each cohort's different needs. Individual customers constitute about 59.5 per cent of the Bank's total customers. In 2015, the Bank developed the following products and services:

Students

GSB develops products and services that satisfy students' behaviors and needs, focusing on creating financial discipline as a core future living principle. We introduced Youth Savings, special interest on-call accounts that encouraged students to save money. The Bank also worked with educational institutions to build savings discipline by opening off-site deposit service channels. In 2015, Youth Savings constituted 247,311 accounts with deposits of 1,253 Million Baht. The Bank also developed GSB GEN CARDS to satisfy new generation lifestyles. GEN products included Cookie Run images on cards, passbooks, and souvenir umbrellas and card-usage is enhanced with special shop discounts. In 2015, GSB GEN CARDS increased to 60,716 cards.

The Bank also promoted numerous student programs through www.gsbgen.com. This website highlighted age-group activities including a Kids Club (for primary school students), Teen Club for secondary or high school students) and Youth Club (for university students). In 2015, 26,000 students joined the clubs.

Our GSB School Bank project promote savings and teach students about teamwork. Students working at School Banks learned responsibility and pride in their work. In 2015, GSB School Bank students increased to 155,207 persons and 120 new School Banks were opened. GSB also encouraged students to develop creative ideas through its “From hundred to million” project which was established to support new businesses, build a sustainable economy and promote social and environmental initiatives. The project also helps university students. The Bank’s “Thai living” business concept contest 2015 provided new entrepreneurial opportunities: 1,501 teams participated in the contest.

Early working age

GSB New Era programs also developed products and services for young people just entering the work force. The Voice of Customer (VOC) spawned the Thai Fight debit card, for boxing fans, offering card spending privileges.

Digital service channels such as Mobile Banking (MyMo) were developed to provide anywhere-anytime financial services via mobile phones and tablets. It offered full-range services that satisfy a wide range of customers’ needs: i.e. account balance inquiries, deposit information / GSB Premium Savings Certificates and loan account views, Bank account transfers, interbank transfers (ORFT) using mobile phone numbers, bill payments using barcode, mobile money top-ups, five year backward bank statements, push notification account movement notifications for secure transaction. In 2015, 350,000 customers use MyMo global services through 3G, 4F and wifi. As a result, the Bank received numerous awards including Digital Banking, Financial Insights Innovation Awards (FIIA) from IDC Financial Insights and Highly Commended: Excellence in Mobile Banking-Customization from Retail Banker International.

The Bank established a Branding Committee responsible for branding strategy and integrating communications initiatives to reach a diverse customer base. Brand strategy focused on modern communications and organizing public events anyplace to match customers’ lifestyles. The Bank use online communication applications such as LINE, Facebook, Youtube to reach more customers efficiently.



MyMo : My Money My Mobile

Middle income people

In 2015 the Bank undertook numerous activities to retain and add new middle income customers, primarily by satisfying their varied deposit and loan needs. The Bank launched fixed term on-call accounts and introduced several life insurance deposit products including GSB Savings 10/1, GSB Aom Suk 70/20 Plus that customers used for financial planning. The Bank's life insurance deposit products including GSB Pension 90/60, and GSB Pension 85/55 offered long-term secure middle income retirements.

Loan products: the Bank launched special interest rate housing loans including GSB House for Cash, GSB Plus, Happy Life loans with uncomplicated conditions (GSB Premium Savings Certificates required as loan guarantee). The Bank also vastly improved its loan operations processes.

High net worth value customers

The Bank gives priority to retaining its existing high net worth customers and expanded operation regionally to increase competitiveness and differentiation by restructuring its Customer Centric organization in 2015. High net worth customers became a priority. Bank developed low risk high return savings products and services. High net worth customers were given additional special privileges, including Special GSB lottery benefits. The Bank also developed other products and services for this group that generated fee income, generated investment agency services and increased branch personnel's professional investment skills. Many Bank personnel became qualified for agent's licenses and activities were organized to build customer relationships, study / analyze behavior, needs and lifestyles especially for regional customers that are different from Bangkok and surrounding area customers. The study's information will be used to develop product, services benefits that can serve more specific needs.

Government and state enterprise officers

The Bank has supported government and state enterprise officers' needs for a long time because of its contractual relationships with government agencies and state enterprises throughout the country. In 2015 the Bank continued existing contracts and expanded to new agencies. New products and services that met changing customers' needs, including low interest housing and welfare loans for contract government agency and state enterprise employees were launched. The Bank offered life insurance based deposits with low risk, high returns to serve peoples' basic needs such as GSB Koo Kwan-deposit with protection for both parents and child that secure a child's education, GSB Sup Tawee 5/1 Plus- short term deposits with higher returns than normal on-call accounts. These products offered customers more deposit choices.

Retired people

Retired people will be the country's largest Aging Society cohort in 2025. The Bank retained existing customers in 2015 by offering GSB special three year Premium Savings Certificates with high return accounts. The Bank also offered GSB Sup Tawee 5/1 life insurance, GSB Sup Tawee 5/1 plus offering higher short-term returns than normal on-call accounts. The Bank offered welfare loans for retired government officers (using pension amounts as loan guarantees), Happy Life loans which allow retired people to borrow even when they are normally prohibited from borrowing because of age and income.

The Bank also developed branch services to offering products and services to retirees as well as providing financial advice and developing good long-term relationships that will later extend to their families.



Life insurance -deposit for secure future

Thailand economy status and trends

The overall Thai economy increased 3.0 , 2.8 and 2.9 per cent respectively during the first to third quarter of 2015 compared to the previous year.

Key drivers supporting growth were tourism, government investment and economic stimulus policies.

Thailand's exports however continued decreasing *because of global economic volatility and economic slow-downs in trade-partner countries (China, Asian countries).*

Consequently, industrial production and private investment remained low. Low agricultural prices, drought and high household debt were local factors contributing to diminishing purchasing power. These factors directly affected Thailand's overall performance.

The Bank of Thailand forecasts that the Thai economy will grow by 3.5 per cent in 2016, primarily because of government stimulus policies.

Tourism will continue to be a key growth engine and Thai exports are expected to recover from the prior year, especially in the US and CLMV countries (Cambodia, Laos, Myanmar and Vietnam).

Thailand's 2016 export recovery may be limited because of 1) China's economy slowdown 2) Unstable global consumer products prices 3) mostly Asian countries exports focus on the China market (will be our competitors).

Thailand industry status and trends

Thailand's decreasing exports throughout 2015 affected industrial output.

In the first eleven months of 2015, exports were 197,275.03 Million \$US decreasing 5.51 per cent from the same period of previous year.

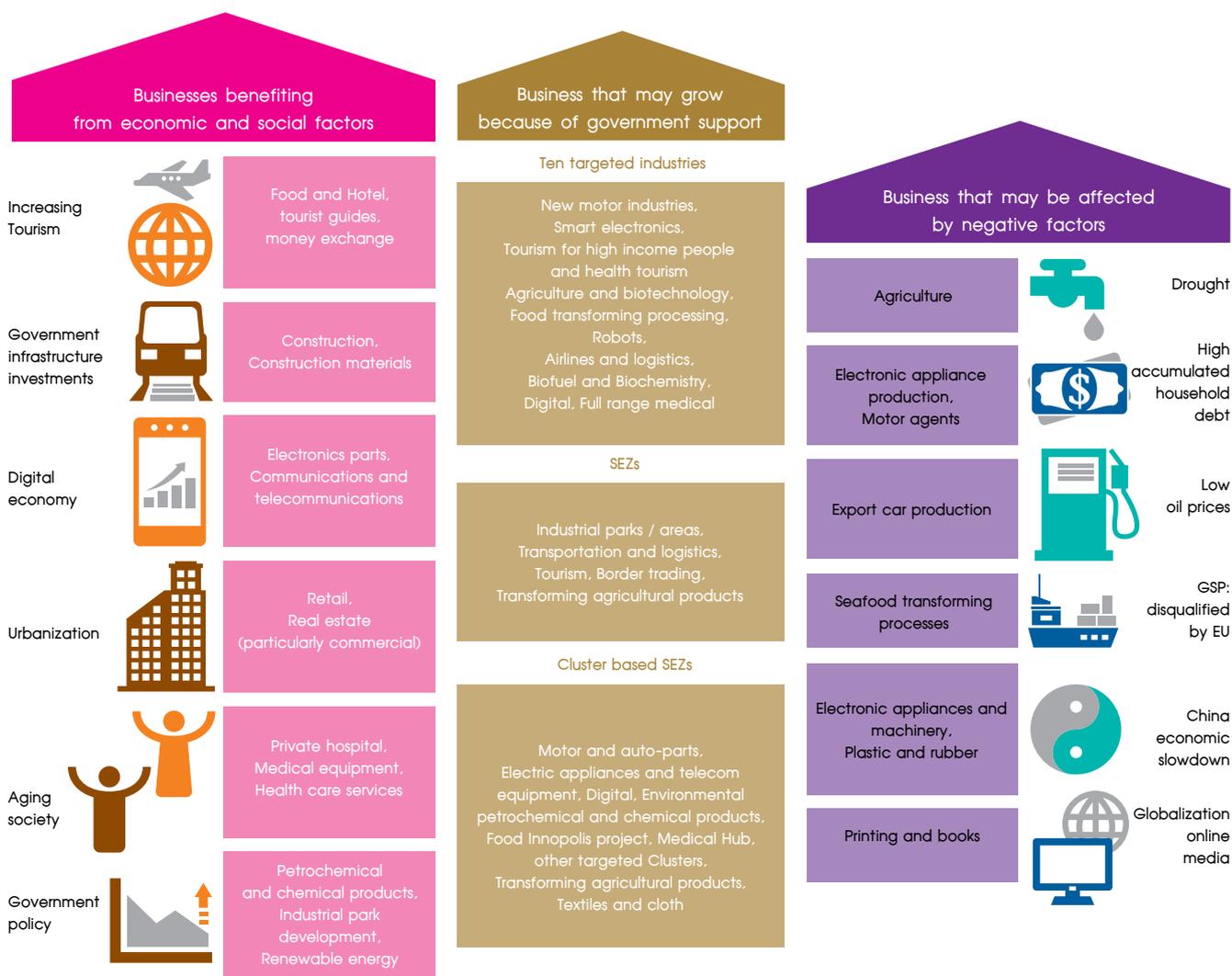
Industrial output is expected to recover in 2016 because of pro-active government policies and increasing business opportunity after the completion of AEC.

Key stimulus factors include 1) increasing tourism 2) infrastructure investments 3) digital economy growth 4) Urbanization 5) Aging society and 6) Government policies

Cabinet-approved government projects including the following will assist Thai industrial growth: ten targeted industries for driving future economy, Special Economic Zone (SEZs) and Cluster based SEZs etc.

Although Thailand's industrial, investment and exports are trending upward in 2016; negatives factors such as drought, high accumulated household debt, low global oil prices, GSP disqualification by EU, trade re-ranking announcements (Tier 3) by US due to illegal workers, China's economic slowdown and globalization still persist. These factors may prevent Thailand's business/industry from growing as expected. .

Business /industry trend in 2016



Source: Compiled by GSB's Research Department

Performance and Financial Statements Analysis



1. Operational Performance Overview

In 2015 the Bank moved forward with its GSB New Era initiative by restructuring into a Customer Centric organization focused on branding, marketing and developing products and services that serve customer needs while enhancing societal and economic development. As government stimulus measures helped drive a slowing economy, the Bank continued developing global standard human resources, technology, supervision and risk management programs.

The Bank's Office of the Auditor General audited financial statements showed total assets of 2,404,416 Million Baht (December 31, 2015): ranked number four in the Thai banking sector.

Net profit was 22,699 Million Baht, increasing 468 Million Baht or 2.1 percent from the previous year.

After, revaluing available-for-sale investments, the Bank posted a total comprehensive profit of 21,262 Million Baht, decreasing 366 Million Baht from the previous year.

Unit: Million Baht

Statement of Comprehensive Income	2015	2014	Change (yoy)	
			Increase (decrease)	%
Net interest income	58,066	55,654	2,412	4.3
Net fees and services income	4,590	4,008	582	14.5
Other operating income	3,070	1,319	1,751	132.8
Other operating expenses	34,985	34,062	923	2.7
Bad debts, doubtful accounts and impairment losses	8,042	4,688	3,354	71.5
Net Profit	22,699	22,231	468	2.1
Net other comprehensive gains (loss)	(1,437)	(603)	(834)	138.3
Total comprehensive profit	21,262	21,628	(366)	(1.7)
Returns on average assets (ROA)	1.31 ^{1/} / 1.00	1.33 ^{1/} / 1.01		
Returns on average equity (ROE)	20.17 ^{1/} / 15.37	21.11 ^{1/} / 16.03		

^{1/} Excluding expenses for past employee benefits according to IAS 19 (5-year gradual recognition since 2011, 2015 = 5,346.71 Million and 2014 = 5,367.34 Million Baht) initial contributions for employees entering provident fund (10-year gradual amortization; 2015 = 1,727.39 Million Baht and 2014 = 1,687.57 Million Baht).

Key Items in Income Statements

1.1 Net interest income

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Interest income	103,815	106,955	(3,140)	(2.9)
Loans	88,816	90,130	(1,314)	(1.5)
Interbank and money market items	9,647	10,126	(479)	(4.7)
Investments	5,352	6,699	(1,347)	(20.1)
Interest expenses	45,749	51,301	(5,552)	(10.8)
Deposits	32,429	38,491	(6,062)	(15.7)
Premium savings certificates (PSC)	10,755	12,056	(1,301)	(10.8)
Interbank and money market items	877	754	123	16.3
Contributions to SFI fund	1,688	-	1,688	-
Net interest income	58,066	55,654	2,412	4.3
Returns on performing assets	4.69%	4.97%		
Interest costs	2.14%	2.50%		
Net interest spread	2.55%	2.47%		
Net Interest income per average net assets (NIM)	2.56%	2.51%		

In 2015, the Bank posted net interest income of 58,066 Million Baht, increasing 2,412 Million Baht or 4.3 per cent from 2014, primarily from assets and liabilities management in-line with market interest rate direction and liquidity. Interest expenses and the PSC rate decreases were more than the interest income rate decreases. This year the Bank began contributing 0.18 per cent to the SFI fund. Contributions during July — December 2015 were 1,688 Million Baht. Interest rate spreads and NIM were higher than the previous year.

1.2 Net fees and services income

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Fees and services income	5,022	4,452	570	12.8
Fees and services expenses	432	444	(12)	(2.7)
Net fees and service income	4,590	4,008	582	14.5
Fees and services income to total income-net	6.98%	6.57%		

In 2015, GSB recorded net fees and services income of 4,590 Million Baht, increasing 582 Million Baht or 14.5 per cent from 2014. The increase was derived mainly from card service and electronics transaction fees including ATM services, new GSB GEN CARD and GSB Instant VIS Debit cards, promotional activities, card incentive programs and interbank money transfers from Bank counters and internet banking (ORFT), insurance premium payment services and loan services.

The Bank waived service fees from three state-enterprise banks (Government Savings Bank, Government Housing Bank, and Islamic Bank of Thailand) following the Ministry of Finance's financial services interconnection via technology sharing policy since June 18, 2011. These waivers have been extended until December 31, 2015 for electronic fund transfers and loan payment services. Mobile banking services such as automatic notifications were waived (waived one year since June 1, 2015 to May 31, 2016 for services registered before May 31, 2015). The promotions attracted more customer to apply for services.

1.3 Other operating income

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Other operating income				
Net gain (loss) on trading and foreign exchange	104	147	(43)	(29.3)
Net gain (loss) on investments				
Dividend income	515	(1,928)	2,443	(126.7)
Other operating income	1,497	1,950	(453)	(23.2)
Total other operating income	954	1,150	(196)	(17.0)
Operating income to total income-net	3,070	1,319	1,751	132.8
	4.67%	2.16%		

In 2015, the Bank posted other operating income of 3,070 Million Baht, increasing 1,751 Million Baht or 1.3 times from 2014. Our Islamic Bank of Thailand investment devaluation was recorded in full. Securities investments generating dividend income from investment units and ordinary shares, and trading investment gains were lower than the previous year.

1.4 Operating expenses

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Other operating expenses				
Personnel expenses	19,678	19,033	645	3.4
Remuneration for directors and employees	3,219	3,132	87	2.8
Expenses for building, premises and equipment	4,726	4,429	297	6.7
Remuneration for loan collection units	3,804	4,014	(210)	(5.2)
Other expenses	3,558	3,454	104	3.0
Total other operating expenses	34,985	34,062	923	2.7
Operating expenses to total income-net	53.35%	55.98%		

In 2015, the Bank's other operating expenses of 34,985 Million Baht, increased 923 Million Baht or 2.7 per cent from 2013. Key details are as follows:

- Personnel expenses increased 645 Million Baht from higher wages and salaries that were adjusted according to annual salary increments and increasing employee and contract staff numbers.
- Expenses on buildings, premises and equipment increased 297 Million Baht because of service channel expansion, premises/landscape refurbishment, and business process development to enhance customer service efficiency.
- Other expenses increased 104 Million Baht because of training, seminar courses, advertising and PR programs in line with Bank operations plans.
- Remuneration for directors and employees increased 87 Million Baht in line with state enterprise profit base and assessment results.
- Remuneration for loan collection units decreased in line with outstanding loan

1.5 Bad debts, doubtful accounts and losses on debt restructuring

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Bad debts	569	395	174	44.1
Doubtful accounts	7,473	4,152	3,321	80.0
Losses on debt restructuring	-	141	(141)	0.0
Total bad debts, doubtful accounts and losses on debt restructuring	8,042	4,688	3,354	71.5

In 2015, the Bank recorded bad debts, doubtful accounts of 8,042 Million Baht, increasing 3,354 Million Baht from the previous year because of higher doubtful account provisions for occupation development loans, people's bank loans, loan to financial institutions, welfare loans, social and community loans that were downgraded to special mentioned and substandard classes, as well as higher provisions for occupation development loans that were classified as normal and special mentioned.

2. Financial Status

Unit: Million Baht

Financial Statements	2015	2014	Change (yoy)	
			Increase (decrease)	%
Total assets	2,404,416	2,259,016	145,400	6.4
Net interbank and money market items	220,084	162,608	57,476	35.3
Net investments	246,126	268,815	(22,689)	(8.4)
Loans ^{3/}	1,923,607	1,802,971	120,636	6.7
Total liabilities	2,252,661	2,111,917	140,744	6.7
Deposits ^{4/}	2,082,706	1,952,504	130,202	6.7
Equity	151,755	147,099	4,656	3.2

Total assets at the end of 2015 were 2,404,416 Million Baht, increasing 145,400 Million Baht or 6.4 per cent from 2014 because popular products encouraged more deposits and retail loans expanded in line with government economic stimulus policies.

Key Financial Statements items

2.1 Loans

As of December 31, 2015, Bank total loans were 1,923,607 Million Baht (including loans to financial institutions and co-operatives), increasing 120,636 Million Baht or 6.7 per cent from the end of 2014 (retail loans 69.9 per cent, government sector loans and financial institutions 24.4 per cent and private sector loans 5.7 per cent) as follows:

- Government sector and financial institutions loans increased 102,387 Million Baht (27.8 per cent), primarily for a SME soft-loan project and loans to the Ministry of Finance and Bangkok Mass Transit Authority
- Retail loans increased 12,001 Million Baht (0.9 per cent), mainly from consumer loans, occupation development loans, housing loans to improve quality of life and Bank policy and mission to allow retail entrepreneurs to access low interest-rate funds.
- Details are as follows:
 - Grassroots personal loans (social and community loans, row house business loans and people's bank loans,) increased 36,300 Million Baht (29.8 per cent) primarily to village living, and the National Council for Peace and Order (NCPO) project.
 - Housing loans grew 19,620 Million Baht (6.8 per cent)
 - Occupation development loans decreased 32,667 Million Baht (teachers and educational persons)
 - General personal loans decreased 11,252 Million Baht (government and state enterprise officers welfare)
 - Private sector loans increased 6,248 Million Baht (6.1 percent)

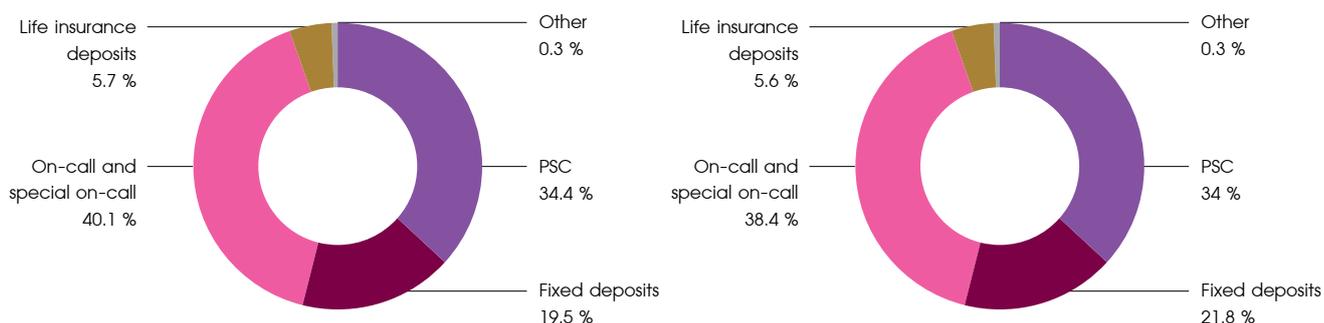


^{3/} In 2015, total loans for financial institutions and co-operatives under Loans for Financial Institutions Interest Act were 264,079 Million Baht (2014 197,484 Million Baht).

^{4/} In 2015, total deposits from financial institutions and Co-operatives under Loans for Financial Institutions Interest Act were 24,567 Million Baht.

2.2 Deposits

Deposits as of December 31, 2015 were 2,082,706 Million Baht, increasing 120,636 Million Baht or 6.7 per cent from the end of 2014. Growth was driven by new product launches with attractive terms and competitive rates of returns and consistent promotion campaigns including special on-call deposit, fixed deposits, 3-year special PSCs, and life insurance deposits. These products were launched to prepare for deposit repayments and liquidity in line with Bank's mission and government policy.

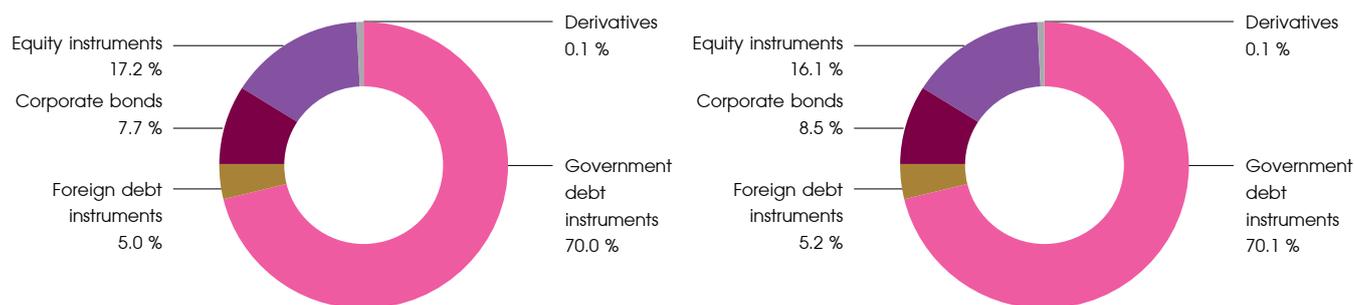


2.3 Net investments

As of December 31, 2015, Bank net investments were 246,126 Million Baht, decreasing 22,689 Million Baht or 8.4 per cent from 2014, from due-date securities and BOT bonds sales (130,000 Million Baht), state enterprise bonds, debentures, foreign bonds and equity instruments. The Bank used government debt instrument investments to manage liquidity and source securities with appropriate yields in line with Bank's investment policies.

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Net investments	245,031	267,478	(22,447)	(8.4)
Net investments in associated companies	967	967	-	0.0
Derivative assets	128	370	(242)	(65.4)
Total net investments	246,126	268,815	(22,689)	(8.4)



2.4 Equity

As of December 31, 2015, GSB's net equity was 151,754 Million Baht, increasing 4,656 Million Baht or 3.2 per cent from year-end 2014, primarily from net profits of 22,699 Million Baht. The Bank remitted three payments (total 16,607 Million Baht) to the Ministry of Finance. Surplus on mark-to-market investments decreased 1,436 Million Baht from the previous year.

2.5 Statutory capital fund

The Bank's capital funds are based on BOT guidelines under the Basel II framework, covering all related Bank asset and liability risks. As of December 31, 2015, Bank capital funds were 135,836 Million Baht (10.80 per cent of risk weighted assets) which were higher than the BOT's minimum requirement of 8.5 per cent. Tier-1 capital 128,836 Million Baht (10.24 per cent of risk-weighted assets) were from accumulated profits after annual MOF remittances.

The Bank's 2015 net profits were not incorporated into the said ratio. If the 2015 net profits had been factored into the calculation, Bank capital funds would have been greater.

Unit: Million Baht

BOT's Basel II	2015	2014	Change (yoy)	
			Increase (decrease)	%
Tier-1 capital	128,836	122,734	6,102	5.0
Tier-2 capital	7,000	10,822	(3,822)	(35.3)
Total capital	135,836	133,556	2,280	1.7
Risk weighted assets	1,257,651	1,201,955	55,696	4.6
Total capital: Total risk weighted assets	10.80%	11.11%		
Tier-1 capital: Total risk weighted assets	10.24%	10.21%		

2.6 Loan asset quality

Unit: Million Baht

	2015	2014	Change (yoy)	
			Increase (decrease)	%
Gross NPLs	30,872	24,637	6,235	25.3
As percentage of total loans (%)	1.61	1.37		
Net NPLs	9,444	7,944	1,500	18.9
As percentage of net loans (%)	0.50	0.45		
Allowance for doubtful accounts recorded in financial statements	44,097	36,517	7,580	20.8
As percentage of NPLs loans (%)	142.84	148.22		
Minimum reserves under BOT guidelines	37,893	27,170	10,723	39.5
Existing reserves to regulatory reserve requirements (%)	116.37	134.40		

As of December 31, 2015, Bank gross NPLs were 30,872 Million Baht or 1.61 per cent of total loans (including financial institutions; interbank and money market loans), increasing 6,235 Million Baht (from 1.37 per cent) at end of 2014. Net NPLs at 2015 year end were 9,444 Million Baht or 0.50 per cent of net loans, increasing 1,500 Million Baht (0.45 per cent at end of 2014).

Allowance for doubtful account recorded in the financial statements as of December 31, 2015 were 44,097 Million Baht, (increasing 7,580 Million Baht from 2014), primarily allowance for doubtful accounts for occupational, financial institutions, social and community bank loans as well peoples' bank loans and large business and housing loans. The Bank established additional allowances for normal class and special mention occupational loans. Allowance for doubtful accounts recorded in financial statements were 6,204 Million Baht higher than BOT minimum requirements.

2.7 Sources and application of fund

As of December 31, 2015 Bank assets as recorded in the financial statements were 2,404,416 Million Baht; total liabilities 2,252,661 Million Baht and equity 151,755 Million Baht. Debt to equity ratio was 14.8 times

Deposits accounted for 86.6 per cent of total assets.

Net loans, net investments and net interbank and money market items represented 69.0, 10.4 and 20.6 per cent, respectively,

Deposits of up to one year maturities were greater than loans outstanding and net investments with corresponding maturities (typical for the banking business). However, the majority of fixed term deposits are rolled over by depositors, allowing the Bank to use such deposits for medium or long-term financing.

	2015	Proportion (%)	2014	Proportion (%)	Change (yoy)	
					Increase (decrease)	%
Sources of funds						
Deposit ≤1 year	1,494,451	71.8	1,378,307	70.6	116,144	8.4
Deposit >1 year	588,255	28.2	574,197	29.4	14,058	2.4
Total	2,082,706	100.0	1,952,504	100.0	130,202	6.7
Application of funds						
Maturity ≤1 year						
Net interbank and money market	349,609	14.9	242,274	11.0	107,335	44.3
Net investments	116,966	5.0	136,614	6.2	(19,648)	(14.4)
Net loans	426,035	18.1	401,990	18.2	24,045	6.0
Maturity >1 year	1,459,723	62.0	1,424,058	64.6	35,665	2.5
Net interbank and money market	133,903	5.7	118,539	5.4	15,364	13.0
Net investments	129,032	5.4	131,832	6.0	(2,800)	(2.1)
Net loans	1,196,788	50.9	1,173,687	53.2	23,101	2.0
Total	2,352,333	100.0	2,204,936	100.0	147,397	6.7

2.8 Maintaining liquid assets

As of December 31, 2015, Bank liquid assets increased from the previous year. The liquidity assets to deposits ratio, loans to deposits ratio and dependence on large funding source ratio were still within risk limit and risk trigger guidelines.

The Bank has instituted liquidity risk management policies and guidelines that are revised annually to reflect evolving environments and transactions. Risk limits and risk triggers have been established to maintain appropriate liquid assets to deposit ratios to ensure adequate liquid assets are available for operations. The Assets and Liabilities Management Committee (ALCO) oversees and ensures adequate liquidity is maintained for operations. Liquidity risk management procedures such as stress testing, review of liquidity contingency plans and liquidity risk reporting systems have been established and executed.

2.9 Cash flow analysis

For the year ended December 31, 2015, GSB had cash and cash equivalents of 32,993 Million Baht, increasing 282 Million Baht (.086 per cent) from year-end 2014 including the following:

- Net cash from operating activities was 8,697 Million Baht: from operating profits before changes in assets and liabilities of 35,533 Million Baht: operating liabilities increasing 140,978 Million Baht and operating assets increasing 167,814 Million Baht.
- Net cash from investing activities increased 14,103 Million Baht, mainly coming from cash receivables on sale of securities investments (233,253 Million Baht), cash receivables from associated companies dividends of 144 Million Baht and cash receivables on land, buildings and equipment sales of 38 Million Baht, against cash payable on purchases of investments in securities, fixed assets, and others of 219,332 Million Baht.
- Net cash used for financing activities was 22,521 Million Baht, including funds delivered to the MOF as state revenues of 16,607 Million Baht and long-term interbank loans of 5,914 Million Baht.

3. Operations results - Comparison with 2014 targets, projects/plans

GSB has mapped out a five-year corporate plan as well as annual budgets, action plans and business plans as operations guidelines. The planning process has been integrated with BSC, EVM, risk management and SEPA systems concepts. The Bank organized workshops for committee members, senior executives, and executives at Group/Division/Department/Region levels. The plans have been communicated and put into action via various channels and incorporated into bank level and individual level KPIs.

As of 2015 year-end, the Bank's major operations results are as follows:

Financial

Unit: Million Baht

	Plans	Results	Difference from plans
Net profit	17,990	22,699	Assets and liabilities management in line with interest rate direction and liquidity: net interest income higher than planned. Business process and supporting functions improvement: operation expenses lower than planned
Net increase in deposits	78,000	130,202	Resulted from launching special on-call deposits and special PSC products and promotional activities throughout the year
Net increase in loans	72,000	120,636	Resulted from loan expansions in line with mission and government economic stimulation policies, especially SME Soft Loan projects and loan Village and Urban Community Funds to support villagers living.

	Plans	Results	Difference from plans
NPLs as % of total loans (%)	1.80	1.61	Resulted from Debt Management and Legal team cooperation with regions/branches: debt collection initiatives since the second quarter. The Bank also announced payment conditions: to resolve general customers, teachers and educational persons debt issues.
NIM (%)	2.42	2.56	Resulted from assets and liabilities management in accordance with money market interest direction and liquidity. Interest costs (decreased ratio) was higher than total return (decreased ratio, in- line with interest rate direction. The Bank maintained its liquidity in line with specified risk level.

Non-financial

Key projects /plans	Operations results in 2015
Service channel expansions	<ul style="list-style-type: none"> • Opened 31 new branches (18 branches, 13 service units) <ul style="list-style-type: none"> - Branches i.e. Maejai, Kud Kao Poon, Nawang, Siam Paragon, Gongbin 56 (Had Yai), City Plan 4, Big C Piboon Mungsaharn, The Nine Rama 9, Central Plaza Rayong, Central Westgate, The Crystal Rachapruk, Market Village Suwannabhumi, Harbor Mall Leam Chabang, Platinum Pratunam, Robinson Burirum, The Crystal Ladprao, Central Festival East Ville, Robinson Maesod. - Service units i.e. Wat Rong Kun, Praeksa, Rajabhat University Petchaburi, Kao Kood, Kabung, Krongpeenang, Tamto, Maelarn, Kapor, Tung Yang Daeng, Jaor I-rong, Mae Pern, Muang Chan. • Increased 183 ATM machines, total 6,077 ATMs • Increased 42 update passbook machines, total 1,051 machines • Cash deposit machines total 473 machines (excluding test machines) • Increased two cash deposit/withdraw machines, total 158 machines • Increased eight foreign exchange service units, total 1,060 units • Increased 26 oversea money transfer service units, total 1,070 units • Increased 27 express international money transfer service units, total 1,074 units

Key projects /plans	Operations results in 2015
Product improvements and Developments	<ul style="list-style-type: none"> • New GSB deposits i.e. 7 months, 5 months (1/58), 15 months, 10 months special on-call deposits, 129 days, 60 days, 102 days, 8 months, 5 months (2/58) savings, 10 months Aom Tham, special 71st - 79th PSC • New life insurance savings i.e. GSB Sup Tawee 5/1, GSB Sup Tawee 5/1 plus, GSB Suk Tawee 15/10 plus, GSB Aom Suk 70/20 plus, GSB Sup Munkong plus, GSB Sup Tawee 10
Projects for society and environment	<ul style="list-style-type: none"> • House-Temple-School project: 14 areas • Projects to develop Department of Probation supervised children • Financial support to nine border patrol police schools • Supported nine communities' social activities • Supported religion — delivered accounting program and user manual to Mahathat Yuwaratrungsan temple • Savings for youth — presented 17,910 funds throughout the country
Upgrading community financial institutions	<ul style="list-style-type: none"> • Organized training for 2,213 persons (1,103 areas)
Financial Literacy	<ul style="list-style-type: none"> • Cooperated with The Office of SME Promotion: executed project for 107 SMEs • Cooperated with BOT: executed project for 10,788 grassroots people
School Bank project	<ul style="list-style-type: none"> • Increased 120 School Banks (total 1,086) • Set up 12 sport competition activities "GSB people happiness"-comedy event, 35,070 students participated • Music Contest 11,110 students participated <ul style="list-style-type: none"> - "GSB people happiness"-comedy event , 9,620 student participated - Symphonic bands competition, 1,490 students . • Project to promote young student education — 157,845 students from 2,478 schools participated. <ul style="list-style-type: none"> - Math and science, 154,321 students from 1,283 schools - Thai, 3,524 students from 1,195 schools

2016 Operational Direction and Policies

In 2015, the Bank reviewed its vision, mission and operational directions to ensure they are aligned with its business objectives and Ministry of Finance Statement of Direction (SOD) and Policy Guidelines for Specialized Financial Institutions. The Bank's 2016 - 2020 state enterprise vision and mission plan are as follows:

Vision

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

Mission

1. Promoting savings and instilling financial discipline
2. Supporting investments and country developments
3. Supporting small and medium enterprises, and the grassroots economy
4. Providing financial services that meet people's demands
5. Focusing on social responsibility and creating value to the community

The Bank's mission and strategic core values are communicated and executed as an integral part of its operations and help create an organizational culture:



For its 2016-2020 business framework, the Bank focused on executing its mission and in alignment with government policy with its new GSB New Era: Digital Transformation Banking initiative that will develop a digital Thai society and provide grassroots people a sustainable quality of life. The Bank provides financial opportunities, debt repayment solutions, promotes savings, enhances youth and general public financial discipline and strengthened overall communities primarily by supporting related government projects.

The Bank extended not less than 90 per cent of its total retail loans to individual customers, grassroots people and small businesses. Bank loan and deposit expansions are consistent with GDP growth and its businesses are operated in line with government policy with the following 2016 initiatives:

1. Financial strengthening

The Bank's capital was increased to adequate reserve levels to help it achieve its main mission and for sustainable business expansion. Its loan portfolios and investments were managed at appropriate risk level returns. The Bank continuously managed loan quality and improved its debt collection processes.

2. Sustainable development

The Bank's "GSB Beautiful World" concepts ensure a sustainable international business organization. The Bank's development focuses on three areas: the economy, society and the environment. The organization is also responsible to its stakeholders and CSR programs are tied closely to its normal business operations. Executives and employees participated in all projects and activities.

3. Products & Solutions

The Bank's Customer Centric focus is classified into three groups: individuals, grassroots people, and corporate and government sectors customers. Innovative modern full range products and solutions were developed with state-of-the-art technology to serve each customer group's specific needs. The Bank products and services are diversified in-line with customer behavior, requirements and lifestyle.

4. Branding & Marketing

The Bank communicated its secure and modern image and linked it with business operations changes. IMC marketing plans (integrated marketing) were developed: new marketing media, state-of-the-art tools were used to attract different customer lifestyles and create awareness, familiarity and trust to entice customers continued use of GSB services.



On-call deposits, prompt money for every need

5. Service Excellence

The Bank concentrates on providing diversity, easy access, convenient services and more services channels to satisfy customer experience and build relationships. The IT system was enhanced to increase efficiency of anytime-anywhere modern services. The Bank also developed personnel skills and abilities and inculcated service mindsets to deliver professional financial consultant services and create positive customer attitudes.

In addition to these five areas, the Bank increased its fundamental capabilities by upgrading organization management standards to higher competitive levels. The Bank developed databases to research and analyze customer behavior, systematically manage human resources in line with Bank business and direction and manage internal operational efficiency. These measures added business value, while IT capabilities were enhanced to support Customer Centric and Digital Transformation Banking initiatives.

2016 major plans and projects

The Bank expects to grow its deposits and loans at 1.5 times GDP in 2016, increase fee income per total income and control asset quality at appropriate levels. Major 2016 plans / projects are as follows:

Financial Strengthening

- Developing asset and liability management
- Developing investment management
- Managing and controlling overdue debts
- Implementing teachers and educational persons debt solution plans

Sustainable Development

- School Bank project
- Youth excellence project
- GSB CSR project
- Promote plans for grassroots people, community organizations and general public
- Support sufficiency economy policy and ethical behavior project



Begin secure savings, GSB School Bank



Products & Solutions

- Credit card services project
- Launch Corporate Internet Banking services
- Develop products and services for different customer groups

Branding & Marketing

- GSB business and image communications
- Electronic Banking marketing and promotions plans
- Increasing customer relations service efficiency plan

Service Excellence

- Service channels expansion
- Self Service machines project
- Electronic card management efficiency increases
- Human resources development and increasing management efficiency

In 2016, Thailand may experience the following external factors that will deter the Bank from achieving its operational targets: economic factors such as high household debt, policy interest rate and global economic changes, society and population changes, customer behavior changes, new innovations and technology, government policies and regulations, financial institution and non-financial institution competition, and the AEC. The Bank analyzed and evaluated the impact of these factors and identified guidelines and reviewed business strategies to achieve its objectives.



1. GSB risk management overview

The Thai economy gradually recovered in 2015 because of increased government and private investment, tourism expansion and low oil prices even amid a global economic slowdown and low global agricultural product prices. GSB's integrated management system effectively addressed its overall corporate risks. The Board of Directors' risk management policies and framework included appointing risk management committees to provide opinions and recommendations to the management team. These policies ensured appropriately managed risks (including bank-wide risks on all important issues) were in compliance with regulations and international standards.

The Bank gave continuous priority to risk management to ensure compliance with supervisory agency standards. Each risk owner is responsible for identifying risks, evaluating risk levels and implementing risk management measures to control risks at acceptable levels (risk appetite). They constantly monitor and report risk status, review risk adequacy and efficiency to ensure risks are promptly identified and mitigated. The Risk Management Division coordinates risk owners' activities, ensuring performance complies with policies and regularly reports to GSB's Board of Directors, Risk Management Committee and Audit Committees. The Bank continuously fosters a risk management culture among executives and employee.

2. Risk management structure

The Bank uses a committee structure to control risk management strategy and policy. It monitors management team performance to ensure risk management aligns with corporate governance and regulations and drives growth. The following committees supervised risk management:

1) GSB Board of Directors — establishes Bank vision, direction and strategy, accounting for all possible risks to ensure efficient and effective management implementation.

2) Risk Management Committee — identifying, reviewing and approving risk management policy and master plan, approving risk management strategies and plans appropriate for changing environments and transactions. It also evaluates, monitors and oversees risks to ensure they are at appropriate levels. Risk status is regularly reported to Board of Directors and Audit Committee. Audit Committee, Risk Committee and Good Governance Committee held teamwork promoting meetings as stated in the Committee Charters.

3) Good Corporate Governance Committee — supervising Bank performance in accordance with international good governance principles and standards, integrating governance, risk management and legal compliance to achieve performance results (Integrity-Driven Performance).

4) Audit Committee — reviewing internal controls, corporate governance, risk management, legal compliance, regulatory compliance, procedures, cabinet resolutions, Bank orders or announcements, review related transactions that may possibly result in conflicts of interest or fraud that may affect Bank operations.

5) Assets and Liabilities Management Committee — implementing policies and guidelines for asset and liability management, identifying interest rate strategy, liquidity, exchange rates and ensuring other risks are aligned with risk management policies, ensuring financial and interest rate structures are in compliance with Bank policy, ensuring deposit and loan interest rates are appropriate for current circumstances, reviewing product pricing policies and guidelines, executing Risk Management Committee approved liquidity contingency plans.

6) Management Committee — providing policy, strategy, business plans, monitoring plans, investment direction and regulations, loan issuance plans and other GSB business recommendations that are presented for Board of Directors approval. It also provides organization structure and human resource management recommendations for Board approval.

The Bank also has the following additional risk management committees: Loan Committee, Investment Committee, Business Continuity Management Committee, and Fraud Risk Protection Committee.



Youth and child savings programs: self-control and financial discipline

3. Risk Map

The Bank assigned Business Units and Support Units to review and evaluate risk factors annually, establish risk management plans, develop 2016 Risk Map (Risk Management Department) for submission to Risk Management Committee and Board of Directors for approval and for use as a guideline to ensure Bank’s efficient performance and overall risk management is at acceptable levels (Risk Appetite) and does not exceed Risk Tolerance levels.

If significant risks occur, relevant units review and update risk factors to manage risks timely. Portfolio View of Risk processes were used to evaluate overall impact on Bank capital (BIS ratio) adequacy. The Bank’s 2015 key risk factors were as follows:



4. Strategic Risks

Strategic risks are risks arising from implementing Bank strategies and action plans that are inappropriate or unaligned with prevailing internal and external environments. These risks may impact the Bank’s revenue and capital.

The Bank applied COSO (ERM-Integrated Framework) as a guideline to identify key risk factors that link with the Bank’s Strategy Map and KPIs. The Bank reviewed risk measurement regulations in line with Base Case and Worse Case financial estimations, specified risk management plan and key risk indicators to use as early warning tools. The Bank prioritizes BIS ratio adequacy for sustainable growth.

Strategic risk management policy is constantly reviewed to ensure appropriateness for current environments. The Bank also monitored strategic risk and continuously reports to the Risk Management Committee to ensure strategic risks don’t exceed acceptable Risk Appetites.



The Bank's 2015 strategic risks were affected by an economic slowdown and high household debt that resulted in decreasing customer incomes and debt repayment abilities. Retail loan growth was decreased and as NPLs increased, the Bank implemented restructuring programs for economic and natural disaster-affected borrowers, as well as for teachers and education-related persons: comprehensive and sustainable resolutions that will strengthen Bank borrowers' quality. Products and services with attractive conditions and appropriate costs were quickly developed; lower-risk fee incomes were also developed to replace loan expansion incomes that tended to affect the Bank's BIS ratio. The Bank assisted retail customers by establishing lower fees than commercial banks. Its reputation and image risks were reduced by increasing complaint channels, establishing SLA times (standard time) for complaint management, monitoring negative social network information, pro-actively identifying risk levels and managing reputation and image risk to acceptable levels.

5. Market Risks

Market risks arise from interest rate, foreign exchange rate, money and capital markets financial instrument price movements and fluctuations that may negatively impact Bank revenues and capital.

In 2015, global and domestic markets were highly volatile because of numerous risk factors including an economic slowdown, decreased value of the Chinese Yuan, unclear US Federal Reserve interest rate increases, falling oil prices, a slow EU economic recovery and terrorism in several countries. These factors affected debt security and stock markets globally. During 2015 the Stock Market of Thailand index had a maximum decreases of 15.76 per cent and maximum increases of 7.89 per cent (compared with the 2014 year end). Average debt securities traded in the secondary market (Outright Trading) increased 2.26 per cent in comparison to the end of 2014. To stimulate the economy the Bank of Thailand in 2015 decreased policy interest rates two times from 2.00 per cent to 1.75 (March 11, 2015) and to 1.5 per cent on April 29, 2015, maintaining this rate for the balance of the year. The Bank's investment portfolio was carefully managed in compliance with risk management policies.



Our market risk management process applied Risk Trigger, Risk Limit and Risk Appetite measures to limit risks that were reviewed regularly. In addition to the Board of Directors and the Risk Management Committee, an Assets and Liabilities Committee (ALCO) was responsible for interest rate risk management strategies and setting deposit and loan interest rates that were appropriate for the changing environments. The committees and related executives monitored status and risks as follows:

- 1) Reviewed market risk management and interest rate risk management policies and ensured banking book policies are aligned with operational and environmental strategies and supervisory agency guidelines.
- 2) Developed instruments to measure / evaluate and control market risks including:
 - Evaluating interest rate risks using repricing gaps (timing maturity mismatches and asset and liability interest rate changes) and interest rate sensitivity analyses on impacts to Bank's net interest income (NII).
 - Measuring risk factors, including present value impacts of single basis point changes (PV01) and regular marked-to-market valuations
 - Determined potential maximum losses from normal and abnormal transactions with Value at Risk (VaR) criteria that measured risks from various change factors, including confidence levels and holding periods. We regularly back-tested results to ensure VaR effectiveness.
 - Continuously reviewed trading and banking account risk limits during fast-changing environments, including PV01 limits, VaR limits, stop loss limits and NII sensitivity limits.
 - Conducted stress tests under Bank of Thailand determined simulated situations and Historical Data to ensure the Bank can mitigate any crises-induced damage.
 - We also evaluated hedging strategies to ensure derivatives are effective for risk prevention.
 - Monitoring and reporting market risks including;
 - Prepared investment and market risk status reports daily, monthly and quarterly for submission to relevant committees and executives.

- Developed IT working systems that produced punctual and real-time market risk monitoring and control; early warning signals before damage events or identifying risks before they exceeded acceptable levels, and discontinued transactions that were on the verge of exceeding risk limits.

6. Liquidity Risks

Liquidity risks arise from the Bank's failure to settle debts and commitments at due dates if available assets cannot be readily converted into cash, or if sufficient funds cannot be acquired. Even if funds are available, they may carry unacceptably high costs so as to erode Bank current and future revenue and capital. Liquidity risks may also occur when the Bank is unable to terminate or offset risks with assets in hand, or assets must be disposed at lower prices than cost because of low asset or market liquidity.

In 2015 Thai banks overall liquidity was tighter than the previous year because loan growth was higher than deposit growth. Loan growth factors included government support projects such as projects to promote low income people's livelihood, SME loan projects and real estate sector stimulation projects. Deposits: commercial banks continued deposit competition to retain customers and increase liquidity. Other competitive products were continued including mutual funds and life insurance. Interest rates remained low: the private sector raised more funds through debt securities. GSB was a key participant in several government projects such as Soft Loans for SMEs, Loans for village and urban community funds and GSB housing for peoples' project. To appropriately manage Bank asset and liability structure, we offered deposits with attractive benefits for each customer age group such as special 60 day, 102 day, 129 day on-call deposits and special five months, nine months and 15 months on-call deposits. We also conducted GSB special three-years Premium Savings Certificates lucky draws and mobilized large customer deposits to maintain adequate liquidity to service loan growth.

The Board of Directors, Risk Management Committees and Bank's Assets and Liabilities Management Committee (ALCO) established liquidity risk management strategies and monitored overall liquidity to ensure adequate liquidity for business operations and business expansion. We also ensured enough capital or assets could be readily converted into cash in accordance with the risk management policy framework, and within the risk appetite approved by the Board of Directors as well as risk triggers and risk limits identified by the Risk Management Committee which were reviewed regularly. A liquidity management taskforce comprising executives from relevant units was established to ensure deposit mobilization guidelines, investments, and loan provisions adhered to the business action plan. The Bank's liquidity was maintained at appropriate levels to fulfill financial obligations. Our liquidity risk management processes in 2015 were improved as follows:



GSB VISA Debit card provincial flower designs

1. Reviewed liquidity risk management policies — align with operational strategy and environment (including working unit supervision).
2. Developed liquidity risk measurement and assessment tools including:
 - Liquidity gap reports, covering both contractual and behavioral maturities
 - Liquidity risk measurement and assessments using financial ratios, such as loans to deposits ratio, liquid assets to deposits ratio and proportion of major funding sources.
 - Reviewed liquidity risk limits and triggers and identified high liquid assets (Liquidity Cushion) to ensure Bank has adequate liquidity to serve its business both in normal and crisis situations.
 - Reviewed 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. 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 2015 Bank had adequate liquidity to cope with the three crisis situations.
 - Reviewed contingency liquidity plan, identified Early Warning Signals that indicated unusual liquidity, identified executives and related working units roles and responsibilities as well as working processes. 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:
 - Prepared liquidity risks monitoring reports weekly, monthly and quarterly, as well as important liquidity ratios for submission to relevant executives and committees
 - Improved liquidity ratio reporting system (part of EIS system) so senior executives can promptly acknowledge and update liquidity status and risks and use information for timely decisions.

7. Credit Risks

Credit risks mean the probability of customers' or contract parties' failure to repay debts or non-compliance with obligations, or credit downgrading due to non-compliance with agreements or inability to repay debts, which may impair the Bank's revenues and capital.



GSB Gen Card - flexible and easy payments with one card.

The Bank closely monitored current economic and social conditions to improve credit risk management regulations in line with the current situation. The Bank systematically developed its risk management procedures in accordance with good practice standards, improved loan processes, and developed credit risk management tools to support quality credit expansion and investments, as well as monitoring and controlling credit risk to acceptable levels. Details are as follows:

- 1) Reviewed credit risk management policies to support efficiency and competitiveness enhancement strategy.
- 2) Reviewed credit policies for compliance with loan operation guidelines, to ensure appropriateness and alignment with Bank's mission and loan services.
- 3) Reviewed loan operations processes and procedures — ensuring organization structure flexibility and efficiency and reviewed processes between work units (checks & balances) for more efficiency and better risk management.
- 4) Identified debt repayment ability including:
 - 4.1 Identified maximum total credit line for each non-guaranteed and/or personal guaranteed retail customers to reduce risks to acceptable levels
 - 4.2 Standardized debt repayment criteria for retail customers or DTI ratios to ensure borrower has adequate funds for living expenses (to prevent NPLs).
 - 4.3 Standardized each business's net profit calculation to determine loan limits
- 5) Reviewed Credit Product Program (CPP) to use as loan approval guideline.
- 6) Reviewed qualitative debt classification criteria to ensure that Bank has sufficient provisions to accommodate any damage that may occur and increase work efficiency.
- 7) Developed and improved credit scoring models, credit risk rating models and small business credit risk rating models to screen customers more appropriately and efficiently.



- 8) Standardized work systems to support Bank loan approval processes and increase risk management efficiency and competitiveness including:
- 8.1 Loan origination and process system (LOPs), including loan origination system (LOR), collateral management system (CMS), and legal system (LS)
 - 8.2 Systems to analyze corporate customer loan risks, including decision support system (DSS) for corporate analysis, financial analysis system (Optimist) and credit scoring calculation system (Blaze Advisor).
 - 8.3 Data base for risk management (Risk Data Mart) to support BIS ratio calculations, Stress Test and Credit Portfolio Management.
- 9) Monitored and controlled credit risks including:
- Establishing single lending limits to control investment or transaction concentration risk (loans for particular individuals, groups or loans with same objectives).
 - Setting and revising industry limits to diversify risks and ensure no concentration in any particular industry.
 - Reviewed loan extensions, observing loan operations to ensure compliance with Bank criteria and supervision unit guidelines.
- 10) Developed debt management processes to prevent and resolve overdue debts (overdue debtor reports used by relevant work units).
- 11) Established loan, investment and credit risk management skills development and capability training programs, and supporting risk credit management culture development among relevant employees.

8 Operational Risks

Operational risks are risks that may arise from lack of good corporate governance or good governance in relation to internal work processes, personnel, work systems, or external circumstances, which may impair Bank revenues and capital. These risks also include legislative risks. Operational risks normally impact other risk perspectives, particularly strategic risk and reputational risk.



GSB Internet Banking – manage your money anywhere, anytime

Overall operational risks

In 2015, financial institution operational risks trended upward, triggered by external factors such as natural disasters, robberies, ATM and Debit card fraud by card information copiers and skimmers. These operational risks that threatened Bank stability, forced us to understand the importance of efficient operational risk management processes that adequately covered bank-wide business operations and provided timely solutions.

Operational risk management policy

The Bank uses its operational risk management policies to establish operation risk management scope and guidelines that inculcate efficient operational risk management practices as an organization core culture. It also builds customer confidence, creates competitiveness and adds value to the Bank and its stakeholders under good risk management practices. The Bank also follows sufficient and appropriate capital calculation principles that address operational risk under Ministry of Finance and BOT regulations and examinations.

The Bank has established related policies as follows:

- New product policies are used as a framework and guidelines for launching new products to increase Bank competitiveness, create revenue growth, expand customer base, and ensure clear and standard product launch processes that reduce failures.
- Business continuity management (BCM) policy is used to determine bank wide policies, standards, and work processes to ensure when any event disrupts normal operations, critical transactions can be carried on uninterrupted or restored in due time. We use 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.
- Outsourcing policy is used for hiring outside servicers in line with Bank of Thailand guidelines. Three main principles are outsourcing risk management, business continuity management and customer service /customer protection and customer information security management

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

Operational risk monitoring, control and management tools

The Bank has instituted operational risk management processes, including 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) Risk control self assessment (RCSA): Work units are required to review RCSA at least once a year or when major risk factors affecting Bank operations change (monitor and prepare RCSA reports on a quarterly basis).
- 2) Collect operational risk loss-data: The Bank has developed a system to collect operational risk loss data that facilitates report preparation. Systematically collected loss data help the Bank analyze and monitor risks efficiently. All units are required to report losses when detected. Loss-data is then collected, monitored, analyzed monthly and summarized yearly for submission to the Risk Management Committee and other relevant committees to develop preventive guidelines.
- 3) Insurance: The Bank is well aware of possible risks caused by economic and social conditions, natural disasters and operations level employee and executive work performance. Insurance has been acquired to mitigate possible damage and reduce potential losses.
- 4) Business continuity management (BCM): The Bank revised its business continuity management policy, risk assessment (RA), business impact analysis (BIA), RA results, BIA results, and maximum allowable outage (MAO) to analyze and prioritize transactions.

In addition, the Bank revised its business continuity plan (BCP) to test critical transactions and GSB branches. BCP is annually tested bank-wide and BCP exercises are conducted triennially. A disaster recovery plan (DRP) was also developed for the core banking system.

- 5) The Bank conducts risk assessment (RA) at its main computer and backup centers annually. We maintain good and safe computer center environments to mitigate and prevent possible risks, e.g. fire and moisture prevention systems, electrical disruption and electrical short prevention systems and robbery and sabotage prevention systems.
- 6) The Bank developed Information Security Management System (ISMS) in compliance with ISO/IEC 27001:2013 (new version of ISO/IEC 27001:2005 that the Bank received certificate for years 2011-2014). The Bank received International ISMS Certificate from Bureau Veritas Certification Ltd., certified by Certification Body in compliance with ISO/IEC 27001:2013. It is the only bank in Thailand that has received this certificate; confirming the Bank's core banking security standards, which cover IT main center and back up center infrastructure.

In 2015 Certification Body of Bureau Veritas examined the Bank ISO/IEC 27001:2013 found that the Bank continues its IT security management in accordance with global standard.



9 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 capital adequacy risk management policies are important for sustainable current and future business operations. Bank capital plans serve its short-time (annual plan) and long term (the Bank's state enterprise five-year plan 2015-2019). In addition, the Bank regularly reviewed Early Warning and Limit levels to ensure alignment with Bank business. The Bank identified procedures to monitor excess BIS ratios and bank capital against risk factors and significant situations that impact the BIS ratio (Portfolio View of Risk) to ensure adequate capital under simulated scenarios. Results were regularly reported to executives, Risk Management and Board of Directors. As the Ministry of Finance assigned Bank of Thailand to supervise special financial institutions, GSB has completely complied with BOT guidelines.

In 2015, the Bank's capital adequacy ratio (as of December 31, 2015) was 10.80 per cent, common equity tier 1 was 10.24 per cent, higher than BOT criteria of 8.5 per cent and tier 1 capital criteria of not less than 4.25 per cent.



Good governance is a factor of business efficiency, transparency and trust. It will balance all stakeholders' needs and social responsibility that add value for all relevant parties, create business value and long term organization sustainability.

Corporate Governance Principles

GSB has established internal management and organization structures and mechanisms that link Board of Directors, management and employees in order to generate reasonable stakeholder benefits embodying the following principles:

1. Accountability: for decisions and actions
2. Responsibility: for discharging adequate, competent and efficiency duties.
3. Equitable treatment: fair, transparent and equitable treatment to all stakeholders including for procurement.
4. Transparency: two respects:
 - 4.1 Operational transparency that is examinable, and
 - 4.2 Transparent information disclosure to all concerned parties
5. Value Creation: short and long term value to the organization to enhance competitiveness
6. Ethics: Upholding business ethics and code of conduct
7. Participation: Promoting public participation - voicing concerns about activities impacting environment, health, sanitation, life quality and community well-being

Corporate Governance Policy

The Board of Directors is developing an institution with good corporate governance, that emphasizes the need to create benefits for all stakeholders through honest, transparent and accountable performance. The institution should also deliver high-quality business efficiency and allow concerned parties to express opinions when participating in operational decisions that align with State Enterprise Policy, Minister Finance's "Corporate Governance Principles and Guidelines for State Enterprises 2009"

The Board of Directors, management and employees adhere to the following corporate governance guidelines:

1. The Board of Directors, management and employees comply with seven international standard corporate governance pillars: accountability, responsibility, equitable treatment, transparency, value creation, ethics and discharging duties under a management structure in which Board and management cooperate to achieve standards.
2. The Board of Directors performs its duties with dedication, accountability and independence, with clearly-defined roles and duties segregated between the Chairman of the Board and the President.
3. The Board of Directors determines vision, key business strategies, policies and action plans, identifies associated risk factors, and establishes appropriate risk management measures, as well as ensuring the accounting system, financial and audit are reliably reported.
4. The Board of Directors and management team lead with ethical conduct and are role models in upholding corporate governance principles, while monitoring measures to eradicate any conflicts of interest and related party transactions.
5. The Board of Directors may form specific committees to assist in scrutinizing crucial issues.
6. The Board of Directors conducts annual self assessments as part of its performance measurement framework.
7. The Board of Directors establishes a code of ethics as a guideline for the Board of Directors, management and employees to adhere and conform to Bank Articles of Association and regulations.
8. The Bank discloses adequate, reliable and timely financial and non-financial information: allows stakeholders' equitable access to information, and shall establish a work unit to communicate Bank information to customers and the general public.
9. The Bank shall select suitable personnel for all key management positions and ensure that a fair and transparent nomination process is in place.

Corporate Governance Plan

The Bank has established a corporate governance and internal control master plan for 2015-2019 as a framework for operations covering the following four areas:

1st strategy Leadership development

Objective: Developing potential leaders, improving skills, knowledge and abilities that can help achieve overall goals (must be ethical and perform with good governance).

2nd strategy Personal good governance development

Objective: Bank employee recognize the importance of good governance, ethics, morality, honesty and transparency.

3rd strategy Work process development

Objective: Effective and efficient governance, risk management, internal control, compliance and audits.

4th strategy Regulatory compliance development

Objective: Developing regulatory compliance practices through training, communications, monitoring and reporting.

Compliance with Corporate Governance Principles and SEPO Guidelines

1. Procedures - public sector owners

The Bank adheres to the Statement of Directions (SOD) that addresses the country's strategic framework and Ministry of Finance (MOF) strategies and Bank established objectives, mission and roles.

The MOF's public-sector shareholders policy guidelines for GSB are as follows: "to focus on creating value added to the community and the grassroots economy and promoting general public savings (business administration and management supported by efficient IT systems)."

In 2015, GSB was assigned to perform a country-wide economic stimulation mission and the Bank achieved its mission visibly.

2. Owners/shareholders rights and equality

The MOF monitors and controls GSB operations under the Government Savings Bank Act by appointing its Board of Directors and has major-change decision-making rights. The Board of Directors recognize the importance of public sector's rights and shall not act in any way that violates or deprive the public sector from its entitled rights.

3. Board of Directors responsibilities

3.1 Structure and responsibilities

The Cabinet appointed the Chairman of the Bank's Board of Directors and other Board members during January 1 - December 3, 2015 including the following:

No	Name	Position
1	Mr. Somchai Sujjapongse (Until October 31, 2015)	Chairman of the Board of Directors
2	Mr. Prasit Suebchana	Director
3	Mr. Satit Rangkasiri (Until May 17, 2015)	Director
4	Mr. Vachara Tuntariyanond	Director
5	Gen. Aksara Kerdphol (Until October 11, 2015)	Director
6	Mr. Pisanu Vichitchonchai	Director
7	Mr. Prapas Kong-ied	Director
8	Mr. Wattana Opanon-Amata	Director
9	Mrs. Thanita Vongruamlarp	Director
10	Mr. Chatchai Payuhanaveechai (Since January 5, 2015)	Director and Secretary

December 8 - December 31, 2015, the Board of Directors included:

No	Name	Position
1	Mr. Kulit Sombatsiri	Chairman of the Board of Directors
2	Mr. Prapas Kong-ied	Director
3	Mr. Suthichai Sangkamanee	Director
4	Mr. Pipat Kanthong	Director
5	Mr. Pitsanu Vichitchonchai	Director
6	Mrs. Wannipa Bhakdibutra	Director
7	Mr. Jessada Promjart	Director
8	Ms. Sompit Charoenkiatkul	Director
9	Mrs. Pratana Mongkolkul	Director
10	Mr. Chusak Salee	Director
11	Mr. Chatchai Payuhanaveechai	Director and Secretary

Powers and Duties

Pursuant to the Government Savings Bank Act, B.E. 2489 (1946), and amendments, the powers and duties for supervising, controlling and managing the Bank are as follows:

"The Minister of Finance shall have the powers and duties to exercise general supervision of the Bank's activities.

The "GSB Board of Directors," shall be established, being composed of the Chairman and no fewer than six but not exceeding thirteen Directors appointed by the Cabinet, with the GSB President & CEO serving as a Director and Secretary to the Board.

The Board of Directors shall have the powers and duties to determine policies and exercise general supervision of the Bank's business operations, as well as determining general scope and conditions for various types of businesses.

The President shall be GSB's manager and shall have the powers and duties to administer the activities and operations of the Bank in accordance with the Bank's laws, bylaws, rules and regulations as assigned and delegated by the Board of Directors; "to employ, appoint, promote, determine salaries or disciplinary actions, for or remove employees, subject to the criteria and conditions set forth by the Board of Directors; and to draw up the Bank's operational procedures and staff work processes that are not conflicting with or contrary to the policies, rules or regulations set out by the Board of Directors."

Qualifications

Members of the Board of Directors shall have prerequisite qualifications and no disqualifications according to the provisions and prohibitions of the State Enterprise Director and Employee Standards, B.E. 2518 (1975), and amendments, and the Government Savings Bank Act, B.E. 2489 (1946), and amendments.

The Board of Directors shall be composed of experts in various fields such as economics, management, laws, social science, and science. They must have diverse knowledge, competence and experience, and must contribute adequate time to perform their duties as responsible directors and in participate in Bank's activities, while regularly enhancing their skills and knowledge.

Independence

A GSB Independent Director is defined by the Office of State Enterprise Policy Commission as, “an external director who has no managerial position in the state enterprise, is not an executive director or a director who has the authority binding the state enterprise, and is independent from the major shareholder and related persons. He/she shall be able to perform duties to protect the state’s interests and the interests of all the shareholders on an equitable basis and monitor to ensure no conflict of interest between the state enterprise and related persons.”

Term of Office

The Chairman or directors appointed by the Cabinet shall have a 3-year term: after completing the term of office, may be re-appointed for not more than two consecutive terms.

3.2 Board Sub-Committees

The Board of Directors appoints sub-committees to consider, scrutinize and give recommendations to the Board of Directors.

Sub-committees members and responsibilities were as follows:

1. Executive Committee

No	Name	Position
1	Mr. Satit Rangkasiri (Until May 17, 2015) Mr. Prasit Suebchana (September 8 — December 3, 2015) Mr. Prapas Kong-ied (Since December 24, 2015)	Chairman
2	Mr. Vachara Tuntariyanond (Until December 3, 2015) Mrs. Pratana Mongkolkul (Since December 24, 2015)	Member
3	Mr. Prapas Kong-ied (Until December 3, 2015) Ms. Sompit Charoenkiatkul (Since December 24, 2015)	Member
4	President and CEO	Member and Secretary

- Recommending and proposing business operation and administrative supervision policies, strategies and plans for Board of Directors’ approval.
- Proposing investments, loan provisions and other business operational direction and criteria for Board of Directors’ approval.
- Considering and approving investments, loan provisions, and other business operations as assigned by the Board of Directors.
- Monitoring and following-up investments, loan provisions and other business operations in line with the Bank’s plans and targets.
- Considering and approving normal and troubled debt restructuring, collateral assessments, bad debt write-offs, investment criteria or condition changes as assigned by the Board of Directors.
- Considering and recommending investments, loan provisions, and procurement under Board of Directors approval and authority.
- Considering and screening strategy and budgets (Bank performance results).
- Monitoring, providing opinions and recommendation according to Bank strategy and budgets.
- Considering, screening or approving budget transfers and/or changes as assigned by the Board of Directors.

- Considering, recommending appropriate and efficient organization structures, human resources policies and strategies, employee and staff remuneration and welfare for Board of Directors approval.
- Supervising, overseeing and recommending organization structures, human resources, employee and staff remuneration and welfare as well as improvements for a dynamic and sustainable organization.
- Considering, recommending head counts and recruitment approaches in alignment with Bank structure — for presentation to Board of Directors.
- Supervising, overseeing and recommending human resources development for all levels - vision, personality and passion.
- Supervising, overseeing and recommending outsourced academic institutions, consultants or advisors to assist Bank human resource development management.
- Integrating corporate governance, risk management, and legal and regulatory compliance work procedures to achieve integrity-driven performance.

2. Audit Committee

No	Name	Position
1	Mr. Pitsanu Pichitcholchai	Chairman
2	Mrs.Thanita Vongruamlarp (Until December 3, 2015) Mr. Jessada Promjart (Since December 24, 2015)	Member
3	Mr. Wattana Opanon-Amata (Until December 3, 2015) Mr. Chusak Salee (Since December 24, 2015)	Member
4	Executive Vice President, Internal Audit	Secretary

- Reviewing quarterly and yearly financial reports to ensure complete and accurate preparation in accordance with generally accepted accounting principles (sufficient, complete and reliable disclosure).
- Reviewing internal control, corporate governance and risk management process efficiency and effectiveness.
- Reviewing GSB operations to ensure compliance with relevant laws, rules, regulations, procedures, Cabinet resolutions, announcements, or orders relevant to GSB business.
- Reviewing and ensuring a good internal audit system and independent internal audit work unit.
- Reviewing and approving internal audit charter, strategic audit plan, annual audit plan, operations plans and budgets, resource management development plan, performance result evaluation agreements, and Internal Audit operating manual.
- Preparing Audit Committee Charter for alignment with GSB scope of responsibility and Board of Directors approval. Charter reviewed at least once a year.
- Coordinating with management, auditors, and other regulatory units to ensure Bank operations achieves targets efficiently and effectively.
- Coordinating with auditors on audit results, reviewing audit recommendations and proposing auditor remuneration to the Board of Directors.

- Monitoring and supervising Internal Audit Unit personnel development and considering headcounts and internal auditors skills (under current environment). Evaluating staff education levels and professional skills. (computer, business, and other skills as deemed appropriate).
- Recommending appointments, transfers, promotions, and performance evaluations of the top Internal Audit Unit executive to Board of Directors (accompanied by opinion from GSB highest top executive).
- Considering related party transactions or any transactions which may have conflicts of interest or are susceptible to fraud (which may affect Bank operations).
- Driving corporate governance, risk management, and legal and regulatory compliance work procedures to achieve integrity-driven performance.

3. Risk Management Committee

No	Name	Position
1	Mr. Vachara Tuntariyanond (Until December 3, 2015) Mr. Suthichai Sangkamanee (Since December 24, 2015)	Chairman
2	Mr. Prapas Kong-ied (April 21 — December 3, 2015) Mrs. Wannipa Bhakdibutra (Since December 24, 2015)	Member
3	Ms. Sompit Charoenkiatkul (Since December 24, 2015)	Member
4	Mrs. Pratana Mongkolkul (Since December 24, 2015)	Member
5	President and CEO	Member
6	Senior Executive Vice President, Risk Management	Secretary
7	Executive Vice President, Risk Management	Assistant Secretary

- Determining, revising, and consenting to Bank's holistic risk management policy and master plan; approving risk management strategy and plans from various perspectives to align with changing transactions and situations, before submission to the Board of Directors.
- Evaluating, following-up on and ensuring that exposed Bank risks are contained to acceptable levels.
- Approving risk measurement, monitoring and containment tools.
- Monitoring risk management policy compliance and ensuring risk management system efficiency.
- Ensuring risk management resources adequacy: risk management personnel and systems.
- Considering transactions, product launches or derivative procedures/guidelines risk exposure before submission to Board of Directors or assigned committees.
- Monitoring and reporting risk profiles to the Board of Directors and the Audit Committee.
- Integrating corporate governance, risk management, and legal and regulatory compliance work procedures to achieve integrity-driven performance.

4. Good Governance Committee

No	Name	Position
1	Gen. Aksara Kerdphol (Until October 11, 2015) Mrs. Wannipa Bhakdibutra (Since December 24, 2015)	Chairman
2	Mr. Suthichai Sangkamanee (Since December 24, 2015)	Member
3	Mrs. Pratana Mongkolkul (Since December 24, 2015)	Member
4	President and CEO	Member
5	All First Senior Executive Vice President	Member
6	All Senior Executive Vice President	Member
7	Executive Vice President, Compliance and Control	Secretary
8	Senior Vice President, Good Corporate Governance Department	Assistant Secretary

- Formulating corporate governance policy, strategy, targets and action plans that are in compliance with good state management laws and rules.
- Determining Board of Directors best practices code in-line with Cabinet guidelines and state enterprise good governance principles.
- Formulating corporate social responsibilities policy, strategy, goals and operations plan: submit to Bank Board of Directors.
- Screening annual corporate social responsibilities plan and budget: submit to the Bank's Board of Directors and the CG and CSR Committee
- CG and CSR Committee can amend the CSR plan and budget under Bank budget plan
- Formulating CSR Scoring Models and charity expenses.
- Promoting and publicizing good corporate governance culture and encouraging Board of Directors, employees, staff, communities, customers, and general public to participate in good corporate governance activities.
- Control and monitor good governance, compliance, and regularly review credit. All irregular or unjust operations are reported to the Board of Directors immediately.
- Develop quarterly performance reports to Bank Board of Directors: develop annual good governance, compliance, credit review, and CSR reports.
- Recommending necessary measures or guidelines to promote good corporate governance, compliance, credit reviews and CSR to Board of Directors, internal committees, and Bank management.
- Inviting Board of Director appointed committee members to express opinions or consider relevant issues. Issuing inquiries or summons letters to persons related to operations prescribed in the charter to provide statements, send explanations in writing or send accounts, documents, or any evidence for examination or consideration as deemed appropriate.
- Emphasizing importance of integrating corporate governance, risk management, legal and regulatory work procedure compliance to achieve integrity-driven performance.

5. Employee Relations Committee

No	Name	Position
1	Mr. Prasit Suebchana (Until December 3, 2015) Mr. Prapas Kong-ied (Since December 24, 2015)	Chairman
2	9 Representatives of the Employer	Member
3	9 Representatives of the Employees	Member
4	Executive Vice President, Human Resources Management	Secretary
5	Vice President, Discipline and Employee Relations Section	Assistant Secretary

- Considering and providing Bank operational efficiency enhancement opinions as well as promoting and developing labor relations
- Reconciling and ending disputes within the Bank.
- Improving working rules and regulations for employer, employees and Bank benefit.
- Discussing and seeking corrective actions to cope with complaints lodged by employees or the GSB State Enterprise Labor Union including complaints relating to disciplinary penalties.
- Discussing and improving employment conditions.
- Appointing an Employee Relations Committee screening task force.
- Performing any actions prescribed by state enterprise labor relations law.
- Integrating corporate governance, risk management, and legal and regulatory compliance work procedures so as to achieve integrity-driven performance.

6. GSB President Performance Assessment and Remuneration Consideration Committee

No	Name	Position
1	Mr. Prasit Suebchana (April 21 - December 3, 2015) Mrs. Wannipa Bhakdibutra (Since December 24, 2015)	Chairman
2	Mr. Wattana Opanon-Amata (April 2 - December 3, 2015) Mr. Pipat Kanthong (Since December 24, 2015)	Member
3	Senior Executive Vice President, Human Resources	Secretary
4	Senior Vice President, Corporate Strategy Department	Assistant Secretary

- Recommend regulations and methods for Bank President performance assessments in-line with President employment contract: submit for Board of Directors approval.
- Assess and report President's performance to the Board of Directors in accordance with employment agreement, terms and conditions.
- Recommend President's remuneration rates to the Bank's Board of Directors.
- Recommend additional President's remuneration annually: based on performance assessment results and in accordance with regulations and methods approved by the Board of Directors.
- Emphasizing importance of integrating corporate governance, risk management, and legal and regulatory work procedure compliance so as to achieve integrity-driven performance.

3.4 Executive Remuneration

President's Remuneration

The Bank's Board of Directors assigned the GSB President Performance Assessment and Remuneration Consideration Committee to assess the Bank's President performance in accordance with employment agreement and contracts: then recommend appropriate remuneration for Board of Directors approval.

3.5 Directors development

Board of Directors self-development

GSB encourages directors training courses to enhance knowledge and understanding of their roles and duties under corporate governance best practices, updating latest financial institution management knowledge and perspectives, business administration, technology and innovation to enhance efficient and effective performance.

All Board of Directors members have completed Thai Institute of Directors (IOD) training programs. In 2015, the Bank also encouraged participation in the Chartered Director Class (CDC) Risk Management Program for Corporate Leaders (RCL), Successful Formulation & Execution of Strategy (SFE), Director Certification Program Update (DCPU), Advanced Audit Committee Program (AACP), Diploma and the National Defense College courses, Thailand Energy Academy senior executives courses, Capital Market Academy senior executives courses, 2015 IIA (the Institute of Internal Auditors) International Conference, "Audit Committee Seminar and the Get Ready for the Year End" seminar organized by Federation of Accounting Professions, The Security and Exchange Commission, the Institute of Directors and Thai Listed Companies Association.

New Board members orientation

The Bank organized orientation to notify new Board members of the Bank's business plans, products and services, organization chart and laws that are significant for Board members' performance, GSB background, Board member roles and responsibilities, good governance policy and guidelines. The information was presented via documents and videos. In 2015, key documents were presented to attendees i.e. GSB law, laws related to State Enterprise Board Qualifications, State Enterprise Good Governance Regulations and Guidelines B.E.2552 issued by State Enterprise Policy Office, Ministry of Finance, ethics manual for GSB executives and Board of Directors, GSB internal control manual, GSB state enterprise plan, Annual action plan and budget, GSB structure, Board meeting reports, Board of Directors structure and Board roles.

Directors meeting attendance 2015 (Ex- Board)

(Unit: Times)

No	Board of Directors	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Good Corporate Governance Committee	Employee Relations Committee	Senior Executives Appointment, Rotation and Salary Committee	GSB President and CEO Performance Assessment and Remuneration Consideration Committee	Procurement Problem Judgment Committee
1	Mr. Somchai Sujjapongse (Chairman) (Appointed until October 31, 2015)	11/12								
2	Mr. Prasit Suebchana	12/13	5/7* 1/				11/11*	7/7*	5/5*	2/2*
3	Mr. Sattit Rangkasiri (Appointed until May 17, 2015)	5/5	7/7* 2/							
4	Mr. Vachara Tuntariyanond	12/13	20/20		11/11*					
5	Mr. Piitsanu Vichitchonchai	12/13		12/12*						
6	Mr. Prapas Kong-ied	12/13	18/20		6/8					
7	Mr. Wattana Opanon-Amata	10/13		11/12				5/7	5/5	
8	Gen. Aksara Kerphol (Appointed until October 11, 2015)	4/11				3/3*				
9	Mrs.Thanita Vonguamlarp	12/13		12/12						
10	Mr. Chatchai Payuhanaveechai (President and CEO) (Appointed since January 5, 2015)	13/13	17/20		10/11	4/4		6/7		

Remarks: No 2,4,5,6,7 and 9 term end since December 3, 2015, acting Board members until December 7, 2015

No 6 acting GSB Chairman from November 17, 2015 to December 7, 2015

Each committee Chairman:

^{1/} Appointed since September 8, 2015

^{2/} Appointed until May 18, 2015

Directors meeting attendance 2015 (New Board)
(December 8 - 31, 2015)

(Unit: Times)

No	Board of Directors	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Good Corporate Governance Committee	Employee Relations Committee	Senior Executives Appointment, Rotation and Salary Committee	GSB President and CEO Performance Assessment and Remuneration Consideration Committee	Procurement Problem Judgment Committee
1	Mr. Kulit Sombatsiri (Chairman)	2/2								
2	Mr. Prapas Kong-tied*	2/2								
3	Mr. Suthichai Sangkamanee	2/2								
4	Mr. Pipat Kanthong	2/2								
5	Mr. Pitsanu Vichitchonchai*	2/2								
6	Mrs. Wannipa Bhakdibutra	1/2								
7	Mr. Jessada Promjart	1/2								
8	Ms. Sompit Charoenkiatkul	2/2								
9	Mrs. Pratana Mongkolkul	1/2								
10	Mr. Chusak Salee	2/2								
11	Mr. Chatchai Payuhanaveechai	2/2								

Remark: No 1 - 10 Appointed by the Cabinet Resolution on December 8, 2015

* Appointed for the second term

Meeting Premium and Remunerations for GSB Board of Directors 2015 (Ex-Board)

No	Board of Directors	Board and Committees										Total meeting premium and remuneration	Board of Directors bonus 2015	Board of Directors bonus for 2014 performance (additional)	Total meeting premium, remuneration and bonus	
		Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Good Corporate Governance Committee	Employee Relations Committee	Senior Executives Appointment, Rotation and Salary Committee	GSB's President Performance Assessment and Remuneration Consideration Committee	Procurement Problem Judgement Committee	Total					
1	Mrs. Chojira Kongkaew (Chairman)												145,362.91	109,022.18	254,385.09	
2	Mr. Sutham Siritipsakorn												116,290.32	87,217.74	203,508.06	
3	Mr. Amnuay Preemonwong												116,290.32	87,217.74	203,508.06	
4	Miss Nongluck Phinainisart												116,290.32	87,217.74	203,508.06	
5	Mr. Vachara Tuntariyanond												87,217.74	65,413.31	152,631.05	
6	Mr. Prasert Louichareon												116,290.32	87,217.74	203,508.06	
7	Miss Chularat Suteethorn												116,290.32	87,217.74	203,508.06	
8	Mr. Vudhibongse Vibulyawongse												116,290.32	87,217.74	203,508.06	
9	Adjunct Professor Wisit Wisitsora-at												87,217.74	65,413.31	152,631.05	
10	Mr. Sumeith Damrongchaiham												116,290.32	87,217.74	203,508.06	
11	Mr. Kwanchai Wongnithikorn												116,290.32	87,217.74	203,508.06	
12	Mr. Prapas Kong-ied												87,217.74	65,413.31	152,631.05	
13	Mr. Chaitawat Saowaporn												116,290.32	87,217.74	203,508.06	
14	Mr. Surachai Kositsareewong												116,290.32	87,217.74	203,508.06	
15	Mr. Woravit Chailimpamontri												116,290.32	87,217.74	203,508.06	
16	Mr. Tachaphol Kanjanakul, acting President since March 21, 2014												23,145.16	17,358.87	40,504.03	
17	Mr. Somchai Sujjapongse (Chairman) (Appointed until October 31, 2015)	112,500.00	-	-	-	-	-	-	-	-	-	-	-	112,500.00	11,290.32	123,790.32
18	Mr. Prasit Suebchana	100,000.00	37,500.00	-	-	137,500.00	62,500.00	25,000.00	-	-	-	-	-	362,500.00	484,758.06	847,258.06
19	Mr. Sattit Rangkasiri (Appointed until May 17, 2015)	40,000.00	62,500.00	-	-	-	-	-	-	-	-	-	-	102,500.00	157,983.87	260,483.87
20	Mr. Vachara Tuntariyanond	100,000.00	120,000.00	-	137,500.00	-	-	-	-	-	-	-	-	357,500.00	479,758.06	837,258.06
21	Mr. Pisanu Vichitchonchai	100,000.00	-	150,000.00	-	-	-	-	-	-	-	-	-	250,000.00	372,258.06	622,258.06
22	Mr. Prapas Kong-ied	102,500.00	110,000.00	-	60,000.00	-	-	-	-	-	-	-	-	272,500.00	401,682.79	674,182.79
23	Mr. Wattana Opanon-Amata	100,000.00	-	120,000.00	-	-	30,000.00	40,000.00	-	-	-	-	-	290,000.00	412,258.06	712,258.06
24	Gen. Aksara Kerdphol (Resigned on October 12, 2015) (Appointed until October 11, 2015)	40,000.00	-	-	37,500.00	-	-	-	-	-	-	-	-	77,500.00	181,048.39	258,548.39
25	Mrs. Thanita Vongruamlarp	100,000.00	-	120,000.00	-	-	-	-	-	-	-	-	-	220,000.00	339,677.41	559,677.41
26	Mr. Ennu Suesuwan	110,000.00	100,000.00	-	60,000.00	30,000.00	40,000.00	-	-	-	-	-	-	340,000.00	448,709.68	788,709.68
27	Mr. Chatchai Payuhanaevechai (Appointed as President since January 5, 2015)	905,000.00	430,000.00	390,000.00	257,500.00	137,500.00	132,500.00	65,000.00	-	-	-	-	-	2,385,000.00	3,621,924.70	6,011,924.70
	Total meeting premium															8,055,634.38

Remark: No. 1 - 15 received bonus 2015 for 2014 performance

No. 18, 20, 21, 22, 23 and 25, expiration of the office term was December 3, 2015, acting as Board member until December 7, 2016

No. 22 acting as GSB Chairman during November 17 - December 7, 2015

Meeting Premium and Remuneration for GSB Board of Directors 2015 (New Board)

No	Board of Directors	Board and Committees										Total meeting premium	Total monthly remuneration	Total meeting premium and remuneration	
		Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Good Corporate Governance Committee	Employee Relations Committee	Senior Executives Appointment, Rotation and Salary Committee	GSB's President Performance Assessment and Remuneration Consideration Committee	Procurement Problem Judgement Committee					
1	Mr. Kulit Sombatsiri (Chairman)	12,500.00	-	-	-	-	-	-	-	-	-	-	12,500.00	-	12,500.00
2	Mr. Prapas Kong-ied*	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
3	Mr. Suthichai Sangkamanee	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
4	Mr. Pipat Kanithong	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
5	Mr. Pitsanu Vichitchonchai*	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
6	Mrs. Wannipa Bhakalbutra	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
7	Mr. Jessada Promjart	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
8	Ms. Sompit Charoenkiatikul	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
9	Mrs. Pratana Mongkolkul	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
10	Mr. Chusak Salee	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
11	Mr. Chatchai Payuhanaveechai (President & CEO)	10,000.00	-	-	-	-	-	-	-	-	-	-	10,000.00	-	10,000.00
	Total meeting premium	112,500.00	-	-	-	-	-	-	-	-	-	-	112,500.00	-	112,500.00

Remark: No 1-10 appointed by the Cabinet Resolution on December 8, 2015

* Appointed for the second term

GSB Directors and Senior Executives' Holding of Positions in Related Businesses (New Board)

Board of 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	11	12	13	14	15	16	17
1	Mr. Kulit Sombatsiri	Chairman																
2	Mr. Prapas Kong-ied 1/	Director	✓															
3	Mr. Suthichai Sangkamanee	Director							✓									
4	Mr. Pipat Kanthong	Director								☑								
5	Mr. Pitsanu Vichitchonchai 1/	Director	✓															
6	Mrs. Wannipa Bhakalabutra	Director								✓								
7	Mr. Jessada Promjart	Director									✓							
8	Ms. Sompit Charoenkiatkul	Director										✓					✓	
9	Mrs. Pratana Mangkulkul	Director															✓	
10	Mr. Chusak Salee	Director																
11	Mr. Chatchai Payuhanaveechai	President & CEO	✓															
12	Mr. Tachaphai Kanjanakul	First Senior Executive Vice President					✓											
13	Mr. Boonsan Jenchaimahakoon	First Senior Executive Vice President					✓											
14	Mr. Pitsit Serewiwattana	First Senior Executive Vice President	✓															
15	Miss Nongyao Bhacherat	First Senior Executive Vice President					✓											
16	Mr. Narain Panyapatitphan	Senior Executive Vice President						✓										
17	Miss Kompranom Wongmangkol	Senior Executive Vice President					✓											
18	Mrs. Vipaporn Chairat	Senior Executive Vice President						✓										
19	Mrs. Aaraya Yomna	Executive Vice President								✓								

Symbols
 * means Chairman
 ☑ means Vice Chairman
 ✓ means Director
 1/ means appointed for second term

Related companies

- | | | |
|--------------------------------|--|--------------------------------|
| 1. Dhipaya Insurance Plc. | 7. The Zoological Park Organization | 13. Port Authority of Thailand |
| 2. MFC Asset Management Plc. | 8. Nation Broadcasting Corporation Plc | 14. Thailand Post Co.,Ltd. |
| 3. Thanachart Fund Management | 9. The Crane Service Co.,Ltd. | 15. Dusit Thani Plc. |
| 4. Dhipaya Life Insurance Plc. | 10. The Crane Laemchabang Co.,Ltd. | 16. FN Factory Outlet Co.,Ltd. |
| 5. Thai Smart Card Co.,Ltd. | 11. The Crane Rayong Co.,Ltd. | 17. T.K.S Technologies Plc. |
| 6. TSFC Securities Plc. | 12. The Crane Heavy Lift Co.,Ltd. | |

3.6 Board of Directors self-assessment

Directors self-assessment

The Board of Directors undertake self-assessments to evaluate roles, duties and performance; how they mitigated problems and obstacles during the year, all in conformance with good corporate governance principles. In 2015, the following self-assessment programs were undertaken:

Director Self Assessments were undertaken with open-ended questions on six topics: meeting participation, independence, readiness to discharge duties, attention to duties and responsibilities, performance of Board duties, and other opinions and recommendations. The assessment results were excellent.

Board Evaluations included open-ended questions on six topics: Board meetings, communications, work procedures, management relations, Board structure, members qualifications and other opinions and recommendations. The evaluation results were excellent.

The Board of Directors reviewed the 2015 self-assessment results and shared opinions, recommended new practice guidelines to ensure good corporate governance and efficient management.

3.7 List of State Enterprises and Companies where GSB Directors Held Directorships

Information on Directors' holdings of major GSB-related Securities, GSB directors' position and related company top executives.

State Enterprises, Companies or other agencies that the Bank's Directors are Board Members or Senior Executives during 2015 (Ex- Board)

GSB Board of Directors		State Enterprises and Companies that Bank's Directors are Board Members or Senior Executives	
Name	Position	Name	Position
1. Mr. Somchai Sujjapongse	Chairman	1. Metropolitan Electricity Authority	Director
2. Mr. Prasit Suebchana	Director	1. Office of The Administrative Courts 2. Dhanarak Asset Development Co., Ltd. 3. Court of Justice 4. Office of the Auditor General of Thailand 5. Provincial Electricity Authority 6. IRPC Plc.	Special Advisor Vice Chairman Expert Director Budget and Treasury Disciplinary Director Director Director
3. Mr. Satit Rangkasiri	Director	1. National Credit Bureau Co.Ltd. 2. Ratchaburi Electricity Generating Holding Plc.	Director Director

GSB Board of Directors		State Enterprises and Companies that Bank's Directors are Board Members or Senior Executives	
Name	Position	Name	Position
4. Mr. Vachara Tuntariyanond	Director	1. Krungthai Asset Management Plc.	Chairman
		2. Dhanarak Asset Development Co. Ltd.	Risk Management Committee member
		3. National Credit Bureau Co.Ltd.	Director
		4. Fiscal Policy Office	Advisor
		5. Valuation Executive Club, The Thai Bankers' Association	Advisor
		6. Big C Supercenter Plc.	Director
		7. Eastern Polymer Group Plc.	Director
		8. Voyage Magazine	Chairman of Advisor Commission
		9. ACE Capital Co.,Ltd.	Advisor
		10. Double A (1991) Public Co., Ltd.	Advisor
		11. National Power Supply Plc.	Advisor
5. Gen. Aksara Kerdphol	Director	The National Legislative Assembly	Member
6. Mr. Pitsanu Vichitchonchai	Director	MFC Asset Management Plc.	Director and Executive Board
7. Mr. Wattana Opanon-amata	Director	1. The Engineering Institute of Thailand	Vice President, Chemical Engineering Committee,
		2. Thailand Business Council for Sustainable Development	Environmental Business Committee member
		3. Thailand Environment Institute	Green Label Project Executive Committee member
		4. Thailand Environment Institute	Committee member- Green house Effect Reduction Committee member
		5. Thai Listed Companies Association	CSR Club Committee Chairman
		6. ASEAN CSR Network	Member of Board of Trustee
		7. CSRI, Stock Exchange of Thailand	Advisor
		8. Research and Development Institute of Sufficiency Economy Philosophy Foundation	Sufficiency economy Sub-committee member
		9. Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute	Director of Revolving Energy Using or Generating-Director

GSB Board of Directors		State Enterprises and Companies that Bank's Directors are Board Members or Senior Executives	
Name	Position	Name	Position
		10. Reducing Difference in income Dispersion Project Monitoring Committee, Thai Chamber of Commerce	Director
		11. Social Business Sub-committee, The Royal Initiatives Institute	Sub-committee Member
		12. Social Activities Department, Executive Committee, Capital Market Academy	Chairman
		13. Revenue Department, Advanced Security Management Course 3, Thailand National Defence College	Committee member
8 Mr. Prapas Kong-ied	Director	1. Erawan Hotel 2. KTB Law Co.,Ltd. 3. Dhipaya Insurance Plc.	Chairman Director Director
9 Mrs. Thanita Vongruamlarp	Director	1. D.T.C Industries Plc.	Director and Audit Committee member
10 Mr. Chatchai Payuhanaveechai GSB President and CEO	Director and Secretary	1. MFC Asset Management Plc. 2. Dhipaya Insurance Plc.	Director Director

- No 1 Appointed GSB Chairman of the Board of Directors until October 31, 2015
- No 2, 4, 6, 7 and 9 Appointed GSB Director until December 3, 2015, acting GSB Director until December 7, 2015
- No 3 Appointed GSB Director until May 17, 2015
- No 5 Appointed GSB Director until October 11, 2015
- No 8 Appointed GSB Director until December 3, 2015, acting GSB Director until December 7, 2015

State Enterprises, Companies or other agencies that the Bank's Directors are Board Members or Senior Executives during 2015

GSB Board of Directors		State Enterprises and Companies that Bank's Directors are Board Members or Senior Executives	
Name	Position	Name	Position
1. Mr. Kulit Sombatsiri	Chairman	1. Government Lottery Office	Director
2. Mr. Prapas Kong-ied	Director	1. Dhipaya Insurance Plc. 2. Don Muang Tollway Plc.	Director Director
3. Mr. Suthichai Sangkamanee	Director	1. Industrial Estate Authority of Thailand 2. Esso Thailand Plc.	Director Director
4. Mr. Pipat Kanthong	Director	1. TOT Plc. 2. Thai Smile Airways Co.,Ltd.	Vice Chairman Director
5. Mr. Pitsanu Vichitchonchai	Director	1. MFC Asset Management Plc.	Director and Executive Board member
6. Mrs. Wannipa Bhakdibutra	Director	1. The Zoological Park Organization 2. Thailand Institute of Scientific and Technological Research	Director Director
7. Mr. Jessada Promjart	Director	1. Supervision Committee, Agreement between MCOT Plc. and Bangkok Entertainment Co.,Ltd 2. Nation Broadcasting Corporation Plc 3. Chulabhorn Hospital 4. Extension Construction Committee, Chulabhorn Hospital and Medical Institute 5. State Railway of Thailand and Central Inter Pattana Co.,Ltd. Contract Committee 6. The Crane Service Co.,Ltd. 7. The Crane Laemchabang Co.,Ltd. 8. The Crane Rayong Co.,Ltd. 9. The Crane Heavy Lift Co.,Ltd.	Director Director and Audit Committee member Audit Committee member and Advisor Executive Board member Director Director Director Director

GSB Board of Directors		State Enterprises and Companies that Bank's Directors are Board Members or Senior Executives	
Name	Position	Name	Position
8. Ms. Sompit Charoenkiatkul	Director	-	-
9. Mrs. Pratana Mongkolkul	Director	1. Port Authority of Thailand 2. Thailand Post Co.,Ltd. 3. Dusit Thani Plc. 4. FN Factory Outlet Co.,Ltd. 5. T.K.S Technologies Plc. 6. The Central Intellectual Property and International Trade Court 7. Thailand Management Association 8. Thai Institute of Directors	Director Director Director Director Director and Audit Committee member Associated Judge Director Expert and Lecturer
10. Mr. Chusak Salee	Director	-	-
11. Mr. Chatchai Payuhanaveechai, GSB President and CEO	Director and Secretary	1. MFC Asset Management Plc. 2. Dhipaya Insurance Plc.	Director Director

- No 1 Appointed GSB Chairman of the Board of Directors since December 8, 2015
No 2 - 10 Appointed GSB Director since December 8, 2015
No - 2 and 5 Appointed for the second term

3.8 Succession Plan

The Bank's Succession Plan includes personnel replacement and recruitment systems for key positions either through retirement or redundancies at all levels because of changing business conditions. The Bank developed a human resources master plan 2015 — 2019 that includes parallel human capital plans future growth. The Succession Plan's primarily targeted three senior management positions:

1. Senior Executive Vice President
2. Executive Vice President
3. Senior Vice President

The Bank also conducted individual job-description competence- development-related Succession Plans as follows:

1. Encouraged targeted personnel to attend King Prajadhipok's Institute, IRDP Foundation, The Thai Institute of Banking and Finance Association training courses.
2. Used Job Shadow tools
3. Project Assignments
4. Coaching
5. Internal Leadership and Customer Centric training
6. Monitored, assessed and tested personnel improvements

3.9 Manpower

3.9.1 Executives, officers and employees manpower per group and division as of December 31, 2015 were as follows:

Manpower structure

No	Group	Division	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 Audit Committee	Internal Audit	309
4	Under supervision of GSB President and CEO	Under supervision of GSB President and CEO	3
		Corporate Secretariat	212
		Branch Management Department	39
		Business Proportion Management Department	18
		Branch Operations 1	3,002
		Branch Operations 2	2,647
		Branch Operations 3	2,533
		Branch Operations 4	2,912
		Branch Operations 5	3,211
		Branch Operations 6	2,379
		Total	16,956
5	Compliance and Good Governance Group	Compliance and Good Governance Group	5
		Compliance and Control	147
		Total	152
6	Personal Customer Group	Personal Customer Group	12
		Personal Customer Business Management	244
		Sales Management	231
		Personal Customer Operation	505
		Total	992
7	Grassroots Customer and Government's Policy Supporting Group	Grassroots Customer and Government's Policy Supporting Group	17
		Grassroots Customer	175
		Total	192
8	Business and Public Sector Customers Group	Business and Public Sector Customers Group	5
		SMEs Business	151
		Corporate and Public Sector	231
		Business and Public Sector Operation	85
		Total	472
9	Investment and Financial Management Group	Investment and Financial Management Group	8
		Financial Management	253
		Investment	123
		Finance	128
		Total	512

No	Group	Division	Number of person
10	Credit and Operation Support Group	Credit and Operation Support Group	5
		Debt and Legal Management	443
		General Administration	269
		Total	717
11	Corporate Strategy Group	Corporate Strategy Group	5
		Corporate Policy and Strategy	174
		Total	179
12	Human Resources Group	Human Resources Group	5
		Human Resources Management	232
		Human Resources Development	87
		Total	324
13	Information Technology Group	Information Technology Group	9
		IT Security Department	30
		IT Planning and Development	260
		Information Technology	251
		Total	550
14	Risk Management Group	Risk Management Group	5
		Risk Management	79
		Credit Risk Analysis	115
		Total	199
Total manpower			21,556

Remarks: As of December 31, 2015

3.9.2 Employee remuneration: salaries, bonuses and welfare past three years (2013 - 2015) table:

Detail	2013 Expenses	
	Officers	Employees
Salaries	6,389,098,749.65	512,820,475.96
Bonuses	3,069,797,695.95	-
Welfare (include employees)	874,917,456.81	
Total	10,333,813,902.41	512,820,475.96

2014 Expenses		
Detail	Officers	Employees
Salaries	6,884,168,391.93	803,616,903.52
Bonuses	3,105,672,481.70	-
Welfare (include employees)	691,333,258.10	
Total	10,681,174,131.73	803,616,903.52

2015 Expenses		
Detail	Officers	Employees
Salaries	7,363,558,259.24	884,437,712.86
Bonuses	3,167,709,288.35	-
Welfare (include employees)	672,420,745.98	
Total	11,203,688,293.57	884,437,712.86

4. Stakeholders roles

To recognize all internal and external stakeholders rights and roles, the Bank has the following guidelines:

Principles

The Board of Directors recognizes shareholders and stakeholders legal rights. The Board shall encourage cooperation among all stakeholders to ensure security, sustainable work, business and financial stability, and ensure all stakeholders rights shall be properly identified and protected.

Best practices

- (1) The Board of Directors shall identify all groups of stakeholders, establish appropriate priorities and measures to prevent operational failure.
- (2) The Board of Directors shall develop stakeholder mechanisms that allow participation in Bank's sustainable operations and secure development and shall adequately disclose relevant information to ensure efficient participation.
- (3) The Board of Directors shall establish clear social responsibilities and arrange public hearings for any projects that may impact environment, health, quality of life or local communities.

5. Information Disclosure and Transparency

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

A 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 Bank website www.gsb.or.th, e-mail at news@gsb.or.th, ATM screens, Call Center, and TV, radio, newspaper, publications and magazines, including LCD screens at branches.
2. Internal disclosures through the Intranet, PR boards, GSB newsletters (bi-weekly), LED moving sign-boards and public address sound systems.

As a state enterprise under the Ministry of Finance and a public agency under the Official Information Act B.E. 2540, the Bank uses the following communication channels:

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 Bank and customer information to requesting agencies and third parties
The Bank cooperates with legally authorized agencies' that request documentary evidentiary information and requests for Bank staff court testimonies. These agencies include: Office 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)

Complaints Management

Bank manages complaints with its Complaint Tracking Application system. Complaints were divided into two types:

1. General issues — product and services complaints to be resolved within 15 days.
2. Important urgent issues — customer asset damage and damage to Bank's image. These issues must be resolved within 3 days.

Complaints and Suspected Fraud Reports

The Bank places urgent priority on fraud prevention anti-corruption policies that have also become national priorities. Bank allows customers and the general public to report any suspected fraud or provide opinions through the following channels:

- Compliance and Good Governance Department, GSB 470 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
- GSB Head Office, branch offices or service units
- Letters
- GSB Hotline 1115
- Website at www.gsb.or.th
- E-mail address: news@gsb.or.th, unit.frpm@gsb.or.th

Bank employees and officers can also file complaints, fraudulent practice notices or suggestions to the Board of Directors and management via the Bank's Intranet or directly to the Bank's Fraud Prevention Committee.

Complaints and fraudulent practice notices

The Bank realizes fraud prevention is an important national urgency issue. Therefore the Bank accepts complaints and fraudulent practice notices from customers and general people. Complaints and fraudulent practice notices are directly reported to the Bank through the following channels:

1. Call Center 1115 or 0 2299 8000
2. E-mail: news@gsb.or.th
3. GSB website: <http://www.gsb.or.th/contact/form.php> (for information submitting)
4. Facebook: GSB Society
5. Complaint letter or document submitted to GSB President and CEO, Customer Relations Department, Special Audit Department or Head of offices/branches countrywide
6. Suggestion box at GSB head office and all branches
7. Report or notify Fraud Prevention Committee.
8. Other channels such as social networks / journalists (newspaper, TV programs etc.), outside agencies such as Bank of Thailand, Office of the Permanent Secretary, Office of the Ombudsman etc.

Complainants protection program

To protect complainants' safety and well-being, the Bank retains complainants' names, addresses or any other information confidential. Only inspectors are privy to this information.

1. Any persons filing corruption complaints can remain anonymous. However, non-anonymous complaints are processed much quicker.
2. Complaint information will remain confidential and will not be disclosed without consent.
3. Corruption complainants will be protected legally and in accordance with Bank's related regulations.
4. Untruthful complaints are considered slanderous and are disciplinary offenses.

6. Ethics

6.1 GSB Ethics

Ethical Standards as Core Values

Directors, executives, and employees must undertake their duties in compliance with laws, rules, regulations, Bank announcements, orders and procedures. The Bank must provide politically neutral public benefits in facilitating and providing services to the general public according to nine ethical core value corporate governance principles:

1. Adhering to moral and ethical conduct,
2. Act with good conscience, honesty, integrity and responsibility,

3. Prioritize country and Bank benefits over one's own benefits: no conflicts of interest nor providing undue and wrongful benefits to any person,
4. Adhere to righteousness, fairness and lawfulness,
5. Provide services to the public promptly, with generosity and non-discrimination,
6. Provide complete and correct information to the public completely without facts distortion,
7. Achieve work-success and standards, with quality and transparency, as well as openness to inspection,
8. Adhere to Democracy with the King as Head of State,
9. Adhere to Bank business ethics

Director, executive, and employee ethical standards

Directors, executives, and employees must adhere to and perform duties according to the laws, rules and regulations, announcements, orders, and Bank procedures to maintain public benefits and provide convenient services to the general public according to good corporate governance principles by upholding nine ethical values as follows:

1. Cooperating and supporting government policies for the national interest
2. Strictly performing duties according to laws, rules, regulations, announcements, orders, and practices of the Bank, cooperating with and supervising employees to ensure similar employee performance.
3. Perform duties honestly, with integrity, transparency, and openness to inspection, accountability and adherence to moral and principles.
4. Perform duties to the fullest, devote all skills and capabilities to achieve objectives efficiently for Bank and country's maximum benefit.
5. Keep Bank customers and trading partners information strictly confidential. Confidential information disclosed only in compliance with legal obligations.
6. Perform duties for Banks's maximum benefit, seek no personal benefit nor allow other persons either directly or indirectly to seek benefits from the Bank, and deny related persons' benefits that may conflict with Bank objectives.
7. Cooperate and support Bank business, maintaining unity among all persons and parties in the Bank's operations, and not performing any acts which may destroy unity or cause any insubordination among persons and parties in the Bank's operations, give respect and honor to one another, refrain from any acts which may bring troubles to others, sincerely supporting colleagues, not disseminating false information nor provide dishonest opinions to supervisors, be polite and obedient, and show no disrespect to supervisors. Subordinates will follow supervisors orders within Bank's business scope: not perform any acts without supervisor approval unless ordered by higher-level supervisors or approved as special cases.
8. Help develop society, community and environment, and create and preserve natural resources.
9. Adhere to and comply with the good corporate governance principles and Bank ethics.

In addition, executives and employees shall adhere to two other ethical principles as follows:

1. Integrity and moral self-development, increasing work skills and competence by continuously seeking knowledge and experience to benefit the Bank.
2. Provide and improve polite, friendly, rapid and convenient regular services aligning with customer needs and satisfaction.

6.2 GSB Code of Conduct

The Banks' code of conduct (GSB personnel guideline) has three levels:

1. Code of conduct for employees
2. Code of conduct for executives
3. Code of conduct for directors

All executives and employees must adhere to GSBs Code of conduct. In addition to the code of conduct, executives must be good role models for all employees. All employees must study and strictly comply with the code of conduct. Employee who violate the code of conduct or supervisors that allow violations will be deemed in violation themselves and subject to disciplinary punishment which may also include compensation for civil and criminal damages.

1. Code of Conduct for GSB Employees

1.1 Employees and the Bank

- (1) Perform duties with honesty, fairness and perseverance,
- (2) Use full potential to perform responsibly for 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 Bank's reputation and image, not defame nor provided information that my tarnish Bank reputation, provide information that enhances external party understanding and maintain Bank's good image.
- (4) Accept no expensive or valuable gifts or other benefits from others who are not relatives: (traditional occasions not exceeding Bt3,000 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 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 Bank quality, efficiency, and development. ,
- (9) Adhering to 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.

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 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 GBS 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) 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. Executives Code of Conduct

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 Bank's status regularly, completely and truthfully.

- (5) Report both realistic positive and negative Bank outlooks, supported by sufficient information,
- (6) Seeks 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 Bank information strictly confidential and seek no benefits for oneself or others using non-disclosed 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 levels 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) Don't 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 competitor 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 assisting, 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 Bank funds for political purposes.

3. Board of Directors Code of Conduct

3.1 Directors and the Bank

- (1) Perform duties honestly and transparently for maximum Bank benefit (no conflicts of interest),
- (2) Apply management knowledge and skills to full potential and perform management duties with prudence,
- (3) Protect Bank's honor, reputation and good image,
- (4) Disclose no confidential 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 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 Bank complaint system provides for prompt feedback.

3.4 Directors and society

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

Conflicts of Interest

For the Bank

The Bank has specified practice guidelines for employee, executives and Board of Directors especially for the securities business to prevent conflicts of interest, improper conduct relating to securities and Stock Exchange of Thailand laws and regulations, particularly in the use of insider information to buy or sell shares either for their own or others benefit.

Conflicts of Interest as determined by the Bank's securities business compliance manual are as follows:

Cross-holding managers

1. To avoid conflicts of interest, cross-holding managers are prohibited from approving securities company transactions for listed companies where they hold executive positions.
2. Selling/buying of securities transactions by GSB employees, executives and Board of Directors' should comply with good governance principles. The Bank has stipulated practice guidelines in accordance with Securities business regulations as follows:
 - 2.1 Selling/buying securities: for GSB employees, executives, Board of Directors and persons who have access to insider information. The Bank shall supervise and control such transactions to prevent anyone from gaining advantage by disclosing such information to outside persons.
Report unusual sell/buy or transfers of securities and revise transactions: Compliance Unit shall perform according to supervision unit guidelines.
 - 2.2 To oversee the list of securities, the Bank shall develop a Watch List and a Restricted List of securities and limit the number of persons who can access this information.

For employees

A key Bank policy is avoiding conflicts of interest. All employees are required to prepare conflicts of interest reports.

Employee conflicts of interest reports shall be submitted to respective supervisors in the following cases:

- 1) Regular conflicts of interest reviews within December.
- 2) Upon appointment or rotation to a new position.
- 3) Upon the Bank's organization restructuring.
- 4) Any conflicts of interest that have never been disclosed or reported.

In 2015, no conflicts of interest were found.

Connected transactions

Connected transactions are transactions or activities executed by the Bank with government agencies or private companies in which the Bank holds more than 10% of the shares, or with related parties including directors, executives and his/her related persons, companies or juristic entities in which the said parties hold shares or have significant control.

GSB Regulation No. 476 regarding Conflicts of Interest outlines rules and conditions for credit extensions or investment in businesses in which the Bank or any of its directors or executives has a vested interest, to ensure the transactions are considered carefully, transparently, reasonably and independently under the Code of Ethics.

To consider possible conflicts of interest or connected transactions or related party transactions, the Bank requires the following compliance:

1. GSB regulations relating to Credit Policy
2. Connected transactions can only be approved by Board of Directors unanimously
3. Directors, executives or employees are prohibited from earning benefits related to loans, investments, nor participate in loans and investment project approval processes.

The Bank shall regularly review GSB Regulation No. 476 regarding Conflicts of Interest rules and conditions in 2016 and revise to align with current conditions.

Regulatory Compliance

In 2015, many regulatory changes affected GSB businesses and other financial institutions. National Council for Peace and Order's announcements affected the Bank business as well as national reform. Several new laws were enacted by the National Legislative Assembly. To secure special financial institutions (SFI) operations and maximize policy efficiency, several urgent and important anti-corruption and state enterprise restructuring policies (Cabinet resolution dated December 2, 2014) were enacted. The Ministry of Finance assigned the Bank of Thailand to supervise SFIs, Bank of Thailand will develop rules and regulations, enforce transparent operations and provide recommendations. The Bank of Thailand was authorized to provide solutions for non-compliant organizations.

The Bank was fully compliant and closely followed National Council for Peace and Order's announcements /orders and other related laws including amendments to the Civil and Commercial Code (No 21) B.E. 2558 (amended on the content of guarantee and mortgage), Fund for Special Financial Institutions Development Act B.E. 2558, Debt Collection Act B.E. 2558 etc. The Bank evaluated and communicated their impact on operations to executives and staff and ordered complete compliance with related rules and regulations.

Other compliance measures were also performed. The Bank conducted random inspections and coordinated with internal and external agencies, provided suggestions and supervised practices, established training courses for executives and employee to maximize efficiency and performance. The Compliance Unit audited Bank compliances and confirmed that it performed in line with regulations.

In 2015 the Bank restructured to a Customer Centric focus. Compliance Units were also restructured (Business Compliance department and Operation Compliance department), under the Supervision and Control Division, Good Governance Group and reported directly to the CG and CSR Committee. The new structure serves internal functions more clearly and covers more banking transactions.

Compliance with external laws was considered as a corporate risk. The Bank's compliance risk management plan ensures that the Bank complies completely and accurately with regulations and is prepared for any changes that may occur in 2016.

Fraud protection and anti-corruption

GSB uses the following risk management measures to protect against fraud and corruption:

1. Fraud protection and anti-corruption policy is clearly written and communicated: Bank Directors, executives, officers, employees and third parties related to the Bank are prohibited from offering, promising, soliciting, demanding, giving or accepting bribes, or wrong conduct that implies corruption.
2. Fraud protection and anti-corruption structure

The Bank has set up a fraud protection and anti-corruption committee to manage risks and monitor compliance with laws, rules, and announcements as well as internal and external regulations. Board and committee structure are as follows:

 - 2.1 GSB Board of Directors: responsible for fraud protection and anti-corruption policy, master plan and action plan approval, evaluating Bank executives' performance in line with GSB regulations (related to fraud protection and anti-corruption).
 - 2.2 CG and CSR Committee — provide recommendations; suggest fraud protection and anti-corruption policy regulations and plans, appoint fraud protection and anti-corruption committee.
 - 2.3 Audit Committee — supervise, monitor internal control efficiency, set up internal audit system to ensure that fraud protection and anti-corruption measures are audited closely.
 - 2.4 Fraud Protection and Anti-corruption Committee — stipulates fraud protection and anti-corruption policy, master plans, action plans, guidelines to prevent fraud, while acting as a center of corruption information.
3. Identify procedures in line with fraud protection and anti-corruption policy and communicate GSB fraud protection and anti-corruption programs.
4. Promote integrity and transparency — the Bank voluntarily participated in the NACC's Integrity & Transparency Assessment (ITA) for the second consecutive year. In 2014 GSB was the third ranked among 42 state enterprises.
5. Developing Board of Directors, executives, officers, employee and all stakeholders fraud protection and anti-corruption knowledge continuously. White GSB Project was implemented under the concept "everyone can be a HERO, just no corruption". The project aims to build a culture of honesty.

Internal Controls

GSB work units, branches, Zonal Offices, Offices, Regional Offices, departments and lines are required to perform Control Self Assessments (CSA) that encourage everyone to recognize internal control responsibilities and maximize resources efficiency by reducing mistakes and damage. Accurate, reliable and timely financial reports enable compliance with the relevant laws, rules and regulations and provide reasonable confidence that operations will achieve objectives.

Internal control, featuring five components as specified by the State Audit Commission is an integral part of operations.

- 1. Environment** — Bank executives create an internal control environment and culture to increase positive attitudes toward internal controls, realizing the importance of honesty, ethics and performing transparently with no conflicts of interest. Bank management acted in line with good governance and Bank stakeholders understand their duties and possess knowledge, ability, and skills to perform duties as assigned.
- 2. Risk assessment** - identifying each unit's goals and objectives; connecting each other to accomplish common goals. Identify possible internal and external risk factors that may affect achievement, analyze and manage risk; prepare indicators that can indicate risk changes such as interest rate changes.
- 3. Control activities** — set appropriate policies, rules and procedures in order to achieve internal control objectives. The specified procedures help users effectively handle and control activities to protect or reduce risk.
- 4. IT and communications** — the Bank processed proper and useful information that is communicated to executives, staff and related persons (both internal and external) to maximize user operation efficiency and achieve Bank objectives.
- 5. Monitor and assess** — The Bank monitored internal control efficiency and specified proper procedures. Executives must control supervision-line units. Assessments are conducted on a per task basis. If significant deficiencies or weaknesses appear, determine whether internal control sufficient to enable timely resolutions.

A committee has been established to evaluate the overall results that will help establish evaluation report guidelines and improve internal control practices in alignment with State Audit Commission's Regulations regarding Internal Control Standards, B.E. 2544 (2001), Clause 6. Quarterly follow-up evaluations and internal work unit control reports ensure more efficient and effective guideline compliance reports. Reports are presented to the President and CEO: certification letters of internal control evaluation and prepared results are presented to the Office of the Auditor General. Results are reported to the Corporate Governance Committee, Audit Committee and Board of Directors quarterly and annually.

In 2015, the Bank invited a Bank of Thailand speaker to lecture on Operational and Internal Control Risk Management for Bank executives and employees. The lecture develop greater executive and employee risk assessment and internal control understanding in line with the Bank's restructuring from a Product Centric to a Customer Centric organization.

Corporate Governance Activities

GSB ensures that its corporate governance policies are translated into practice at Board, management and employee levels across the organization on a continuous basis through the following:

- GSB Board of Directors attended good governance training and seminars: Thai institute of Directors (IOD)'s "Corporate Governance for Executive (CGE)" session, Anti-Corruption: The Program Practical Guide (ACPG), Director Accreditation Program (DAP), Advance Audit Committee Program (AACP), Risk Management Program for Corporate Leaders (RLC) and Audit Committee Seminar Get Ready for the year end.
- Welcomed Maj Gen Sirichai Tessana, Zoological Park Organization of Thailand Director, and its CG Committee Chairman and members and executives: visited GSB's CG & CSR operations and GSB museum.
- Organized compliance training for executives and employees, i.e. one session for Bangkok Interbank Offered Rate (BIBOR) procedures, fund units sell/buy agent training for branches (14 sessions), Debt Collection law, business guarantee law training for central operations unit and branches, Self Risk Assessment and Internal Control training for central operation unit, Risk Control Self Assessment (RCSA), Control Self Assessment (CSA)
- e-learning - good governance for executive and employees: money laundering and criminal law and procedure, Debt Collection law, e-Testing on AML/CFT.
- Ethics / Code of Conduct training for new employee orientation.
- Meditation training was provided to enhance executive and employee work efficiency. This activity has been organized annually since 2008, and has contributed to improved operational efficiency. In 2015, 12 training sessions were held for 18 groups.
- Community financial institution management training for community financial institution heads/directors to enlighten financial management, risk/liquidity management, good governance management and internal controls, the Bank's debt solution products and services advertising, community's liquidity enhancement, and knowledge sharing between communities' leaders/committees. Bank executives spoke on good governance at community events.
- CG Day 2015 - Enhanced Board members, executives, employees and stakeholder corporate governance participation. The Bank focuses on being a sustainable Bank for a sustainable society, Mr. Prapas Kong-ied, Board member acted as Chairman of the CG Day 2015 opening event, Ethics awards (Popular Vote) were presented to the winner from central operation unit and branches.
- CG Day travel — promoted Board members, executives and employee honesty, transparency, accountability and encouraged branch staff good governance participation.

In 2015 the Bank arranged a CG travel Day for Branch Operations 6 on August 21, 2015 at Diamond Plaza Hotel, Surat Thani Province. Senior executives, management team and branches Operations 6 staff participated with related agencies. Activities included communicating CG policy and guidelines: taking action visibly, lectures and workshops on seven CG principles, ethics and code of conduct under these titles: Promoting savings, full range services development, Creating happiness and security for people, and proud to work in accordance with GSB ethics and code of conduct.

- Annual GSB Ethics and code of conduct awards have been given since 2007. Executives, officers and employee with good attitudes, ethical behavior and those acting socially responsible were given awards. In 2015, winners qualifications were revised with added qualifications and a new more transparent method for selecting the winners was implemented.
- The Ethics Club was set up on March 19, 2007 to promote good working relationships between executives and staff through regular activities the inculcate positive attitudes, morality and ethics. The activities included members meetings, nine temple visits, Nepal earthquake donations, soil library building for Ban Linchang school, Petchaburi, Dhamma lectures on Visakabucha Day, Dhamma lecture by V. Vachiramethi and famous Thai Buddhist monk (Kru Ba Noi).
- PR materials were developed as follows:
 - 1) Good governance notebook — assembled CG principles according to global standards and guidelines as well as GSB President and CEO's concepts and philosophy. Senior executives who received ethics awards were presented as good employee role models.
 - 2) Department websites became new knowledge distribution and key operations information channels: increased modern and global standard communication channels.
 - 3) Ethics club's webpage via GSB intranet: published news, information, activities and movements, to boost employee spirit and attitude, ethics and moral, enhanced relationship between internal staff and outside persons.
 - 4) Facebook: GSB CG to encourage good governance, ethics and code of conduct. Activities information/ service-mind stories were shared via this channel. IT helped create a new organization culture.
 - 5) Publicized good governance through several channels: increased communication efficiency with internal broadcasts and email
 - 6) Informed customer to take off sunglasses, head wear prior to entering to the Bank.

To: The Board of Directors of the Government Savings Bank

The Office of the Auditor General has examined GSB's financial statements exhibiting investments by the equity method and bank-only financial statements, comprising of the financial statements exhibiting investments by the equity method and bank-only financial statements as of December 31, 2015, the income statements exhibiting investments by the equity method and bank-only statements of comprehensive income, statements of changes in equity exhibiting investments by the equity method and bank-only statements of changes in equity, and cash flow statements exhibiting investments by the equity method and bank-only cash flow statements for each of the years ended, as well as notes on important accounting policies and on other issues.

Management's responsibility for financial statements

The Bank's management is responsible for preparing and presenting these financial statements with accuracy and completeness as appropriate in accordance with financial reporting standards, and for internal controls as deemed necessary by the management to ensure the financial statements are prepared without presentation of information contradictory to material factual information either by fraud or by error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit results. We have conducted the audits in accordance with the auditing standards. These standards require that we comply with code of ethics, and plan and conduct the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit includes examining to acquire evidences supporting the amounts and disclosures in the financial statements by the method selected at the auditor's discretion. It also includes assessing risk from presenting information contradictory to factual information of material respect of the financial statements either by fraud or by error. We consider internal controls in relation to preparation and presentation of financial statements correctly as appropriate for the business to design the audit method suitable to the circumstances, not for the purpose of expressing opinion on the efficiency of the internal controls of the business. The audit also covers assessing the appropriateness of the accounting policies applied by the management and reasonableness of the accounting projections prepared by the management, as well as assessing presentation of the financial statements in overall.

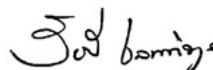
We believe that audit evidences acquired are adequate and appropriate for use as criteria in expressing our opinion.

Auditor's opinion

In the opinion of the Office of the Auditor General, the financial statements exhibiting investments by the equity method and the bank-only financial statements referred to above represent fairly, in all material respects and in accordance with the financial reporting standards, GSB's financial position as of December 31, 2015, and its operating results and cash flows for each of the years then ended.



Mrs Yupin Chalanonniwat
Inspector General 1



Ms Ratchanee Chohnakijkul
Director of Financial Audit Office No.2

Government Savings Bank Financial Statements

As of December 31, 2015

Unit: Thousand Baht

	Notes	Financial statements exhibiting investments by equity method		Bank-only financial statements	
		2015	2014	2015	2014
Assets					
Cash	5.2	32,993,023	32,711,339	32,993,023	32,711,339
Interbank and money market items - net	5.3	483,512,032	360,813,128	483,512,032	360,813,128
Claims on securities		-	4,040,130	-	4,040,130
Derivatives assets	5.4	128,558	369,890	128,558	369,890
Investments - net	5.5	245,031,214	267,478,862	245,031,214	267,478,862
Investments in associated companies - net	5.6	1,214,888	1,147,804	966,614	966,614
Loans to customers and accrued interest receivables - net	5.7				
Loans to customers		1,659,528,168	1,605,486,953	1,659,528,168	1,605,486,953
Accrued interest receivables		6,394,433	6,821,093	6,394,433	6,821,093
Total loans to customers and accrued interest receivables		1,665,922,601	1,612,308,046	1,665,922,601	1,612,308,046
Less Deferred revenue	5.8	412,730	384,528	412,730	384,528
Less Allowance for doubtful accounts	5.9	42,675,730	36,231,882	42,675,730	36,231,882
Less Revaluation allowance for debt restructuring		10,879	13,919	10,879	13,919
Total loans to customers and accrued interest receivables - net	5.10	1,622,823,262	1,575,677,717	1,622,823,262	1,575,677,717
Assets pending sales - net	5.11	1,985,831	2,065,829	1,985,831	2,065,829
Land, buildings and equipment - net	5.12	7,876,077	8,217,492	7,876,077	8,217,492
Other intangible assets - net	5.13	1,487,252	1,184,262	1,487,252	1,184,262
Other assets - net		7,611,705	5,490,815	7,611,705	5,490,815
Total assets		2,404,663,842	2,259,197,268	2,404,415,568	2,259,016,078

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

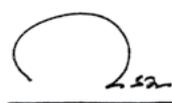
Government Savings Bank Financial Statements (Continued)

As of December 31, 2015

Unit: Thousand Baht

	Notes	Financial statements exhibiting investments by equity method		Bank-only financial statements	
		2015	2014	2015	2014
Liabilities and Equity					
Deposits	5.14	2,058,138,852	1,952,503,728	2,058,138,852	1,952,503,728
Interbank and money market items - net	5.15	83,692,710	50,883,651	83,692,710	50,883,651
Liabilities payable on demand		918,758	726,891	918,758	726,891
Liabilities to deliver securities		-	4,040,130	-	4,040,130
Derivatives liabilities	5.4	930,606	681,476	930,606	681,476
Provisions	5.16	46,273,203	39,314,431	46,273,203	39,314,431
Accrued deposit and PSC interest payables		51,181,620	55,277,818	51,181,620	55,277,818
Accrued expenses		5,201,462	4,791,764	5,201,462	4,791,764
Other liabilities	5.17	6,323,969	3,697,030	6,323,969	3,697,030
Total liabilities		2,252,661,180	2,111,916,919	2,252,661,180	2,111,916,919
Equity					
Capital granted by HM King Rama VI		100	100	100	100
Other components of equity	5.18	3,627,224	5,062,284	3,610,662	5,047,256
Accumulated profit					
Allocated					
Reserves for business expansion		22,143,401	19,920,266	22,143,401	19,920,266
Unallocated		126,231,937	122,297,699	126,000,225	122,131,537
Total equity		152,002,662	147,280,349	151,754,388	147,099,159
Total liabilities and equity		2,404,663,842	2,259,197,268	2,404,415,568	2,259,016,078

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

Government Savings Bank Financial Statements

As of December 31, 2015

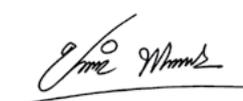
Unit: Thousand Baht

	Notes	Financial statements exhibiting investments by equity method		Bank-only financial statements	
		2015	2014	2015	2014
Interest income	5.26	103,815,287	106,954,820	103,815,287	106,954,820
Interest expenses	5.27	45,749,217	51,301,143	45,749,217	51,301,143
Interest income - net		58,066,070	55,653,677	58,066,070	55,653,677
Fees and service income		5,022,401	4,451,834	5,022,401	4,451,834
Fees and service expenses		432,254	443,983	432,254	443,983
Fees and service income - net	5.28	4,590,147	4,007,851	4,590,147	4,007,851
Gain on trading and foreign exchange - net	5.29	103,604	146,814	103,604	146,814
Gain (Loss) on investments - net	5.30	514,869	445,451	514,869	(1,927,638)
Share of profit (loss) on investments by equity method		209,447	191,497	-	-
Dividend income		1,353,208	1,785,676	1,497,438	1,949,926
Other operating income		953,988	1,149,908	953,988	1,149,908
Total operating income		65,791,333	63,380,874	65,726,116	60,980,538
Other operating expenses					
Personnel expenses		19,678,324	19,033,238	19,678,324	19,033,238
Director remuneration		3,882	4,738	3,882	4,738
Employee remuneration		3,215,222	3,127,145	3,215,222	3,127,145
Director compensation		4,337	5,450	4,337	5,450
Premises and equipment expenses		4,725,843	4,429,327	4,725,843	4,429,327
Remuneration for debt collection agency		3,804,264	4,014,084	3,804,264	4,014,084
Others		3,552,779	3,447,658	3,552,779	3,447,658
Total other operating expenses		34,984,651	34,061,640	34,984,651	34,061,640
Bad debts, doubtful accounts and loss (reversal) on impairment	5.31	8,042,642	4,687,543	8,042,642	4,687,543
Net profit		22,764,040	24,631,691	22,698,823	22,231,355
Other comprehensive profit (loss)					
(Loss) Gain on impairment of securities available-for-sale	5.18	(1,436,594)	2,623,861	(1,436,594)	2,623,861
Share of other comprehensive profit on affiliated companies	5.18	1,534	15,028	-	-
Total items that will be reclassified subsequently to profit or loss		(1,435,060)	2,638,889	(1,436,594)	2,623,861
Items that will not be reclassified subsequently to profit or loss					
Actuarial losses on employee benefit plans		-	(3,226,793)	-	(3,226,793)
Share of other comprehensive profit on affiliated companies		333	-	-	-
Total items that will not be reclassified subsequently to profit or loss		333	(3,226,793)	-	(3,226,793)
Total other comprehensive (loss) - net		(1,434,727)	(587,904)	(1,436,594)	(602,932)
Total comprehensive profit		21,329,313	24,043,787	21,262,229	21,628,423

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

Government Savings Bank Statements of Changes in Equity

For the year ended December 31, 2015

Unit : Thousand Baht

Notes	Capital granted by HM King Rama VI	Financial statements exhibiting investments by equity method						Total
		Other components of equity			Accumulated profit			
		Revaluation surplus (deficit) in investments	Share of other comprehensive profit (loss) on affiliated companies	Total other components of equity	Allocated Reserves for business expansion	Unallocated		
Balance as of January 1, 2014	100	2,423,395	-	2,423,395	17,729,363	114,471,704	134,624,562	
Reserves for business expansion	-	-	-	-	2,190,903	(2,190,903)	-	
Contribution to Ministry of Finance	-	-	-	-	-	(11,388,000)	(11,388,000)	
Total comprehensive profit (loss)	-	2,623,861	15,028	2,638,889	-	21,404,898	24,043,787	
Balance as of December 31, 2014	100	5,047,256	15,028	5,062,284	19,920,266	122,297,699	147,280,349	
Balance as of January 1, 2015	100	5,047,256	15,028	5,062,284	19,920,266	122,297,699	147,280,349	
Reserves for business expansion	-	-	-	-	2,223,135	(2,223,135)	-	
Contribution to Ministry of Finance	-	-	-	-	-	(16,607,000)	(16,607,000)	
Total comprehensive profit (loss)	-	(1,436,594)	1,534	(1,435,060)	-	22,764,373	21,329,313	
Balance as of December 31, 2015	100	3,610,662	16,562	3,627,224	22,143,401	126,231,937	152,002,662	

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

Government Savings Bank Statements of Changes in Equity

For the year ended December 31, 2015

Unit : Thousand Baht

Notes	Bank-only financial statements					Total
	Capital granted by HM King Rama VI	Other components of equity		Accumulated profit		
		Revaluation surplus (deficit) in investments	Reserves for business expansion	Unallocated		
Balance as of January 1, 2014	100	2,423,395	17,729,363	116,705,878	136,858,736	
Reserves for business expansion	-	-	2,190,903	(2,190,903)	-	
Contribution to Ministry of Finance	-	-	-	(11,388,000)	(11,388,000)	
Total comprehensive profit (loss)	-	2,623,861	-	19,004,562	21,628,423	
Balance as of December 31, 2014	100	5,047,256	19,920,266	122,131,537	147,099,159	
Balance as of January 1, 2015	100	5,047,256	19,920,266	122,131,537	147,099,159	
Reserves for business expansion	-	-	2,223,135	(2,223,135)	-	
Contribution to Ministry of Finance	-	-	-	(16,607,000)	(16,607,000)	
Total comprehensive profit (loss)	-	(1,436,594)	-	22,698,823	21,262,229	
Balance as of December 31, 2015	100	3,610,662	22,143,401	126,000,225	151,754,388	

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

Government Savings Bank Statement of Cash Flows

For the year ended December 31, 2015

Unit: Thousand Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Net profit	22,764,040	24,631,691	22,698,823	22,231,355
Adjustment to reconcile net profit with cash receivables (payables) from operating activities				
Depreciation and amortization	1,687,546	1,658,522	1,687,546	1,658,522
Bad debts and doubtful accounts	8,074,252	4,554,106	8,074,252	4,554,106
Loss on debt restructuring	-	140,602	-	140,602
Adjusted investment amortized	(368,483)	(1,036,073)	(368,483)	(1,036,073)
Loss on transfer of securities amortized	5,858	5,964	5,858	5,964
Unrealized gain - tradable	(10,163)	(32,541)	(10,163)	(32,541)
(Reversal of) Loss on impairment of investments	(49,686)	(92,318)	(49,686)	2,280,771
Loss on sales of assets	(6,042)	3,650	(6,042)	3,650
Gain on sales of assets pending sales	(128,949)	(165,092)	(128,949)	(165,092)
Gain on sales of investments in securities	(465,183)	(353,132)	(465,183)	(353,132)
Gain on sales of investments in securities - tradable	(49,738)	(79,750)	(49,738)	(79,750)
Loss (Gain) on foreign currency translation	(490,360)	224,603	(490,360)	224,603
(Gain) Loss on forward contracts	395,961	(195,514)	395,961	(195,514)
Gain on forward contracts - tradable	94,501	(23,690)	94,501	(23,690)
Gain on IRS agreements	-	(3,579)	-	(3,579)
(Reversal of) Loss on discount of assets pending sales	(20,843)	(14,056)	(20,843)	(14,056)
Loss on discount of assets pending sales				
Loss on impairment of assets				
Increase in provisions	6,958,773	7,010,405	6,958,773	7,010,405
Decrease in other accrued income	(491)	1	(491)	1
(Decrease) Increase in other accrued expenses	508,131	126,320	508,131	126,320
Receivables from donation	(12,576)	(21,564)	(12,576)	(21,564)
Miscellaneous income	-	(1,081)	-	(1,081)
Share of (profit) loss on investments by equity method	(209,447)	(191,497)	-	-
	38,677,101	36,145,977	38,821,331	36,310,227
Net interest income	(58,066,070)	(55,653,677)	(58,066,070)	(55,653,677)
Dividend income	(1,353,208)	(1,785,676)	(1,497,438)	(1,949,926)
Interest cash receivables	104,865,179	107,752,534	104,865,179	107,752,534
Interest cash payables	(49,943,414)	(47,010,639)	(49,943,414)	(47,010,639)
Dividend cash receivables	1,353,215	1,802,071	1,353,215	1,802,071
Operating profit before changes in operating assets and liabilities	35,532,803	41,250,590	35,532,803	41,250,590

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

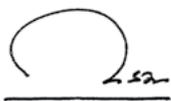
Government Savings Bank Statement of Cash Flows (Continued)

For the year ended December 31, 2015

Unit: Thousand Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2015	2014	2015	2014
Cash flows from operating activities (Continue)				
(Increase) Decrease in operating assets				
Interbank and money market items	(114,968,026)	2,898,704	(114,968,026)	2,898,704
Investments in securities - tradable	6,706,110	(1,556,385)	6,706,110	(1,556,385)
Loans to customers	(59,637,463)	(66,719,480)	(59,637,463)	(66,719,480)
Assets pending sales	179,884	226,936	179,884	226,936
Other assets	(93,933)	119,450	(93,933)	119,450
Increase (Decrease) in operating liabilities				
Deposits	130,202,450	73,078,279	130,202,450	73,078,279
Interbank and money market items	10,208,301	(11,600,619)	10,208,301	(11,600,619)
Liabilities payable on demand	191,867	(322,533)	191,867	(322,533)
Other liabilities	375,390	(1,204,964)	375,390	(1,204,964)
Net cash from operating activities	8,697,383	36,169,978	8,697,383	36,169,978
Cash flows from investing activities				
Cash payables on purchase of land, buildings and equipment	(1,636,038)	(1,824,532)	(1,636,038)	(1,824,532)
Cash receivables on sales of land, buildings and equipment	37,750	2,712	37,750	2,712
Cash payables on purchase of investments in securities	(217,671,753)	(211,145,655)	(217,671,753)	(211,145,655)
Cash receivables on sales of investments in securities	233,397,509	197,214,710	233,253,279	197,050,460
Cash payables on purchase of investments in affiliated companies	-	(112,185)	-	(112,185)
Cash receivables on dividend from affiliated companies	-	-	144,230	164,250
Cash payables on purchase of intangible assets	(15,152)	(86,465)	(15,152)	(86,465)
Cash payables on leasehold right	(9,671)	(3,472)	(9,671)	(3,472)
Cash receivables on leasehold right	-	4,760	-	4,760
Net cash from (used in) investing activities	14,102,645	(15,950,127)	14,102,645	(15,950,127)
Cash flows from financing activities				
Long-term loans of financial institutions	(5,914,369)	(6,478,535)	(5,914,369)	(6,478,535)
Delivery of income to the MOF	(16,607,000)	(11,388,000)	(16,607,000)	(11,388,000)
Net cash from (used in) financing activities	(22,521,369)	(17,866,535)	(22,521,369)	(17,866,535)
Impact of foreign exchange rates on cash	3,025	(3,685)	3,025	(3,685)
Net increase (decrease) in cash and cash equivalents	281,684	2,349,631	281,684	2,349,631
Cash and cash equivalents as of January 1	32,711,339	30,361,708	32,711,339	30,361,708
Cash and cash equivalents as of December 31	32,993,023	32,711,339	32,993,023	32,711,339

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

Government Savings Bank Notes to Financial Statements

For the year ended December 31, 2015

1. General information

The Government Savings Bank (GSB or the Bank) is a juristic person established by the Government Savings Bank Act B.E. 2489 (1946), with its headquarters 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, 2015 are prepared, and the transactions therein are presented, pursuant to the Bank of Thailand (BOT) Notification No. SorNorSor. 21/2558 dated December 4, 2015 regarding Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that are Parent Companies of Financial Business Groups. The Bank uses the format for presenting the Financial Statements in conformity with Thai Accounting Standard No. 1 (Revised 2014) regarding Presentation of Financial Statements, as well as the procedure, policy and presentation of transactions pursuant to the afore-mentioned BOT Notification.

The Bank's accounts are denominated in Thai Baht and its Financial Statements are prepared under the laws in Thai language and in accordance with Thai Accounting Standards (TAS) and the generally accepted accounting principles in Thailand stipulated in the Accounting Act B.E. 2543 (2000). The Financial Statements represent integration of the accounts of all the Bank's branches nationwide, excluding the inter-branch items.

The Financial Statements also integrate the accounts of the Bureau of the Regional Urban Development Fund, which is a work unit of the Bank, with the exclusion of inter-transactions.

The Financial Statements are prepared by the cost method for valuation of components of the Financial Statements, unless otherwise indicated in the accounting policies.

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 (Revised 2015), effective on November 6, 2015 are designated to be enforced with Financial Statements for accounting periods beginning on or after January 1, 2015. The Bank's management 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 Bank's business operation which have been announced in the Royal Gazette but not yet taken effect in 2015,

		<u>Accounting Standards</u>	<u>Effective date</u>
TAS 1	(Revised 2015)	Presentation of Financial Statements	January 1, 2016
TAS 7	(Revised 2015)	Statement of Cash Flows	January 1, 2016
TAS 8	(Revised 2015)	Accounting policies , changes in accounting estimates and errors	January 1, 2016
TAS 10	(Revised 2015)	Event after the reporting period	January 1, 2016

		<u>Accounting Standards</u>	<u>Effective date</u>
TAS 16	(Revised 2015)	Property, Plant and Equipment	January 1, 2016
TAS 17	(Revised 2015)	Leases	January 1, 2016
TAS 18	(Revised 2015)	Revenue Recognition	January 1, 2016
TAS 19	(Revised 2015)	Employee Benefits	January 1, 2016
TAS 20	(Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2016
TAS 21	(Revised 2015)	The Effects of Changes in Foreign Exchange Rates	January 1, 2016
TAS 24	(Revised 2015)	Related Party Disclosures	January 1, 2016
TAS 27	(Revised 2015)	Separate Financial Statement	January 1, 2016
TAS 28	(Revised 2015)	Investments in Associates and Joint Venture	January 1, 2016
TAS 34	(Revised 2015)	Interim Financial Reports	January 1, 2016
TAS 36	(Revised 2015)	Impairment of Assets	January 1, 2016
TAS 37	(Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2016
TAS 38	(Revised 2015)	Intangible Assets	January 1, 2016
		<u>Financial Reporting Standards</u>	<u>Effective date</u>
TFRS 4	(Revised 2015)	Insurance Contracts	January 1, 2016
TFRS 5	(Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2016
TFRS 8	(Revised 2015)	Operating Segments	January 1, 2016
TFRS 12	(Revised 2015)	Disclosure of Interests in Other Entities	January 1, 2016
TFRS 13	(Revised 2015)	Fair Value Measurement	January 1, 2016
		<u>Accounting Standards Interpretation</u>	<u>Effective date</u>
TSIC 15	(Revised 2015)	Operating Leases - Incentives	January 1, 2016
TSIC 27	(Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2016
TSIC 32	(Revised 2015)	Intangible Assets- Web Site Cost	January 1, 2016
		<u>Financial Reporting Standards Interpretation</u>	<u>Effective date</u>
TFRIC 1	(Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2016
TFRIC 4	(Revised 2015)	Determining whether an Arrangement contains a Lease	January 1, 2016
TFRIC 10	(Revised 2015)	Interim Financial Reporting and Impairment	January 1, 2016
TFRIC 14	(Revised 2015)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2016
TFRIC 21	(Revised 2015)	Levies	January 1, 2016

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, 2016. The Bank's management is evaluating impact that may be caused by the adoption of such TAS, TFRS, TSIC and TFRIC.

2.4 Reclassification

The comparative information as of December 31, 2014 is reclassified to be consistent with this Financial Statement.

2.5 Summary of significant accounting policies

2.5.1 Revenue recognition

The Bank recognizes interest income on loans on an accrual basis. Recognition of interest income on loans with interest accrued for more than three months will be stopped and reversed in full. It will be recognized when interest payment is resumed. 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 personal loans secured by life insurance deposit policy 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.

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

Dividend income is recognized upon entitlement to dividend payment.

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 and reported in "Other Liabilities" of the Financial Statement. It will then be recognized as income according to the amount of redeemable points actually claimed by customers.

Other income is recognized on an accrual basis.

2.5.2 Expense recognition

Interest expenses on all types of deposits and borrowings and other operation expenses are recognized on an accrual basis.

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 and investments in associated companies.

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 and Loss and Other Comprehensive Income, and incorporated into other comprehensive profit (loss). The accumulated balance is presented in other components of equity. Upon impairment or sales of securities, the unrealized gain or loss on change in the fair value will be reversed before recognition of loss on impairments and gain or loss on sales of securities in Statement of Profit and Loss and Other Comprehensive Income.

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 (if any).

General investments

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

Investments in associated companies

Equity instruments of companies that the Bank invests will be considered as investment in associated companies when the Bank has significant influence over the companies. The bank-only financial statements record investments in associated companies by the cost method less the allowance for impairment (if any) and recognize dividend received from companies as dividend income, while the Financial Statements exhibiting investments by equity method will record

the investments in associated companies by equity method.

Trade of investments in securities is reported on the trade date and cost of the securities sold during the year is calculated by 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 Loans

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

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.

2.5.7 Allowance for doubtful accounts

The Bank sets aside an allowance for doubtful accounts in accordance with the provisioning guidelines set forth in the BOT Notification No. SorNorSor. 31/2551 dated August 3, 2008 regarding Guidelines on Assets Classification and Provision of Financial Institutions.

The Bank sets aside minimum allowance for doubtful accounts based on the percentage set by the 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 receivables are calculated as net amount after deduction of deferred revenue as follows:

<u>Type of classification</u>	<u>Provisioning rate</u>
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 normal and special mention accounts, the Bank has set additional allowance by considering debtor's individual 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.

2.5.8 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.

2.5.9 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.

2.5.10 Land, buildings and equipment

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	14 - 86 years
Buildings constructed on leased land	20 - 62 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.

Profit or loss on assets sale is recognized as other income or operating expenses in Statement of Profit and Loss and Other Comprehensive Income when assets were sold.

2.5.11 Intangible assets

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

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.

2.5.12 Leasehold right

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.

In case where the lease term is specified to be renewable indefinitely, amortization will be made at 10% per year.

2.5.13 Assets from donation

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.

2.5.14 Life Insurance deposit

Life insurance deposit is a deposit for life insurance and for saving as income and education insurance. The Bank makes payments according to the deposit conditions.

Life insurance deposit is presented as deposit in full amount. Expenses on acquisitions of and collections from the depositors are deductible from the deposit balance.

Provision for such expenses is made in accordance with the deposit conditions and is calculated by the actuarial method, with additional provision set aside based on the deposit balance to ensure payment adequacy according to the deposit conditions.

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.

2.5.15 Foreign currency translation

Items denominated in foreign currencies arising during the period are converted and recorded in Thai Baht at the exchange rate prevailing as of the transaction date. The remaining foreign currency balance, as of the end of period, of assets and liabilities is converted and recorded in Thai Baht at the exchange rate announced by the BOT.

Gain or loss on foreign exchange conversion is presented as net gain (loss) on trading and foreign exchange.

2.5.16 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.

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 Statement of Profit and Loss and Other Comprehensive Income.

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.

As from January 1, 2011, the Bank recognizes provisions for employee benefits in respect of defined benefit plan in the Financial Statements at the present value of employee benefit obligations net of unrealized past service cost. Current service cost and interest cost are recognized as expenses in Statement of Profit and Loss and Other Comprehensive Income, while actuarial gain (loss) in respect of defined benefit plan is recognized as other comprehensive gain (loss) in Statement of Profit and Loss and Other Comprehensive Income.

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, 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.

2.5.17 Provisions

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.

Provisions are recognized as other operating expenses in Statement of Profit and Loss and Other Comprehensive Income.

2.5.18 Long-term lease contracts

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.

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

The Bank, in conducting business, is exposed to financial risks. It has thus developed a risk management system to minimize the downside effects of unforeseeable events in the money market that could hurt the Bank's operations to the lowest possible degree under the risk management framework approved by the Board of Directors. Moreover, the Bank adopts, and consistently reviews, risk triggers and risk limits approved by Risk Management Committee. In addition, Risk Management Group is taking charge of risk monitoring and reporting to the concerned executives and committees on a regular basis. The Bank conducts a stress testing to ensure its resilience against any critical loss. Described below is the management of key risks to which the Bank is exposed:

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 Bank, or customers seem likely default on repayment, resulting to credit risk downgrade, which could have impacts on Bank's fund and revenue.

Bank realizes and places importance to credit risk management which is a key risk in its operations by ensuring credit operation process and procedure that consistent with organization structure, focusing on credit consideration process improvement. The essential matters are as following:

1. Formulating Credit Risk Management Policy for use as guideline and standard of the Bank's credit risk management.
2. Formulating Credit Policy for use as guideline and standard of credit operations, including Check and Balance system in the credit consideration process.
3. Identifying regulations as a guideline of evaluating an individual's ability to pay off debt as well as identifying the maximum credit limit for personal loan with no collateral and/or personal guarantee.
4. Set up standard net profit of each business as criteria of evaluating customer's ability to pay off debt to ensure that all the Bank's loan applicants will be considered under the same standard appropriately.
5. Adopting Credit Product Program (CPP) as basic guideline for business credit consideration.
6. Developing DSS & Optimist system to standardize customers' financial information and risk analysis as well as Loan Origination and Process Systems (LOPs) to enhance the efficiency of credit origination process to meet customers' needs and reduce the Bank's credit risk.
7. Adopting Credit Scoring Models for retail credit and Credit Risk Rating Models for business credit in the Bank's risk assessment and customers screening process.
8. Set up credit risk limits to manage and control risks such as Single Lending Limit (SLL) and Industry Limit.
9. Monitoring and reporting risks to the Risk Management Committee and relevant committees on a regular basis.

3.1.2 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 to make certain that it could achieve the net interest income target 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, as well as setting out a risk limit of such effect in percentage of the estimated NII over the next one year (assuming a 1% change in the interest rate). As at the end of December 2015, NII sensitivity over the next one year was 12.61% within the specified risk limit.

As regards the interest rate risk in the trading book, the Bank's tradable securities portfolio, wholly encompassing Bank of Thailand debt securities and representing a rather low rate of 0.62% of total investment portfolio as at December 31, 2015. In addition, Bank controlled / monitored risk during normal situation by identifying risk limits and value at risk limit (VaR Limit). Bank's VaR as at December 31, 2015 was 0.28 Million Baht under specified risk limit.

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, 2015 and 2014:

Unit: Million Baht

	2015			2014		
	Avg. outstanding balance	Amount of interest	Avg. Interest rate (%)	Avg. outstanding balance	Amount of interest	Avg. Interest rate (%)
Interest-bearing financial assets						
Interbank and money market items	425,853.09	9,646.60	2.27	383,940.39	10,125.41	2.64
Investments	207,011.57	5,321.97	2.57	218,044.03	6,663.91	3.06
Loans to customers	1,583,937.24	88,816.39	5.61	1,566,780.10	90,130.44	5.75
Total	2,216,801.90	103,784.96	4.68	2,168,764.52	106,919.76	4.93
Interest-bearing financial liabilities						
Deposits	2,083,063.54	44,848.49	2.15	1,993,071.48	50,547.30	2.54
Interbank and money market items	80,809.11	900.73	1.11	66,541.49	753.84	1.13
Total	2,163,872.65	45,749.22	2.11	2,059,612.97	51,301.14	2.49

3.1.3 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. Changes in exchange rate could cause a surplus or deficit in any foreign currency position, thus affecting gains or losses on foreign exchange. The Bank's foreign currency position as at December 31, 2015 represented approximately 0.14% of the Bank's capital funds, which was rather low compared with the BOT criteria of not over 20% of the capital funds. To manage this risk, the Bank uses risk limits such as a Stop Loss Limit, etc.

Moreover, the Bank hedges against foreign exchange risk by entering into forward contracts aimed primarily to cope with foreign exchange risk associated with the assets and liabilities in the financial statements. Risk management process is controlled by the departments and committees concerned. The Bank also hedges and evaluates derivatives to ensure the effectiveness and support the decision on strategic improvement in case any derivatives fail to meet the specified.

3.1.4 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 arises when the Bank invests in common shares and funds in the available-for-sale portfolio, whereby the stock market fluctuation will relatively affect its portfolio value. As at December 31, 2015, shares and funds in the available-for-sale portfolio represented approximately 7.22% and 9.58% 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.

The Bank also conducts a quarterly market stress testing to consider the overall impacts of interest rate risk, foreign exchange risk and equity instrument price risk to ensure its resilience against any critical loss according to the simulations designed by Bank of Thailand. Simulations can demonstrate the impact in terms of Linear and non-Linear Price Characteristics as well as historical situation such as 2008 Asia financial crisis, the Bank of Thailand announced measures to prevent Thai Baht speculation in response to financial situation etc. 2015 stress test found that Bank is under specified risk limit.

3.1.5 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).

The Bank's Assets and Liabilities Management Committee (ALCO) is responsible for determining liquidity risk management strategy, monitoring compliance with risk management framework and liquidity risk limit approved by Risk Management Committee 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 estimate Bank's liquidity as well as 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. The result of 2015 stress testing found that Bank has adequate liquidity for those three crisis situations.

The Bank controls this risk by using risk limits and risk triggers, comprising loans to deposits ratio, liquid assets to deposits ratio, etc. In addition, Bank develops the contingency liquidity plan and early warning indicators to discover uncommon situation that needs Bank's preparation and identifies roles and responsibilities of executives and relevant working units. 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. Bank's average liquidity assets to deposit ratio during fortnight of December 23, 2015 — January 5, 2016) was 18.19 %, increasing from 17.16 % as fortnight of December 24, 2014 — January 7, 2015), that was under risk limit and risk trigger.

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, 2015 and 2014:

Unit: Million Baht

Type of financial instrument	Financial statements exhibiting investment by equity method			
	2015		2014	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	32,993.02	32,993.02	32,711.34	32,711.34
Interbank and money market items-net	483,512.03	483,512.03	360,813.13	360,813.13
Derivative	128.56	128.56	369.89	369.89
Investments-net	246,246.11	247,770.37	268,626.66	270,683.37
Loans to customers-net	1,622,823.26	1,622,823.26	1,575,677.72	1,575,677.72
Total	2,385,702.98	2,387,227.24	2,238,198.74	2,240,255.45
Financial liabilities				
Deposits	2,058,138.85	2,058,138.85	1,952,503.73	1,952,503.73
Interbank and money market items-net	83,692.71	83,692.71	50,883.65	50,883.65
Liabilities payable on demand	918.76	918.76	726.89	726.89
Derivative	930.61	930.61	681.48	681.48
Accrued interest on deposits and bonds	51,181.62	51,181.62	55,277.81	55,277.81
Total	2,194,862.55	2,194,862.55	2,060,073.56	2,060,073.56

Type of financial instrument	Bank-only financial statements			
	2015		2014	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	32,993.02	32,993.02	32,711.34	32,711.34
Interbank and money market items-net	483,512.03	483,512.03	360,813.13	360,813.13
Derivative	128.56	128.56	369.89	369.89
Investments-net	245,997.83	247,770.37	268,445.47	270,683.37
Loans to customers-net	1,622,823.26	1,622,823.26	1,575,677.72	1,575,677.72
Total	2,385,454.70	2,387,227.24	2,238,017.55	2,240,255.45
Financial liabilities				
Deposits	2,058,138.85	2,058,138.85	1,952,503.73	1,952,503.73
Interbank and money market items-net	83,692.71	83,692.71	50,883.65	50,883.65
Liabilities payable on demand	918.76	918.76	726.89	726.89
Derivative	930.61	930.61	681.48	681.48
Accrued interest on deposits and bonds	51,181.62	51,181.62	55,277.81	55,277.81
Total	2,194,862.55	2,194,862.55	2,060,073.56	2,060,073.56

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.

As of December 31, 2015 and 2014 Bank's assets and liabilities fair value were categorized according to the levels as follows:

	2015			
	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Tradable derivatives	-	128.46	-	128.46
Hedging derivatives	-	0.10	-	0.10
Investments				
Trading investments	-	1,520.60	-	1,520.60
Available-for-sale investments	27,499.92	174,691.97	-	202,191.89
Total	27,499.92	176,341.13	-	203,841.05
Liabilities				
Derivatives				
Trading derivatives	-	0.08	-	0.08
Hedging derivatives	-	127.73	-	127.73
Total	-	127.81	-	127.81

Unit: Million Baht

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Derivatives				
Tradable derivatives	-	222.88	-	222.88
Hedging derivatives	-	0.40	-	0.40
Investments				
Trading investments	11.16	7,799.50	-	7,810.66
Available-for-sale investments	25,843.24	184,195.37	-	210,038.61
Total	25,854.40	192,218.15	-	218,072.55
Liabilities				
Derivatives				
Trading derivatives	-	-	-	-
Hedging derivatives	-	219.09	-	219.09
Total	-	219.09	-	219.09

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.

3.3 Capital fund

As of December 31, 2015 and 2014, the Bank's capital fund was calculated based on the BOT guideline set forth under Basel II framework.

GSB's capital fund under Basel II framework is as follows:

Unit: Million Baht

	2015	2014
Tier 1 capital		
Capital granted by HM King Rama VI	0.10	0.10
Allocated accumulated profit	22,143.41	19,920.27
Unallocated accumulated profit	110,363.92	106,500.70
<u>Less</u> Actuarial loss on employee benefit plans	3,517.52	3,517.52
<u>Less</u> Investment in other instruments counted as capital fund of financial institution	154.36	169.59
Total tier 1 capital	128,835.55	122,733.96
Tier 2 capital		
Reserve for normal assets	6,204.15	9,347.44
<u>Plus</u> (Net) Capital surplus from revaluation of investment in equity instruments available-for-sale	950.30	1,643.90
<u>Less</u> Investment in other instruments counted as capital fund of financial institution	154.36	169.59
Total tier 2 capital	7,000.09	10,821.75
Total Capital fund	135,835.64	133,555.71

Pursuant to the BOT guidelines, commercial banks registered in Thailand are required to maintain a capital to risk weighted asset ratio of at least 8.50%, with tier 1 capital of at least 4.25% of such risk assets.

As of December 31, 2015 and 2014, the Bank maintained a capital to risk weighted asset ratio as prescribed by Basel II guidelines as follows:

	Percentage	
	2015	2014
Total capital fund	10.80	11.11
Tier 1 capital	10.24	10.21

If net profit after deduction of contribution to state revenue interim for six months term ended June 30, 2015 was included in the calculation, the Bank's capital to risk weighted assets ratio would be assumed as follows:

	Percentage
Total capital fund	11.15
Tier 1 capital	10.59

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 are as follows:

Unit: Million Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2015	2014	2015	2014
Revaluation surplus (deficit)				
on available-for-sale investments	(1,436.59)	2,623.86	(1,436.59)	2,623.86
Share of other comprehensive profit on associated companies	1.87	15.03	-	-
Assets pending sales acquired from asset transfer for debt settlement	(49.91)	116.84	(49.91)	116.84

5.2 Cash

Unit: Million Baht

	2015	2014
Cash	31,760.35	31,389.02
Foreign currencies	35.02	43.11
Cash under collection	1,197.65	1,279.21
Total Cash	32,993.02	32,711.34

5.3 Inter-bank and money market items - net (assets)

Unit: Million Baht

	2015			2014		
	At call	Term	Total	At call	Term	Total
(1) Domestic items						
Bank of Thailand and Financial institutions Development Fund	2.39	202,322.00	202,324.39	2.12	116,682.00	116,684.12
Commercial Banks	62.79	118,463.94	118,526.73	48.81	45,345.12	45,393.93
Specialized financial institutions	0.10	132,468.73	132,468.83	0.80	174,385.80	174,386.60
Other financial institutions	-	30,805.96	30,805.96	-	23,639.30	23,639.30
Total	65.28	484,060.63	484,125.91	51.73	360,052.22	360,103.95
Plus Accrued interest receivable	-	899.32	899.32	-	1,192.12	1,192.12
Less Allowance for doubtful accounts	-	1,513.86	1,513.86	-	484.35	484.35
Total domestic items	65.28	483,446.09	483,511.37	51.73	360,759.99	360,811.72
(2) Foreign items						
US dollar	0.31	-	0.31	0.84	-	0.84
Yen	0.01	-	0.01	0.07	-	0.07
Euro	0.07	-	0.07	0.11	-	0.11
Other currencies	0.27	-	0.27	0.39	-	0.39
Total foreign items	0.66	-	0.66	1.41	-	1.41
Total domestic and foreign items	65.94	483,446.09	483,512.03	53.14	360,759.99	360,813.13

As of December 31, 2015, net inter-bank and money market items included loans to customers under the programs to support the government policy as follows:

1. Soft loans for entrepreneurs in three southern border provinces: The Bank on behalf of the Bank of Thailand has provided soft loans through commercial banks and special-purpose financial institutions in the total amount of 25,000 Million Baht with interest rate of 0.01% p.a., commencing on September 1, 2010 and ending on December 31, 2013. The Cabinet later approved the extension of the program period for one more year to be ending on December 31, 2014 and extended for three more years, commencing on January 1, 2015 and ending December 31, 2017 with interest rate of 0.01 % p.a. The interest payment subsidized by the government was calculated based on GSB's highest 12-month fixed deposit rate for individual customers plus 0.98% p.a. and less rate of return on loans to financial institutions of 0.01% p.a. (3.22% p.a. at present), payable every quarter-end. The Bank recognizes in full income from interest from commercial banks and special-purpose financial institutions at the end of each day and the government subsidy at the end of each month. As of December 31, 2015, disbursement of loans totaled 17,977.15 Million Baht by twelve entrepreneurs and the Bank recognized the government subsidy for the year ended December 31, 2015 in the amount of 582.83 Million Baht.

2. Soft loans for flood-hit SMEs: The Bank has collaborated with commercial banks in providing low-interest loans in a proportion of 50:50. The Bank deposited the total amount of 20,000 Million Baht with commercial banks for a period of 3 years with interest rate of 0.01% p.a., commencing within one year since the Cabinet's agreement on November 1, 2011 and ending November 1, 2012. The Cabinet later approved the extension of the program period to December 30, 2012. And the commercial banks lent to the affected SMEs at an interest rate of 3% p.a. for a period of 3 years. The interest payment subsidized by the government is calculated based on GSB's highest 12-month fixed deposit rate for individual customers plus 0.98% p.a. and less rate of return on deposits with financial institutions at 0.01% p.a. (3.22% p.a. at present), payable every quarter-end. The Bank recognized income from interest from commercial banks and the government subsidy at the end of each month. As of December 31, 2015, deposits with commercial banks were refunded in full and the Bank recognized the government subsidy for the year ended December 31, 2015 in the amount of 367.38 million Baht.

3. Low interest rate loans for working capital in SMEs business: The Bank subsidized low interest rate of 0.10 % p.a. loans to co-project commercial banks and special financial institutions with the credit line of 100,000 Million Baht, to extended new loan to SMEs with the condition of not refinance an existing mortgages, for a period of 7 years with interest rate of 4.00 % p.a. Loan project was accessible until December 31, 2015, or until the total credit line was allocated whichever occurs first. The loan objective is to provide finance to SMEs as its working capital. The interest payment of 2.86 % p.a. was subsidized by the government, calculating by the rate of equal to Bank's financial cost (2.21 %p.a.) plus the operating expenses (0.75% p.a.) less rate of return on lending to financial institutions of 0.10% p.a., payable every quarter-end. The Bank recognized income from commercial banks and special financial institutions and the government subsidy at the end of each day except loan disbursement amount. As of December 31, 2015, there were loan disbursed by 19 accounts in the amount of 97,395.52 Million Baht. The Bank recognized the government subsidy for the year-end of December 31, 2015 in the amount of 406.28 Million baht.

5.4 Derivatives

As of December 31, 2015 and 2014, the Bank's derivatives were comprised of:

- Derivatives assets of 128.56 Million Baht and 369.89 Million Baht respectively; and
- Derivatives liabilities of 930.61 Million Baht and 681.48 Million Baht respectively.

5.4.1 Tradable derivatives

The fair value and notional amount of tradable derivatives, classified by type of risk, as of December 31, 2015 and 2014 were as follows:

Unit: Million Baht

Type of risk	2015			2014		
	Fair Value*		Notional Amount or Effective Notional Amount	Fair Value*		Notional Amount or Effective Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	128.46	0.08	749.59	222.88	-	3,019.05
Total	128.46	0.08	749.59	222.88	-	3,019.05

* 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, 2015 and 2014 was as follows:

	2015	2015
Counterparty	Proportion (%)	Proportion (%)
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, 2015 and 2014 were as follows:

Table 1 Risk hedging in the fair value

Unit: Million Baht

Type of risk	2015			2014		
	Fair Value*		Notional Amount or Effective Notional Amount	Fair Value*		Notional Amount or Effective Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	0.10	930.53	12,192.83	147.01	681.48	16,837.02
Total	0.10	930.53	12,192.83	147.01	681.48	16,837.02

* 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, 2015 and 2014, derivative assets were 0.10 Million Baht and 147.01 Million Baht, derivative liabilities were 930.53 Million Baht and 681.48 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 0.00 Million Baht and 146.61 Million Baht, and derivative liabilities of 802.80 Million Baht and 462.39 Million Baht subsequently.

5.5 Investments - net

As of December 31, 2015 and 2014, the Bank classified its investments in securities as follows:

Unit: Million Baht

	2015	2014
	Fair value	Fair value
5.5.1 Tradable securities		
Government and state enterprise securities	1,520.60	7,799.50
Domestic marketable equity instruments	-	11.16
Total	1,520.60	7,810.66

Unit: Million Baht

	2015	2014
	Fair value	Fair value
5.5.2 Securities available-for-sale		
Government and state enterprise securities	159,727.38	166,786.17
Private sector bonds	1,266.83	1,241.09
Domestic marketable equity instruments	27,499.92	25,843.24
Others	13,697.76	16,168.11
Total	202,191.89	210,038.61

Unit: Million Baht

	2015	2014
	Cost / Amortized cost	Cost / Amortized cost
5.5.3 Debt instruments held to maturity		
Government and state enterprise securities	10,685.93	13,202.25
Private sector bonds	18,139.46	22,104.94
Foreign debt securities	13,142.66	14,971.72
Total	41,968.05	50,278.91
<u>Less</u> Allowance for impairment	952.65	952.65
Total	41,015.40	49,326.26

Unit: Million Baht

	2015	2015
	Cost	Cost
5.5.4 General investments		
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	245,031.22	267,478.86

As of December 31, 2015 and 2014, the Bank accounted for the allowance for impairments of investments as follows:

- Securities available-for-sale which were domestic marketable equity instruments with a fair value of 27,499.92 Million Baht and 25,843.24 Million Baht were inclusive of the transactions for which the allowance for impairments was recognized in the amount of 603.00 Million Baht and 603.00 Million Baht respectively.

- Securities available-for-sale which were not listed on the SET and classified as other investments with a fair value of 13,697.76 Million Baht and 16,168.11 Million Baht were inclusive of the transactions for which the allowance for impairments was recognized in the amount of 28.19 Million Baht and 77.88 Million Baht respectively.

- Debt instruments held to maturity which were foreign debt securities with a cost price of 13,142.66 Million Baht and 14,971.72 Million Baht and affected by the US financial turmoil, hence exposed to risk from changes in value of invested securities, were covered by the allowance for impairment recognized in the amount of 952.65 Million Baht and 952.65 Million Baht respectively.

- General investments include:

- Domestic non-marketable equity instruments with a cost price of 395.73 Million Baht and 395.73 Million Baht were covered by the allowance for impairment recognized in the amount of 92.40 Million Baht and 92.40 Million Baht respectively.

- Others of 0.00 Million Baht which were investments in foreign securities with a cost price of 3,918.00 Million Baht.

For the years ended December 31, 2015 and 2014, the Bank reverses loss on impairment of investments to income of 49.69 Million Baht and 92.32 Million Baht respectively.

In addition, as of December 31, 2015 and 2014, 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:

Unit: Million Baht

Type of business	2015	2014
Manufacturing and commerce	1,251.60	1,226.40
Fund and financial business	12,805.18	12,877.37
Others	12.58	12.58
Total	14,069.36	14,116.35

5.5.5 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

	2015 (Fair value)						Total
	SKFM	Krung Thai	MFC	One	Asset Plus	UOB	
Deposits at bank							
Current	7.39	-	-	-	-	-	7.39
Savings	-	-	-	14.70	-	2.02	16.72
Fixed deposit	-	-	-	0.53	-	-	0.53
	7.39	-	-	15.23	-	2.02	24.64
Investment in other securities							
- Treasury bonds/bills	-	-	-	29.98	-	-	29.98
Government bonds	-	-	-	29.98	-	-	29.98
- Equity instruments	377.87	-	-	85.92	-	178.16	641.95
Common shares	377.87	-	-	85.92	-	178.16	641.95
- Equities Linked Notes	-	-	-	547.16	-	-	547.16
	-	-	-	547.16	-	-	547.16
- Foreign exchange Transactions	-	-	-	(65.83)	-	-	(65.83)
	-	-	-	(65.83)	-	-	(65.83)
Other receivables	6.37	-	-	1.98	-	0.00	8.35
	6.37	-	-	1.98	-	0.00	8.35
Other payables	0.31	-	-	1.77	-	0.00	2.08
	0.31	-	-	1.77	-	0.00	2.08
	391.32	-	-	612.67	-	180.18	1,184.17

As of December 31, 2015, the Bank had investments with a cost price of 927.53 Million Baht and a fair value of 1,184.17 Million Baht. Bank's gains on investment fair value valuation amount to 256.64 Million Baht and accumulated returns on investment in private funds brought forward amount to 539.62 Million Baht, an increasing of 309.37 Million Baht during the period therefore the total accumulated amount is 848.99 Million Baht.

5.5.5 Investments in private funds (continued)

Unit: Million Baht

	2014 (Fair value)						
	SKFM	Krung Thai	MFC	One	Asset Plus	UOB	Total
Deposits at bank							
Current	44.31	-	-	-	-	-	44.31
Savings	-	0.52	0.10	9.46	0.64	30.20	40.92
Fixed deposit	-	-	-	0.53	-	-	0.53
	44.31	0.52	0.10	9.99	0.64	30.20	85.76
NCD	-	-	15.24	-	-	-	15.24
	-	-	15.24	-	-	-	15.24
Investment in other securities							
- Treasury bonds/bills							
Government bonds	-	-	-	31.94	-	-	31.94
	-	-	-	31.94	-	-	31.94
- Debentures							
Non- financial institution debentures	-	-	140.00	-	-	-	140.00
Corporate debentures (foreign)	-	304.48	-	-	314.30	285.46	904.24
	-	304.48	140.00	-	314.30	285.46	1,044.24
- Equity instruments							
Common shares	370.68	-	-	150.31	-	208.83	729.82
- Funds	-	-	-	-	29.48	-	29.48
	370.68	-	-	150.31	29.48	208.83	759.30
- Equities Linked Notes	-	-	-	519.28	-	-	519.28
	-	-	-	519.28	-	-	519.28
- Foreign exchange Transactions	-	-	-	(25.37)	-	(17.18)	(42.55)
	-	-	-	(25.37)	-	(17.18)	(42.55)
Other receivables	0.02	-	0.14	0.52	3.26	2.91	6.85
	0.02	-	0.14	0.52	3.26	2.91	6.85
Other payables	0.36	14.78	5.38	0.43	17.87	0.17	38.99
	0.36	14.78	5.38	0.43	17.87	0.17	38.99
	414.65	290.22	150.10	686.24	329.81	510.05	2,381.07

As of December 31, 2014, the Bank had investments with a cost price of 1,944.10 Million Baht and a fair value of 2,381.07 Million Baht. Bank's gains on investment fair value valuation amounted to 436.97 Million Baht and accumulated returns on investment in private funds brought forward amount to 435.24 Million Baht, an increasing of 104.38 Million Baht during the period therefore the total accumulated amount was 539.62 Million Baht.

Changes of investments in private funds were as follows:

Unit: Million Baht

	2014 Fair value						
	SKFM	Krung Thai	MFC	One	Asset Plus	UOB	Total
Beginning balance (cost price)	311.47	235.65	155.97	563.51	285.68	432.41	1,984.69
Securities sale/transfer	(11.44)	(235.65)	(155.97)	(30.20)	(285.68)	(338.22)	(1,057.16)
Total (cost price)	300.03	-	-	533.31	-	94.19	927.53
Unrealized gains	91.29	-	-	79.36	-	85.99	256.64
Ending balance (fair value)	391.32	-	-	612.67	-	180.18	1,184.17

Unit: Million Baht

	2014 Fair value						
	SKFM	Krung Thai	MFC	One	Asset Plus	UOB	Total
Beginning balance (cost price)	335.22	247.12	446.21	804.35	292.29	500.26	2,625.45
Securities purchase/transfer	-	-	-	-	-	32.50	32.50
Securities sale /transfer	(23.75)	(11.47)	(290.24)	(240.84)	(6.61)	(100.35)	(673.26)
Total (cost price)	311.47	235.65	155.97	563.51	285.68	432.41	1,984.69
Allowance for devaluation	-	-	(38.45)	(2.14)	-	-	(40.59)
Unrealized gains	103.18	54.57	32.58	124.87	44.13	77.64	436.97
Ending balance (fair value)	414.65	290.22	150.10	686.24	329.81	510.05	2,381.07

5.6 Investments in Associated Companies – Net

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.

As of December 31, 2015 and 2014, the Bank's investments in associated companies were as follows:

Unit: Million Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2015	2014	2015	2014
Beginning balance	1,147.80	993.34	5,129.74	5,017.56
Share of profit (loss) on investment by equity method	211.32	206.53	-	-
Plus Purchase / transfer	-	112.18	-	112.18
Less Dividend received	144.23	164.25	-	-
Total	1,214.89	1,147.80	5,129.74	5,129.74
Less Allowance for impairment	-	-	4,163.13	4,163.13
Ending balance	1,214.89	1,147.80	966.61	966.61

5.6.1 Bank-only Financial Statements

The Bank's investments in associated companies as of December 31, 2015 and 2014 were as follows:

Unit: Million Baht

Company name	Type of Business	Type of Securities	Percentage of invested securities		Investments (cost method)	
			2015	2014	2015	2014
Thanachart Fund Management Co., Ltd.	Finance business	Common share	25.00	25.00	25.00	25.00
MFC Asset Management Plc.	Finance business	Common share	24.44	24.50	318.84	318.84
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	19.58	21.00	622.77	622.77
Total					5,129.74	5,129.74
<u>Less</u> Allowance for devaluation					4,163.13	4,163.13
Investments in associated companies-net					966.61	966.61

5.6.2 Financial Statements Exhibiting Investments by Equity Method

The Bank's investments in associated companies as of December 31, 2015 and 2014 were as follows:

Unit: Million Baht

Company name	Type of Business	Type of Securities	Percentage of invested securities		Investments (cost method)		Investment equity method)	
			2015	2014	2015	2014	2015	2014
Thanachart Fund Management Co., Ltd.	Finance business	Common share	25.00	25.00	25.00	25.00	71.07	85.00
MFC Asset Management Plc.	Finance business	Common share	24.44	24.50	318.84	318.84	324.37	340.43
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	19.58	21.00	622.77	622.77	819.45	722.37
Total					5,129.74	5,129.74	1,214.89	1,147.80
<u>Less</u> Allowance for devaluation					4,163.13	4,163.13	-	-
Investments in associated companies-net					966.61	966.61	1,214.89	1,147.80

As of December 31, 2015, 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, 2015 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, 2015. The Bank's executives believe that no significant change on Financial Statements exhibiting investments by equity method.

As of March 31, 2015, 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, representing the right to purchase 14.70 million shares. The warrant units will expire on March 30, 2017.

In 2015, Dhipaya Life Assurance Public Company Limited increased its registered capital with no additional investment made by the Bank.

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, 2015. The Bank had set aside an allowance for its impairment in full.

For the year ended December 31, 2015, the Bank recognized 211.32 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.

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

	Financial Statement					
	2015			2015		
	"Unaudited"			"Audited"		
	Total Assets	Total Liabilities	Equity	Total Assets	Total Liabilities	Equity
Thanachart Fund Management Co.,Ltd.	424.69	149.91	274.78	472.99	142.48	330.51
MFC Asset Management Plc.	1,542.46	219.33	1,323.13	1,579.12	229.13	1,349.99
Islamic Bank of Thailand	92,308.63	106,923.06	(14,614.43)	110,118.76	118,517.55	(8,398.79)
Dhipaya Insurance Plc.	11,686.69	8,152.84	3,533.85	8,480.10	5,643.30	2,836.80
Total	105,962.47	115,445.14	(9,482.67)	120,650.97	124,532.46	(3,881.49)

* Islamic Bank of Thailand's performance result for three month ended September 30, 2015 is unaudited but had verified by auditors.

Unit: Million Baht

	Statement of Profit and Loss and Other Comprehensive Income			
	2015		2014	
	"Unaudited"		"Audited"	
	Total Revenue	Net Profit (loss)	Total Revenue	Net Profit (loss)
Thanachart Fund Management Co.,Ltd.	970.63	319.87	831.10	290.27
MFC Asset Management Plc.	893.14	187.28	944.66	238.76
Islamic Bank of Thailand	-	-	1,444.33	(3,714.44)
Dhipaya Insurance Plc.	5,423.33	416.88	4,444.65	399.73
Total	7,287.10	924.03	7,664.74	(2,785.68)

5.7 Loans to Customers and Accrued Interest Receivable - Net

5.7.1 Classified by type of loans

Unit: Million Baht

	2015	2014
Overdrafts	24,355.98	23,526.04
Loans	1,530,421.48	1,491,130.28
Notes	104,503.88	90,595.11
Receivables under hire purchase agreement	246.83	235.53
<u>Less</u> Deferred revenue	412.73	384.53
Total loans, net of deferred revenue	1,659,115.44	1,605,102.43
<u>Plus</u> accrued interest receivable	6,394.43	6,821.09
Total loans, net of deferred revenue, plus accrued interest receivable	1,665,509.87	1,611,923.52
<u>Less</u> Allowance for doubtful accounts		
1. Minimum allowance required by BOT criteria	36,471.58	26,884.44
2. Excess allowance	6,204.15	9,347.44
<u>Less</u> Revaluation allowance for debt restructuring	10.88	13.92
Total loans to customers and accrued interest receivable-net	1,622,823.26	1,575,677.72

As of December 31, 2015, the Bank's loans to projects in response to government policy were as follows:

1. Debt suspension program for retail farmers and low-income individuals with outstanding debts of less than 500,000 Baht and debtors classified as normal status. The qualified borrowers are entitled to suspension of principal repayment and reducing interest rate of existing loan to 3.00% p.a. for three year, or reducing interest rate to 3.00% p.a. with no suspension of principal repayment for three years, starting from September 1, 2012 to August 31, 2015. Interest payment is subsidized by the government at 1.50% p.a., payable every quarter-end. The Bank has realized the interest subsidy at each day-end. Project ended on August 31, 2015. The Bank recognized the interest subsidy for the year ended December 31, 2015 of 10.75 Million Baht.

2. GSB loans for development of flood prevention system to industrial estates/parks/zones: The Bank has offered loans in the amount of 15,000 Million Baht to six industrial estates/parks/zones, namely Bang Pa-in, Bang Kadee, Rojana, Hi-tech, Navanakorn and Saha Rattana Nakhon with interest rate of 0.01% p.a. for a period of 15 years. The project was started from July 2013, with the exemption of principal repayment during the first five years. The interest payment subsidized by the government was calculated based on GSB's highest 12-month fixed deposit rate for individual customers plus 0.98% p.a. and less rate of return on loans to financial institutions of 0.01% p.a. (equal to 3.22% p.a. at present), payable every quarter-end. The Bank recognizes interest income at the end of each day, and the government subsidy at the end of each month. As of December 31, 2015, disbursement of loans totaled 1,740.82 Million Baht. The Bank recognized the interest subsidy for the year ended December 31, 2014 of 58.39 Million Baht.

3. Loans for construction of flood prevention system in industrial estates managed by the Industrial Estate Authority of Thailand (IEAT): The Bank has offered loans in the amount of 3,546.24 Million Baht with interest rate of 0.01% p.a. for a period of 15 years, starting from July 4, 2013, with exemption of principal repayment during the first five years. The interest payment subsidized by the government is calculated based on GSB's highest 12-month fixed deposit rate for individual customers plus 0.98% p.a. and less rate of return on loans to financial institutions of 0.01% p.a. (equal to 3.22% p.a. at present), payable every quarter-end. The Bank recognizes interest income at the end of each day and the government subsidy at the end of each month. As of December 31, 2015, disbursement of loans totaled 1,756.35 Million Baht. The Bank recognized the interest subsidy for the year ended December 31, 2015 of 46.15 Million Baht.

4. Loans for self-employed person affected by the 2010 flood and storm assistance: The Bank has offered loans in the amount of 2,000.00 Million Baht for repairing professional equipment or revolving funds. Loan limit for each person is less than 50,000 Baht. Loan application ended on January 31, 2011. Maximum loan term is no longer than five years with monthly interest fixed rate of 0.50% throughout loan contract term. The Bank would receive compensation for future

damage that may occur from the government. Outstanding number of debtors was 552 with loan amount of 4.78 Million Baht.

5. Loan according to the promoting village living project, providing loan to the National Village and Urban Community Funds (Fund) which were classified by the National Village and Urban Community Fund Office as A and B levels. Finance was allocated to each Fund of not more than 1.00 Million Baht as working capital. The total credit line of the project was 60,000 Million Baht, including Government Savings Bank's credit line of 30,000 Million Baht and Bank of Agriculture and Agricultural Cooperatives' credit line of 30,000 Million Baht. Maximum loan term is no longer than seven years since the signing date of legal agreement. The transaction required to complete within December 31, 2015. Later the Cabinet approved to extend period of loan application and legal agreement to complete within March 31, 2016 or within the total credit amount whichever occurs first. Loan interest rate during the first and second year was 0.00 % p.a. Interest rate from the third to seventh year was equal to financial costs plus 1.00% p.a. The interest payment subsidized by the government was 2.21% p.a. for two years, payable every quarter-end. The Bank recognizes interest income at the end of each day. As of December 31, 2015, outstanding number of participated Funds was 21,316 accounts with the amount of 21,139.52 Million Baht. The Bank recognized the interest subsidy for the year ended December 31, 2015 of 96.26 Million Baht.

In addition, the Bank provided financial support to flood victims in 2011 in accordance with Bank of Thailand announcement: The Bank has offered loans under this program totaling 59,652.01 Million Baht up to 3 Million Baht each for individual borrowers and up to 30 Million Baht each for SMEs, with interest at the rate of 3.00% p.a., for a period of not over 5 years from the date of loan approval and legal documentation to the date not beyond December 31, 2018,

and thereafter at the rate as to be announced by the Bank. The Bank earned interest on such loans to customers less interest payable on promissory notes issued for borrowing from the BOT at 0.01% p.a. (equal to 2.99% p.a. at present). As of December 31, 2015, the outstanding number of debtors under this program was 51,216 accounts with the total loan amount of 30,430.63 Million Baht, comprising the Bank's own funds of 9,149.95 Million Baht and its borrowing from the BOT of 21,280.68 Million Baht (Note 5.15).

5.7.2 Classified by Loan program

Unit: Million Baht

	2015			2014		
	Loans	Allowance for doubtful accounts	Net loans	Loans	Allowance for doubtful accounts	Net loans
Loans for occupation development	577,973.85	14,700.67	563,273.18	610,640.88	10,475.75	600,165.13
Housing loans	308,297.54	1,936.84	306,360.70	288,678.24	5,771.35	282,906.89
Welfare loans	167,845.55	7,899.25	159,946.30	186,380.48	7,470.26	178,910.22
Public sector and state enterprise loans	92,944.61	65.37	92,879.24	69,858.89	79.10	69,779.79
Sai Thong loans	76,112.90	555.78	75,557.12	64,140.37	1,260.49	62,879.88
General business loans	70,742.13	875.95	69,866.18	65,081.34	1,993.00	63,088.34
People's bank loans	72,410.07	5,083.20	67,326.87	67,896.85	3,570.66	64,326.19
Chewit Suksan loans	31,530.51	16.83	31,513.68	37,082.48	106.39	36,976.09
Corporate loans	29,584.11	1,032.89	28,551.22	30,869.92	1,984.99	28,884.93
Others	102,980.21	2,833.58	100,146.63	70,500.83	1,961.16	68,539.67
Total	1,530,421.48	35,000.36	1,495,421.12	1,491,130.28	34,673.15	1,456,457.13

Loans for occupation development are provided for improvement of living condition of teachers, civil servants, local officials and military officials.

Welfare loans are intended for government and state enterprise officials, private sector officers and retired government officials.

People's bank loans 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 loans are for education, tourism, medical practitioner, consumption, working in oversea and multi-purpose.

As of December 31, 2015 and 2014 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 462.09 Million Baht and 483.76 Million Baht subsequently.

5.7.3 Classified by Currency and Resident

Unit: Million Baht

	2015			2014		
	Domestic	Oversea	Total	Domestic	Oversea	Total
Thai Baht	1,647,094.36	12,000.24	1,659,094.60	1,594,973.11	10,129.32	1,605,102.43
Other currencies	20.84	-	20.84	-	-	-
Total	1,647,115.20	12,000.24	1,659,115.44	1,594,973.11	10,129.32	1,605,102.43

5.7.4 Classified by Type of Business and Loan Classification Criteria

Unit: Million Baht

	2015					
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	11,738.83	393.94	191.62	50.85	587.76	12,963.00
Manufacturing and commercial	31,708.11	592.46	70.27	54.61	735.27	33,160.72
Real estate and construction	11,557.37	802.69	70.88	68.73	818.04	13,317.71
Public utilities and services	214,426.49	1,450.88	359.25	363.87	3,432.97	220,033.46
Housing loans	292,530.73	10,132.19	1,418.42	1,430.89	2,787.65	308,299.88
Others	998,821.36	54,088.60	4,819.68	5,428.19	8,182.84	1,071,340.67
Total	1,560,782.89	67,460.76	6,930.12	7,397.14	16,544.53	1,659,115.44

Loans to customers classified by other types of business amounted of 1,071,340.67 Million Baht mostly included loans of 577,973.85 Million Baht for occupation development and welfare loans of 167,845.55 Million Baht.

Unit: Million Baht

	2014					
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,834.65	171.14	36.33	22.12	408.40	2,472.64
Manufacturing and commercial	23,241.42	556.81	80.82	63.31	657.74	24,600.10
Real estate and construction	20,770.13	823.56	503.30	576.48	1,792.73	24,466.20
Public utilities and services	192,536.96	1,035.13	547.53	430.55	2,247.94	196,798.11
Housing loans	277,089.44	7,262.07	1,114.05	828.88	2,387.37	288,681.81
Others	1,012,573.52	42,570.87	3,675.12	3,603.22	5,660.84	1,068,083.57
Total	1,528,046.12	52,419.58	5,957.15	5,524.56	13,155.02	1,605,102.43

Loans to customers classified by other types of business amounted of 1,068,083.57 Million Baht mostly included loans of 610,640.88 Million Baht for occupation development and welfare loans of 186,380.48 Million Baht.

5.7.5 Classified by Loan Classification Criteria

Unit: Million Baht

	2015			
	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	1,566,795.01	887,783.75	1	12,100.05
Special mention	67,827.69	48,844.65	2	2,944.16
Sub-standard	6,945.50	4,891.55	100	4,891.55
Doubtful	7,397.14	5,406.50	100	5,406.50
Doubtful of loss	16,544.53	11,129.32	100	11,129.32
2. Excess allowance				6,204.15
Total	1,665,509.87	958,055.77		42,675.73

Unit: Million Baht

	2015			
	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	1,528,046.12	940,568.74	1	9,405.69
Special mention	52,419.58	39,323.30	2	786.46
Sub-standard	5,957.15	4,263.91	100	4,263.91
Doubtful	5,524.56	3,922.19	100	3,922.19
Doubtful of loss	13,155.02	8,506.19	100	8,506.19
Total	1,605,102.43	996,584.33		26,884.44
Plus accrued interest receivable	6,821.09			
Total	1,611,923.52			
2. Excess allowance				9,347.44
Total				36,231.88

* 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, 2015 and 2014, 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. As of December 31, 2015, the Bank set the additional allowance for doubtful accounts of 3,221.86 Million Baht and 1,921.43 Million Baht for loan classified as normal and special mention subsequently.

5.7.6 Non-Performing Loans

As of December 31, 2015 and 2014, GSB recorded non-performing loans (NPLs) comprising sub-standard, doubtful and doubtful of loss loans. Total loans including inter-bank and money market items were as follows:

Unit: Million Baht

	2015	2014
NPLs before deduction of allowance for doubtful of loss	30,872.15	24,636.73
As percentage of total loans	1.61	1.37
NPLs after deduction of allowance for doubtful of loss	9,444.42	7,944.44
As percentage of total loans	0.50	0.45

5.7.7 Troubled Debt Restructuring (TDR)

For the years ended December 31, 2015 and 2014, 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

TDR approach	2015				
	No. of cases	Outstanding debts at book value		Transferred assets	
		Before debt restructuring	After debt restructuring	Type of assets	Fair value
Restructuring in variant types	-	-	-		-
Total	-	-	-		-

Unit: Million Baht

TDR approach	2014				
	No. of cases	Outstanding debts at book value		Transferred assets	
		Before debt restructuring	After debt restructuring	Type of assets	Fair value
Restructuring in variant types	1	217.61	-	Cash and common share	77.01
Total	1	217.61	-		77.01

For the years ended December 31, 2015 and 2014, 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

	2015	2104
Loss on debt restructuring	-	140.60
Interest income from debt restructuring	3.73	2.98

As of December 31, 2015 and 2014, the Bank recorded an outstanding balance of restructured loans in the Financial Statements as follows:

Unit: Million Baht

	2015	2104
Outstanding balance of restructuring loans	802.65	802.65

5.7.8 Leasehold Contract Debtors

Unit: Million Baht

	2015			
	Payment amount in due course according to the contract			
	Less than 1 year	Over 1-5 years	Over 5 years	Total
The sum total of initial investment according to leasehold contract	54.34	178.32	14.17	246.83
<u>Less</u> deferred financial revenue				51.89
Current value of minimum repayment amount according to leasehold contract				194.94
<u>Less</u> allowance for doubtful of loss				152.69
Leasehold contract debtors - Net				42.25

Unit: Million Baht

	2014			
	Payment amount in due course according to the contract			
	Less than 1 year	Over 1-5 years	Over 5 years	Total
The sum total of initial investment according to leasehold contract	54.05	162.61	18.87	235.53
<u>Less</u> deferred financial revenue				49.54
Current value of minimum repayment amount according to leasehold contract				185.99
<u>Less</u> allowance for doubtful of loss				2.57
Leasehold contract debtors - Net				183.42

5.8 Allowance for Doubtful Account

Unit: Million Baht

	2015						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	9,405.69	786.46	4,263.91	3,922.19	8,506.19	9,347.44	36,231.88
Doubtful accounts	(527.50)	236.27	627.64	1,484.31	3,192.41	2,000.00	7,013.13
Transfer during a period	3,221.86	1,921.43	-	-	-	(5,143.29)	-
Bad debt write-off	-	-	-	-	(569.28)	-	(569.28)
Ending balance	12,100.05	2,944.16	4,891.55	5,406.50	11,129.32	6,204.15	42,675.73

Unit: Million Baht

	2014						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	9,697.65	585.41	3,988.62	3,402.77	5,092.14	9,347.44	32,114.03
Doubtful accounts	(291.96)	201.05	275.29	519.42	3,808.58	-	4,512.38
Bad debt write-off	-	-	-	-	(394.53)	-	(394.53)
Ending balance	9,405.69	786.46	4,263.91	3,922.19	8,506.19	9,347.44	36,231.88

5.9 Revaluation Allowance for Debt Restructuring

Unit: Million Baht

	2015	2014
Beginning balance	13.92	16.20
Amortization	3.04	2.28
Ending balance	10.88	13.92

5.10 Assets Pending Sales – Net

Unit: Million Baht

	2015			
	Beginning balance	Increased	Disposed/transferred	Ending balance
Immovable assets	2,117.65	324.04	424.88	2,016.81
Less Allowance for impairment	51.82	(13.73)	7.11	30.98
Total assets pending sales-net	2,065.83	337.77	417.77	1,985.83

Unit: Million Baht

	2014			
	Beginning balance	Increased	Disposed/transferred	Ending balance
Immovable assets	2,062.66	524.49	469.50	2,117.65
Less Allowance for impairment	65.88	(8.53)	5.53	51.82
Total assets pending sales-net	1,996.78	533.02	463.97	2,065.83

As of December 31, 2015 and 2014, the Bank's immovable assets obtained from debt repayment amounted to 2,016.81 Million Baht and 2,117.65 Million Baht, consisting of those valued by external appraiser of 1,062.39 Million Baht and 1,150.40 Million Baht respectively, and those by internal appraiser of 954.42 Million Baht and 967.25 Million Baht respectively.

For the years ended December 31, 2015 and 2014, the Bank gained 128.95 Million Baht and 165.09 Million Baht from assets pending sale subsequently.

5.11 Land, Buildings and Equipment – Net

Unit: Million Baht

	2015											
	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	1,793.61	56.28	(15.06)	1,834.83	-	-	-	-	86.17	-	86.17	1,748.66
Buildings	6,200.50	426.50	(34.70)	6,592.30	3,322.59	270.11	(27.45)	3,565.25	158.46	-	158.46	2,868.59
Equipment	9,279.53	771.46	(674.91)	9,376.08	6,379.03	1,162.28	(647.94)	6,893.37	-	-	-	2,482.71
Assets in process	890.10	1,107.50	(1,221.48)	776.12	-	-	-	-	-	-	-	776.12
Total	18,163.74	2,361.74	(1,946.15)	18,579.33	9,701.62	1,432.39	(675.39)	10,458.62	244.63	-	244.63	7,876.08

5.11 Land, Buildings and Equipment – Net (Continued)

Unit: Million Baht

	2014											
	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	1,748.38	68.64	(23.41)	1,793.61	-	-	-	-	86.17	-	86.17	1,707.44
Buildings	5,754.16	465.00	(18.66)	6,200.50	3,107.02	232.36	(16.79)	3,322.59	158.46	-	158.46	2,719.45
Equipment	8,697.14	1,198.86	(616.47)	9,279.53	5,819.62	1,173.89	(614.48)	6,379.03	-	-	-	2,900.50
Assets in process	1,310.87	1,406.99	(1,827.76)	890.10	-	-	-	-	-	-	-	890.10
Total	17,510.55	3,139.49	(2,486.30)	18,163.74	8,926.64	1,406.25	(631.27)	9,701.62	244.63	-	244.63	8,217.49

Unit: Million Baht

	2015	2014
Amortization for the year	1,432.39	1,406.25

As of December 31, 2015 and 2014, the Bank had buildings and equipment that had been fully depreciated but were still in use with the cost price of 4,490.09 Million Baht and 4,042.45 Million Baht subsequently.

5.12 Other Intangible Assets – Net

Unit: Million Baht

	2015									
	Cost price				Accumulated amortization				Other intangible assets-net	
	Beginning balance	Increased	Disposed/transferred	Ending balance	Beginning balance	Depreciation	Disposed/transferred	Ending balance		
Computer program	2,410.27	551.50	(2.35)	2,959.42	1,226.01	248.17	(2.01)	1,472.17	1,487.25	
Total	2,410.27	551.50	(2.35)	2,959.42	1,226.01	248.17	(2.01)	1,472.17	1,487.25	

Unit: Million Baht

	2014									
	Cost price				Accumulated amortization				Other intangible assets-net	
	Beginning balance	Increased	Disposed/transferred	Ending balance	Beginning balance	Depreciation	Disposed/transferred	Ending balance		
Computer program	1,850.58	611.26	(51.57)	2,410.27	1,031.23	246.34	(51.56)	1,226.01	1,184.26	
Total	1,850.58	611.26	(51.57)	2,410.27	1,031.23	246.34	(51.56)	1,226.01	1,184.26	

Unit: Million Baht

	2015	2014
Amortization for the year	248.17	246.34

In 2015, the Bank changed the estimates of useful life of computer programs (Note 2.5.11) which resulted in an amortization decreased by 1.11 Million Baht and profit increased by the same amount.

As of December 31, 2015 and 2014, the Bank had computer programs that had been fully amortized but were still in use with the cost price of 455.70 Million Baht and 426.01 Million Baht subsequently.

5.13 Other Assets – Net

Unit: Million Baht

	2015	2014
Accrued income	1,413.79	1,747.21
Leasehold right	31.34	28.66
Receivables from sales of investments	4,205.48	1,816.32
Auction asset purchase — suspended	925.72	850.25
Other receivables and miscellaneous assets	1,035.37	1,041.82
Loans pending adjustment	-	6.56
Total	7,611.70	5,490.82

Receivables from sales of investments of 4,205.48 Million Baht are comprised of sale transactions duly concluded but settlement for which not yet been made over a period of around 1-5 business days.

Suspended auction asset purchase of 925.72 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 1,041.82 Million Baht are comprised of:

- Regional Urban Development Fund Office (RUDF) other receivables of 13.80 Million Baht.
- Receivables pending transfer - fraud and deficit amounts of 0.46 Million Baht, consisting of a fraud amount of 330.30 Million Baht less full allowance for doubtful accounts, and a deficit amount of 9.26 Million Baht less full allowance for doubtful accounts of 8.80 Million Baht, leaving a balance of 0.46 Million Baht.
- Other receivables pending transfer of 233.33 Million Baht
- Others of 787.78 Million Baht

5.14 Deposits

5.14.1 Classified by Types of Deposit:

Unit: Million Baht

Types of deposit	2015		2014	
At-call deposit		3,430.07		3,467.00
		426,711.90		392,240.33
Deposit payable at the end of period				
- Fixed term special savings	399,567.23		356,794.10	
- Fixed deposit	392,283.80		425,599.32	
- PSCs and bond	714,086.16		662,934.07	
- Life insurance deposit	119,326.83	1,625,264.02	109,148.43	1,554,475.92
Other deposits		2,732.86		2,320.48
Total		2,058,138.85		1,952,503.73

Savings deposit of 425,711.90 Million Baht include the guarantee contributions (pension category 1) made by Bank employees, amounting to 148.51 Million Baht, which cannot be withdrawn during their employment period with the Bank.

Other deposits of 2,732.86 Million Baht are inclusive of the neglected accounts of 2,730.71 Million Baht covering accounts 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 the Government Savings Bank Act B.E. 2489 (1946) regarding savings deposit services.

5.14.2 Classified by Currency and Depositors' Resident

Unit: Million Baht

	2015			2014		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Thai Baht	2,055,099.45	3,039.40	2,058,138.85	1,949,879.87	2,623.86	1,952,503.73
Total	2,055,099.45	3,039.40	2,058,138.85	1,949,879.87	2,623.86	1,952,503.73

5.15 Interbank and Money Market Items - Net (Liabilities)

Unit: Million Baht

	2015			2014		
	At-call	Fixed term	Total	At-call	Fixed term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	46.91	21,280.68	21,327.59	8.59	27,195.05	27,203.64
Commercial Banks	17.91	31,000.15	31,018.06	0.01	20,880.00	20,880.01
Specialized Financial Institutions	1.65	6,647.80	6,649.45	-	2,800.00	2,800.00
Other Financial Institutions	5,075.91	19,621.70	24,697.61	-	-	-
Total	5,142.38	78,550.33	83,692.71	8.60	50,875.05	50,883.65

Net inter-bank and money market items of 83,692.71 Million Baht included promissory notes issued by the Bank for borrowing from the BOT of 21,280.68 Million Baht 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 the 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 the BOT to financial institutions and at least 90,000 Million Baht (Note 5.7) 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. The 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 the 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 the BOT collects the payment on the first business day of the following month.

5.16 Provisions

Unit: Million Baht

	2015	2014
Employee benefit plans		
Gratuities / Pensions	37,394.06	31,888.04
Living gratuities	2,071.97	1,691.67
Special gratuities	1,900.70	1,570.16
Compensation	3,369.99	2,702.80
Retirement gifts	109.74	87.99
Long-service gifts	337.29	284.02
Total provisions for employee benefit	45,183.75	38,224.68
Other contingent liabilities (Note 5.21.1)	1,081.69	1,081.69
Contingent liabilities from prosecution (Note 5.21.2)	7.76	8.06
Total provisions	46,273.20	39,314.43

Employee benefit plans

From compliance with the TAS No. 19, Employee Benefits, the Bank incurred past service cost of 26,733.54 Million Baht. The Bank has adopted the option during the transition period to recognize such cost on a straight-line basis within a 5-year period and was recognized as expense during 2011-2015. It was recognized as expense of 5,346.71 Million Baht in 2015.

Present value of employee benefit commitments under the employee benefit plan as of December 31, 2015 and 2014 were reconciled as shown below:

Unit: Million Baht

	2015	2014
Employee benefit plans		
Beginning balance	38,224.68	27,994.26
Past service cost	5,346.71	5,367.34
Current service cost	1,256.33	1,226.51
Interest cost	1,882.95	1,817.58
Actuarial loss (gains)		
- Demographic assumptions	-	156.55
- Financial assumptions	-	(359.24)
- Benefit payments	-	3,521.82
Benefits paid during the period	(1,526.92)	(1,500.14)
Ending balance	45,183.75	38,224.68

Bank measures employee benefit commitments based on actuarial estimates assumptions less often than every three years if there is no significant change situation. The assumptions were used for 2014 — 2016 calculation as this follows:

Unit: Million Baht

	2015	2014
Average discount rate	4.50%	4.50%
Average rate of salary increase for employees	4.00% - 12.00%	4.00% - 12.00%
Average rate of salary increase for contract staff	3.50%	3.50%
Average turnover rate of employees	0% - 1.00%	0% - 1.00%
Average turnover rate of contract staff	0% - 7.00%	0% - 7.00%
Early retirement	55 years — earlier than 60 years	55 years — earlier than 60 years
Retirement	60 years	60 years

Bank conducted a sensitivity analysis of key assumptions for calculation as of December 31, 2015 and 2014 as follows:

Unit: Million Baht

	Estimated liabilities	
	2015	2014
Post-employment benefits		
Discount rates		
Increase of 1 %	(5,603.75)	(5,523.92)
Decrease of 1%	6,963.80	6,893.03
Rate of salary increase		
Increase of 1%	3,858.56	3,525.37
Decrease of 1%	(3,365.48)	(3,078.62)
Other long-term benefits		
Discount rates		
Increase of 1%	(24.33)	(23.65)
Decrease of 1%	28.24	27.42

Estimated maturity of employee benefit payments as of December 31, 2015 and 2014 were as follows:

	2015	2014
Weighted average duration of employee benefit payments	23 years	23 years

Unit: Million Baht

	2015	2014
Expected number and durations of employee benefit payments		
Post-employment benefits		
Expected payments within 1 year	573.85	361.77
Expected payments more than 1 year to 2 years	675.66	573.85
Expected payment more than 2 years to 3 years	869.67	675.66
Expected payment more than 3 years to 4 years	1,119.31	869.67
Expected payment more than 4 years to 5 years	1,441.45	1,119.31
Expected payment more than 5 years to 10 years	10,473.14	9,304.31
Expected payment more than 10 years	118,388.38	120,998.66
Other long-term benefits		
Expected payment within 1 years	24.61	23.19
Expected payments more than 1 year to 2 years	30.17	24.61
Expected payment more than 2 years to 3 years	29.47	30.17
Expected payment more than 3 years to 4 years	18.95	29.47
Expected payment more than 4 years to 5 years	32.10	18.95
Expected payment more than 5 years to 10 years	163.25	161.64
Expected payment more than 10 years	816.29	850.00

5.17 Other Liabilities

Unit: Million Baht

	2015	2014
Checks pending clearing to accounts	2,238.45	1,829.98
Payables on purchases of investments	3,069.85	828.37
Other payables and miscellaneous liabilities	1,015.55	1,038.68
Pending adjustment - loans	0.12	-
Total	6,323.97	3,697.03

Payables on purchases of investments of 3,069.85 Million Baht is agreement on purchase of investment but not yet settlement. Process timing is around 1-5 working days.

5.18 Other Components of Equity

Unit: Million Baht

	Financial statements exhibiting investments by equity method					
	2015			2014		
	Beginning balance	Change during the period	Ending balance	Beginning balance	Change during the period	Ending balance
Surplus (Deficit) on revaluation of investments	5,047.25	(1,436.59)	3,610.66	2,423.39	2,623.86	5,047.25
Share of other comprehensive profit on associated companies	15.03	1.53	16.56	-	15.03	15.03
Total	5,062.28	(1,435.06)	3,627.22	2,423.39	2,638.89	5,062.28

Unit: Million Baht

	Bank-only financial statements					
	2015			2014		
	Beginning balance	Change during the period	Ending balance	Beginning balance	Change during the period	Ending balance
Surplus (Deficit) on revaluation of investments	5,047.25	(1,436.59)	3,610.66	2,423.39	2,623.86	5,047.25
Total	5,047.25	(1,436.59)	3,610.66	2,423.39	2,623.86	5,047.25

5.19 Appropriation of Net Profit

The State Enterprise Performance Evaluation Committee resolved to approve evaluation result for 2014 and 2013 and the appropriation of its net profit for 2014 and 2013 as follows:

Unit: Million Baht

	2014 profit	2013 profit
Annual profit — net	22,231.35	21,909.03
Reserve for business expansion	2,223.14	2,190.90
Directors bonuses	4.43	5.31
Employee bonuses	3,168.77	3,105.67
Contribution to state revenue	16,145.00	13,023.00

In the 2014 net profit appropriation, the Bank contributed 3,083.00 Million Baht to the interim state revenue on October 20, 2014, leaving a balance for contribution in 2015 of 10,062.00.00 Million Baht which was remitted to state revenue on March 31, 2015. The Bank later additionally contributed 3,000 Million Baht to the state revenue on September 21, 2015, hence a total of 16,145.00 Million Baht duly contributed to state revenue from 2014 net profit appropriation. First contribution of 3,545.00 Million Baht was contributed to the 2015 interim state revenue on October 15, 2015.

2013 net profit appropriation, the Bank contributed 4,718.00 Million Baht to the interim state revenue on October 22, 2013, leaving a balance for contribution in 2013 of 8,305.00 Million Baht which was remitted to state revenue on March 26, 2014, total 13,023.00 Million Baht duly contributed to state revenue from 2013 net profit appropriation.

5.20 Assets with Encumbrance and Restrictions

Unit: Million Baht

	2015	2014
Government and state enterprise securities		
- Collateral on repurchase agreement	29,449.15	15,815.68
Assets pending sales	388.30	372.89
Total	29,837.45	16,188.57

5.21 Contingent Liabilities

5.21.1 Commitments

Unit: Million Baht

	2015	2014
Aval to bills	-	2.05
Unexpired import bills	14.77	-
Letter of Credit	35.22	-
Other commitments		
- Undrawn overdraft	21,396.67	19,431.68
- Other guarantees	5,703.66	5,477.22
Total	27,150.32	24,910.95

As of December 31, 2015, the Bank recorded commitments from other guarantees in the amount of 5,703.66 Million Baht of which a provision was set to absorb damages with 1,081.69 Million Baht recorded as estimated liabilities (Note 5.16).

5.21.2 Contingent Liabilities from Prosecution

As of December 31, 2015, the Bank recorded contingent liabilities as 66 cases of lawsuit that had been filed against the Bank as claims for compensation, the amount of which could not be determined, involving 330.39 Million Baht in debt amount. These included cases still under the Supreme Court consideration process. The estimated amount of damage was recorded as provisions in the amount of 7.76 Million Baht (Note 5.16).

5.22 Related party transactions

Unit: Million Baht

	2015			2014		
	Loans		Deposits	Loans		Deposits
	Outstanding balance	Allowance for doubtful accounts		Outstanding balance	Allowance for doubtful accounts	
1. Associated companies or companies in which the Bank has joint controlling power						
Total	517.21	5.17	137.05	412.66	4.13	146.67
2. Bank having transactions related to related Business sin which key executives and close persons have controlling power or joint controlling power or serve as key executives						
Total	8.34	0.08	20.13	-	-	-
3. Bank having transactions with related person, key executives and close persons						
Total	454.23	1.80	547.44	458.42	2.81	1,108.28
Grand total	979.78	7.05	704.62	871.08	6.94	1,254.95

5.23 Other Benefits Payable to Directors and Persons with Management Power

The Bank does not pay any benefits to its directors and executives other than the benefits that are normally paid such as meeting allowance, salary, bonus, vehicle allowance and other fringe benefits in conformity with its regulations.

For the years ended December 31, 2015 and 2014, remuneration paid to key management personnel in line with TAS 24 (Revised 2014), Related Party Disclosures, was as follows:

Unit: Million Baht

	2015	2014
Short-term benefits	318.12	305.75
Post-employment benefits	61.56	626.99
Other long-term benefits	0.24	0.20
Total	379.92	932.94

5.24 Long-term Lease Agreements

As of December 31, 2015 and 2014, the Bank's commitments arising from land and/or building lease fees and car rentals with the amounts due according to the designated period as from the date of the Statements of Financial Position were as follows:

Unit: Million Baht

	Remaining period	2015			
		Amount payable according to designated period			
		Up to 1 year	Over 1 year but not over 5 years	Over 5 years	Total
Land and/or building lease agreements	Jan 1, 2016 — December 17, 2039	298.01	228.12	4.79	530.92
Auto lease agreements	Jan 1, 2016 — November 13, 2020	156.78	298.30	-	455.08
Total		454.79	526.42	4.79	986.00

5.24 Long-term Lease Agreements (Continued)

Unit: Million Baht

	Remaining period	2014			
		Amount payable according to designated period			
		Up to 1 year	Over 1 year but not over 5 years	Over 5 years	Total
Land and/or building lease agreements	Jan 1, 2015 — December 17, 2039	273.26	244.94	5.79	523.99
Auto lease agreements	Jan 1, 2015 — December 30, 2019	241.42	382.56	-	623.98
Total		514.68	627.50	5.79	1,147.97

As of December 31, 2015, the Bank had long-term lease agreements with maturity in the range of 1-29 years covering 1990-2039 including 622 land and/or building leases and 24 auto leases, with future lease/rental fees payable of approximately 986.00 Million Baht.

5.25 Significant Financial Position and Results of Operations Classified by Domestic and Foreign Business

5.25.1 Financial position classified by transaction

Unit: Million Baht

	Financial statements exhibiting investments by equity method					
	2015			2014		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Total assets	2,404,663.84	-	2,404,663.84	2,259,197.27	-	2,259,197.27
Interbank and money market items - net (assets)	483,512.03	-	483,512.03	360,813.13	-	360,813.13
Investments - net	246,246.11	-	246,246.11	268,626.66	-	268,626.66
Loans to customers and accrued interest receivable - net	1,622,823.26	-	1,622,823.26	1,575,677.72	-	1,575,677.72
Deposits	2,058,138.85	-	2,058,138.85	1,952,503.73	-	1,952,503.73
Interbank and money market items - net (liabilities)	83,692.71	-	83,692.71	50,883.65	-	50,883.65

Unit: Million Baht

	Bank-only financial statements					
	2015			2014		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Total assets	2,404,415.57	-	2,404,415.57	2,259,016.08	-	2,259,016.08
Interbank and money market items - net (assets)	483,512.03	-	483,512.03	360,813.13	-	360,813.13
Investments - net	245,997.83	-	245,997.83	268,445.47	-	268,445.47
Loans to customers and accrued interest receivable - net	1,622,823.26	-	1,622,823.26	1,575,677.72	-	1,575,677.72
Deposits	2,058,138.85	-	2,058,138.85	1,952,503.73	-	1,952,503.73
Interbank and money market items - net (liabilities)	83,692.71	-	83,692.71	50,883.65	-	50,883.65

5.25.2 Operation results classified by transaction

Unit: Million Baht

	Financial statements exhibiting investments by equity method					
	2015			2014		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Interest income	103,815.29	-	103,815.29	106,954.82	-	106,954.82
Interest expenses	45,749.22	-	45,749.22	51,301.14	-	51,301.14
Interest income — net	58,066.07	-	58,066.07	55,653.68	-	55,653.68
Fees and service income-net	4,590.15	-	4,590.15	4,007.85	-	4,007.85
Other operating income	3,135.12	-	3,135.12	3,719.35	-	3,719.35
Other operating expenses	43,027.30	-	43,027.30	38,749.19	-	38,749.19
Net profit	22,764.04	-	22,764.04	24,631.69	-	24,631.69

Unit: Million Baht

	Bank-only financial statements					
	2015			2014		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Interest income	103,815.29	-	103,815.29	106,954.82	-	106,954.82
Interest expenses	45,749.22	-	45,749.22	51,301.14	-	51,301.14
Interest income — net	58,066.07	-	58,066.07	55,653.68	-	55,653.68
Fees and service income-net	4,590.15	-	4,590.15	4,007.85	-	4,007.85
Other operating income	3,069.90	-	3,069.90	1,319.01	-	1,319.01
Other operating expenses	43,027.30	-	43,027.30	38,749.19	-	38,749.19
Net profit	22,698.82	-	22,698.82	22,231.35	-	22,231.35

5.26 Interest Income

Unit: Million Baht

	2015	2014
Interbank and money market items	9,646.60	10,125.41
Investments and trading transactions	30.33	35.06
Investments in debt instruments	5,321.97	6,663.91
Loans	88,810.70	90,121.54
Hire purchase	5.69	8.90
Total interest income	103,815.29	106,954.82

5.27 Interest expenses

Unit: Million Baht

	2015	2014
Deposits	32,428.75	38,491.00
Rewards	10,755.52	12,056.30
Interbank and money market items	877.25	753.84
Contribution to Special Financial Institution Development Fund	1,687.70	-
Total interest expenses	45,749.22	51,301.14

5.28 Net Fees and Service Income

Unit: Million Baht

	2015	2014
Fees and service income		
Acceptances, avals and guarantees	61.84	64.28
ATM fees	959.83	955.98
Income on VISA credit cards	988.06	643.68
Lending charges	898.84	821.06
Commission fees	1,177.80	993.00
Others	936.03	973.83
Total fees and service income	5,022.40	4,451.83
ATM Pool expenses	184.91	173.59
Telecommunications expenses	207.91	237.22
Others	39.43	33.17
Total fees and service expenses	432.25	443.98
Fees and service income - net	4,590.15	4,007.85

5.29 Net Gain on Trading and Foreign Exchange

Unit: Million Baht

Fees and service income	Net gains (loss)	
	2015	2014
1) Gain (Loss) on trading and foreign exchange		
Foreign currencies and derivatives on exchange rate	439.66	(164.57)
Debt instruments	59.71	113.16
Equity instruments	0.19	(0.87)
Total	499.56	(52.28)
2) Gain (Loss) on hedging	(395.96)	199.09
Total	103.60	146.81
Total	439.66	(164.57)

5.30 Net Gain (Loss) on Investments

Unit: Million Baht

	Net gains (loss)	
	2015	2014
1) Gain (loss) on sales		
Available-for-sale investments	451.82	353.13
General investments	13.36	-
Total	465.18	353.13
2) Reversal (loss) on impairment		
Available-for-sale securities	49.69	92.32
Investment in associated companies	-	(2,373.09)
Total	49.69	(2,280.77)
Grand total	514.87	(1,927.64)

5.31 Bad Debts, Doubtful Accounts and Loss on Devaluation

Unit: Million Baht

	2015	2014
Interbank and money market items	1,029.51	34.56
Loans to customers	7,013.13	4,512.38
Loans to TDR debtors	-	140.60
Total	8,042.64	4,687.54

5.32 Contributions to Provident Fund

Unit: Million Baht

	2015	2014
Provident fund	424.25	390.02
Expenses on initial fund	1,419.35	1,453.71
Expenses on initial fund benefits	308.04	233.86
Total	2,151.64	2,077.59

5.33 Islamic Banking Services

The Bank offers Islamic banking services, which are interest-free. They comprise such deposit products as wadiah account, pilgrim savings account and mudarabah account facilities, and investments for return generation, such as leasing and hirepurchase, sales of goods on installment payments, investment in securities, and joint-venture deals. These services have been available since December 1998. At present, the Bank provides Islamic banking services on-line (opening of new deposit accounts) and at 343 branches, of which 243 branches offer fully-fledged Islamic banking services (in terms of types of deposit and investment services).

5.34 The Office of the Regional Urban Development Fund

GSB managed the Social Investment Fund and Regional Urban Development Fund until the end of the maturity of the Social Investment Program of the MOF. The MOF accordingly approved for the Bank to terminate its management of the Social Investment Fund and to continue managing the Regional Urban Development Fund. In this regard, the office of the Regional Urban Development Fund was established to run the Regional Urban Development Fund in lieu of the Bureau of Social Investment Fund. The Office of the Regional Urban Development Fund is an independent agency under the supervision of the Bank, the management and administration of which are undertaken by the Board of Directors as in the former structure. The Bank has been permitted to collaborate with the office in providing syndication loans in the amount up to 1,000.00 Million Baht to local administration organizations for infrastructure or public utility projects pursuant to Government Savings Bank Regulations no. 408 regarding the Office of Regional Urban Development Fund. Management fee is chargeable at 12% of the disbursed loan amount calculated as of the disbursement date under the respective loan agreement, and the MOU regarding Regional Urban Development Fund Management between the MOF and GSB no. 1/2549 dated June 30, 2006 (Amendment no. 1). As of December 31, 2015, the Bank offered loan to the Regional Urban Development Fund in the amount of 534.84 Million Baht.

The Bank's financial statements presented since the fiscal year ended December 31, 2005 have integrated the accounts of the Office of the Regional Urban Development Fund, which is a work unit of the Bank, with the exclusion of inter-transactions.

The Office's financial statements as integrated in the Bank's financial statements as of December 31, 2015 (after inter-transactions) were composed of the following items:

	Unit: Million Baht
Assets	490.03
Liabilities	1.02
Equity	161.94
Revenues	27.47
Expenses	15.37

5.35 Approval of Financial Statements

GSB President and CEO approved the issuance of these financial statements on March 11, 2016.

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