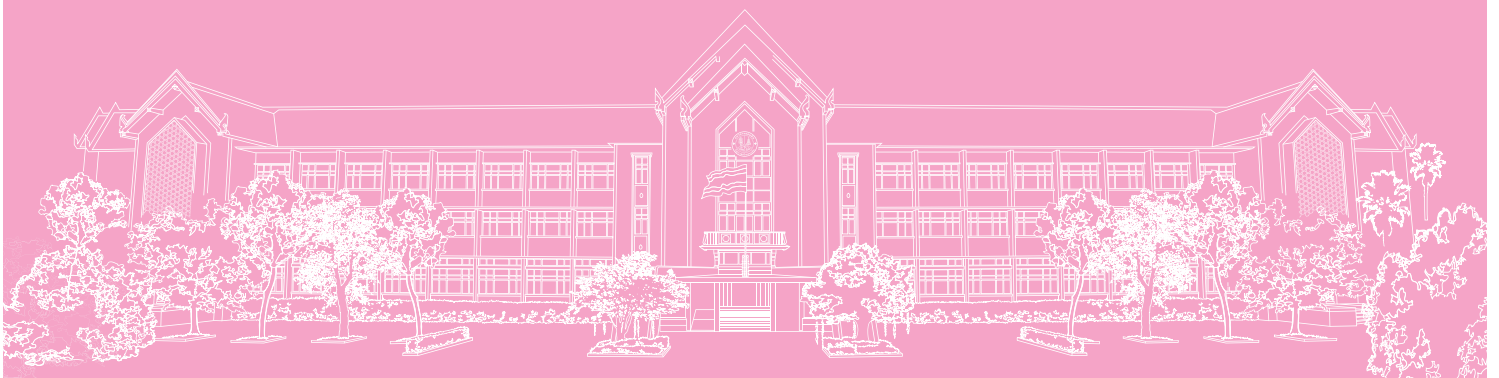


G S B

Government Savings Bank

Annual Report 2016



ค่านิยม
**CORE
VALUE**

S
Social Responsibility
รับผิดชอบต่อสังคม

A
Accountability
อุทิศตนเพื่อองค์กร

V
Virtue
ยืนหยัดในความถูกต้อง

E
Excellence
สู่ความเป็นเลิศในทุกด้าน

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การใช้จ่ายโดยประหยัดนั้นจะเป็นหลักประกันความสมบูรณ์พูนสุข
ของผู้ประหยัดเองและครอบครัว ช่วยป้องกันความขาดแคลนในวันข้างหน้า
การประหยัดดังกล่าวนี้อจะมีผลดีไม่เฉพาะแก่ผู้ประหยัดเท่านั้น
ยังจะเป็นประโยชน์แก่ประเทศชาติด้วย

พระราชดำรัสพระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช
เนื่องในโอกาสวันขึ้นปีใหม่ ๓๑ ธันวาคม ๒๕๐๒

SAVE

ocial Responsibility

Responsible for Society



Have volunteered to help others
Support and cooperate for community,
social and environmental development





Beyond Banking

For better life of Thai people

SAVE

Accountability

Dedicated to the
organization



Love and harmony

Incorporation to organization's succeed

Dedicated work to challenging goals





Beyond Banking

Dedicated and commitment to the
development of Thai society

SAVE

Accountability

Dedicated to the
organization



Love and hamony

Incoporation to organization's succeed

Dedicated work to challenging goals





Beyond Banking

Dedicated and commitment to the
development of Thai society

SAVE Excellence

Be excellent in
all aspects



Innovative Creation

Develop yourself to keep up with the digital world

Focus on service excellence





BUSINESS

INVESTMENT

INNOVATION

FINANCE

BANK

TECHNOLOGY

WEB

FINTECH

DIGITAL

DATA

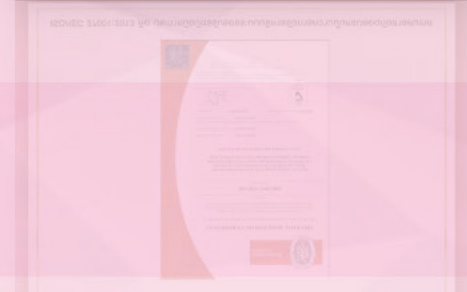
Beyond Banking

Create innovative financial services to
meet the Digital 4.0 era

Award of Success



GSB works cooperatively to drive goals, projects, programs and activities, along with key process improvements, including business process, management, internal audit and control, good governance and risk management. It is to prepare for international standards under the supervision and verification by the Bank of Thailand in 2007. The results were apparent to external organizations and won us awards. Awards earned were from corporate level whether it is the products and corporate leadership. We are proud of our achievement and this is another drive for Government Savings Bank to move forward for the better life of Thai people in all aspects.



Government Savings Bank with the Sustainable Development

Policy on the sustainable development of the Bank for society, Bank Government Savings Bank with the sustainable development

Government Savings Bank is determined in promoting the policy of responsibilities to the society and environment covering the impacts on 3 aspects; economic, social, and environmental aspects, under the concept of sustainable growth to reward the society, “Government Savings Bank Creates the Pink World” with the aim to encourage all of the executives, employees, and workers of the Government Savings Bank to implement the codes of practice for the sustainable development of the Bank for society as a part in managing the business process in order to achieve the set objectives and targets.

From such policy, the Government Savings Bank operates the projects and activities to encourage savings and create the financial disciplines together with promoting all aspects of potential to the communities whether in the school bank project, activities to promote educational / academic, sports, cultural, social, community, and environment aspects including the project of observing around the Government Savings Bank for strengthening the foundation in all aspects leading to the sustainable movement.

Economic savings

1. Savings encouragement and financial discipline generation

1.1 School Bank Project of the Government Savings Bank (18th year)

Government Savings Bank initiated school bank project with the imitating model of the Bank's branches in educational institutes to give the opportunity for the students to operate by themselves under the supervision of the branches of Government Savings Bank being the mentor and promoting the further development to encourage the young people to love savings and to grow with the stable foundation in savings.

The school bank project of the Government Savings Bank had been operated since 1998 until now (the end of 2016). There are 1,207 school banks with 2,290,253 student members. The number of deposit accounts is 2,333,076 accounts and the total accumulative savings are 972,670,553.04 Million Baht.

1.2 Virtual School Bank

The school banks are revolved to enter the Digital Banking 4.0 era with the activities to promote savings for the students and schools which are the members of the school bank project with the aim to encourage the savings and create the financial disciplines to young people by creating the experiences outside the classrooms via online network enjoyably and safely responding to the lifestyles of the group of customers of the school banks of Government Savings Bank. At present, the Bank designs and develops the 3D online media of Virtual School Bank in the new model to encourage the



savings and create the financial disciplines to young people who want to learn about savings by surfing the imitating model in the online world (Virtual 3D). It is the tool in presenting the moving images and other multimedia linked to the Social Network and creating the social network well in order to keep up with the changes quickly occurring. The Virtual School Bank consists of the building of school bank, banking operational practice building, online learning promoting building, virtual branch of Government Savings Bank building and other important places including the tourist places in Thailand.



2. Promote potential of grassroots customers and SMEs by educating and funding

2.1 Promote the channels and the professional potential of the grassroots customers and general people in pink civil state market

The policies of the Government Savings Bank focus on being the government's financial institute for social development towards sustainability in economic savings by promoting grassroots economics and SMEs, giving knowledge, funding to enhance the financial potential, promoting the channels for selling products, and empowering the community and social operators at the grassroots level resulting in the strength and better quality of life sustainably. This is in line with the current government's policies in solving the poverty problem and also promoting the reduction in using the biodegradable plastic bags and foam boxes as well as giving the chance of selling products among the grassroots people and small operators. This can also promote the image in encouraging grassroots people and small operators to build good relationships among the Bank, community, and external agencies whether public, private, and charitable organizations. In 2016, the customers of the Bank joined in launching 914 retail outlets with the total sales from the event amounting 8,385,612 Baht creating the turnover for the grassroots economy following the Bank's vision. The operational performance for the year 2016 was as follows:



No.	Places	Number of shops (shops)	Total sales (Baht)	Number of visitors (persons)
1	Nakhon Si Thammarat Province	158	964,160.-	5,000
2	Nong Khai Province	153	1,818,370.-	4,500
3	Kanchanaburi Province	176	1,620,346.-	3,000
4	Chainat Province	165	1,190,197.-	1,100
5	Chiang Rai Province	139	938,510.-	2,000
6	Maha Sarakham Province	123	1,854,029.-	3,000
Total		914	8,385,612.-	18,600

2.2 Bank of Wisdom

Bank of Wisdom focuses on promoting the grassroots economy and small and medium enterprises including social and community responsibility by giving the assistance, support, and cooperation in community, social and environmental development as well as financial empowerment and strengthening of manufacturers and small operators. The objectives are to promote the self and professional development resulting in the strong grassroots society and the better quality of life sustainably in compliance with the government policies in education and learning, religious preservation, arts and culture conservation, revival, and propagation of local wisdom along with increasing economic value to the country. 22 areas of knowledge had been implemented to promote the wisdom and development towards sustainability in the year 2016 as follows:

1. IN MILK Herb+
2. Mr. Muay Thai and Senses of Thai
3. Banana stalk oil absorbing paper
4. Reed pillows
5. Thai junk model
6. Coconut shell products
7. Fancy carpet
8. Folding bamboo ladders
9. Silk water jar
10. Fabric hand embroidery (Yano)
11. Shadow play carvings
12. Monkey molded from marlstone
13. Khum bird
14. Aroma fan
15. Nipa palm woven wares
16. Traditional Thai-style teak shrine

- | | |
|--|---------------------------------|
| 17. Tom-tom | 20. Heart-shaped fancy charcoal |
| 18. Ban Duhun Panan pandan woven wares | 21. Aranyik knives |
| 19. Palm leaf woven carp | 22. Batik cloth |

Two activities were arranged to promote the wisdom and development towards sustainability as follows:

- Training on dairy farming and milk processing at the International Meditation Center, Chermtawan Farm, Chiang Rai Province
- Training on organic farming at Chewavithree Community Enterprise, Nan Province

3. Promote the innovation development and the country economic recovery

Project of Start Up Thailand by GSB (4th year)

One of the policy of the Government Savings Bank is to allow the participation between the Government Savings Bank, customers, communities, society, and environment as the financial institute being with Thai society for long time ago. The Bank is aware of the need to encourage new entrepreneurs to know about business creation together with the process in changing the ideas into action. The Government Savings Bank, then, launched the contest project of StartUp Thailand by GSB to respond the government's policy as a part of the government-run StartUp Center to link all sectors together. In the previous year, this contest project attracted the attention of young people nationwide. There were 1,305 teams sending their outputs to contest and more than 100,000 people interested in observing the project. The project was considered very successful. In 2016, the Bank extended the applicant's age range to allow the target group of new-generation working age more by specifying that the applicants must be between 16-30 years old forming a team of up to 3 persons to submit the outputs to the contest, one team per business concept under the concept of "Get started. More fast. Be practical". The prizes were more than 3,000,000 Baht. According to the result of the contest in 2016, the teams that won in this year were:

1. The winner was Healthticket team, the name of the output was Healthticket, and the prize was 1,000,000 Baht

It is the medical service with quality and universal standard that people in all corners of the world can easily access through. "Health Tourism". Thailand is the country with high potential for medical services and has a lot of positive factors in terms of price, staff, modern instruments, internationally standardized health care institutes and supportive environment for health tourism. Therefore, Healthticket team wanted to become a mediator in providing medical services in the country to meet the needs of people all over the world through the One Stop Service Booking Marketplace system that allows foreign patients to find medical services that match their needs, to make the appointments with the doctors and the hospitals, and to facilitate in travelling to use the services at the price guaranteed to be the most cost effective. In addition to medical services, the patients can also add travel and tourism services such as booking air tickets, hotel reservations, travel arrangements, restaurant accommodation, and advices in tourism with the coordinator available 24 hours throughout the travel.

2. The first runner up was Pitak team. The output was the design project of the products from the community identity of bamboo handicraft basketry products of Ban Muang Noi. The prize was 500,000 Baht. The concept of bamboo basketry products with the community identity of Ban Muang Noi, Sri Sawang Sub-district, Na Pho District, Buriram Province. The products are handmade from the community-specific wisdom blended with contemporary design to meet the target group.

3. The second runner up was Lawender team. The output was Lawender. The prize was 3000,000 Baht. The law is far away for Mass people, or sometimes the persons who need the legal consultant cannot access the qualified lawyer or the cost of acquiring the legal consultant is very high. From this reason, LAWENDER was established as the quality teamwork providing legal advice to people of all occupations at all levels having business, property, or benefit problems through Lawender to Search and Lawender to Draft. The legal consultant team will take care of you every step both in the documentation and contracts or drafts of laws in various forms including the preparation of documents in court so that the law will become easy and familiar.



These include 7 consolation prizes with the fund prize of 50,000 Baht each totaling 3,000,000 Baht for the final 10 outputs. Apart from receiving the prize money, there is also the opportunity to participate in the activity of outing StartUp activities to prepare to be the future entrepreneur in Japan.

Savings the society

1. Promotion of Sufficiency Economy Policy and appraisal on moral and ethical persons

1.1 Project of Contest for Outstanding School and Students in Morality and Ethics (10th year)

The Government Savings Bank in cooperation with Ministry of Education held the project since 2007 which was the year of the great auspicious occasion of His Majesty King Bhumibol Adulyadej's 80th Birthday Anniversary. Thai people joined in honoring the King and responded to the King's guideline on the "Sufficiency Economy" by applying the "virtue" which was an important element of the Sufficiency Economy Philosophy as the key feature of the schools and the students participating in the contest project of 2016 in response to the royal guideline of "Sufficiency economy" applying the "virtue" as an important element of the sufficiency economy philosophy. As the Government Savings Bank recognizes the importance of creating a sense of morality to children and young people, the Bank in collaboration with the Office of the Basic Education Commission and the Office of the Vocational Education Commission arranged the contest of schools that promote knowledge, understanding, and practicality in morality, ethics and sufficiency economy philosophy and the contest of outstanding students who have outstanding behaviors in moral and ethical aspects to apply sufficiency economy philosophy in their life. The Government Savings Bank support the budgets as the prizes and expenses for organizing the contest of outstanding schools and students from 2007 to 2016. The contest is held for a period of 10 years consecutively. In the consideration of judgment in the final round, it is the selection of the outstanding schools under the supervision of Office of the Basic Education Commission and the Office of the Vocational Education Commission for 44 schools from 176 schools and the outstanding students under the supervision of Office of the Basic Education Commission and the Office of the Vocational Education Commission for 110 students from 218 students. The schools winning the contest will be funded for the amount of 100,000 Baht each together with the plaques. The students winning the contest will receive the scholarship of 40,000 Baht each together with the certificates totaling the amount of 10 Million Baht for supporting the education.



1.2 Project of Goodwill Intention, 2nd year

The Government Savings Bank in cooperation with the Office of the Permanent Secretary, Prime Minister Office, implemented the project of Goodwill Intention to allow people to have the opportunity to devote their loyalty to His Majesty King Bhumibol Adulyadej, Her Majesty Queen Sirikit, the Queen of King Rama 9, and the Royal Family during the period between 2015-2017 by making the goodwill intention which will benefit themselves and the indirectly to society. The Government Savings Bank has created the pots for writing the goodwill intention to be hung on the lofty fig tree (the tree of goodwill intention) to be collected to the Office of the Permanent Secretary, Prime Minister Office, throughout the 2 years with people from all over the country writing their goodwill intentions with the Government Savings Bank for over 20,000 intentions.



2. Promotion on the potential of young people

2.1 Project of school bank sports, Government Savings Bank (8th year)

The Ministry of Education arranges the curriculum on sports teaching for Thai young people to have the opportunity to study in the classrooms throughout the time. As the Government Savings Bank is aware of the importance in arranging such activities, the Bank has the policy and assigns the Social and Environmental Development Department to arrange the activities to promote and support the project of school bank sports of the Government Savings Bank to increase the opportunities for students and university students who are members of the school bank project to be developed in sports skills by organizing the sporting events among the school bank project members. This has been continually operated since 2009 aiming to encourage young people to improve their sports skills as well as increasing the stages for competition and using their own abilities to benefits both in the level of education and profession in the future. It is believed that the young people can bring their competences to become self-reliant adults in the future. Such competences can also be used as the step towards the white elephant project of higher education institutes or step towards the career or in national level further.

This results in the young people who are the school bank members to grow to become the human resources with quality for the society and the nation. In the year 2016, the Government Savings Bank organized 3 types of sports; 18-year football (men), 18-year volleyball (women), and 18-year basketball (men). This includes the support and creation of pink elephant football teams across the country with more than 57,000 students being interested in attending the activity.



2.2 Project of school bank music, Government Savings Bank (8th year)

The Government Savings Bank is aware of the importance of students or school bank members to arrange the activities focusing on the athletic spirit to know to win, forgive, and have unity which is important to be used in living. This results in making the school bank members be able to grow as valuable human resource for the society and to promote the development in other skills to the school bank members to have more potential. Therefore, the Bank has initiated the contest of school bank music, Government Savings Bank, since 2009 onwards. The contest is for allowing the students who are the members of the school bank project, the Government Savings Bank, to be trained to improve their musical skills. This will allow students to use their knowledge and skills to benefit themselves which will benefit further study and career in the future. In 2016, the Government Savings Bank organized two types of music contest; Symphonic Band, which there were over 500 students and Marching Bands with more than 7,500 students attending the project as well as giving the support in the scholarship in order to develop the study in music of both types amounting more than 2,000,000 Baht.



2.3 Project of evaluation and development to the excellence in mathematics and science (7th year)

The project of Thailand Education Development and Evaluation Tests of 2016 is held by the cooperation among the Government Savings Bank, the Institute for the Promotion of Teaching Science and Technology (IPST), and Edu Park Co., Ltd. This is the cooperation in operating the test for evaluating and developing to the excellence in mathematics and science. The Government Savings Bank supported the budgets in the amount of 3,996,000 Baht for the project. The Government Savings Bank also supported such project for evaluating and developing to the excellence in mathematics and science from 2010-2016 totaling 29,528,000 Baht. In 2016, more than 167,000 students applied for testing for both subjects and there are 1,400 students attending the project for both subjects.



2.4 Promotion on the project of excellence in Thai language, History, and English language (3rd year)

The Government Savings Bank has implemented the program to promote the education among young people with academic potential. Previously, the potential of young people was enhanced in various aspects which were the school bank project, the sports school bank project, and the music school bank project with the purpose to strengthen the moral discipline and encourage the students and young people to know how to spend their free time beneficially and to create love and unity in the group. In addition, the Government Savings Bank is also aware of the importance of improving the quality of education standards of the country in order to promote the students and young people to be enthusiastic in seeking knowledge, exchanging the knowledge among one another, developing the analytical skills at the standard level following the academic aptitude to be accepted in the society. Therefore, the Bank has the policy to support academic activities. Apart from arranging the "Project of Thailand Education Development and Evaluation Tests", the Government Savings Bank has also cooperated with Romchatra Foundation by Phra Brahmamangkhalajarn, President of Romchatra Foundation, to support the project of competition in Thai language, History, and English Excellence" to develop academic skills and promote the development of qualified human resources that will benefit the country's development in the future. In 2016, the Government Savings Bank sponsored the competition for 3,000,000 Baht and more than 8,000 students and more than 2,300 schools attending the project.



2.5 Project of camp to develop the potential of children and young people under the supervision of Department of Probation, “the activity of pink heart camp” (4th year)

Children and young people are considered the resources important for the development of the nation in the future. However, nowadays many children and young people commit illegal acts and enter the probation procedures on behaviors for restoration and adaptation in thinking and behaviors in order to be in the disciplines and the norms of the society. Thus, the Government Savings Bank and Department of Probation have made the mutual agreement to coordinate in the cooperation for the development in the potential of children and young people under the supervision of the Department of Probation in the name of “Project of camp to develop the potential of children and young people under the supervision of Department of Probation” which has been operated continuously since 2013. The Department of Probation uses the scouting course to organize the camp with the training to provide the knowledge in the key topics such as the activities to create the self-understanding and self-awareness, the activities to create the self-esteem, the adventuring activities, and the scout skill activities. There is also the training on the knowledge in the topic of living according to Sufficiency Economy Philosophy, learning activities on the benefits of savings, the volunteering activities to social assistance, and the professional training activities. In 2016, the Government Savings Bank and Department of Probation arranged such activities under the name of “the activity of pink heart camp” spreading in all regions which were Tak Province (Mae Sod), Ubon Ratchathani Province, Nakhon Ratchasima Province, Udon Thani Province, Satun Province, Phuket Province, Nakhon Sawan Province, Surin Province, Prachuap Khiri Khan Province, and Chiang Mai Province with more than 600 young people attending the project.



2.6 Activities to promote the border patrol police school (7th year)

As the Government Savings Bank is aware of the importance in giving the educational opportunities to the children and young people in the desert areas, the Bank initiated the project to promote the school under the supervision of Border Patrol Police Bureau continually since 2010 until now which is the 7th year. The objective is to provide the educational opportunities for the children and young people with quality, standards, modern equipment, teaching and learning materials, and environments facilitating the learning leading to the empowerment of quality children and young people for the society in the future. The projects related to the border patrol police school already sponsored by the Government Savings Bank as follows:



1. **Support the project to build educational permanent structures.** The project aims to focus on the development on children and young people in the wilderness areas to receive quality educational opportunities by constructing the school buildings with equipment in the classrooms and improving the environment around the buildings to have the standard school buildings and the environment conducive to teaching and learning by supporting the budget to the schools under the supervision of Border Patrol Police Bureau for the period from 2010 to 2019 of 10 schools in the amount of 24,885,017.13 Baht.

2. **Support the project to enhance the quality of education** which is the project based on the Royal Initiative Children and Youth Development Plan of HRH Princess Maha Chakri Sirindhorn. The objectives are to improve the quality of school's education with the activities to improve the efficiency of teaching and learning management of teachers and distance learning, vocational training, encouraging the use of advanced materials and teaching equipment as well as improving the library to be the place for studying and researching from 2012 to 2019 for the total of 104 schools in the amount of 10,613,916 Baht.

3. **Support the scholarships for 3 consecutive years (2011-2016)** which provides ongoing scholarships to students in the schools under the supervision of Border Patrol Police Bureau having good grades and good behaviors but short of fund. The scholarships are 10,000 Baht each, totaling 1,200,000 Baht.

3. Operations for Social and Community Support

3.1 Contest Project of Pink Civil State's Community

The Government Savings Bank encourages the community to have the ideas in self-development from the participation of the community members along with promoting the good relationships among the Bank, government agencies in the area, and the communities around the country. This will create the cooperation in strengthening the community development to be self-reliant leading to the sustainability in line with government strategies focusing on synergies in all sectors. In 2016, the project of Pink Civil State's Community Contest was initiated. 432 communities were interested in participating in the project.

In the first round, 100 communities were selected to remain. In the semi-final round, 20 communities were selected to remain. In the final round, 10 communities were selected to be the winner community and the first runner-up communities. The amount of supporting fund was 3,000,000 Baht. The awarded communities were as follows:

1. The winner community was Ban Huai Deua Community, Mae Hong Son Province, receiving the support fund of 500,000 Baht from the operational plan of Ban Huai Deua Community's nature study.

2. The first runner-up was Chewavithree Community Enterprise, Ban Mai Phatthana, Moo4, Nan Province, receiving the support fund of 300,000 Baht from the operational plan of development to the role model community in conserving and using the benefits from herbal plants.

3. The second runner-up was Ban Huai Saphan Community, Kanchanaburi Province, receiving the support fund of 200,000 Baht from the operational plan of conserving the Ban Huai Saphan Samakkee's community forest.



3.2 Activities of pink food cupboard

The Government Savings Bank arranges the activities of pink food cupboard to promote the creation of food sources in the community as the close community's food cupboard with full 5 food groups available. This includes the enhancement of good health from having the organic food, encouragement of doing agriculture covering the management on plants, soil,



water, and animals to use the bare areas beneficially. The focus is on letting the community be the key host in driving the agriculture to generate the food sources in the community by adhering the Sufficiency Economy Philosophy or self-reliance economy following the royal guidelines of King Bhumibol Adulyadej. The New theory Agriculture was applied to do as being able from small to big, from easy to difficult, to know themselves sufficiently. This is for savings, reducing the expenses, and encouraging the development of water and forest resources in accordance with the royal command of Her Majesty Queen Sirikit, the Queen in King Rama 9 in the project of "84 years, people loyally conserving water and forest" on the auspicious 84th birthday anniversary of the Queen on 12th August, 2016, for the balance of

natural resources, forests and water. The Government Savings Bank sponsored the budget for totaling over 1,000,000 Baht. Such activities were attended by 23 communities, over 30,000 interested people, and over 9,000 households.

3.3 Project to assist the disabled persons

According to the National Plan for the Improvement on the Quality of Life of People with Disabilities, Vol. 4, B.E.2555-2559 (2012-2016), it is the 3rd strategic plan to empower the disabled and caregivers of the disabled to secure and advance their career or works with independent occupation under the Act on the Promotion and Development of the Quality of Life of Persons with Disabilities B.E.2550 (2007), Amendments (No. 2), B.E.2556 (2013), and the regulations of the National Commission on the Promotion and Development of the Quality of Life of Persons with Disabilities



on the rules, procedures and conditions for concession to grant the places for selling goods or services, sub-contracting the works or services by special methods, training or provision of equipment or facilities, sign language interpreter, or other assistances to persons with disabilities or caregivers of persons with disabilities, B.E.2558 (2015) which oblige the enterprises, government agencies, or state enterprises to conform to the rules and laws concretely, clearly, and systematically focusing on the participation of all sectors. The main principle is to create an integrated society for the disabled and everyone in the society, not to discriminate against people with disabilities and care givers with disabilities, and create the good attitudes towards the disability, the disabled, caregivers of the disabled and their families so that people with disabilities can have full access to their rights. The society has better understanding of the disabled and contributes to reduce disparities, create alternatives, and generate revenue opportunities to the caregivers of the disabled and their families in developing their labor force potential, practicing their skills for career, and enhancing economic competitiveness as well as creating the morale for the disabled, caregivers of the disabled and their families. Regarding the operation in the year 2016, the Government Savings Bank coordinated with the agencies for the preparation of the project to assist the disabled for the year 2017 for 100 disabled persons by spending the budget of 2016. The operation has been already processed as follows:

1. Department of Skill Development approved 4 curriculums for training
2. Bangkok Employment Office 10 approved the project.

3.4 Activities to present the large candle in 2016

The purpose is to cultivate Buddhism which is the center of the mind of people in the community by buying the candles to dedicate to the temples in 77 provinces, 8,000 Baht for each province totaling 616,000 Baht.

3.4 Government Savings Bank concerns on helping the victims of natural disaster

With the “Project of Government Savings Bank concerns on helping the victims of natural disaster” by the types of natural disasters, the Government Savings Bank sponsored and supported the budget in 2016 as follows:

For the cold weather, the Government Savings Bank shared the warmth to Thai people across the country who suffered from cold weather by giving the blankets in the north and the northeast with the total budget of 1,200,000 Baht.

For the flood, the Government Savings Bank helped to alleviate the sufferance of people affected by the flood nationwide by giving the survival bags in the total contribution budget of 3,700,000 Baht.

For the fire victims, the Government Savings Bank donated the budget to help the fire victims from the fire of public houses due to forest fire in the total budget of 300,000 Baht.

3.6 Development and presentation of products and services for social creation Activities of “applying for the cards and sharing the shirts”

The Bank has launched the card applying project for allowing the customers who apply for the debit cards in December 2016 to engage with the Bank for social contribution by donating black shirts to the needy and the underprivileged to have the opportunity to wear black shirts to mourn for His Majesty King Bhumibol Adulyadej. The shirts were scheduled to be distributed to people before ceremony of merit making on the 100 days of the King's passing which fell on 20th January, 2017. Regarding the terms and conditions, all customers applying for the debit cards of the Bank in all types, 1 card for 1 account, could participate in one black shirt donation. In December 2016, total of 321,829 debit cards were sold and 100,000 black shirts were produced and delivered to the regional branch of the Government Savings Bank to allocate and distribute to the needy and the underprivileged nationwide.

Savings the environment

1. Creating and promoting consciousness in environmental care and conservation

1.1 Youth Relations Activities for the year 2016 is the project and activities to commemorate Her Majesty Queen Sirikit, the Queen in King Rama 9, on the occasion of the 7th cycle of the Queen's birthday anniversary on 12th August, 2016, and the letter from the Fiscal Policy Office (FPO) on the development of water and forest resources according to the royal command of Queen Sirikit, Qu the Queen in King Rama 9, in response to such activities along with the currently serious problem of water resources causing impact on many problems whether to human, wildlife and environment. All are suffered. From the development on Thailand's economy, industry and technology, the demand for land use of people for agriculture grows rapidly. Moreover, the water shortage is currently important for many countries because water is an important factor in surviving. It is one of the economic drivers whether the use of water in agriculture, industry, electricity generation, etc. Therefore, it is necessary to restore the abundance of water resources by providing environmental education to raise the environmental awareness on the environmental conservation with the promotion of behavioral change by environmental favor. The Government Savings Bank organizes youth relations activities in line with the Bank's mission in banking for society. As the Government Savings Bank is aware of the conservation and importance of water resources, the water conservation activities were arranged such as dam construction, water dredging, canal construction and campaign on waste disposal prohibition. In 2016, the activities were arranged for 18 regional branches of the Government Savings Bank and the budget of the school bank project, the youth relations activities, and the public money were spent for the expenses in supporting the activities for students performing the operation in the school bank, 10,000 Baht per school. For 1,086 schools, total of 6,967 students attended by planting 5,450 trees, making and repairing 6 dams, releasing 64,449 fish and 300 pieces of EM BALL for wastewater treatment. The Government Savings Bank supported the total amount of 10,860,000 Baht.



Financial Highlights

Five years highlights

Unit: Million Baht

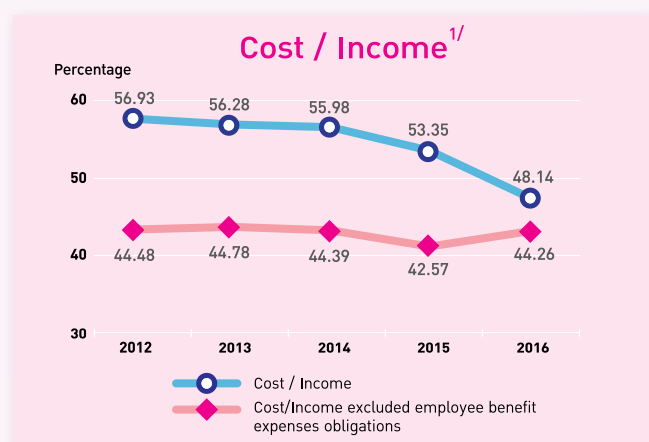
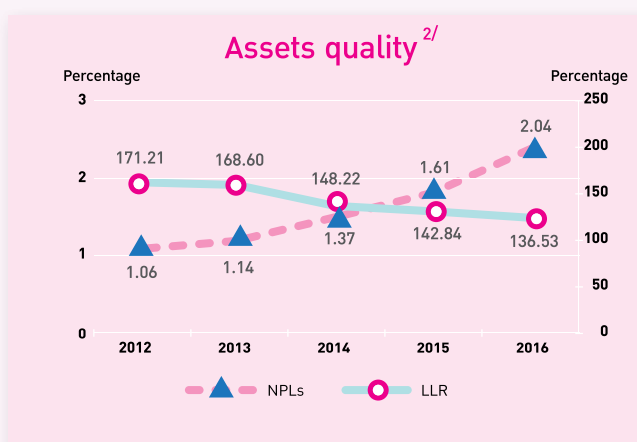
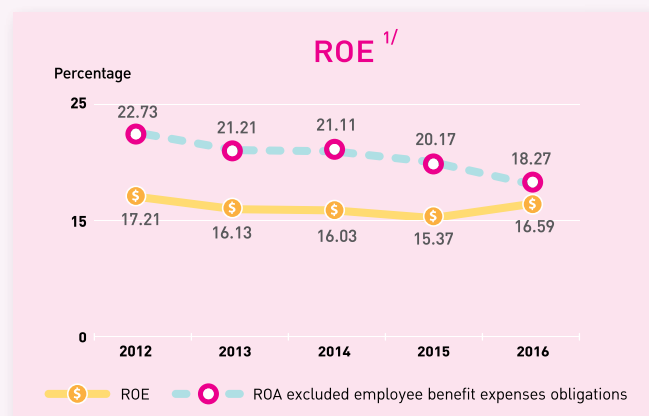
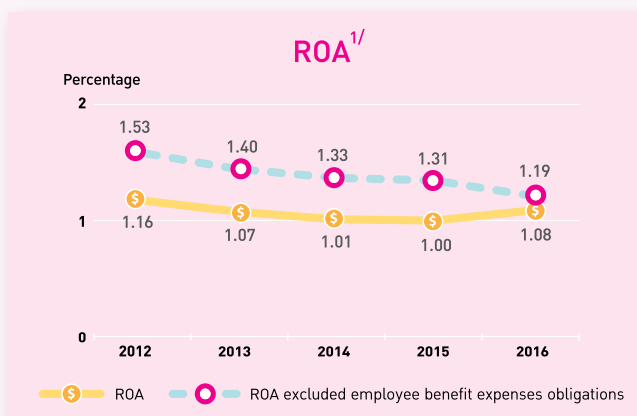
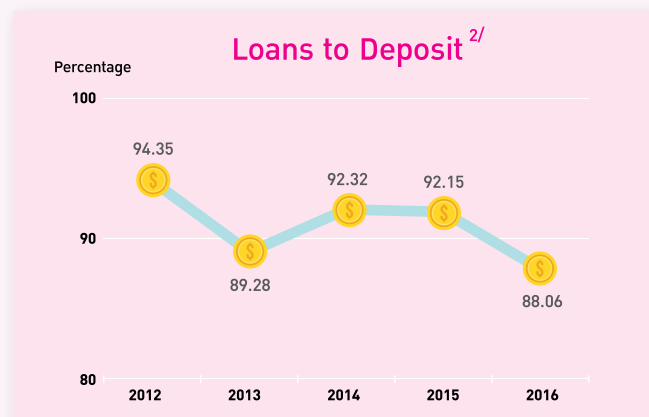
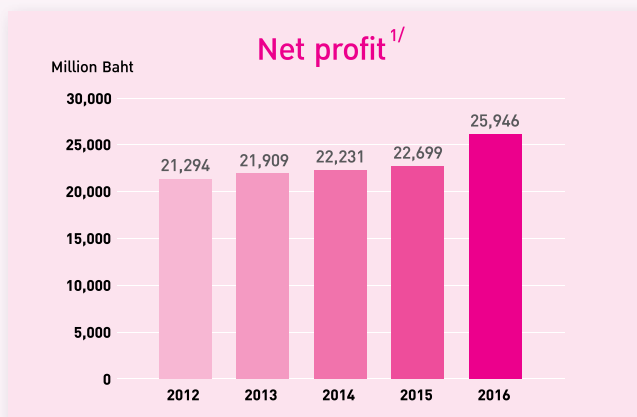
	2012	2013	2014	2015 [adjust]	2016	Change [% YoY]
Income Statement						
Interest income	99,226	105,620	106,955	103,815	104,335	0.5
Interest expense	50,083	51,713	51,301	45,749	44,087	(3.6)
Net interest income	49,143	53,907	55,654	58,066	60,248	3.8
Net fees and services income	2,705	3,741	4,008	4,590	4,781	4.2
Other operating income	3,106	2,636	1,319	3,070	3,242	5.6
Other operating expenses	31,258	33,908	34,062	34,985	32,776	(6.3)
Operating income	23,696	26,376	26,919	30,741	35,495	15.5
Bad debts, doubtful accounts and loss on impairment & TDR	2,402	4,467	4,688	8,042	9,549	18.7
Net Profit^{1/}	21,294	21,909	22,231	22,699	25,946	14.3
Other comprehensive profit (loss) - net	4,494	(4,948)	(603)	(1,437)	5,629	491.7
Total comprehensive profit (loss)	25,788	16,961	21,628	21,262	31,575	48.5
Balance Sheet						
Total assets	1,962,550	2,176,901	2,259,016	2,400,468	2,509,588	4.5
Net investment in securities	249,177	250,633	268,815	246,127	283,604	15.2
Loans ^{2/}	1,585,145	1,678,309	1,802,971	1,919,659	1,901,851	(0.9)
Total liabilities	1,828,834	2,040,042	2,111,917	2,248,713	2,339,181	4.0
Deposits ^{2/}	1,679,764	1,879,425	1,952,504	2,082,706	2,159,136	3.7
Equity	133,716	136,859	147,099	151,755	170,407	12.3
Key Financial Ratios (in percentage)						
Return on assets (ROA) ^{1/}	1.16	1.07	1.01	1.00	1.08	
Return on equity (ROE) ^{1/}	17.21	16.13	16.03	15.37	16.59	
Net interest income to average net assets (NIM)	2.69	2.62	2.51	2.56	2.51	
Operation expenses to total net income ratio (Cost/Income) ^{1/}	56.93	56.28	55.98	53.35	48.14	
Loans to deposits (L/D)	94.35	89.28	92.32	92.15	88.06	
Capital Adequacy Ratio (CAR) ^{3/}	10.63	10.56	11.11	10.80	11.54	
Tier 1 capital adequacy ratio ^{3/}	9.75	9.88	10.21	10.24	10.86	
Non-performing loans to total loans (gross NPLs) ^{2/}	1.06	1.14	1.37	1.61	2.04	
Allowance for doubtful account to NPL (LLR/NPL)	171.21	168.60	148.22	142.84	136.53	
Number of employee	13,787	14,666	15,366	15,653	15,927	
Number of Branches	932	1,001	1,025	1,043	1,056	
Number of service units ^{4/}	160	156	152	163	154	
Number of Self Service auto machines	6,341	6,505	7,534	7,764	8,234	
Number of School Banks	733	853	973	1,086	1,207	

^{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 (2015 is the last year), 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).



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Government Savings Bank Chairman's Message

On Thursday 13th October, 2016, after there was the Notification of the Bureau of the Royal Household on the passing of His Majesty the King Phra Bat Somdet Phra Paraminthra Maha Bhumibol Adulyadej Mahitalathibet Ramathibodi Chakkrinaruebodin Sayamminthrathirat Borommanatthabophit, all of Thai people around the country were in mourning.

We, the Board of Directors, the executives, the employees, and the workers of the Government Savings Bank are deeply saddened to pay condolences to our beloved King and to commemorate the King's boundless merciful grace.

In the year 2016, the Government Savings Bank played the vital roles in creating the stable, prosperous, and sustainable future for Thailand and Thai people. These were the important mechanism in supporting and enabling the fundamental economy and small and medium enterprises including the implementation following the government policies in various dimensions such as the establishment of "SMEs Private Equity Trust Fund", Soft Loan Phase II, Soft Loan for modifying the machinery and increasing the productivity efficiency for SMEs entrepreneurs, Soft Loan project to assist fishermen of "Thai fishermen move towards international level", public house project both Pre Finance and Post Finance for people having low income who have never owned a residence before including the public house project located on the royal property (Baan Dhanarak Pracharat). The 3 measures to assist people having low income in urban areas according to the civil state's guidelines are; measure of public credits for people, measure of public policy to solve the problem of people's debts under the government policy, and the workshop training program for professional development and financial knowledge provision for small entrepreneurs in the urban area for 150,000 persons, project of registration for government's welfares. The registration was granted for more than 2.5 million eligible persons in the project for the transfer of funds to the beneficiary accounting following the measures of income increasing for people having low income in the registration project for government's welfares. There is also the registration of PromptPay. Moreover, the Bank attended the project of New Year 2560 gift giving to people to reduce the interests to people by returning the interests to customers with the good repayment history and debt restructuring in terms of the principal loans and suspending the payment of default interests and normal interest in the default periods given to the customers with outstanding debts and the customers deferred with bad debts.

In supervising the Government Savings Bank, the Board of Directors and the executives of the Government Savings Bank have jointly determined the direction, policies and strategies of the Bank as well as reviewing the major regulations of Government Savings Bank such as policies of good corporate governance, anti-money laundering and counter-terrorist, policies of risk management in credits, policies of business credit, policies of retail credits, policies of credit verification, policies of assessing the collateral and property valuation, policies of operation supervision on the business operation of securities, policies of individual information protection, policies of using services from external service providers, policies of conflict of interest, policies for sustainable development "the Bank for society, Government Savings Bank". The Code of Ethics and ethics of Government Savings Bank are processed with the integration of governance, risk management, and compliance with laws, regulations, rules, and laws to ensure stable and sustainable growth in the operation as well as having the international standards of management. In addition, the Bank also promoted campaign activities for the Board of Directors, the executives and the employees to jointly declare their goodwill to be honest organization with transparency in the operation as well as taking part in CSR activities resulting in the 91.94% points of Integrity and Transparency Assessment (ITA) improving from last year.

According to the operational performance of 2016, the development is in the good level both in business growth and service provision to the society and the community. We would like to thank the Board of Directors, the executives, the employees and all workers for their dedication to perform their duties in the responsible manner in enhancing the Government Savings Bank to become more than the financial institute and really become the Bank for the society. We also would like to thank our customers, business partners, and those who involved in all of the Bank's missions for trusting and always giving good support. I promise to be determined in creating financial services to our customers, people, and the society forever.




(Mr. Kulit Sombatsiri)

Chairman of the Board of Directors of Government Savings Bank



“ Will be “Beyond Banking for society”. We are ready to cooperate with public sectors, private sectors, and people to drive Thailand into the Digital Economy and Thailand 4.0 era to enter the second century of the Government Savings Bank gracefully ”





Government Savings Bank President and CEO Message



Government Savings Bank pay the greatest homage to the King

On 22nd April, 2016, it was the 50th anniversary that His Majesty King Bhumibol Adulyadej opened the monument of King Rama VI and the head office building of the Government Savings Bank, Phaholyothin Road, since 22nd April, 1966. The King delivered the speech to the Government Savings Bank on this important occasion. It was the auspicious occasion and honor to the executives, the employees and the workers of the Government Savings Bank. The Bank has organized a fireworks display of “GSB of Thailand to be the land’s pinnacle for 50th years with the King’s protection” grandly and elegantly as well as holding the glorious exhibition honoring and commemorating the events in 1966.

On the great occasion of the 70th Anniversary of the King’s throne, the Bank made the money savings box to celebrate the 70th Anniversary of the King’s throne on 9th June, 2016. It was the last honoring money savings box which was made by the Bank with the permission of the King to invite the King’s emblem to decorate the front of the box.

On 14th October, 2016, at 3 PM, the executives, the employees and the workers of the Government Savings Bank gathered to pay loyalty and commemoration to the King’s divine grace by jointly paying condolences in front of the King’s picture at the Government Savings Bank to stand still for 99 seconds which was the same time of the parade of carrying the King’s body from Siriraj Hospital to the Grand Palace. There was also the activity to stand still for paying condolences after paying respect to national anthem and half-mast at 8AM at the head office throughout the first 30 days of the King’s passing.

Moreover, the activities were held to commemorate to the King’s divine grace such as making the movie of the royal anthem to play in the cinema in the series of “the King of Savings” as well as making the honoring documentary of “Flow of Royal Relationship” and “Tracing the King to Switzerland”. There was also the exhibition of “Applying the King’s Speech into the Way of Sustainable Savings” and the cooperation with Ministry of Culture in publishing the book of “King Bhumibol Adulyadej” and “99 King’s guidance to bring happily peace to people” to be given to people around the country.

2016 was the year of Collaboration for Excellence

Among the Thai economic situation in 2016 to slowly recover, it was expected to expand for 3.2% in accordance with the world economy which is still fragile. The force of Thai economy still comes from the spending and the investment of the government sector through the measures to stimulate the economy, the better expansion of private sector, and the gradual and continual expansion of the tourism sector. However, the export sector continually recesses following the recessing economy of the trading partner countries especially for China and ASEAN’s economies which are the major trading partners.

Even during the economic recovery, the Bank still maintained the good performance in 2016. The assets and deposits grew by 4.5% and 3.7%, respectively, from the previous year while the loans decreased by 0.9% from the repayment of loan of the government sector and state enterprise over 100,000 million baht. The income of fee and services increased from the previous year by 6.9% with the net profit of 25,946 million baht. The gross non-performing loans (gross NPLs) ratio was 2.04% of total loans. The liquidity ratio for legal deposits was 22.55% and the capital adequacy ratio was 11.54%. This was due to the efficiency in asset and liability management, liquidity management, non-performing asset management, and the administration of capital adequacy to be in the appropriate level both in the returns and risks.

The year 2016 is considered the new era of savings or GSB New Era under the Aspiration: Digital Transformation focusing on all customers in all generations with the Customer Centric strategy to develop products, services and channels of service as well as the integration of modern marketing communications to respond to each group of customers.

Bank for Gen Y people

The card products and electronic services were launched to supports the digital living of the new generation people in cooperation with FinTech to innovate on key financial services such as Mobile Banking (MyMo) / Digital Salak on MyMo / Credit Card / Cash Card, and the new style of Debit Card issuance based on life style and popularity of the new generation including GSB New Generation creation such as the launch of GSB Virtual School Bank on www.gsbschoolbank.com, the launch of GSBGen.com for children, teenagers and young people (Kid Club, Teen Club and Youth Club), the project of “GSB GEN Star Campus” contest to select young people who have the personality, knowledge, ability, and intelligence and being the good role model in the society to act as the public relations representative for the Government Savings Bank. The activities of “GSB Gen Family Bikes”, “GSB Gen Art Contest” of drawing contest under the concept of “Thai Traditional

art savings” and the activities of “GSB GEN Shocking Pink” to create the innovation of financial services for Gen Y people to motivate children and young people to see savings as exciting and interesting daily life.

Bank for Society

There was the aim to develop towards sustainability in accordance with SDGs of the United Nations under the concept of “GSB creates the pink world” by implementing the activities of projects for social benefit such as the project of “GSB from Hundred to Million Baht” with the idea to change the Thai business to become instantly done, quickly done, and really done to be furthered as SMEs Start Up. There were also the project of “GSB with pink civil state” to sponsor and hold the activities both in pink civil state shops, pink civil state community, and pink civil state market, and the project of “Leading the Dreams of Young People towards Excellence” to hold the competitions in music, sports, and academic to encourage young people to be professional.

Bank for people

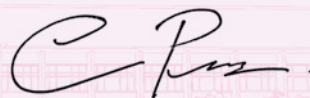
The operation of missions in pursuance with the government’s policies was to propel the country’s economy by supporting small and medium sized enterprises (SMEs) through the SMEs Private Equity Trust Fund project, GSB Start up Project, and Soft Loan Project for SMEs to support the small groups of people and foundations through the People’s Bank Project, Public credits for people, Civil state measures to solve public debt problems, Credit Debt Solutions for Teachers, and Educational Personnel Measures to assist farmers and small individuals affected by floods and drought crisis, Baan Pracharat Home Project, workshop training for professional development and financial education for small businesses in the urban community of 1,500,000 persons. The National e-Payment (GSB PromptPay) project was to allow people to register in the public welfare system and transfer the money under the measures to increase income to people with low income for 2.6 million persons, the measures to improve the well-being of the village, and the project to increase the potential of the village and urban fund. From the survey on the confidence of the Grassroots Economics done by Economic Research Center and Grassroots Economics of Government Savings Bank, it was found that the Grassroots Economics Sentiment Index (GSI) at the end of 2016 was expected to rise to 49.9 from 44.9 in early 2016 and the GSB Quality of Grassroots Life Index: GLI of the Government Savings Bank customers was higher than the average of the nationwide grassroots people.

From the collaboration towards the goals, plans, projects and activities, along with improving the major processes both in business process, management, internal audit and internal control, good corporate governance, and risk management to prepare for accessing international standards under the supervision and verification by the Bank of Thailand in 2017, the results were apparent to external agencies leading to the awards at the corporate level, products, and corporate leadership which can create the pride to Government Savings Bank.

For the year 2017, the Thai economy tends to improve continually from 2016 which is expected to grow in the range of 3 to 4 percent due to the high level of investment support from the public sector especially for the investment in large infrastructure including the tourism sector, agricultural production, household spending, and private investment which is likely to expand well whereas there are risk factors from global economic volatility.

The direction of the Government Savings Bank’s operation in 2017 which is the 104th year of the Bank or GSB New Century, we aim at being the leader in the financial innovations and modern society of “Leadership in Financial & Social Innovations” with 6 major strategies of “Sufficiency Economy to promote savings and create financial discipline, solve the non-formal debts, Senior Citizen’s Bank, SMEs Start up, and Digi-Thai Banking.”

On behalf of the executives, the employees and the workers of Government Savings Bank, we would like to thank all of our customers, partners and relevant persons to trust in Government Savings Bank and have good friendship throughout the time. Thanks to the Board of Directors, the executives, the employees and the workers for the unified force in bringing our organization to the new era GSB. Among many environmental factors affecting, we can still proceed the operation following the mission to drive the Thai economy and respond to the government’s policies well, especially in supporting financial services for the grassroots people nationwide. We promise to create the innovation of valuable financial services to respond to the financial issues of all groups of customer in order to bring maximum satisfaction to the service user to be “Beyond Banking for society”. We are ready to cooperate with public sectors, private sectors, and people to drive Thailand into the Digital Economy and Thailand 4.0 era to enter the second century of the Government Savings Bank gracefully.



(Mr. Chatchai Payuhanaveechai)

President and CEO of Government Savings Bank



Audit Committee Report 2016

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 2016, the Board of Directors approved the following Audit Committee members:

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	Salae,	Member

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

In 2016, the GSB Audit Committee held thirteen meetings with the management team, internal auditors, and auditors (The Bank of Thailand and 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 of the efficiency and effectiveness of the internal control, good governance and risk management processes.

The Committee reviewed the internal control report in compliance with the OAG Regulation, Clause 6, both quarterly and yearly, and analysis report on the implementation of the teachers, and educational personnel loan forgiveness program, Bank complaints Preparation, E-Payment service of the GSB according to the Government's National Electronic Payment System Development Strategy, performance control of outsourcers in the field of information technology (IT Outsourcing), observation in cybercriminals stealing money from ATMs of the GSB, controlling and securing mobile banking systems (MyMo) with external consulting firms. These reports are to ensure that the internal control system and the management of the GSB is comprehensive and effective, including the review of the quarterly risk analysis report as well as risk management practice and progress 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 system that can prevent risks, damage and frauds.

Review of compliance with the laws, rules and regulations of the Bank and regulatory bodies

The Committee followed up the progress of performance according to the recommendations of the internal auditors, and Office of the Auditor General, reported on the due diligence by the external auditing firm, Reviewed and monitored regulations, procedures, announcements and orders relating to the operation of the GSB to ensure accurate compliance of all work units and comprehensive internal control system.



Monitoring internal audit operations

The Committee reviewed and approved the internal audit charter to consider the appropriateness of duties and responsibilities, scope of work, rights, duties and independence in performance of duties; approved the annual audit plan for 2016, and revision of internal audit handbook for 2016, action plan for improvement of internal audit operations covering all respects under responsibility of the Committee. In addition, to further strengthen internal audit confidence evaluation of the internal control quality with action plan put in place to improve internal audit operations for 2016; whereby the internal auditors were encouraged to develop their skills and knowledge and to undergo examination for professional certificate on a consistent basis.

Discussion with the auditors

The Committee discussed regularly with the auditors about audit findings and recommendations to prevent overlapping audit work, and creating good cooperation and improvement as recommended by the auditors.

Discussion with top executives and functional line executives

The Committee discussed with GSB President & CEO and functional line executives about discussed policy and management guidelines, internal controls and risk management policies and work out prevention guidelines as well as recommend remedial measures so that no impacts are posed on the Bank.

Maintaining of quality of Audit Committee

The Committee reviewed and improved the Audit Committee Charter and conducted self-assessment in line with the best practice of State-enterprise Policy Office, Ministry of Finance, including encouraging the Audit Committee to attend training to increase knowledge related to the role of the Audit Committee to ensure that Audit Committee's operations are efficient and achieve the objectives set forth in the Audit Committee Charter.

Remuneration for auditors

GSB is a state enterprise that remunerates 3,060,000 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



Internal Audit

The Internal Audit processes build assurance services and providing independent and fair consulting service 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 2016, the 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 Audit Group 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. Currently, the internal auditors receive a total of four professional certifications, including seven auditors received Certified of Information System Auditor (CISA), three auditors received Certified of Public Accountant (CPA), and fifteen auditors received Certified of Professional Internal Auditors of Thailand (CPIAT) and one auditor received Certified of Information Security Management System Auditor 2 Lead Auditor Training Course (Based on ISO/IEC 27001: 2013 standard) designations.

Internal audit unit structure

The Government Savings Bank has restructured its Internal Audit to Audit Group on November 18, 2016. However, the internal audit still 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 Audit Group collaborated with senior executives and related executives to discuss and plan audits. Recommendations from related executives audit reports were used to improve internal controls.



Audit Group responsibilities

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





Board of Directors

Mr. Kulit Sombatsiri

Chairman of the Board of Directors

53 year old

Education

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

Working Experience

- 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

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, PTT Exploration and Production Public Company Limited



Mr. Prapas Kong-led

Director

Chairman of Executive Committee

Chairman of Employee Relations Committee

54 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

- Public Director Institute Program (PDI) Class 15, King Prajadhipok's Institute
- 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 Formulation & 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
- 59th International Congress of the International Fiscal Association, International Fiscal Association, Buenos Aires, Argentina
- 57th International Congress of the International Fiscal Association, International Fiscal Association, Sydney, Australia
- International Taxation, The University of New South Wales, Australia

Other Present Positions

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



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

60 years old

Education

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

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

59 years old

Education

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

62 years old

Education

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

Working Experiences

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

Training

- Public Director Institute Program (PDI) Class 15, King Prajadinipok's Institute
- Role of the Chairman Program No.39/2016, Thai Institute of Directors (IOD)
- Advanced Audit Committee Program (AACP, Class 20/2015), Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP) No.22/2004, Thai Institute of Directors (IOD)

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

53 years old

Education

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

Working Experience

- 2016 - Present President, Osotspa Company Limited
- 2003 - 2016 Vice President, Unilever Thai Trading Company Limited
- 1999 - 2003 Director, Unilever Thai Trading Company Limited

Other Present Positions

- Director, Thailand Institute of Scientific and Technological Research



Mr. Jessada Promjart

Director

Member of Audit Committee

55 year

Education

- Master of Accounting, Thammasat University
- Bachelor 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 - 2015 Director, D Land Development Company Limited
- 2009 - 2014 Independent Director and Director of Audit Committee, Chukai Public Company Limited

Training

- Public Director Institute Program (PDI) Class 14, King Prajadhipok's Institute
- Ethical Leadership Program (ELP) Class 5/2016
- 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 (IOD)
- Director Certification Program (DCP) Class 45/2004, Thai Institute of Directors (IOD)
- Telecommunication Management Course, Engineering Faculty, Chulalongkorn University

Other Positions

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



Miss Sompit Charoenkiatkul

Director

Executive Director

Member of Risk Management Committee

Chairman Director of Position Classification, Appointment, Job Rotation and Executives Salary Committee

63 years old

Education

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

Working Experiences

- 2011 - 2013 Senior Executive Vice President, Risk Management Group, Krungthai Bank Public Company Limited
- 2010 - 2011 Deputy Managing Director, Krungthai Bank Public Company Limited
- 2009 - 2010 Deputy Managing Director, 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



General Jiradej Mokkahasmit

Director

63 years old

Education

- Bachelor of Science, Chulachomklao Royal Military Academy

Working Experiences

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

Training

- Infantry Officer Advanced Course, U.S.A.
- Regimental Officer Advanced Course, Australia
- Command and General Staff College Course
- The National Defense Course (Class 50), the National Defense College of Thailand
- Certificate in Top Executives in the Energy Education Program, Thailand Energy Academy (Class 3)
- Director Accreditation Program (DAP), Class 16/2014



Mr. Boonchai Charassangsomboon

Director

54 years old

Education

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

Working Experiences

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

Training

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



Mr. Chusak Salee

Director

Member of Audit Committee

63 years old

Education

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

Working Experience

- | | |
|------------------|---|
| • 1997 - Present | Managing Director, Sri Ayudhya Capital Public Company Limited |
| • 2010 - Present | Managing Director, Sri Ayudhya General Insurance Public Company Limited |
| • 2004 - 2007 | Director, Krungsri Asset Management Company Limited |
| • 1998 - 2004 | Director, Ayudhya Development Leasing Company Limited |
| • 1993 - 1997 | Vice Presiden, Ekthana Securities Public Company Limited |
| • 1990 - 1993 | President, Citicorp Leasing Thailand Company Limited |
| • 1985 - 1993 | Director, Business and Professional Lending Department, Citibank Thailand Company Limited |
| • 1979 - 1984 | Asistant Manager, Corporate Lending Department, Tisco Bank |

Training

- Director Certification Program, Institute of Directors (IOD)

Other Positions

- Director, National Credit Bureau
- Director, Sri Ayudhya Capital Public Company Limited
- Director, Sri Ayudhya General Insurance Public Company Limited



Mr. Chatchai Payuhanaveechai

Director and Secretary

Executive Director

Member of Good Governance and Corporate Social Responsibility Committee

Chairman Director of Position Classification, Appointment,

Job Rotation and Executives Salary Committee

57 years old

Education

- Honorary Doctorate of Business Administration (Management), Rajamangala University of Technology Lanna
- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Business Administration (BBA), Thammasat University

Working Experiences

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

Training

- Top Executive Program, Capital Market Academy (CMA), Class 22
- Certificate Course in Public Administration and Law for Executives Class 6 (Prajadhipok's Institute)
- Director Certification Program (DCP) Class 116, The Institute of Directors (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
- Director, Dhipaya Insurance Public Company Limited
- Executive Director, Laktong Company Limited

Executives



Mr. Chatchai Payuhanaveechai

President and CEO

57 years old

Education

- Honorary Doctorate of Business Administration (Management), Rajamangala University of Technology Lanna
- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Business Administration (BBA), Thammasat University

Working Experiences

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

Training

- Top Executive Program, Capital Market Academy (CMA), Class 22
- Certificate Course in Public Administration and Law for Executives Class 6 (Prajadhipok's Institute)
- Director Certification Program (DCP), Class 116, 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, Dhipaya Insurance Public Company Limited
- Executive Director, Laktong Company Limited



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)
- Executive Certification Program on Administrative Justice, Class 6, The Office of the Administrative Courts of Thailand
- Advanced Insurance Program, Class 6, Office of Insurance Commission (OIC)

Other Positions

- Director, Dhipaya Life Insurance Public Company Limited
- Executive Director, Dhipaya Life Insurance Public Company Limited
- Chairman of Risk Management Committee, Dhipaya Life Insurance Public Company Limited
- Member of Nomination And Compensation Committee, Dhipaya Life Insurance Public Company Limited



Miss Kornpranom Wongmongkol

Senior Executive Vice President
Corporate Strategy Group

58 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 (Corporate Strategy Group), Government Savings Bank
- 2012 - 2015 Senior Executive Vice President (Credit and Operation Support), Government Savings Bank
- 2008 - 2012 Executive Vice President (Risk Management), Government Savings Bank
- 2012 - 2016 Director, Bangkok Commercial Asset Management Public Company Limited
- 2012 - 2016 Director, Dhipaya Life Insurance Public Company Limited
- 2011 - 2014 Director, Marketing Organization Department of Interior
- 2007 - 2009 Director, G Steel Plc.
- 2006 - 2007 Acting Managing Director, Financial Institution Asset Management corporation
- 2003 - 2006 Director of Corporate Banking (UOB)
- 2001 - 2002 Director of Corporate Loan Group, DBS Bank (DTDB)

Training

- Human Resources Management and Labour Relations, Faculty of Economic, Chulalongkorn University
- Executive Program, Capital Market Academy, Class 3
- Programs of Thai Institute of 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, TSFC Securities Public Company Limited



Mrs. Wipaporn Chairatana

Senior Executive Vice President
Risk Management Group

54 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
- 1999 - Present Securities Investment Advisors (Single License)
- 1999 - Present Bond Trader (Trader License)
- 1998 - Present A CPA (Certified Public Accountant)

Training

- The National Defense Course (Class 59), the National Defense College of Thailand
- 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 (Class 1)
- 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

57 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 (IRDP)

Other Present Positions

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



Mr. Isara Wongrung

Senior Executive Vice President (Personal Customer Group)

50 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
- 1988 - 1994 Start working at Marketing and Lising Credit 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 Committee of the National Legislative Assembly
- Executive Director, World Savings and Retail Banking Institute (3 year term)
- Director / Executive Director / Investment Director, Dhipaya Life Insurance Public Company Limited
- Consultant of TV Channel for Education and Occupations
- Committee of Thai-Asean Cultural and Economic Council
- Deputy Secretary of Government Fiscal Administration Leadership Program, Batch#2, Comptroller General's Department
- 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
Investment and Financial Management Group
47 years old

Education

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

Working Experiences

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

Training

- Advanced Management Strategies for the Prevention and Suppression (Class 7), Office of the National Anti-Corruption Commission
- The Program for Senior Executives on Process of Judgement, Class 17, Courts of Justice
- Director Certificate Program (DCP), Class 74, Thai Institute of Directors Association (IOD)
- Leadership Succession Program (LSP), Class 5
- The Executive Program for Senior Management (EX-PSM), Fiscal Policy Research Institute (FPRI)
- Financial Executive Development Program (FINEX), Class 17, the Thai Institute of Banking and Finance Association

Other Present Positions

- Director, Islamic Bank of Thailand
- Director, Thanachart Securities Public Company Limited



Mr. Chokchai Kunawat

Senior Executive Vice President
Credit and Operation Support Group
53 years old

Education

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

Working Experiences

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

Training

- Thailand and ASEAN Economic Community" Program, Class 5, King Prajadhipok's Institute
- Senior Management Leadership Development Program : Nanyang Business School, GSB and HeyGroup in Singapore
- Integrated Marketing : Innovative Financial and Advanced Products, Class 1, National Institute of Development Administration
- Advanced Financial Management, Class 2, Faculty of Commerce and Accountancy, Chulalongkorn University
- Senior Management Executive Leadership Program : Nanyang Business School in Singapore
- GSB Advanced Executive Program (Delivering Customer Value, Partnering for Success and Leading Change), IBM Executive Business Institute in USA
- GSB Executive Education Program in Singapore
- Young Bankers' Executive Development Program, The Thai Institute of Banking and Finance Association
- The 7 Habits of Highly Effective People

Other Present Positions

- Director, TRIS Corporation Company Limited
- Vice President, MBA Chula Alumni, Chulalongkorn University



Mr. Pichet Dhammavipark

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

Education

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

Working Experiences

- 2016 - Present Senior Executive Vice President (Business and Public Sector Customers Group), Government Savings Bank
- 2008 - 2015 Executive Vice President, Government Savings Bank
- 2004 - 2008 President and CEO, Government Savings Bank
- 2002 - 2004 Regional Deputy Director, Government Savings Bank
- 2000 - 2002 Branch Director, Government Savings Bank

Training

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

Other Present Positions

- Executive Director, Director, Thanachart Fund Management Company Limited



Ms. Jiraporn Nugitragson

Senior Executive Vice President
Grassroots and Public Sector Customers Group
56 years old

Education

- Bachelor of Science Program in Agricultural Economics, Kasetsart University

Working Experiences

- 2016 - Present Senior Executive Vice President, Grassroots and Public Sector Customers Group, Government Savings Bank
- 2015 - 2016 Executive Vice President, Personal Customers Operation, Government Savings Bank
- 2015 Executive Vice President, Grassroots Customers, Government Savings Bank
- 2010 - 2016 Executive Vice President, Personal Loan Group, Government Savings Bank
- 1999 - 2010 Director, SME Business Loan Department, Government Savings Bank
- 2004 - 1999 Director, Housing Loan Department, Government Savings Bank
- 2004 Director, Business Loan Department, Government Savings Bank

Training

- Senior Management Leadership Development Program : Nanyang Business School, GSB and HeyGroup in Singapore
- GSB Advanced Executive Program, IBM Executive Business Institute in New York, USA
- Financing for Energy Efficiency and Renewable Energy Project, Kenan Institute Asia
- GSB Middle Management Leadership Program: Nanyang Business School, GSB and HeyGroup in Singapore
- Systematic Problem Solving and Decision Making Program
- Advanced Financial Management Program
- The 7 Habits of Highly Effective People
- Credit Scoring Workshop For Basel II

Other Present Positions

- Representative Director, Thai Smart Card Company Limited



Mr. Amornrit Chanprasit

Senior Executive Vice President
Compliance and Good Governance Group
57 years old

Education

- Bachelor of Law, Ramkhamhaeng University

Working Experiences

- 2016 - Present Senior Executive Vice President, Compliance and Good Governance Group, Government Savings Bank
- 2015 - 2016 Executive Vice President, Branch Operation 5, Government Savings Bank
- 2013 - 2015 Inspector General, Government Savings Bank
- 2010 - 2013 President and CEO, Government Savings Bank
- 2005 - 2010 Branch Director, Government Savings Bank

Training

- The New Frontier of Banking Business in the Digital World Program
- Credit Skills for Creditor Expert (Module A,D) Program, Loan Committee, Class 4, Thammasat University
- Leadership Succession Program (LSP), Class 6/2016, Institute of Research and Development for Public Enterprises (IRDP), Thammasat University
- SDGs and Post-2015 Business Engagement A Program
- State Enterprise Performance Appraisal (SEPA)
- Business Analysis Program, Faculty of Economic, Chulalongkorn University
- Compliance Officer Program, Class 4, Faculty of Law, Chulalongkorn University
- Senior Management Leadership Development (Training for Successor), Nanyang Business School and Government Savings Bank and HayGroup, Singapore



Mr. Therdtham Suvichavorrathan

Senior Executive Vice President
Audit Group
53 years old

Education

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

Working Experiences

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

Training

- International Conference, The Institute of Internal auditors (USA, Netherlands, Canada, New York, Japan)
- 2012 Asian Confederation of Institute of Internal Auditors Conference, Queen Sirikit National Convention Center
- Leadership Succession Program (LSP), Class 4, Institute of Research and Development for Public Enterprises (IRDP)
- Director Accreditation Program (DAP), Class 118, Thai Institute of Directors Association (IOD)
- IOD's National Director Conference 2013, Plaza Athenee Hotel
- Fraud and Corruption Prevention Conference, Grand Centerpoint Ratchadamri
- Audit Committee Seminar Get Ready for the Year End, Dusit Thani Hotel
- Integrating GRC Functions : Risk Management Compliance and Audit, Deloitte
- Twenty Years of Trust and Adding Values, Bank & Financial Institution Internal Auditors Club
- Risk Management and Corporate Governance Practices in Financial Institutions, Chulalongkorn University
- Fraud Management and Networking, Branch Operation Executive Club, Siam Commercial Bank
- INTERNAL AUDITING; A Critical Component of Governance, Government Savings Bank
- GSB Middle Management Leadership Program 2007, Nanyang Business School, GSB and HeyGroup in Singapore

Other Present Positions

- Director, Executive Director, Bank & Financial Institution Internal Auditors Club, Thai Bankers' Association
- Director, Executive Director, Fraud Management Club, Thai Bankers' Association
- Director, Executive Director, Institute of Internal Auditors of Thailand



Mr. Manus Pironrit
Executive Vice President
Branch Operations 1



Mrs. Anong Suriyachot
Executive Vice President
Branch Operations 2



Mrs. Nittaya Matchima
Executive Vice President
Branch Operations 3



Mrs. Pachaleeporn Voraviboonsavat
Executive Vice President
Branch Operations 4



Miss Kedsiri Sawadrat

Executive Vice President
Branch Operations 5



Mrs. Rosarin Sojiphan

Executive Vice President
Branch Operations 6



Mr. Sarawut Nanakorn

Executive Vice President
IT Planning and Development



Mrs. Pishsinee Thangtrongjit

Executive Vice President
Corporate Secretariat



Miss Prada Smerapunya

Executive Vice President
Information Technology



Miss Noppawan Ratanawekin

Executive Vice President
Personal Customer Business Management



Mrs. Rojarek Simapivapan

Executive Vice President
Personal Customer Business Management



Mr. Kittiphong Boonying

Executive Vice President
Grassroots Customer



Mr. Pinij Danmanee

Executive Vice President
SMEs Business



Mr. Rawee Ounpat

Executive Vice President
Debt and Legal Management



Mr. Chukiat Titihirunjaroen

Executive Vice President
Business and Public Sector Operation



Mr. Veerachai Amorntakolsuwech

Executive Vice President
Business and Public Sector Operation



Mrs. Rampai Boonlap

Executive Vice President
General Administration



Miss Panasan Thongboonnak

Executive Vice President
Compliance and Control



Mrs. Siriwan Prasertchai

Executive Vice President
Financial Management



Miss Paphakorn Ratanasate

Executive Vice President
Investment



Mrs. Nongnuch Pupipatphol
Executive Vice President
Finance



Mrs. Supaporn Saitongin
Executive Vice President
Corporate Policy and Starategy



Mr. Wuitipong Piromyaporn
Executive Vice President
Risk Management



Mr. Anurak Sangeamjitt
Executive Vice President
Risk Management



Mr. Pisnu Wuttiprasit
Executive Vice President
Personal Customer Operation



Mrs. Jeeranan Khetsakun
Executive Vice President
Human Resources Management



Mr. Santhan Yoosiri
Executive Vice President
Human Resources Development

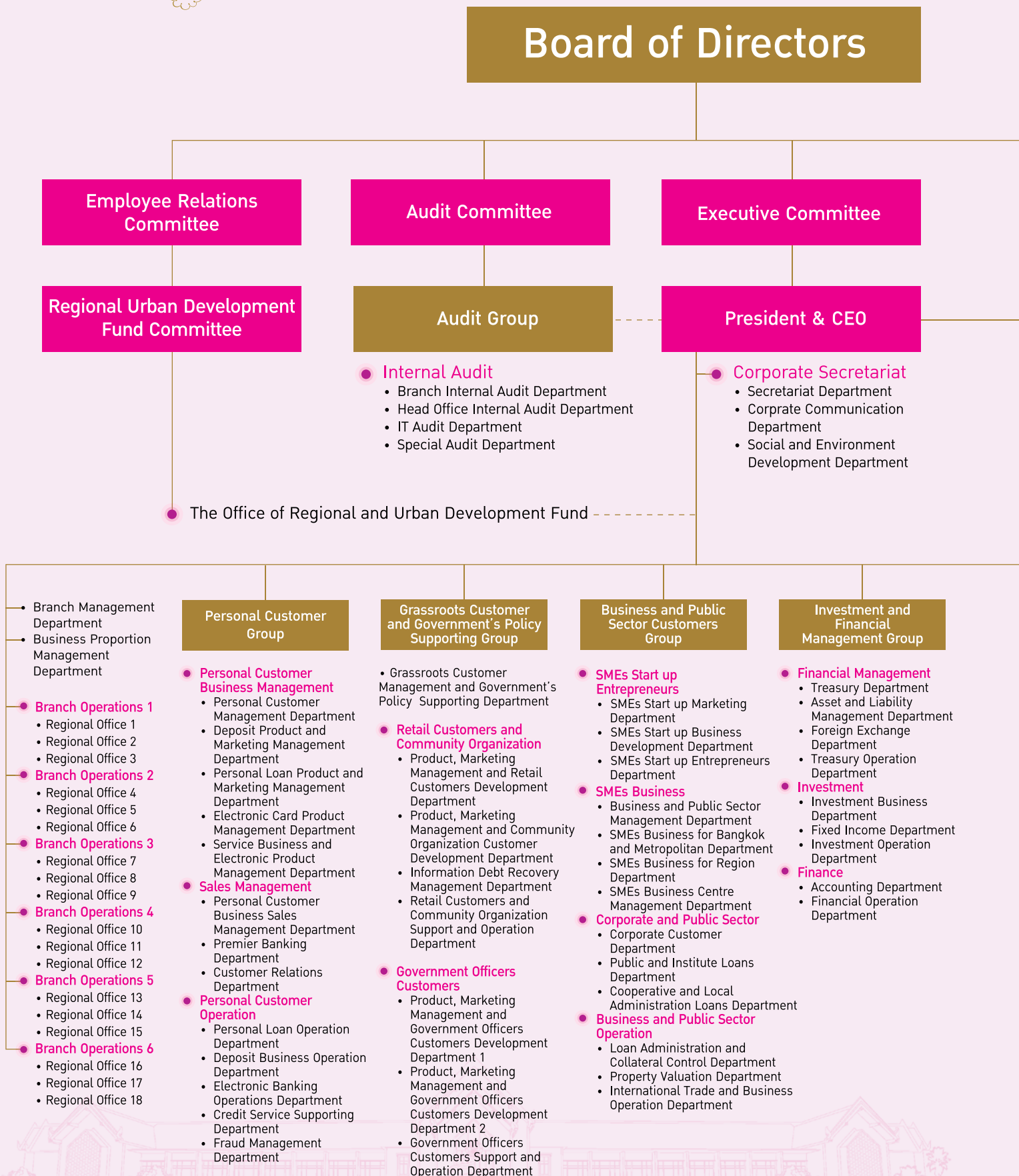


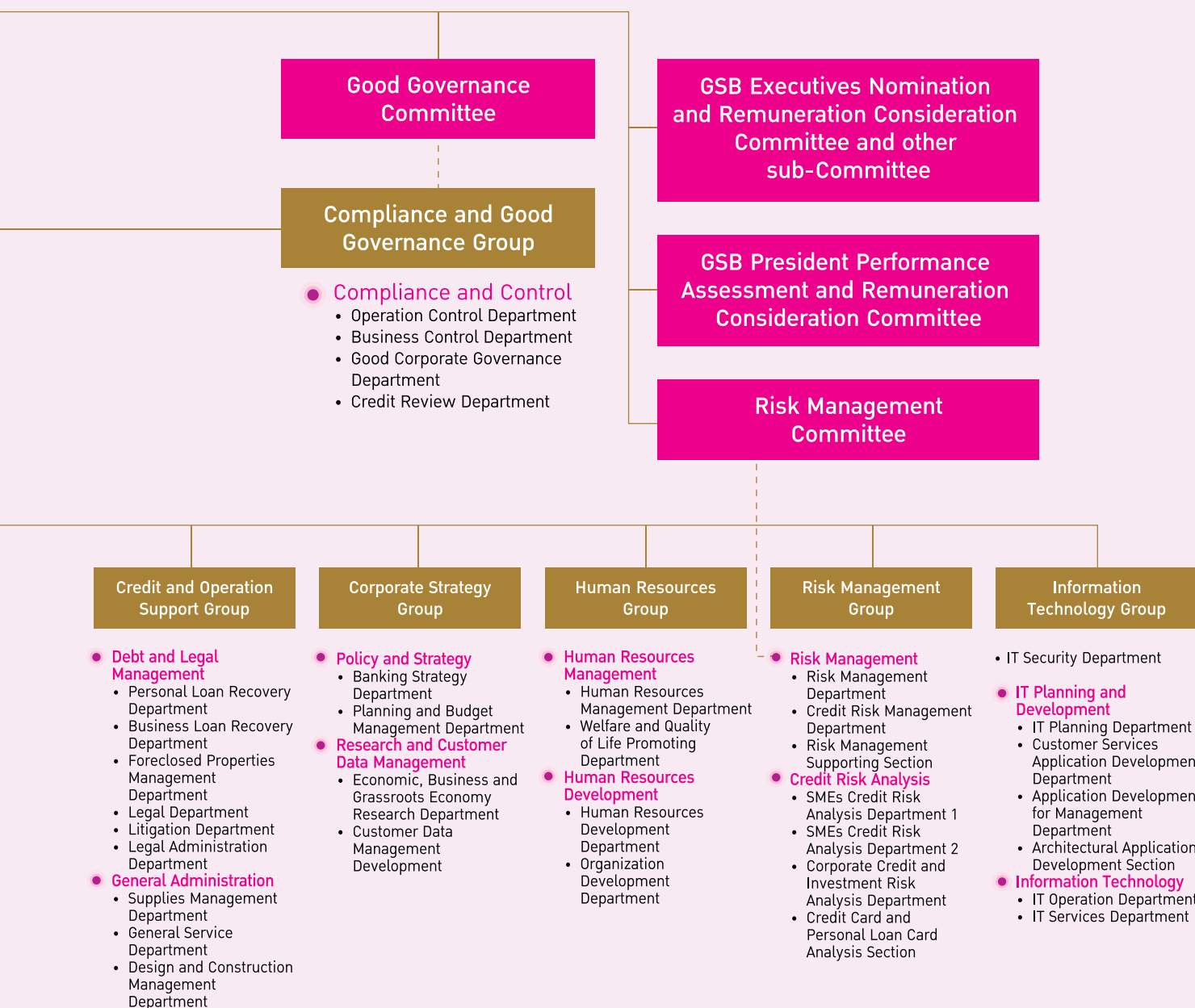
Lt. Pratya Thaikla
Inspector General
Personal Customer Group



Mr. Chanchat Pholpirintr
Inspector General
Investment and Financial Management

Organization Chart





As at December 31, 2016



Business Development and Services

Personal Customer Group

Personal Customer Group continues Customer Centric concept to respond Customer Life Time Value; from youth to retired age. Innovative products and services development emphasized on ages between 15-30 years applying modern technology to become Digi-Thai Banking as well as creating pleasant experience in services. In 2016 individual customers constitute of 9.12 Million from total 19.3 Million customers with deposit amount of 1,506,781 Million Baht; Credit balance of 607,965 Million Baht, and more than 1.9 Million AMT cards. The Bank developed the following innovative products and services as well as built up relationship activities among each sub-segment:

Students Group

The Bank focused on expanding student groups to continue their uses of services and products until early working age. GSB develops modern products and services that focused on savings and creating financial discipline to satisfy their behaviors and lifestyles to be in line with the Customer Centric concept that the Bank has adopted until today. The Bank introduced Youth Savings designed especially for students with special interest rate at 1.25 % per annum without daily withdrawal limit. In addition to high-interest deposit products, the bank also designed Barbie GSB GEN Card, a Barbie doll with world-class fashion with a concept of “You Can Be Anything” including many benefits such as discounts on Barbie dolls, B2S shop and special price movie ticket, etc. Moreover, supporting channels for students, especially school bank group were added to create experience outside the classroom though online media in line with the policy from Ministry of Education to reduce study time and increase learning through “Virtual School Bank By GSB” in Visual 3D format which is a tool for presentations through motion picture, voice, and other multimedia that swiftly reaches target audience.

In addition, the Bank provides a positive experience for students through the GSB GEN by launching 4 creative activities to enhance learning and skills for children and youth through the GSBGEN.COM website: these activities are GSB GEN Campus Star, a contest to select young people to represent new generation who possess good personality, knowledge, skills, wisdom and be a role model in society; GSB GEN Art Contest, held painting contest under the concept “Omsilpa-Thin Thai” to promote cultural preservation through the art of drawing and painting to show the gratitude to His Majesty the King Rama VI; GSB GEN Family Bikes 2016, held under the concept “Stable Love, Stable Family, Stable Health”, to have fun with Family Cycling, sticker collection or points to redeem GSB GEN Shocking Pink cyclist uniform. To create a new identity of financial culture for GEN Y people to motivate children and youth to see savings as an exciting daily life. In addition, financial discipline knowledge and digital library were added for information research and more privileges (discounts) to allow members to pick a deal that matches the Life Style of each group; GSB SMEs start-up encourages new generations to create useful ideas for themselves, family, society, community and environment and also turn ideas into tangible business, over 1,300 teams participated in the year 2016.

Start Working Group

The Bank focused on developing new products and services including the existing products in line with the Life Style and financial services requirements for digital-age start-up customers to create more opportunities to expand customer base in this group. Customer Centric approach has been conducted continually based on the Voice of the Customer as well as challenging external factors to increase the number of new customer base such as new technology, by leaps and bounds growth of online transaction via smart phone, and the government policies. In 2016, The Bank continued to developed Mobile Banking (MyMo) service by adding a new feature, Digital Salak, to achieve Digi-Thai Banking. The customers can easily and conveniently buy Salak via MyMo which responded to the needs of this group of customer. In addition, the MyMo service has also been developed to increase the ability to conduct many financial transactions under the ISO / IEC 27001: 2013 global safety standard such as Promptpay, loan payment for oneself and others, GSB life payment and account view including Share Inbox to Social media: Line, WeChat, Email, WhatsApp, Facebook, and increase shop partners to pay for goods and services with the service provider.

In addition, the Bank has developed innovative electronic card products that meet the needs of the early-stage consumers such as Premium Credit Card with the concept “Trust GSB to take care of your every payment” and Prima Card to increase flexibility for customers without securities or personal surety with interest rate at 19% per annum including free usage fee for 12 billing circles. For service channel, the Bank has improved its Look & Feel service and expanded Self Service channel to project up-to-date Bank image combining with Integrated Marketing Communications to penetrate early working age with media formats and modern tools through Social media such as Line, Facebook, YouTube, Instagram and Twitter throughout the year.



Middle Income Group

The bank continues to adopt strategies to maintain its existing customer base and expand its customer base by improving both deposit and loan products to suit the needs of middle income customers. The Bank launched special on-call deposit, GSB life deposits such as 4-month special on-call deposit, 8-month special on-call deposit, 3-year, and 5-year special PSCs, GSB life in a form of GSB Sabai Jai endowment 16/8, including promotional activities "Tax Deduction" to help customers choose the right financial plan to offer long-term secure middle income future retirement. Loan products: the Bank offered wide range of special loan promotions to suit all customer needs, including housing loan; refinance program, GSB Home Loan, GSB Top Up, and OD Happy Life. In addition, the Bank has offer Precious credit card to middle income customers and improved products and services in line with the digital age by adding more online payment channels via MyMo including other promotional activities that meet the needs of customers.



High Net Worth Value Group

In 2016, The Bank gives priority to retaining its existing high net worth value customers and expanded operation regionally to increase competitiveness and differentiation. High net worth value customers are a priority the Bank has focused on by improving low risk high return savings products and services. High net worth value customers were given additional special privileges, including Special GSB 3-year, and 5-year special PSCs including special savings deposits and leads to other products and services that gain fee income such as Prestige Credit Card. The Credit Card offers many benefits for high net worth value customers such as restaurant discounts, leading shops, and travel protection on parts of body, damages of travel luggage, and household property. The Bank also improved branch personnel's professional

investment skills to be qualified to be unit trust brokers and professional Financial Advisor as well as increasing the field work of central team to give guideline of sales promotion to the branches. Activities to build up relationship with customers and financial knowledge were conducted for heir of the High net worth customers to create a bond for the heir to be the Bank's future customers.

Government and State Enterprise Officials Group

The Bank has supported government and state enterprise officials needs for a long time because of its contractual relationships with government agencies and state enterprises throughout the country. In 2016 the Bank continued to motivate the service use of existing contracts and expanded to new agencies to pass on the products and services of the Bank with special conditions to meet the needs of government and state enterprise officers. The bank focuses on loans in response to the demand for expenses on basic consumable goods such as housing expenses, child expenses, and expenses on general goods for living. The Banks launched low interest housing and welfare loans for contract government agency and state enterprise employees including special condition for loan application. Credit and debit card were launched to support

the needs to use speedy cash for basic needs or in emergency cases. Premium Credit card and Precious Credit Card responded to customers who usually shop online or shops accepting VISA card. Prima card is a form of revolving credit offered maximum credit limit 5 times higher than the salary to improve a quality of life of this group.

Retirement Group

Retired people will be the country's largest Aged Society, therefore, in 2016, the government agreed to adopt measures to support the Aging Society. The bank has seen the importance of such a situation and cooperated with the government to help people to support the Aged Society by offering the following products and services. First, deposit account for senior citizens aged 60 and above with an interest rate higher than the savings deposit interest rate of 1% per annum (not exceeding 1 Million Baht). Reverse Mortgage, a loan for senior to convert their home equity into cash to cover monthly expense. The bank gradually gives the loan amount in instalments up to 20 months (the age of the borrowers combining with the contract must not exceed 85 years); "Housing loan for grateful person" for those who take care of their parents and spouse. Borrower names must be stated in the same house registration as their parents for at least 1 year or evidence of parental support tax reduction must be presented for at least 1 accounting period. The loan purpose was to supply or home repair. Maximum credit limit of 100% of the appraisal value with interest free period from 6 to 12 months and payment up to 65 years were conditioned. Personal loan for borrower aged 60-70 who want to have career capital with a flat interest of 1% per month up to 200,000 Baht.



In addition to launching products and services in cooperation with the public sector, the Bank continues to maintain its existing customer base by developing / improving more products and services in line with the behavior of retired customers. The Bank offered promotions for customers who have been approved of housing loans and welfare loans for retired government officials and employees (using pension amounts as loan guarantees). SCG Eldercare Solution also offers discounts products in this line. In addition, GSB PromptPay products are presented through MyMo to facilitate the customers to receive state benefits through digital channels conveniently and promptly.

Performance and Financial Statements Analysis

1. Operational Performance Overview

In 2016 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 Sustainable Development by increase of Human Resources Development and Information Technology as well as preparation Governance and risk management to meet international standards. As government stimulus measures helped drive a slowing economy, the Bank's Office of the Auditor General audited financial statements showed total assets of 2,509,588 Million Baht (December 31, 2016): ranked number four in the Thai banking system. Net profit was 25,946 Million Baht, increasing 3,247 Million Baht or 14.3 percent from the previous year. Combining profit from Available-for-sale investments with market prices, total gross profit was 31,575 Million Baht, increasing from the previous year by 10,313 Million Baht.

Unit: Million Baht

Statement of Comprehensive Income	2016	2015	Change (yoy)	
			Increase (decrease)	%
Net interest income	60,248	58,066	2,182	3.8
Net fees and services income	4,781	4,590	191	4.2
Other operating income	3,242	3,070	172	5.6
Other operating expenses	32,776	34,985	(2,209)	(6.3)
Bad debts, doubtful accounts and impairment losses	9,549	8,042	1,507	18.7
Net Profit	25,946	22,699	3,247	14.3
Net other comprehensive gains (loss)	5,629	(1,437)	7,066	491.7
Total comprehensive profit	31,575	21,262	10,313	48.5
Returns on average assets (ROA)	1.19 ^{1/} / 1.08	1.31 ^{1/} / 1.00		
Returns on average equity (ROE)	18.27 ^{1/} / 16.59	20.17 ^{1/} / 15.37		

^{1/} Excluding expenses on past employee benefits according to IAS 19 (5-year gradual recognition since 2011, 2015 was the last year = for 5,346.7 Million Baht) and initial contributions for employees entering provident fund (10-year gradual amortization; 2016 = 2,643.13 Million Baht and 2015 = 1,727.39 Million Baht).

Key Items in Income Statements

1.1 Net interest income

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Interest income	104,335	103,815	520	0.5
Loans ^{2/}	95,896	94,977	919	1.0
Interbank and money market items	3,741	3,486	255	7.3
Investments	4,698	5,352	(654)	(12.2)
Interest expenses	44,087	45,749	(1,662)	(3.6)
Deposits ^{3/}	29,337	32,850	(3,513)	(10.7)
Premium savings certificates (PSC)	10,408	10,755	(347)	(3.2)
Interbank and money market items	896	456	440	96.5
Contributions to SFI fund	3,446	1,688	1,758	104.1
Net interest income	60,248	58,066	2,182	3.8
Returns on performing assets	4.46%	4.69%		
Interest costs	1.97%	2.14%		
Net interest spread	2.49%	2.55%		
Net Interest income per average net assets (NIM)	2.51%	2.56%		

^{2/} Including interest income from loans between financial institutions included in interbank and money market interest income.

^{3/} Including interest expenses on deposits from financial institutions and cooperatives included interbank and money market interest expenses.

In 2016, the Bank posted net interest income of 60,248 Million Baht, increasing 2,182 Million Baht or 3.8 percent from 2015, primarily from assets and liabilities management in-line with market interest rate direction and liquidity. Interest rate spreads was at 2.49 percent and NIM was 2.51 percent.

1.2 Net fees and services income

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Fees and services income	5,368	5,022	346	6.9
Fees and services expenses	587	432	155	35.9
Net fees and service income	4,781	4,590	191	4.2
Fees and services income to total income-net	7.00%	6.98%		

In 2016, GSB recorded net fees and service income of 4,781 Million Baht, up by 191 Million Baht or 4.2 percent from 2015. This resulted primarily from Commission fee / premium payment fee from special interest rate promotions for customers who insure credit limits and electronic transaction services enhanced by ATMs, electronic card sale (GSB Gen Card, Barbie), Mobile Banking (MyMo), Digital Salak on MyMo and the use of promotion campaign and activities.

The Bank has waived fee for Mobile Banking, such as automatic notification service (For applicants entered before May 31, 2015 for a period of 1 year from June 1, 2015 to May 31, 2016). Money Transfer Services within region transfer to encourage more application from and customers. In addition, the Bank has waived the ATM / ADM ATM fee for inter-regional transfer to facilitate people who come to pay their respects to the body of the late King Bhumibol until January 3, 2017.

1.3 Other operating income

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Other operating income				
Net gain (loss) on trading and foreign exchange	184	104	80	76.9
Net gain (loss) on investments	22	515	(493)	(95.7)
Dividend income	1,956	1,497	459	30.7
Other operating income	1,080	954	126	13.2
Total other operating income	3,242	3,070	172	5.6
Operating income to total income-net	4.75%	4.67%		

In 2016, the Bank posted other operating income of 3,242 Million Baht, up by 172 Million Baht or 5.6 percent from the previous year, from dividends income and Unit trusts, other operating incomes (NPA) and net profit from Foreign Exchange Market transaction (profit from futures contracts) while net profit from investment is lower than the previous year.

1.4 Operating expenses

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Other operating expenses				
Personnel expenses	16,651	19,679	(3,028)	(15.4)
Remuneration for directors and employees	3,204	3,219	(15)	(0.5)
Expenses for building, premises and equipment	5,249	4,726	523	11.1
Remuneration for loan collection units	3,462	3,804	(342)	(9.0)
Other expenses	4,210	3,557	653	18.4
Total other operating expenses	32,776	34,985	(2,209)	(6.3)
Operating expenses to total income-net	48.14%	53.35%		

In 2016, the Bank's other operating expenses of 32,776 Million Baht, decreased 2,209 Million Baht or 6.3 percent from 2015. Key details are as follows:

- Personnel expenses decreased 3,028 Million Baht (no expenses for past employee benefits according to IAS 19 5-year gradual recognition completed)
- Agency compensation for credit payments were reduced by 342 Million Baht (based on decreasing loan balances, agreements with agencies)
- Other expenses increased 653 Million Baht (litigation expenses, service fee and rights termination to use computer programs)
- Expense on building, premises and equipment went up by 523 Million Baht or 18.4 percent due to implementation of the plans and projects on service channel expansion, premises/landscape refurbishment, and business process development to enhance customer service efficiency.

1.5 Bad debts, doubtful accounts and losses on debt restructuring

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Bad debts	1,051	569	482	84.7
Doubtful accounts	8,755	7,473	1,282	17.2
Losses on debt restructuring	(257)	-	(257)	-
Total bad debts, doubtful accounts and losses on debt restructuring	9,549	8,042	1,507	18.7

In 2016, the Bank recorded bad debts, doubtful accounts and loss on impairment totaling 9,549 Million Baht, higher than the foregoing year by 1,507 Million Baht, mainly from higher provisions set aside for doubtful accounts of loans for occupation development, loans for general business, loans for community organization development and row house loans, industrial loans, which were downgraded to special mentioned and substandard class, the risk of future NPLs. Moreover, there was an increase in General Provision according to the Bank's policy at 2,000 Million Baht.

2. Financial Status

Unit: Million Baht

Financial Statements	2016	2015	Change (yoy)	
			Increase (decrease)	%
Total assets	2,509,588	2,400,468	109,120	4.5
Net interbank and money market items	324,962	219,998	104,964	47.7
Net investments	283,604	246,127	37,477	15.2
Loans ^{3/}	1,901,851	1,919,659	(17,808)	(0.9)
Total liabilities	2,339,181	2,248,713	90,468	4.0
Deposits ^{4/}	2,159,136	2,082,706	76,430	3.7
Equity	170,407	151,755	18,652	12.3

^{3/} In 2016, total loans for financial institutions and co-operatives under Loans for Financial Institutions Interest Act were 306,891 Million Baht (260,131 Million Baht in 2015).

^{4/} In 2016, total deposits from financial institutions and Co-operatives under Loans for Financial Institutions Interest Act were 21,795 Million Baht.

Total assets at the end of 2016 were 2,509,588 Million Baht, increasing 109,120 Million Baht or 4.5 percent from 2015 mainly from attributable growth of deposits due to product popularity. These deposits were used to manage liquidity and investment, provide retail loans according to mission, and government project to stimulate the overall economy of the country.

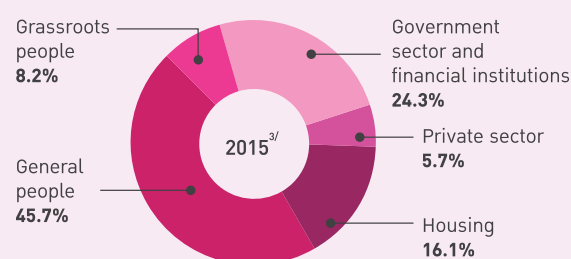
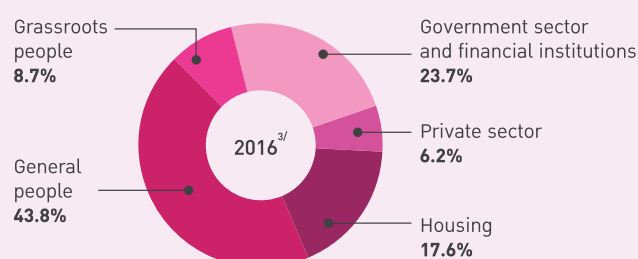
Key Financial Statements items

2.1 Loans

As of December 31, 2016, Bank total loans were 1,901,851 Million Baht (including loans to financial institutions and co-operatives), decreasing 17,808 Million Baht or 0.9 percent from the end of 2015 contributed to retail loans 70.1 percent, government sector and financial institutions loan 23.7 percent and private sector loan 6.2 percent) as detailed below:

- Government sector and financial institution loans decreased by 14,739 Million Baht or 3.4 percent mainly from early prior to the year 2016 of the Ministry of Finance. However, Soft-Loan project as working capital to SMEs operators and loans to the Bank for Agriculture and Agricultural Cooperatives (BAAC) continued to increase.
- Retail loans went down 11,633 Million Baht (0.9%) attributable mainly to loans for occupational investment, Personal loans; welfare loans for civil servants and state enterprise employees. Details of loans are as follows:

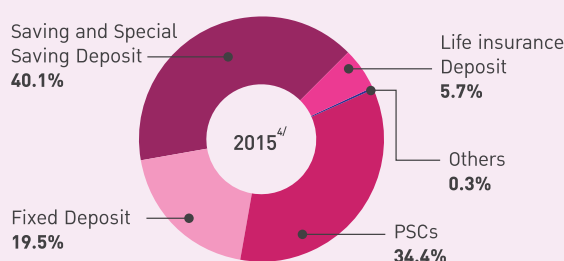
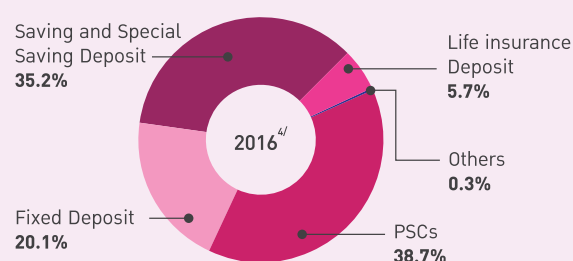
- Loan for occupational development decreased 35,010 Million Baht (teachers and educational personnel) and General personal loan went down 9,955 Million Baht (Welfare loan) from repayment and loan account closing including being cautious in providing loan.
- Housing loan increased 25,745 Million Baht (8.4%) loan for grassroots people (social and community loan row house business loan, people bank loan) grew 7,587 Million Baht or (4.8%).
- Private sector loan increased 8,564 Million Baht or 7.8% from business expansion of each operator group and support from the government.



^{3/} In 2015, total loans for financial institutions and co-operatives under Loans for Financial Institutions Interest Act were 306,891 Million Baht (260,131 Million Baht in 2015).

2.2 Deposits

Deposits as of December 31, 2016 were 2,159,136 Million Baht, increasing 76,430 Million Baht or 3.7 percent from the end of 2016. Growth was driven by new product launches with attractive terms and competitive rates of returns of Salak deposit, special on-call deposit, fixed deposit including consistent promotion campaigns such as Digital Salak purchase via MyMo applications and deposit promotions at Money Expos. These products were launched to prepare for deposit repayments and liquidity in line with Bank's mission and government policy.



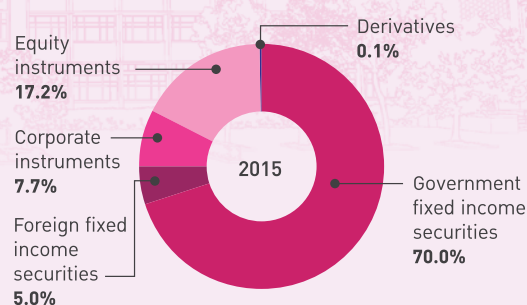
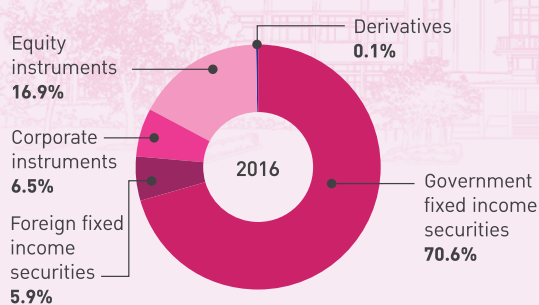
^{4/} In 2016, total deposits from financial institutions and Co-operatives under Loans for Financial Institutions Interest Act were 21,795 Million Baht.

2.3 Net investments

As of December 31, 2016, Bank net investments were 283,604 Million Baht, increasing 37,477 Million Baht or 15.2 percent from 2015 coming from investment in BOT bonds, Equity Instrument, and Foreign bonds respectively, due-date securities and BOT bonds sales 114,000 Million Baht. 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

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Net investments	282,482	245,031	37,451	15.3
Net investments in associated companies	986	967	19	2.0
Derivative assets	136	129	7	5.4
Total net investments	283,604	246,127	37,477	15.2



2.4 Equity

As of December 31, 2016, GSB's net equity was 170,407 Million Baht, increasing 18,652 Million Baht or 12.3 percent from year-end 2015, primarily from net profits of 25,946 Million Baht. Meanwhile, surplus on mark-to market value of investments increased 5,628 Million Baht from the year 2015. The Bank still remitted 12,922 Million Baht to the MOF.

2.5 Statutory capital fund

The Bank's capital fund has been calculated based on the BOT's guideline set forth under Basel II framework, covering all related risks and reflecting risk-sensitive against the Bank's assets and liabilities. As of December 31, 2016, the Bank's total capital fund was 146,918 Million Baht, accounting for 11.54% of risk weighted assets, which was higher than the BOT's minimum requirement of 8.5%, and most of which was tier tier-1 capital of 138,186 Million Baht (from all accumulated profits after annual remittance to the MOF), accounting for 10.86 % of risk weighted assets.

Nevertheless, the Bank's 2016 net profit had not yet been incorporated into the said ratio. If the 2016 net profit, as to be appropriated by the MOF after completion of the audit and certification of the Bank by the Office of the Auditor General, had been factored into the calculation, the Bank would have a greater amount of capital fund.

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Tier-1 capital	138,186	128,836	9,350	7.3
Tier-2 capital	8,732	7,000	1,732	24.7
Total capital	146,918	135,836	11,082	8.2
Risk weighted assets	1,272,962	1,257,651	15,311	1.2
Total capital: Total risk weighted assets	11.54%	10.80%		
Tier-1 capital: Total risk weighted assets	10.86%	10.24%		

2.6 Loan asset quality

Unit: Million Baht

	2016	2015	Change (yoy)	
			Increase (decrease)	%
Gross NPLs	38,720	30,872	7,848	25.4
As percentage of total loans (%)	2.04	1.61		
Net NPLs	11,507	9,444	2,063	21.8
As percentage of net loans (%)	0.62	0.50		
Allowance for doubtful accounts recorded in financial statements	52,867	44,097	8,770	19.9
As percentage of NPLs loans (%)	136.53	142.84		
Minimum reserves under BOT guidelines	47,889	37,893	9,996	26.4
Existing reserves to regulatory reserve requirements (%)	110.40	116.37		

As of December 31, 2016, the Bank's gross NPLs amounted to 38,720 Million Baht or 2.04% of total loans (including interbank and money market items), which increased 7,848 Million Baht from 2015 year-end with gross NPLs at 1.61 percent. Net NPLs totaled 11,507 Million Baht at year end 2016 or 0.62% of total net loans, increased 2,063 Million Baht (Net NPLs ratio 0.50 percent at end of 2015).

Its allowance for doubtful accounts booked in the financial statements as of December 31, 2016 amounted to 52,867 Million Baht, up 8,770 Million Baht from the end of 2015 from loans particularly loans for occupation development, people bank loan, loan for community organization development and personal loan (welfare loan) respectively, downgrading to substandard doubtful accounts and further doubtful accounts including future NPL loans. In addition, there was an increasing in General Provision to 2,000 Million Baht according to the Bank's policy.

Also, Allowance for doubtful accounts recorded in financial statements were 4,978 Million Baht higher than BOT minimum requirements.

2.7 Sources and application of fund

As of December 31, 2016, GSB's assets booked in the financial statements amounted to 2,509,588 Million Baht. Sources of funds comprised liabilities of 2,339,181 Million Baht and equity of 170,407 Million Baht, representing total liabilities to equity ratio of 13.7 times.

The major funding source was deposits, accounting for 86% of total assets. Application of funds mainly comprised net loans, net investments, net interbank and money market items representing 62.8, 11.6 and 25.6 percent respectively.

Deposits with maturity of up to 1 year were in a larger amount than loans and net investments with corresponding maturity. This is typical of banking business. However, the majority of fixed term deposits are rolled over by depositors in new products launched during that period. Those deposits tend to be long term keeping, thus allowing the Bank to use such deposits for medium- or long-term financing.

Unit: Million Baht

	2016	Proportion [%]	2015	Proportion [%]	Change (yoy)	
					Increase (decrease)	%
Sources of funds						
Deposit ≤1 year	1,385,618	64.2	1,494,451	71.8	(108,833)	(7.3)
Deposit >1 year	773,518	35.8	588,255	28.2	185,263	31.5
Total	2,159,136	100.0	2,082,706	100.0	76,430	3.7
Application of funds						
Maturity ≤1 year	908,644	36.9	892,610	38.0	16,034	1.8
Net interbank and money market	537,543	21.8	349,609	14.9	187,934	53.8
Net investments	146,634	6.0	116,966	5.0	29,668	25.4
Net loans	224,467	9.1	426,035	18.1	(201,568)	(47.3)
Maturity >1 year	1,554,276	63.1	1,459,723	62.0	94,553	6.5
Net interbank and money market	94,252	3.8	133,903	5.7	(39,651)	(29.6)
Net investments	136,835	5.6	129,032	5.4	7,803	6.0
Net loans	1,323,189	53.7	1,196,788	50.9	126,401	10.6
Total	2,462,920	100.0	2,352,333	100.0	110,587	4.7

2.8 Maintaining liquid assets

As of December 31, 2016, the Bank recorded liquidity assets increased from the previous year with liquidity assets to deposits ratio, loans to deposits ratio and dependence on large funding source ratio still within the risk limit and risk triggers set forth.

The Bank has instituted a liquidity risk management policy for use as guidelines in its liquidity risk management and is revised every year to suit the changing situation and transactions of the Bank. Risk limits and risk triggers have been set for maintaining liquid assets to deposits ratio to ensure the Bank has adequate liquid assets for its operations, with Assets and Liabilities Management Committee (ALCO) to take charge of overseeing and ensuring adequate liquidity for the operations. Liquidity risk management procedure has been developed consistently with conduct of stress testing, review of liquidity contingency plan, liquidity risk reporting system, and so forth.

2.9 Cash flow analysis

For the year ended December 31, 2016, GSB recorded cash and cash equivalent items of 28,937 Million Baht, down for 4,056 Million Baht or 12.3% from end of 2015 comprising:

- Net cash from operating activities amounted to 46,963 Million Baht, coming mainly from operating profit before changes in operating assets and liabilities of 30,752 Million Baht: an increase in operating liabilities of 106,034 Million Baht and of 45,240 Million Baht, and an increase in operating assets of 89,823 Million Baht.
- Net cash used in investing activities 32,747 Million Baht, due principally to cash payables on investments in securities and associated companies of 203,066 Million Baht and cash payables on purchase of land, buildings and equipment of 1,642 Million Baht, against cash receivables on sales of investments in securities, cash receivables from dividend of 134 Million Baht and cash receivables from sales of land, buildings and equipment of 19 Million Baht.
- Net cash used in financing activities amounted to 18,270 Million Baht, comprising funds delivered to the MOF as state revenues of 12,922 Million Baht and long-term interbank loans of 5,348 Million Baht.

3. Operations results - Comparison with 2016 targets, projects/plans

GSB has mapped out 5-year corporate plan and annual budget and action plan, as well as business plan of each EVM center for use as guidelines in operations. The planning process has been integrated with the concepts of BSC, EVM, risk management and SEPA systems. The Bank has organized workshops for Board members, senior executives, and executives at Group/Function Line/Department/Region levels. Plans have been communicated for translation into action via various channels and incorporated to KPIs from bank level to individual level.

As of 2016 year-end, the Bank's operations achieved the targets in the plans:

Finance	Plans	Results	Difference from plans
Net profit (Million Baht)	17,800	25,946	Assets and liabilities management in line with interest rate direction and liquidity: net interest income higher than planned. Set allowance for doubtful accounts and operating expenses lower than the plan from improvement of operation efficiency and management of bad assets.
Net increase in deposits (Million Baht)	41,200	76,430	Product improvement and attractive promotion campaigns of special PSC products and promotional activities throughout the year

Finance	Plans	Results	Difference from plans
Net increase in loans (Million Baht)	38,072	(17,808)	From the early repayment of government and state enterprise loans Including repayment and close the account, as a result, total credit is lower than planned, while the loan approvals / payouts are higher than planned.
Net increase in deposits (percentage)	2.00	2.04	Ability to maintain the asset quality level close to the plan amidst the economic recovery. Household debt problem and the inadequate salary of agreement organization to deduct debt repayment.
Net increase in loans (percentage)	2.44	2.51	Administer assets and liabilities management in line with interest rate direction in the market and liquidity by reduce interest costs. Even though annual remittance to specialized Financial Institutions Development Fund higher than last year by keeping the liquidity ratio under the risk level and higher than the BoT.

Non-finance	Operations results in 2016
1. Sustainable Development Promote savings and create financial discipline.	
Children and Youth	<ul style="list-style-type: none"> • Opening another 122 school banks, making 1,208 school banks in total • Organizing music contest with 7,942 students participated <ul style="list-style-type: none"> - Organizing marching band contest with 7,500 students participated - Organizing Symphonic band contest with 442 students participated • Sponsoring academic contests with 3,803 schools and 175,146 students participated <ul style="list-style-type: none"> - Mathematics and Science : 1,494 schools/167,096 students participated - Thai, English and History : 2,309 schools/8,050 students participated • Organizing Pink Civil state community activities (Bowon) : 10 communities • Organizing Camp to develop potential of children under care of the Department of Probation for 10 times. • Sponsoring for project development and promotion on educational quality of Border Patrol Police school : 10 schools • Savings for the Youth by giving scholarships nationwide: 10,092 scholarships
General public	<ul style="list-style-type: none"> • Developing community financial organizations as community financial institutions. <ul style="list-style-type: none"> - Organizing training courses for potential development : 1,320 locations - Organizing Outstanding Financial Management Community Contest : 73 rewards • Organizing Financial Literacy Training : 11,209 persons • Sponsoring stores of Civil State : 102 locations • Organizing "Pink Civil State Market : 6 times with 914 stores participated • Selecting 10 Pink Civil State Communications from 432 participated communities

Non-finance	Operations results in 2016
2. Product and Service Development	
Product improvement and development	<ul style="list-style-type: none"> • New types of Savings deposit, i.e. special savings deposit, (1/59), 5-month (2/59), 11-month (1/59), 103-days, 7-month (1/59), 4-month (2/59), 8-month, 70 days • New GSB Life and insurance products, i.e. Omsin Sabai-Jai 16/8, Omsin Sabai-Jai 20/10, Savings 10/1, Omsin Sab Munkong 10/7 plus • Providing Credit card service • Providing People Card (Debit card) • Providing overdraft with guaranteed PSCs service, and cash withdrawal with an electronic card.
3. Service channel expansion	
Open branches / service units / foreign exchange booths.	<ul style="list-style-type: none"> • 17 Branches, making 1,057 branches in total • 3 Service units, making 17 units in total • 4 Foreign Exchange booths, making 23 booths in total
Self Services machine services	<ul style="list-style-type: none"> • 6,377 ATMs in total • 6,377 Passbook Update Machines in total • 69 Cash Deposit Machines in total • 715 CDMs/ATMs in total
Electronic channels and others	<ul style="list-style-type: none"> • Improving Internet Banking system • Opening Digital Salak on MyMo service • Opening CORPORATE INTERNET BANKING service to general corporate customers
4. Organization's fundamental Infrastructure optimization	
Working systems	<ul style="list-style-type: none"> • Improved ATM/ADM compliance with PCI standard and support Chip Card • Developing information searching system through Mobile Search • Enterprise Service Bus System (ESB) • Centralize storage system • Improving communication network performance.
State Enterprise Performance Appraisal (SEPA)	<ul style="list-style-type: none"> • Assigning employees to attend seminar/ training : 791 persons
Personnel development	<ul style="list-style-type: none"> • Training/Seminar : 35,057 person • E-learning : 19,090 persons • Scholarship to employees : 64 scholarships



2016 Operational Direction and Policies

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 Special Financial Institutions. The Bank's vision and mission are set for state enterprise plan 2017-2021 as follows:

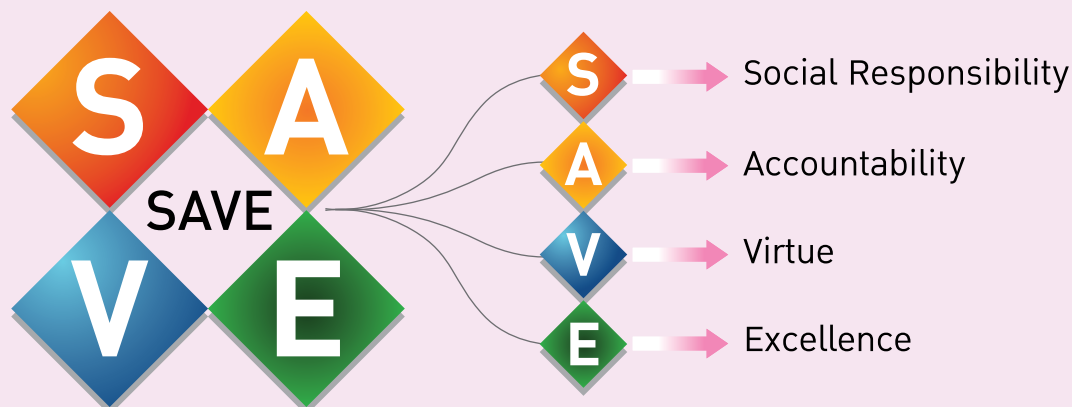
Vision

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 executed as an integral part of its operations and help create an organizational culture:



For the direction of the Bank's business operations in the years 2017-2021, the Bank focuses its mission to be GSB New ERA: Digi-Thai Banking "Digital for all Thais" continuing from Digital Transformation last year. The Bank also strives to obtain technology and innovation to develop financial products and services along with service channels to deliver financial products and services to customers especially to individual customers and grassroots people in order that they apply it conveniently, have an easy and safe access including building an understanding in products and services. In addition, the Bank provides Financial Literacy to prepare customers for using services as well as creating opportunities to access to financial resources and services; debt settlement; promotion on savings; instill financial discipline for youth and the public; strengthen community self-reliance; support on project operations which are consistent with state policies by applying the Philosophy of the sufficiency economy as a management approach. The direction and operational policy in 2017 are as follows:

The scope of business focuses on retail loans to expand an opportunity to access to financial resources in the system for individual, grassroots customers and small SMEs. The proportion of retail loans and major loans are determined not to be less than 90% and 5% of the total loans respectively. Target growth of deposits and loans is set in line with the GDP growth rate to drive the mission to the direction of Digi-Thai Banking in accordance with state policy as follows:

1. Financial strengthening

Manage the capital 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

"GSB creates the pink world" concepts ensure a sustainable international business organization. The Bank's development focuses on three areas of savings: economy, society and 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. Product and Marketing

The Bank's Customer Centric is set to meet the needs of three groups of customers: personal customer group, grassroots customer group, and corporate and government sectors customer group; by bringing modern state of the art technology to develop Product Innovation and Fintech to serve each customer group's specific needs that accelerate to Digi-Thai Banking with aggressive marketing process using advanced media tools and new and integrated marketing channels consistently to build awareness, familiarity, and customer confidence that leads to sustained use of services.

4. Service Excellence

The Bank enhances the quality of service and the various service channels to cover an easy access to be inconsistent with behaviors of each customer group and to deliver a good service experience at every touch point both in original and Digital Touch Point channels. The Bank also improves the customer service process to meet the standards to create customer satisfaction and commitment including positive Customer Experience.

5. Fundamental Capabilities

The Bank raises the standard of corporate management and improves the infrastructure to be more competitive in different ways; development of database, researches for development, systematic administration and management on Human Resources, improvement of process and internal system in addition to the reinforcement of the Information Technology and security systems, in order to intensify management efficiency and add value to the organization to support Customer Centric to GSB New ERA: Digi-Thai Banking "Digital for all Thais"

2017 Major Plans and Projects

Financial Strengthening

- Developing asset and liability management project
- Developing investment management project
- Managing and controlling overdue debts project



Sustainable Development

- Virtual School Bank project
- Youth excellence project
- 100 to Million project
- GSB pink civil state project
- Financial Literacy to grassroots customers and community organization group

Product and Marketing

- Plan to optimize service through MyMo
- The development of new innovative financial products and services (Fintech)
- Electronic Business Marketing Plan
- Business Communication Plan and GSB Image
- SMEs Entrepreneur Support Program through Venture Capital
- SMEs clean account project

Service Excellence

- Digital Branch project
- Self Service machines project
- Development plan for format and variety of service channels.
- Development plan for service process improvement

Fundamental Capabilities

- Development plan for management and human resource development for digital competition.
- Development plan for information technology systems to support business operations.
- Development plan for risk management tools and preventive monitoring.
- Development plan for flexible and automated workflow development.
- Development plan for customer database improvement
- Development plan for grassroots economic sentiment index set up

In 2017, Thailand may experience the following external factors that will deter the Bank from achieving its operational targets: Domestic economic and global economic factors, society and population changes, customer behavior changes, modern financial innovations and technology, government policies and regulations, financial institution and non-financial institution competition. The Bank managed the risks by analyzing and evaluating the impact of these factors and identified guidelines and reviewed business strategies to achieve its objectives.



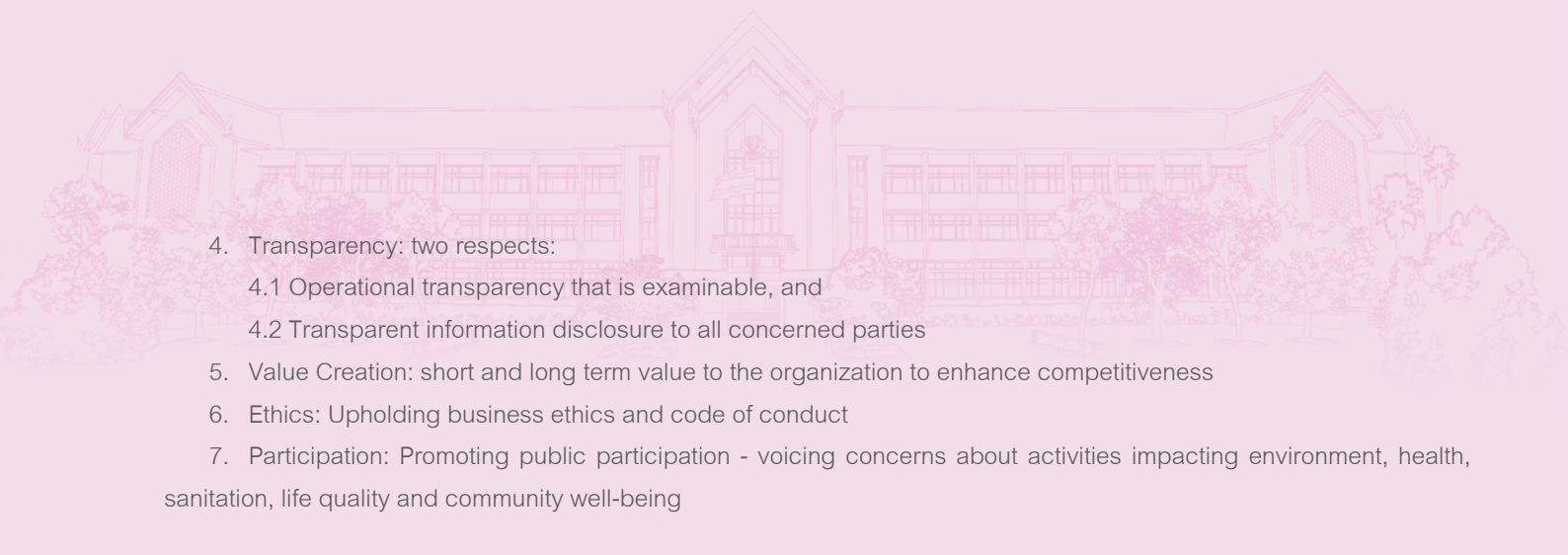
Good Governance

Good governance is a key factor in enhancing good governance system, transparency, and meeting international standards. The Government Savings Bank has adopted good governance principles in its management to achieve its mission and in line with national strategies by the Board of Directors, and management with knowledge, ability, prudence, and honesty. Internal organization was structured and strategic management was set up to connect the relationship between the Board of Directors, executives and employees, with the key objectives of creating the proper benefits considering stakeholders as a whole which will add value and sustainability in the long run.

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 as procurement must be fair and equal to everyone. Clarification must be provided in case of complaint.

- 
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 & CEO.
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 the 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 2016-2020 as a framework for operations covering the following five areas:

- | | |
|--------------------------|---|
| 1 st strategy | Developing disclosure and transparency process |
| 2 nd strategy | Building a corporate governance culture |
| 3 th strategy | Setting regulatory compliance framework and process. |
| 4 th strategy | Developing databased and information technology for regulatory compliance |
| 5 th strategy | Developing professional standards of regulatory compliance |

Board of Directors responsibilities

Structure and responsibilities

The Cabinet appointed the Chairman of the Bank's Board of Directors and other Board members during January 1 - December 31, 2016 including the following:

No	Name	Position
1	Mr. Kulit Sombatsiri	Chairman of the Board of Directors
2	Mr. Prapas Kong-ied	Director
3	Mr. Suthichai Sangkhamanee	Director
4	Mr. Pipat Khanthong	Director
5	Mr. Pitsanu Vichitcholchai	Director
6	Mrs. Wannipa Bhakdibutra	Director
7	Mr. Jessada Promjart	Director
8	Miss 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.

"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 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 & CEO 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, by laws, 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.

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. Prapas Kong-ied	Chairman
2	Mrs. Pratana Mongkolkul	Member
3	Ms. Sompit Charoenkiatkul	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 the 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	Mr. Jessada Promjart	Member
3	Mr. Chusak Salee	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 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 the 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. Suthichai Sangkamanee	Chairman
2	Mrs. Wannipa Bhakdibutra	Member
3	Ms. Sompit Charoenkiatkul	Member
4	Mrs. Pratana Mongkolkul	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 the 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 the 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 Audit Committee.
- Integrating corporate governance, risk management, and legal and regulatory compliance work procedures to achieve integrity-driven performance.

4. Good Governance, Corporate Social Responsibility Committee

No	Name	Position
1	Mrs. Wannipa Bhakdibutra	Chairman
2	Mr. Suthichai Sangkamane	Member
3	Mrs. Pratana Mongkolkul	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 the 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 the Bank's Board of Directors.
- Screening annual corporate social responsibilities plan and budget: submit to the Bank's Board of Directors and 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 the Bank's Board of Directors: develop annual good governance, compliance, credit review, and CSR annual report.
- Recommending necessary measures or guidelines to promote good corporate governance, compliance, credit reviews and CSR to the Board of Directors, internal committees, and the Bank management.
- Inviting the 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. Prapas Kong-ied	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, Human Resources Management Department	Assistant Secretary

- Considering and providing the 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 the Bank benefit.
- Discussing and seeking corrective actions to cope with complaints lodged by employees or 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. Performance Evaluation and Remuneration of the President & CEO Committee

No	Name	Position
1	Mrs. Wannipa Bhakdibutra	Chairman
2	Mr. Pipat Kanthong	Member
3	Senior Executive Vice President, Human Resources Group	Secretary
4	Senior Vice President, Corporate Strategy Department	Assistant Secretary

- Recommend regulations and methods for the Bank's President & CEO performance assessments in-line with President employment contract: submit for the Board of Directors approval.
- Assess and report President's performance to the Board of Directors in accordance with employment agreement, terms and conditions.
- Recommend the President's remuneration rates to the Bank's Board of Directors.
- Recommend additional the 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.

Board of Directors meetings

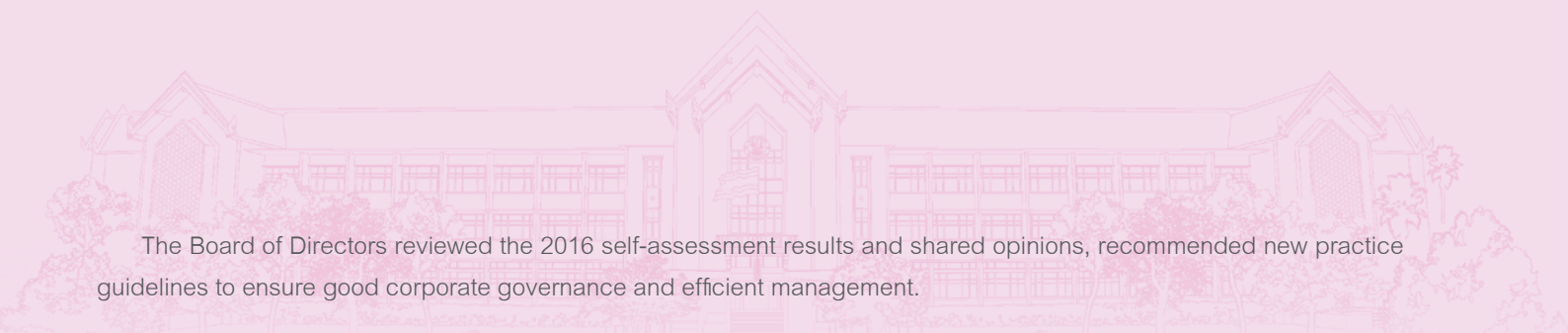
The Board of Directors recognizes the importance of well-organized meetings and availability of important information on an accurate and timely basis to support decision making that is crucial to efficient and effective operations. With pre-determined meeting schedules for the entire year, Board meetings are held monthly and on special sessions as deemed appropriate. In 2016, 18 Board meetings were held, 17 were regular sessions and a 1 top executive workshop that established vision, mission, values and operational directions for 2017-2021. Meeting documents were sent to the Board members seven days in advance. All Board members achieved required meeting attendance percentages. At meetings, directors who are related to or have conflicts of interest within any agenda are refrained from voting or voicing opinions, or asked to leave the meeting room during consideration of that agenda item.

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 2016, 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 2016 self-assessment results and shared opinions, recommended new practice guidelines to ensure good corporate governance and efficient management.

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 2016, 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

In 2016, GBS do not have new Board members orientation, because no additional board of directors was appointed.

Directors' Remuneration

Directors' remuneration and benefits include monthly remuneration, meeting allowances and bonuses.

1. Monthly remuneration (according to Cabinet Resolution passed on July 2, 2013, effective August 1, 2013):

- | | | |
|--------------------------------------|--------|----------------|
| ● Chairman of the Board of Directors | 20,000 | Baht per month |
| ● Director | 10,000 | Baht per month |

2. Meeting allowances

- | | | |
|--------------------------------------|--------|------------------|
| ● Chairman of the Board of Directors | 12,500 | Baht per meeting |
| ● Director | 10,000 | Baht per meeting |

Meeting allowances payable only to directors who attend not more than one meeting per month.

2.1 Board members appointed to subcommittees/working committees/any specific task force in accordance with the legal provisions, Cabinet's resolution or by the Board of Directors shall receive attendance meeting allowance at rates equal to that of the Board of Directors and meetings attended. Board members serving on subcommittees/working committees/any specific task force shall receive allowances for not more than two committees meetings, and not more than once a month of each committee meeting.

3. Bonuses are performance-based and calculated as follows:

- Three per cent of the Bank's net profit, but not exceeding 60,000 Baht per person.
- If the Bank net profit is more than 100 Million Baht to 11,000 Million Baht, additional bonuses of between 5,000 to 60,000 Baht per person based on net profit. An extra bonus of 10,000 Baht per person is payable for every additional 2,000 Million Baht in net profit.
- The Chairman shall receive an additional 25 percent on top in addition to amount paid to Board or committee members.

President's Remuneration

The Bank's Board of Directors assigned GSB President & CEO 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 the Board of Directors approval.

Executive's Remuneration

Type of Income	2014 Expenses		2015 Expenses		2016 Expenses	
	GSB President & CEO	GSB First Senior Executive Vice President	GSB President & CEO	GSB First Senior Executive Vice President	GSB President & CEO	GSB First Senior Executive Vice President
Salaries	1,891,290.33	2,478,456.00	7,716,129.01	9,778,620.00	8,580,000.00	8,019,684.00
Compensations	-	-	-	-	3,306,912.44	-
Meeting allowances	446,600.00	329,548.40	458,709.68	38,290.32	460,000.00	12,000.00
Bonus	350,000.00	1,092,369.36	-	13,963,896.93	363,548.39	4,357,463.12
Total	2,687,890.33	3,900,373.76	8,174,838.69	23,780,807.25	12,710,460.83	12,389,147.12

Manpower Structure

Manpower per group and line as of December 31, 2016

No	Group	Report to	Number of person
1	GSB President and CEO	GSB President and CEO	1
2	Regional Urban Development Fund Office (RUDF)	Regional Urban Development Fund Office (RUDF)	1
3	Under supervision of GSB President and CEO	Under supervision of GSB President and CEO	3
		Branch Operations 1	3,065
		Branch Operations 2	2,653
		Branch Operations 3	2,549
		Branch Operations 4	2,922
		Branch Operations 5	3,218
		Branch Operations 6	2,419
		Corporate Secretariat	211
		Branch Management Department	55
		Business Proportion Management Department	18
		Total	17,113
4	Compliance and Good Governance Group	Compliance and Good Governance Group	5
		Compliance and Control	147
		Total	152
5	Audit Group	Audit Group	5
		Internal Audit	307
		Total	312
6	Human Resources Group	Human Resources Group	5
		Human Resources Management	239
		Human Resources Development	88
		Total	332

No	Group	Report to	Number of person
7	Information Technology Group	Information Technology Group	9
		IT Security Department	30
		IT Planning and Development	255
		Information Technology	258
		Total	552
8	Risk Management Group	Risk Management Group	5
		Risk Management	97
		Credit Risk Analysis	184
		Total	286
9	Credit and Operation Support Group	Credit and Operation Support Group	5
		Debt and Legal Management	434
		General Administration	280
		Total	719
10	Corporate Strategy Group	Corporate Strategy Group	5
		Corporate Policy and Strategy	180
		Total	185
11	Investment and Financial Management Group	Investment and Financial Management Group	8
		Finance	241
		Investment	123
		Financial Management	128
		Total	500
12	Grassroots Customer and Government's Policy Supporting Group	Grassroots Customer and Government's Policy Supporting Group	15
		Grassroots Customer	187
		Total	202
13	Business and Public Sector Customers Group	Business and Public Sector Customers Group	5
		SMEs Business	155
		Corporate and Public Sector	291
		Business and Public Sector Operation	92
		Total	543
14	Personal Customer Group	Personal Customer Group	10
		Personal Customer Business Management	261
		Sales Management	346
		Personal Customer Operation	547
		Total	1,164
Total manpower			22,062

Employee remuneration

The Bank paid salaries, bonuses and welfare for the past three years (2014 - 2016) as shown in table below:

2014 Expenses			2015 Expenses		2016 Expenses	
Detail	Officers	Employees	Officers	Employees	Officers	Employees
Salaries	6,884,168,391.93	803,616,903.52	7,363,558,259.24	884,437,712.86	7,695,246,062.50	956,637,025.14
Bonuses	3,105,672,481.70	-	3,167,709,288.35	-	3,261,674,025.14	-
Welfare (include employees)	691,333,258.10		672,420,745.98		769,238,477.32	
Total	10,681,174,131.73	803,616,903.52	11,203,688,293.57	884,437,712.86	11,726,158,564.96	956,637,025.14

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

GSB Board of Directors		State Enterprises and Companies that the Bank's Board Members or Senior Executives take position	
Name	Position	Name	Position
1. Mr. Kulit Sombatsiri	Chairman	1. The Customs Department, Ministry of Finance 2. PTT Exploration and Production Public Company Limited	Director-General Director
2. Mr. Prapas Kong-ied	Director	1. Ministry of Finance 2. Dhipaya Insurance Public Company Limited 3. Don Muang Tollway Public Company Limited	Deputy Permanent Secretary Director Director
3. Mr. Suthichai Sangkhamanee	Director	1. Industrial Estate Authority of Thailand 2. Esso (Thailand) Public Company Limited	Representative Director of Ministry of Finance Director
4. Mr. Pipat Khanthong	Director	1. The Revenue Department, Ministry of Finance 2. TOT Public Company Limited 3. Thai Smile Airways Company Limited	Efficiency Advisor Vice Chairman Director
5. Mr. Pitsanu Vichitchonchai	Director	1. AEC Securities PLC. 2. MFC Asset Management Plc.	Managing Director Director and Executive Board
6. Mrs. Wannipa Bhakdibutra	Director	1. Osotspa Company Limited 2. Thailand Institute of Scientific and Technological Research	President Director

GSB Board of Directors		State Enterprises and Companies that the Bank's Board Members or Senior Executives take position	
Name	Position	Name	Position
7. Mr. Jessada Promjart	Director	1. Expressway Authority of Thailand	Director and Member of Audit Committee
		2. IRPC Public Company Limited	Director and Member of Audit Committee
		3. Chukai Public Company Limited	Director
		4. Nation Broadcasting Corporation Public Company Limited	Independent Director and Director of Audit Committee
		5. Director of Compliance with the Joint Operation Contract of Color Television Broadcasting between MCOT Public Company Limited and Bangkok Entertainment Company Limited	Director
		6. Director of Compliance for Agreement of Shopping Center in Triangle Area of Phaholyothin between Railway of Thailand and Central Inter Pattana Company Limited	Director
		7. Chulaongkorn Hospital and Chulabhorn Medical Institution	Executive Director
8. Miss Sompit Charoenkiatkul	Director		
9. Mrs. Pratana Mongkolkul	Director	1. Boutique Consulting Group Company Limited	Chairman
		2. Dr. Kamchad - Pranee Mongkolkul Foundation	Director, Secretary and Treasury
		3. Port Authority of Thailand	Director
		4. Thailand Post Company Limited	Director
		5. Dusit Thani Public Company Limited	Independent Director
		6. FN Factory Outlet Company Limited	Director
		7. T.K.S. Technologies Public Company Limited	Independent Director and Director of Audit Committee
		8. The Central Intellectual Property and International Trade Court	Associate Judge
		9. Thailand Management Association	Director of Steering Committee
		10. Institute of Directors Association	Graduate Member and Lecturer
10. Mr. Chusak Salee	Director	1. National Credit Bureau	Director
		2. Sri Ayudhya Capital Public Company Limited	Director
		3. Sri Ayudhya General Insurance Public Company Limited	Director
11. Mr. Chatchai Payuhanaveechai	President and CEO Director and Secretary	1. MFC Asset Management Plc.	Director
		2. Dhipaya Insurance Plc.	Director, Executive Director
		3. Laktong Company Limited	Director

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

Directors meeting attendance 2016

Board of Directors	Board of Directors	Executives Directors	Audit Committee	Risk Committee	Good Governance, Social Responsibility and Environment Committee	Employee Relations Committee	Senior Executive Appointment, Rotation and Salary Consideration	GSB President and CEO Performance Assessment and Remuneration Consideration	Procurement Problem Judgment Committee	Fact-Finding Committee	Employee Disciplinary Investigation Committee
1. Mr. Kullit Sombatsiri (Chairman)	18/18										
2. Mr. Prapas Kong-ted	16/18	22/22				13/13				3/3	
3. Mr. Suthichai Sangkamanee	15/18			10/11	2/7			3/4	4/4	1/3	
4. Mr. Pipat Kanthong	16/18						4/4				
5. Mr. Pitsanu Vichitchonchai	18/18		12/12								
6. Mrs. Wannipa Bhakdibutra	10/18			6/11	5/7		4/4				
7. Mr. Jessada Promjart	17/18		12/12								
8. Ms. Sompit Charoenkiatkul	17/18	21/22		11/11				4/4			8/8
9. Mrs. Pratana Mongkolkul	14/18	15/22		6/11	5/7						
10. Mr. Chusak Salee	17/18		12/12								
11. Mr. Chatchai Payuhanaveechai (President and CEO)	16/18	21/22		10/11	5/7			4/4		3/3	

Remarks: No. 2 and 5 appoint for the second term

Meeting Premium and Remuneration for GSB Board of Directors 2016

Board of Directors	Board of Committee	Executives Committee	Audit Committee	Risk Management Committee	Good Governance, Corporate Social Responsibility Committee	Employee Relations Committee	Performance Evaluation and Remuneration of the President & CEO	Senior Executive Appointment, Rotation and Salary Consideration
1. Mr. Somchai Sujjapongse (Chairman)	Resigned on November 1, 2015							
2. Mr. Prasit Suebchana	Appointed until December 7, 2015							
3. Mr. Satit Rangkasiri	Resigned on May 18, 2015							
4. Mr. Vachara Tuntariyanond	Appointed until December 7, 2015							
5. Mr. Pisanu Vichitchonchai								
6. Mr. Prapas Kong-ied (Acting as President of Board of Directors)								
7. Mr. Wattana Opanon-Amata								
8. Gen. Aksara Kerdphol	Resigned on October 12, 2015							
9. Mrs. Thanita Vongruamlarp	Appointed until December 7, 2015							
10. Mr. Tachaphol Kanjanakul	Acting as GSB President and CEO until March 21, 2014 - January 7, 2015							
11. Mr. Kulit Sombatsiri (Chairman)	150,000.00	-	-	-	-	-	-	-
12. Mr. Prapas Kong-ied	110,000.00	150,000.00	-	-	-	125,000.00	-	-
13. Mr. Suthichai Sangkhamanee	110,000.00	-	-	125,000.00	10,000.00	-	20,000.00	-
14. Mr. Pipat Khanthong	120,000.00	-	-	-	-	-	-	40,000.00
15. Mr. Pitsanu Vichitchonchai	120,000.00	-	150,000.00	-	-	-	-	-
16. Mrs. Wannipa Bhakdibutra	80,000.00	-	-	60,000.00	62,500.00	-	-	50,000.00
17. Mr. Jessada Promjart	110,000.00	-	120,000.00	-	-	-	-	-
18. Miss Sompit Charoenkiatkul	120,000.00	70,000.00	-	70,000.00	-	-	50,000.00	-
19. Mrs. Pratana Mongkolkul	120,000.00	100,000.00	-	50,000.00	30,000.00	-	-	-
20. Mr. Chusak Salee	120,000.00	-	120,000.00	-	-	-	-	-
21. Mr. Chatchai Payuhanaveechai (President and CEO)	120,000.00	120,000.00	-	50,000.00	20,000.00	-	10,000.00	-
Total meeting premium	1,280,000.00	440,000.00	390,000.00	355,000.00	122,500.00	125,000.00	80,000.00	90,000.00

Remarks: No. 2, 2-5, 7 and 9, expiration of the office term was December 3, 2015, acting as Board member until December 7, 2016
No. 6 acting as GSB Chairman during November 17, 2015 - December 7, 2015
No. 12 and 15 Appointed GSB Board of Directors in second term.

Unit : Baht

Procurement Problem Judgment Committee	Fact-Finding Committee	Employee Disciplinary Investigation Committee	Monthly Remuneration	Total Meeting Premium	Total Meeting Premium and Remuneration	Board of Directors Bonus 2016 for 2015 Performance	Board of Directors Bonus 2016 for 2015 Performance (additional)	Total Board of Directors Meeting Premium, Remuneration and Bonus
Resigned on November 1, 2015						218,750.00	164,062.50	382,812.50
Appointed until December 7, 2015						196,451.61	147,338.71	343,790.32
Resigned on May 18, 2015						79,596.77	59,697.58	139,294.35
Appointed until December 7, 2015						196,451.61	147,338.71	343,790.32
						196,451.61	147,338.71	343,790.32
						184,333.33	138,250.00	322,583.33
						15,147.85	11,360.89	26,508.74
						196,451.61	147,338.71	343,790.32
Resigned on October 12, 2015						81,854.84	61,391.13	143,245.97
Appointed until December 7, 2015						196,451.61	147,338.71	343,790.32
Acting as GSB President and CEO until March 21, 2014 - January 7, 2015						2,258.06	1,693.55	3,951.61
-	-	-	235,483.87	150,000.00	385,483.87	16,935.48	12,701.61	415,120.96
-	25,000.00	-	117,741.94	410,000.00	527,741.94	13,548.39	10,161.29	551,451.62
50,000.00	10,000.00	-	117,741.94	325,000.00	442,741.94	13,548.39	10,161.29	466,451.62
-	-	-	117,741.94	160,000.00	277,741.94	13,548.39	10,161.29	301,451.62
-	-	-	117,741.94	270,000.00	387,741.94	13,548.39	10,161.29	411,451.62
-	-	-	117,741.94	252,500.00	370,241.94	13,548.39	10,161.29	393,951.62
-	-	-	117,741.94	230,000.00	347,741.94	13,548.39	10,161.29	371,451.62
-	-	62,500.00	117,741.94	372,500.00	490,241.94	13,548.39	10,161.29	513,951.62
-	-	-	117,741.94	300,000.00	417,741.94	13,548.39	10,161.29	441,451.62
-	-	-	117,741.94	240,000.00	357,741.94	13,548.39	10,161.29	381,451.62
-	20,000.00	-	120,000.00	340,000.00	460,000.00	207,741.94	155,806.45	823,548.39
50,000.00	55,000.00	62,500.00	1,415,161.33	3,050,000.00	4,465,161.33	1,910,811.83	1,433,108.87	7,809,082.03

GSB Directors and Senior Executives' Holding of Positions in Related Businesses

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	18	19	20	21
1. Mr. Kulit Sombatsiri	Chairman																					
2. Mr. Prapas Kong-ied ^{1/}	Director	✓						✓														
3. Mr. Suthichai Sangkhamanee	Director								✓													
4. Mr. Pipat Khanthong	Director										☑											
5. Mr. Pitsanu Vichitchonchai ^{1/}	Director		✓									✓										
6. Mrs. Wannipa Bhakdiutra	Director												✓									
7. Mr. Jessada Promjart	Director				✓							✓										
8. Miss Sompit Charoenkiatkul	Director																					
9. Mrs. Pratana Mongkolkul	Director													✓			✓	✓	✓			
10. Mr. Chusak Salee	Director				✓															✓		✓
11. Mr. Chatchai Payuhanaveechai	President & CEO	✓	✓																			✓
12. Mr. Boonson Jenchaimahakoon	First Senior Executive Vice President						✓															
13. Mr. Isara Wongrung	Senior Executive Vice President						✓															
14. Mr. Pichet Dhammavipark	Senior Executive Vice President					✓																
15. Mr. Numporn Yommana	Senior Executive Vice President	✓																				
16. Ms. Jiraporn Nugitragson	Senior Executive Vice President							✓														
17. Mrs. Vipaporn Chairat	Senior Executive Vice President							✓														
18. Miss Kompranom Wongmongkol	Senior Executive Vice President								✓													
19. Mr. Vitai Ratanakorn	Senior Executive Vice President									✓												

Symbols

- * means Chairman
- ✓ means Vice Chairman
- 1/ means Director
- 2/ means Appointed GSB Board of Directors in second term.

During discussions with the Ministry of Finance, however the Ministry of Finance has assigned Mr. Vitai Ratanakorn to the position that is the right of the Ministry of Finance.

Definitions

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

Related companies

- Dhipaya Insurance Plc.
- MFC Asset Management Plc.
- National Credit Bureau
- IRPC Plc
- Thanachart Fund Management Co. Ltd.
- Dhipaya Life Insurance Plc.
- Thai Smart Card Ltd.
- TSFC Securities Plc.
- Islamic Bank of Thailand

Companies with common director(s) or senior executive(s)

- Don Muang Tollway Public Company Limited
- Industrial Estate Authority of Thailand
- Esso (Thailand) Public Company Limited
- TOT Public Company Limited
- Thai Smile Airways Company Limited
- AEC Securities Public Company Limited
- Osotspa Company Limited
- Chukai Public Company Limited
- Expressway Authority of Thailand
- Nation Broadcasting Corporation Public Company Limited
- MCOT Public Company Limited and Bangkok Entertainment Company Limited
- Railway of Thailand and Central Inter Pattana Company Limited
- Boutique Consulting Group Company Limited
- Port Authority of Thailand
- Thailand Post Company Limited
- Dusit Thani Public Company Limited
- FN Factory Outlet Company Limited
- T.K.S. Technologies Public Company Limited
- Sri Ayudhya Capital Public Company Limited
- Sri Ayudhya General Insurance Public Company Limited
- Laklong Company Limited



Succession Plan

The Bank has a succession plan that prepares executives to handle key management positions at all level, including adequacy in terms of quantity and quality to accommodate the bank's five-year strategy. The selection was carried out based on systematic criteria and procedures. The plan also prepared the successors through the development of vision enhancement, leadership, problem solving skills, Digital Banking & Fintech potential development, and multidisciplinary management to ensure continuity in efficient management of the Bank's crucial business operations. The Bank has set the plan to designate the successors of senior management in four positions as follows:

1. **Senior Executive Vice President/equivalent to succeed President:** to be prepared for the top position. Development of key business issues, direction, innovations and various dimension of business drive force to support the Bank's five-year strategy, as well as the growth of the digital banking business and top executives training at external leading institutes.
2. **Executive Vice President/equivalent to succeed Senior Executive Vice President:** Development of key business issues, direction, innovations to manage the banking business in the Digital Banking era and executives training at external leading institutes.
3. **Executive Vice President (Department/Regional Office)/equivalent to succeed Senior Executive Vice President (Department/Regional Office):** to focus on development of modern management, change management, strategies development to Digital Transformation Banking, and good corporate governance including training at external institutions.
4. **Vice President (Department/Zonal Office)/equivalent to succeed Executive Vice President (Department/Regional Office)** to develop with a focus on enhancing effective leadership in the digital age, Human Resource Management, Digital Business Planning, Change Management and business ethics including training at external organizations.

In addition, the Bank has drawn up the Personnel Development Master Plan 2016-2020 with the following key strategies: development of work procedures and organizational structures to create customer centricity ; competence development of learning system, executives and employees; development of Digital Transformation Banking; development of human capital plan to prepare for future promotion; enhancement of corporate culture and engagement to create a culture of cooperation and dedication to the Bank; and development of knowledge management system to become an innovative organization.

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 the 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.



Information Disclosure and Transparency

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

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

1. External disclosures via 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 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 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. The Special Audit Department is a specialized investigative body with complaints or follow the boss command. And investigate the facts when corruption or defect working.
9. 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 the Bank's related regulations.
4. Untruthful complaints are considered slanderous and are disciplinary offenses.

Ethics and Code of Conduct

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

Ethics and Code of Conduct of the Government Savings Bank are as follows:

GSB Ethics including 2 parts;

Part I: Ethical Standards as Core Values

Directors, executives, and employees must undertake their duties in compliance with laws, rules, regulations, the 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

Part II: 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 the 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 the Bank and country's maximum benefit.

5. Keep the Bank customers and trading partner 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 the Bank objectives.

7. Cooperate and support the 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 supervisor 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. Do not copy or take over the works of others for their own benefit without referring to the source and avoid plagiarism.

9. Report no false information or give dishonest opinions to supervisors, be polite and obedient, and show no disrespect to supervisors. Subordinates shall follow their supervisors' due orders within the business scope of the Bank, not perform any acts without approval of the supervisors, unless performed as ordered by the supervisors of higher level or approved as a special case from time to time.

10. Help develop society, community and environment, and create and preserve natural resources.

11. Adhere to and comply with the good corporate governance principles and the 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.

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 GSB's 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.

In case of promotion, appointment, relocation, or consideration of the performance of employees who violate ethics and Code of Conduct, results of disciplinary report concerning ethics and Code of Conduct must be put under consideration. 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.



Code of Conduct for GSB Employees

1. Employees and the Bank

- (1) Perform duties with honesty, fairness and perseverance,
- (2) Use full potential to perform responsibly for the Bank's maximum benefit: not use position to seek benefit for oneself or others and undertake no conflict of interest actions.
- (3) Perform with good attitude and loyalty; maintain the Bank's reputation and image, not defame nor provided information that may tarnish 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 3,000 Baht from each person).
- (5) Keep non-disclosed Bank information and news and information not yet approved by authorized persons strictly confidential.
- (6) IT security awareness and help maintain information system security,
- (7) Utilize the Bank property efficiently and carefully for maximum benefit, seek no personal benefits from such properties, and assist in maintaining clean and orderly properties and workplaces.
- (8) Strict and untiring attention to all activities which can enhance the Bank quality, efficiency, and development.,
- (9) Adhering to the Bank professional code of conduct.

2. Employees and executives

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

3. Employees and colleagues

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

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).



5. Employees and customers and general public

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

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.

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.


Executives Code of Conduct

1. Executives and the public sector

- (1) Perform duties with honesty for the public sector benefit in general,
- (2) Manage Bank prudently,
- (3) Apply management knowledge and skills to full potential at all times,
- (4) Report the Bank's status regularly, completely and truthfully.
- (5) Report both realistic positive and negative Bank outlooks, supported by sufficient information,
- (6) 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. Executives and the Bank

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



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.

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.

5. Executives toward business partners, creditors or debtors

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

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.



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 the Bank funds for political purposes.

Board of Directors Code of Conduct

1. Directors and the Bank

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

2. Directors and employees

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

3. Directors toward customers and general public

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

4. Directors and society

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



Good Corporate Governance Practices and Activities

For the year 2016, the Bank focused on improving its operational criteria in line with Bank of Thailand through activities and projects to achieve CG-in-process as follows:

- **Improve corporate governance policy**, the Bank's Code of Ethics and Conduct, and Subcommittee Charter to comply with the Bank's policies and Bank of Thailand's regulations. In addition, preparing a manual of corporate governance policy, the Bank's Code of Ethics and Code of Conduct to publish through the Bank's communication channels such as Intranet system, Website, e-mail to communicate with all stakeholders as well as distributing the Bank's Code of Ethics and Code of Conduct manual to personnel at all levels to acknowledge, study, learn, understand, and abide by the principles and guidelines to bring the greatest benefit to the Bank and all stakeholders.

- **Create a good corporate governance learning process to personnel at all levels** as follows:

- 1) Corporate governance training courses of various institutions were provided for the Board members and top executives such as King Prajadhipok's Institute, Thai Institute of Directors (IOD) "Corporate Governance for Executive (CGE)" "Successful Formulation and Execution of Strategy (SFE)" "Ethical Leadership Program (ELP)" and "Driving Company Success with IT Governance (ITG)"

- 2) Executives and employees at all levels attend a training programs of the following corporate governance policy, Code of Ethics and Conduct:

- (1) Training program on "Code of Ethics and Conduct" in orientation of new employees.
- (2) Training program on corporate governance through E-learning
- (3) Training program on "Corporate Governance" for the selected Assistant Branch Manager to join the Prep Program for Assistant Branch Manager or equivalent to succeed Branch Manager
- (4) Meditation practice training was provided to boost work efficiency for executives and employees without having to take leave. This activity has been organized to cultivate conscience, morality, and ethics in order to improve their operational efficiency and apply the meditation to their work and daily life.

- **Communicate good corporate governance** communication through the following activities

- 1) GSB CG Day event was held annually to promote participation of the Board members, executives, employees and all stakeholders in corporate governance.

- 2) GSB CG Day Tour was arranged to convey the corporate governance policy for the Branch Operational employees to realize the importance and use as a guideline for the operation.

For the year 2016, The Bank focused on conveying guidelines from Bank of Thailand into practice under the GSB's Corporate Governance Culture, "Accuracy, Transparency, and Examinable"

- **Organize activities to support the executives and employees to abide by the principles of governance, Morality and Ethics throughout the year** as follows:

- 1) Annual GSB Morality and Ethics Award event was organized to select executives, employees, and contract employees who demonstrate good conscience and attitude, moral and ethical practice in performance of duties, responsibility for oneself, operation, and the society, so as to be a good role model for fellow staff.

- 2) The issuance of a letter to refrain from giving / receiving New Year gifts inside and outside the bank to prevent exploitation and potential conflicts of interest as well as enhancing the transparency in operation. However, the Bank has received gifts from external agencies; therefore, those gifts from stakeholders were donated to charitable organizations such as the Priest Hospital, Bangkae Home Foundation, and Rajavithi Home for Girls.

- 3) Merit making activity "Merit making at 9 temples in Ayutthaya"

- 4) Dharma lecture activity "Four Noble Truths of Success"



5) Buddhist funeral rite ceremony dedicated to the late King Bhumibol Adulyadej Phra Maha Mondop at Wat Traimit Wittayaram Worawihan

- **The Bank has carried out the Follow up and assessment related activities** as follows:

1) Review of the implementation of GSB's Code of Ethics and code of Conducts to apply the results to develop and improve the compliance based on GSB's Code of Ethics and code of Conducts. The results showed that 91.10 per cent of the executives and employees had a good knowledge on GSB's Code of Ethics and code of Conducts.

2) An opinion poll was conducted from the Board of directors, executives, employees, employees and all stakeholders namely; customer, government, regulatory agencies, business partner, collaborative partner, supplier, key communities, competitor, the media and other relevant stakeholders to survey the role of the top executives and the application of good corporate governance principles in the GSB's operation The results are as follows:

- (1) The overall survey results of the employees and contracted employees' opinion concerning the role of the top executives and the application of good corporate governance principles in the GSB's operation were very good. The good corporate governance principles, Code of Ethics and code of conduct used in operations was counted as 99.30 per cent.
- (2) The overall survey results of the customers and other related stakeholders concerning the role of the top executives and the application of good corporate governance principles in the GSB's operation were very good.

Conflicts of Interest

For the Bank

The Bank has specified practice guidelines for employee, executives and the Board of Directors especially for the securities business to prevent conflicts of interest, improper conduct relating to securities and Stock Exchange of Thailand law s 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:

1. Cross-holding managers. 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 the 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, the 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

The 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 2016, 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. 582 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.

Regulations compliance

In 2016, another year of many external regulations changes and had an impact to GSB business operation especially Bank of Thailand assigned by Ministry of Finance to oversee specialized financial institutions. Including the direct regulations from Bank of Thailand announced to apply for Specialized Financial Institutions Phrase 1, and 1 volume (or issue) was effective for Government Savings Bank in mid-year 2016, and 20 volumes (or issue) would be effective at the beginning of 2017. There are also changes in external regulations in response to changes in the information technology environment such as Electronic Transactions Law, Official Information Law, including amendments on Money Laundering law, the law on prevention and suppression of terrorist financing to meet the international standard for and assessment of Thailand on Anti-Money Laundering and Combating the Financing of Terrorism: AML/CFT by Financial Action Task Force: FATF this year. The Anti-Money Laundering Office would conduct a pre-assessment to financial institutes.

The Bank places great importance to the supervision of the Bank's business operations under the above-mentioned internal and external regulations. Corporate Governance and Good Governance group takes responsibility to monitor progress of regulation changing consistently, study the impacts on the Bank and communicate to the Board of Directors, executives, and employees of the Bank to acknowledge the business practices. Either registration or permission requirement in a case such law enforcement on E-Payment services of Specialized Financial Institutions need to be reported. The group plays a crucial role in applying for a license to the Electronic Transaction Board which the bank has already received such a license. In addition, training is provided to the Board of Directors, executives, and employees including confirming the Bank's business operations by randomly auditing both on-site and off-site compliance. To closely coordinate with both external and internal agencies in terms of compliance to ensure the Bank's effective, accurate and complete performances in accordance with the defined regulations, and to ensure that the Bank will be able to fully comply with the regulatory requirements as a guideline on a preparation for the changes including changes in technology and Thai financial system that may occur in the year 2017 and 2018.

By regulating the Bank's internal operations to comply with such regulations can prevent and reduce the risk of non-compliance to regulations that can cause excessive financial losses or damages to the Bank's reputation. In 2016, the Bank received a letter of thanks for the cooperation on providing useful legal information from the Anti-Money Laundering Office, the Office of the Narcotics Control Board, Department of Special Investigation (DSI) and other regulators. There has been a consistent audit and evaluation results in 2016 of the Bank's compliance to the anti-money laundering laws and The Bank of Thailand that there has been no flagrant offence found in the non-compliance to the law.

Legal education and Official regulations

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

1. Training courses for the Board of Directors

Level	Course
1	A preparation for senior management for questions from FATF

2. Training courses for the Compliance and Good Governance Group executives and employees

To ensure knowledge and understanding of the operations of the executives and employees, the Bank has organized various training courses for accuracy in the Bank's business operations

Level	Course
1	Knowledge on anti-money laundering and Combating the Financing of Terrorism for Financial institutions (category: Banks) Class 1 - 2
2	Training and development of the relevant Bank personnel in compliance with the FATCA / IGA (including tax laws issued under the IGA and related to financial institutions)
3	Regulatory compliance
4	Development of fraud detection system
5	Cyber Security Awareness
6	Risk Management GRC COSO
7	Digital Forensic
8	Fraud Laws and ICT Laws
9	Certified Fraud Examiner (CFE)
10	Certified in Risk and Information Systems Control (CRISC)
11	Certified Information Systems Auditors (CISA)
12	COBIT 5 for Management
13	Become a Cyber Security Professional (CSFX)
14	Big Data for Fraud Analytic
15	Preventive techniques to Modern fraudulence
16	preparation of standard manual of information delivery for Bangkok Interbank Offered : BIBOR to the Bank of Thailand
17	Workshop on regulatory field of work

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: the 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. While GSB Project was implemented under the concept “everyone can be a HERO, just no corruption”. The project aims to build a culture of honesty.

6. The Bank has organized training courses on fraud protection and anti-corruption to educate executives and employees:

Level	Course
1	Information Technology System Corruption Awareness: Lessons from global and local (Thailand) corruptions in banking sector; Protection and Risk Reduction to enhance good corporate governance.
2	Cyber Security Awareness
3	Risk Management GRC - COSO
4	Digital Forensics
5	Fraud Laws and ICT Laws
6	CFE - Certified Fraud Examiner
7	CRISC - Certified in Risk and Information Systems Control
8	CISA - Certified Information Systems Auditors
9	COBIT 5 for Management
10	CSFX - Become a Cyber Security Professional
11	Big Data for Fraud Analytic



7. The Bank received an honorable award, the consolation prize on “Excellent State Enterprise of Moral and Clean Planning Operation” from the National Anti-Corruption Commission (NACC)

8. Miss Prada Smerapunya, Executive Vice President of Information Technology, received “A Role Model on 2016 Transparency for the Procurement in the Organization Award” from the National Anti-Corruption Commission (NACC)

9. One hundred of the Board, executives and employees joined in the anti-corruption campaign with the anti-corruption organization of Thailand on September 11, 2016, at Sanam Luang.

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** - the 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. the Bank management acted in line with good governance and the 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.

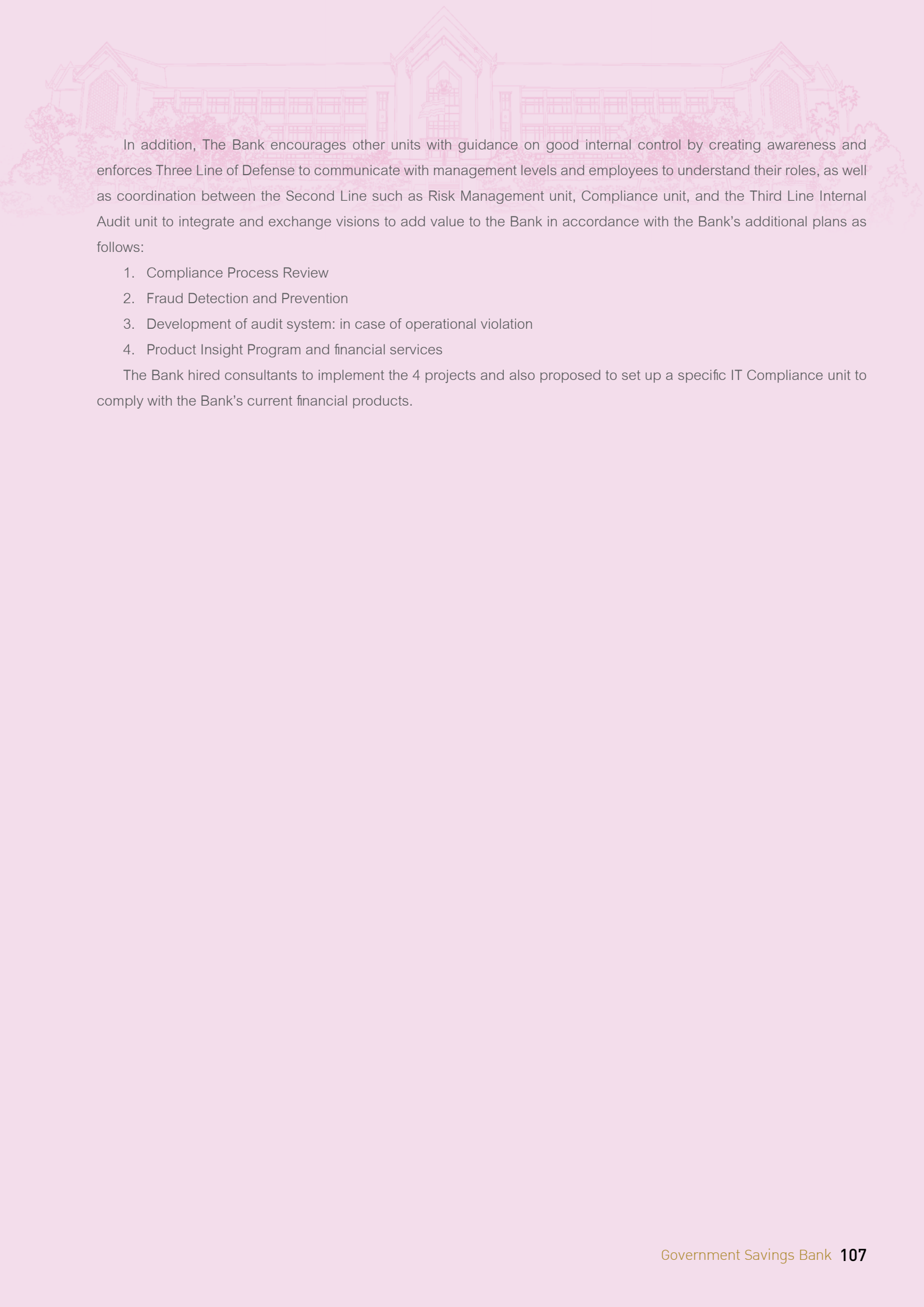
3. **Control activities** - set appropriate policies, rules and procedures in order to achieve internal control objectives. The specified procedures help users effectively handle and control activities to protect or reduce risk.

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 2016, the Bank invited a speaker from Bank of Thailand 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.



In addition, The Bank encourages other units with guidance on good internal control by creating awareness and enforces Three Line of Defense to communicate with management levels and employees to understand their roles, as well as coordination between the Second Line such as Risk Management unit, Compliance unit, and the Third Line Internal Audit unit to integrate and exchange visions to add value to the Bank in accordance with the Bank's additional plans as follows:

1. Compliance Process Review
2. Fraud Detection and Prevention
3. Development of audit system: in case of operational violation
4. Product Insight Program and financial services

The Bank hired consultants to implement the 4 projects and also proposed to set up a specific IT Compliance unit to comply with the Bank's current financial products.



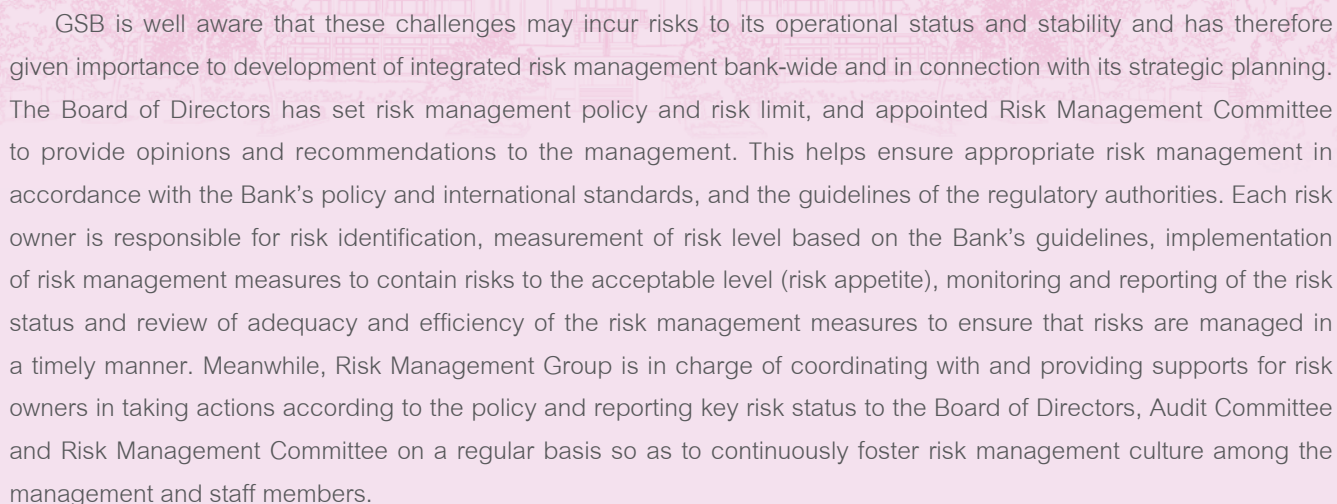
RISK MANAGEMENT

GSB Risk Management

1. GSB risk management overview

Overall economic condition in 2016 has improved due to increasing spending support from the government, both fixed expenditures and capital. Private sector investment has continued to improve, but still concentrated in some businesses. Export value has an outstanding recovery and tourism sector has expanded by the number of foreign tourists benefited from the temporary visa exemption and visa fee reduction measures. There has been a consistent improvement on the consumption from Private sector according to consumer confidence and the results from the spending stimulus measure at the year end.

The direction of the bank Electronic services is increasing with a focus on “GSB NEW ERA: Digi-Thai Banking - Digital for All Thais” which applied technology to develop financial products and services, as well as Digital Banking and Fintech on account of the behavior of consumers and new generation investors’ attention to online transactions. However, the Bank recognizes the Cyber Attack which is rapidly increasing in a more complex way and has an extensive impact in a short period. The bank engages in improving the security of information technology to be up-to-date to prevent and reduce the potential risk in the future. The Bank also closely follows up the movement of electronic crime to find a way to prevent any event that may occur in a timely manner.



GSB is well aware that these challenges may incur risks to its operational status and stability and has therefore given importance to development of integrated risk management bank-wide and in connection with its strategic planning. The Board of Directors has set risk management policy and risk limit, and appointed Risk Management Committee to provide opinions and recommendations to the management. This helps ensure appropriate risk management in accordance with the Bank's policy and international standards, and the guidelines of the regulatory authorities. Each risk owner is responsible for risk identification, measurement of risk level based on the Bank's guidelines, implementation of risk management measures to contain risks to the acceptable level (risk appetite), monitoring and reporting of the risk status and review of adequacy and efficiency of the risk management measures to ensure that risks are managed in a timely manner. Meanwhile, Risk Management Group is in charge of coordinating with and providing supports for risk owners in taking actions according to the policy and reporting key risk status to the Board of Directors, Audit Committee and Risk Management Committee on a regular basis so as to continuously foster risk management culture among the management and staff members.

2. Risk management structure

The Bank has set a governance structure to oversee risk management strategy and policy and monitor risk management operations of the management to ensure risk management compliance with corporate governance and the requirements of law, regulations, notices, and rules as a mechanism to accelerate task achievement. Main committees of risk management are as below:

1) **GSB Board of Directors** - To determine vision, direction, and strategy of the Bank, and take into account all possible risks to ensure the management's efficient and effective implementation in line with the vision, direction, and strategy set forth.

2) **Risk Management Committee** - To be tasked with setting, revising and endorsing risk management policy and risk management master plan, as well as endorsing risk management strategies and plans in various perspectives to suit the changing circumstances and transactions of the Bank; assessing, monitoring and supervising the Bank's risk level at the appropriate level; and reporting the Bank's risk status to the Board of Directors and the Audit Committee on a regular basis. Audit Committee, Risk Committee and Good Governance and Corporate Social Responsibility Committee held meetings to share ideas, integrate and enhance collaboration as stated in the Committee Charters.

3) **Good Governance and Corporate Social Responsibility Committee** - defining policies, strategies, goals and action plans as well as regulation concerning good governance guidelines, compliance to regulations, review of bank credit in accordance with applicable laws and regulations, rules and procedures for good governance including social and environmental responsibility, integrating governance, risk management and legal compliance to achieve performance results (Integrity-Driven Performance).

4) **Audit Committee** - To review efficiency and effectiveness of internal control process, corporate governance process, risk management process, compliance with laws, rules, regulations, operational procedures, cabinet resolutions and the Bank's announcements or orders, and to consider connected transactions or transactions that possibly cause conflict of interest or fraud and affect the Bank's business operations.

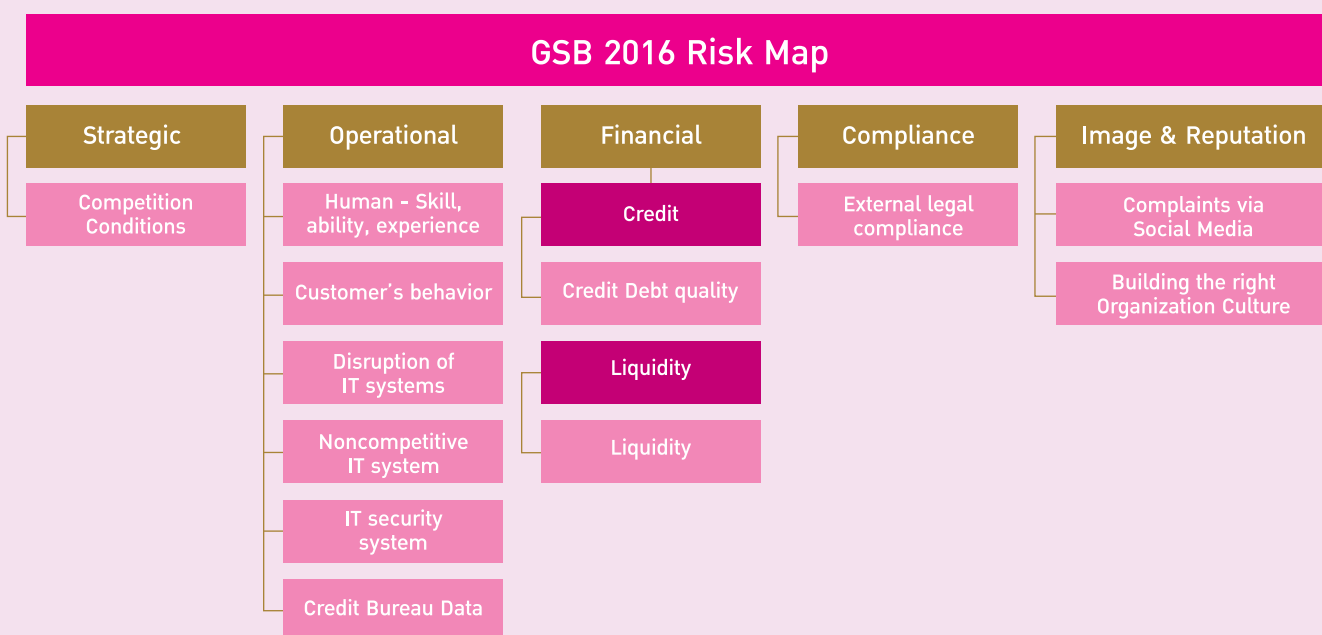
5) **Executive Committee** - To provide policy, strategy, business plans, monitor plans, investment direction and regulations, loan issuance plans and other GSB business recommendations that are presented for Board of Directors approval. It also provides organization structure and human resource management recommendations for Board approval.

6) **Assets and Liabilities Management Committee** - To take charge of setting the Bank's policy and guidelines for assets and liabilities management; set strategies for risk management in terms of interest rate, liquidity, foreign exchange, and other relevant areas to be aligned with the Bank's risk management policy; set out deposit rates and lending rates in line with the situation; manage the financial structure and interest rate structure to be in line with the Bank's policy; and formulate policy and guidelines of product transfer pricing.

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

3. Risk Map

The Bank adopts the COSO (ERM-Integrated Framework) for risk management through its Risk Map. Its main purpose is to reduce and prevent risks that affect the Bank's Objectives setting both financial and nonfinancial goals to an acceptable level to achieve the Bank's business goals effectively. In this Risk Map, the Business Unit and the support Unit which are Risk Owner will review the risk simultaneously with the preparation of goals and plans / annual projects. Key risk factors will be identified by being linked to the Bank's strategic map and Key Performance Indicators (KPIs). The risk level must be in line with the financial projections. In addition the Risk Owner will conduct additional risk analysis in the event of unexpected events. Measures to reduce / control the risk are determined to an acceptable level that includes Key Risk Indicators, Risk Appetite and Risk Tolerance to prepare early warning before the operation results miss the target. Risk appetite and risk tolerance are linked to performance indicators (KPIs) and financial projections at the Base Case level; not below the Worse Case level or consistent with the Limit or Risk Trigger. The risk management team is responsible for monitoring the risk of every Risk Owner to report to management and the Risk Management Committee regularly. In case the risk management results fail to meet the target or at high risk, Risk Monitoring system will send e-mail notifications directly to the relevant management to accelerate the results of risk management to meet the target. In 2016, the Bank has 12 significant risk factors:



4. Strategic Risks

Strategic risks mean the risks arising from the Bank's strategies and action plans or from implementation thereof that is inappropriate and unaligned with the prevailing internal and external environments, hence possible impacts on the direction of annual action plans and the Bank's revenue and capital fund.

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 which is in line with the Bank of Thailand and the Ministry of Finance supervision guidelines.

The Bank's 2016 strategic risks were affected by internal and external risk such as 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 severely affect the Bank's BIS ratio. In addition, the Bank also exposed to competition risks in the Digital Banking and Fintech era due to rapid changing in customer behavior. The competitors have developed electronic services in leapfrog step and allied with partners. This reduces the cost of competition. Therefore, the Bank gave priority to changing customer behavior and entering the Digital Banking era by offering mobile application services (MyMo), which customers can make transactions through Smart Phone. The Digital Salak service is included in MyMo Application to accommodate and save cost when buying Salak through online application.

However, advancing into the Digital Banking and Fintech era, the bank has faced Cyber Attack Threats which are rapidly increasing in a more complex way. This risk not only causes damages to the assets of the Bank and its customers but it also affected the confidence in the services of the Bank. Therefore; the bank engages in improving the security of information technology to be up-to-date and world class certified to prevent and reduce the potential risk in the future. The Bank also closely follows up the movement of electronic crime to find a way to prevent any event that may occur in a timely manner.

5. Market Risks

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

In 2016 there were major events affecting global economies, such as the Federal Reserve raising Policy rate, China devaluing Yuan to boost economy, The Japanese and European Central Bank conducting easy monetary policy by lowering policy rate, Oil prices dropped due to overcapacity, The United Kingdom has withdrawn from the European Union (Brexit), and the unexpected turn of US Presidential Election.

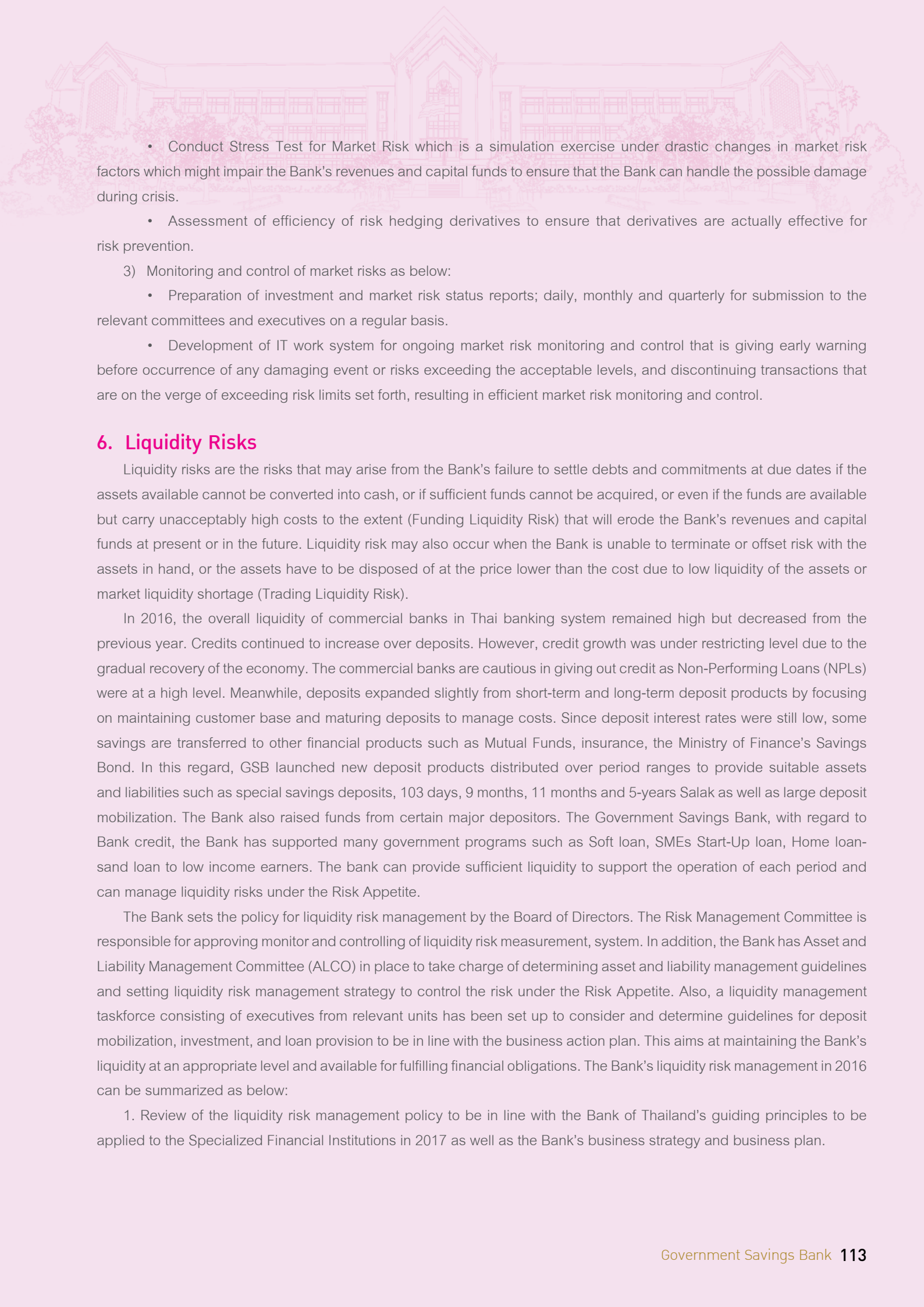




For Thailand, the economy is slowly recovering through state mechanisms such as infrastructure development projects; tax deduction; easy monetary policy maintaining the policy rate at 1.50 percent from the Bank of Thailand; as consequences from the conducive overall financial condition to economic recovery; Political clarity after the referendum on draft constitution; increasing index of The Stock Exchange of Thailand (Up to 20.54% compared to the end of 2015); decreasing of average yields on government bonds for every period range.

The Government Savings Bank manages portfolios carefully following investment policy and risk management policies as determined by the Board of Directors; the development of market risk management system; including a limit of Risk triggers, and Risk Limits to the acceptable risk level (Risk Appetite) These are regularly reviewed by the Risk Management Committee. The Asset and Liability Management Committee oversees interest rate and interest rate risk management in accordance with the circumstance. There are also committees and executives who closely monitor the portfolios and risks closely. The Bank's market risk management process in 2016 can be concluded as follows:

- 1) Revision of policies relevant to market risk management including market risk management policy and interest rate risk management in banking book policy.
- 2) Development of market risk measurement and assessment tools including:
 - Assessment of interest rate risk by timing mismatch analysis of maturity and interest rate change of assets and liabilities (repricing gap) and sensitivity analysis as to the impact of interest rate changes on net interest income (NII) of the Bank.
 - Measurement of impacts from changes of risk factors, such as assessment of the impact of marked-to-market assessment of the fluctuations and the change in the present value of one basis point (PV01) of the bond yields on bond market.
 - Assessment of potential maximum losses from transactions made under normal situations, such as the use of Value at Risk (VaR) criteria to measure risks in the event of the change of risk factors under certain confidence level and holding period, and with back testing performed regularly to ensure the effectiveness of the VaR.
 - Consistent review of risk limits for both trading and banking accounts and consistent review thereof to suit the changing situations, such as setting of PV01 limit, VaR limit, Stop Loss Limit, NII Sensitivity Limit, etc.



- Conduct Stress Test for Market Risk which is a simulation exercise under drastic changes in market risk factors which might impair the Bank's revenues and capital funds to ensure that the Bank can handle the possible damage during crisis.

- Assessment of efficiency of risk hedging derivatives to ensure that derivatives are actually effective for risk prevention.

3) Monitoring and control of market risks as below:

- Preparation of investment and market risk status reports; daily, monthly and quarterly for submission to the relevant committees and executives on a regular basis.

- Development of IT work system for ongoing market risk monitoring and control that is giving early warning before occurrence of any damaging event or risks exceeding the acceptable levels, and discontinuing transactions that are on the verge of exceeding risk limits set forth, resulting in efficient market risk monitoring and control.

6. Liquidity Risks

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

In 2016, the overall liquidity of commercial banks in Thai banking system remained high but decreased from the previous year. Credits continued to increase over deposits. However, credit growth was under restricting level due to the gradual recovery of the economy. The commercial banks are cautious in giving out credit as Non-Performing Loans (NPLs) were at a high level. Meanwhile, deposits expanded slightly from short-term and long-term deposit products by focusing on maintaining customer base and maturing deposits to manage costs. Since deposit interest rates were still low, some savings are transferred to other financial products such as Mutual Funds, insurance, the Ministry of Finance's Savings Bond. In this regard, GSB launched new deposit products distributed over period ranges to provide suitable assets and liabilities such as special savings deposits, 103 days, 9 months, 11 months and 5-years Salak as well as large deposit mobilization. The Bank also raised funds from certain major depositors. The Government Savings Bank, with regard to Bank credit, the Bank has supported many government programs such as Soft loan, SMEs Start-Up loan, Home loan-sand loan to low income earners. The bank can provide sufficient liquidity to support the operation of each period and can manage liquidity risks under the Risk Appetite.

The Bank sets the policy for liquidity risk management by the Board of Directors. The Risk Management Committee is responsible for approving monitor and controlling of liquidity risk measurement, system. In addition, the Bank has Asset and Liability Management Committee (ALCO) in place to take charge of determining asset and liability management guidelines and setting liquidity risk management strategy to control the risk under the Risk Appetite. Also, a liquidity management taskforce consisting of executives from relevant units has been set up to consider and determine guidelines for deposit mobilization, investment, and loan provision to be in line with the business action plan. This aims at maintaining the Bank's liquidity at an appropriate level and available for fulfilling financial obligations. The Bank's liquidity risk management in 2016 can be summarized as below:

1. Review of the liquidity risk management policy to be in line with the Bank of Thailand's guiding principles to be applied to the Specialized Financial Institutions in 2017 as well as the Bank's business strategy and business plan.



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

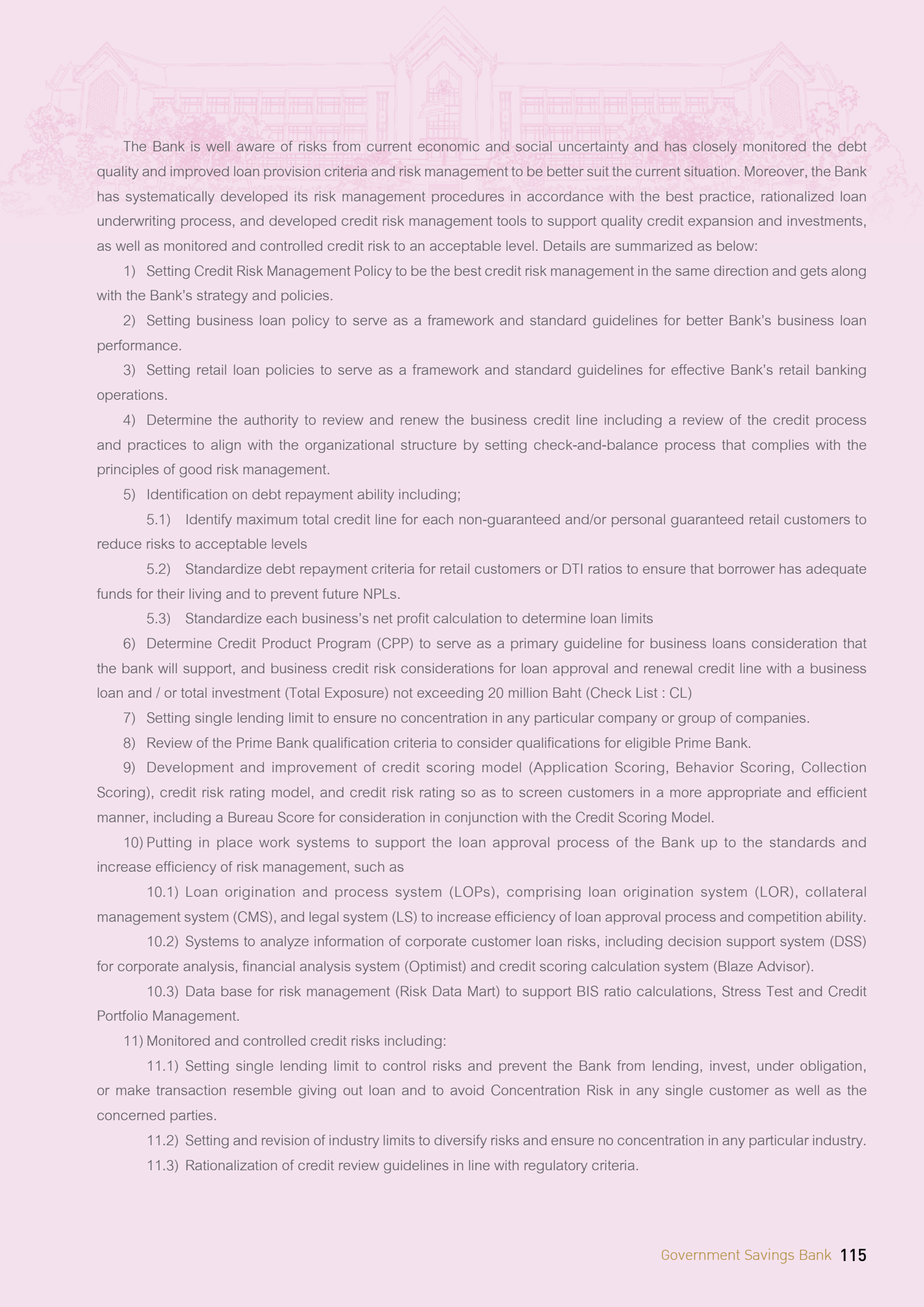
- Preparation of liquidity gap report, covering both contractual and behavioral maturities
- Liquidity risk measurement and assessment using financial ratios, such as loans to deposits ratio and liquid assets to deposits ratio, proportion of major funding source, etc.
- Review of stress test assumptions in relation to liquidity risks, conducted three simulation tests according to BOT guidelines including (1) Institution-specific crisis (2) Market-wide crisis and (3) combination of both. Bank identified specific criteria for each simulation including deposit outflows and estimated securities' hair-cuts. Stress test results were reported quarterly and showed that in 2016 Bank had adequate liquidity to cope with all crisis situations.
- Review of 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.
- Review of 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:

- Preparation of liquidity risks status reports on daily, weekly, monthly and quarterly basis, and projection of important liquidity ratios for submission to relevant executives and committees.
- Improvement of liquidity ratio reporting system which is part of the executive information system (EIS) so that senior executives promptly acknowledge the Bank's updated liquidity status and liquidity risk and can use such information to support decision-making to contain possible risks in a timely manner.

7. Credit Risks

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



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

1) Setting Credit Risk Management Policy to be the best credit risk management in the same direction and gets along with the Bank's strategy and policies.

2) Setting business loan policy to serve as a framework and standard guidelines for better Bank's business loan performance.

3) Setting retail loan policies to serve as a framework and standard guidelines for effective Bank's retail banking operations.

4) Determine the authority to review and renew the business credit line including a review of the credit process and practices to align with the organizational structure by setting check-and-balance process that complies with the principles of good risk management.

5) Identification on debt repayment ability including;

5.1) Identify maximum total credit line for each non-guaranteed and/or personal guaranteed retail customers to reduce risks to acceptable levels

5.2) Standardize debt repayment criteria for retail customers or DTI ratios to ensure that borrower has adequate funds for their living and to prevent future NPLs.

5.3) Standardize each business's net profit calculation to determine loan limits

6) Determine Credit Product Program (CPP) to serve as a primary guideline for business loans consideration that the bank will support, and business credit risk considerations for loan approval and renewal credit line with a business loan and / or total investment (Total Exposure) not exceeding 20 million Baht (Check List : CL)

7) Setting single lending limit to ensure no concentration in any particular company or group of companies.

8) Review of the Prime Bank qualification criteria to consider qualifications for eligible Prime Bank.

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

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

10.1) Loan origination and process system (LOPs), comprising loan origination system (LOR), collateral management system (CMS), and legal system (LS) to increase efficiency of loan approval process and competition ability.

10.2) Systems to analyze information of corporate customer loan risks, including decision support system (DSS) for corporate analysis, financial analysis system (Optimist) and credit scoring calculation system (Blaze Advisor).


10.3) Data base for risk management (Risk Data Mart) to support BIS ratio calculations, Stress Test and Credit Portfolio Management.

11) Monitored and controlled credit risks including:

11.1) Setting single lending limit to control risks and prevent the Bank from lending, invest, under obligation, or make transaction resemble giving out loan and to avoid Concentration Risk in any single customer as well as the concerned parties.

11.2) Setting and revision of industry limits to diversify risks and ensure no concentration in any particular industry.

11.3) Rationalization of credit review guidelines in line with regulatory criteria.



11.4) Monitor structure and quality of loan portfolios in line with the Bank's policy as well as monitor and control credit concentration regularly; Credit concentration by loan type, Business sector and Single Lending, to ensure the Bank's sufficient capital fund to run business if any event occurs that may affect a particular group of debtors or any business sector.

12) Establish an effective debt management process to prevent and fix overdue debt including litigation or compromise process and property foreclosure management.

13) Provision of training and skill development in areas of credit, investment and credit risk management, and support building of work culture among relevant staff members on a consistent basis.

8. Operational Risks

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

In 2016, operational risks facing financial institutions were on the upward trend, triggered by such external factors as ATM robbery by the Eastern European criminals using Malware to withdraw the money from the ATMs in various areas including fraud, ATM cards, debit cards by copying card information and installed Skimmer. These led to operational risks in terms of cash form and noncash form. The Bank has thus given importance to efficient operational risk management with proactive management style to decrease major operational risks and to cope with any unprecedented incidents in a timely manner.

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

1) Conduct of risk control self assessment (RCSA) : It is a tool to help foresee the risks by identifying risks, evaluating Risk, and control risk including planning and key risk management consideration. Review of RCSA was reviewed at least once a year or when there are changes in key risk factors that affect the Bank's operations.

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

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

4) Business Continuity Management (BCM) : is a tool to relieve level of severity caused from the Bank's risks conducted regularly through the Bank's policies, standard, work processes, and significant Risk Assessment (RA) and threat considering the incidents of uncontrollable internal and external factors that affects the bank's ongoing services such as natural disasters, fire, sabotage, Political rallies, disruptions and security of various systems. In addition, the Business Impact Analysis (BIA) from disruption of service was performed to determine the important sequences of critical transactions and implemented the Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP) of major business transactions to ensure that the disruption of normal operation will not impact the core transactions and those can be carried out on a continuous basis or get back to normal environment in an appropriate time.

The Bank conducts the Business Continuity Plan (BCP) testing exercise of its critical transactions on an annual basis. In 2016, the Bank conducted bank-wide BCP testing exercise which was a simulation the operations of several critical transactions simultaneously by top executives with senior executives attending the tests according to the Business Continuity Management policy that the exercise has been carried out triennially. Meanwhile, disaster recovery plan (DRP) has been tested for the core banking system.

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

- The Bank has prepared its operational risk management policy as a tool for determining operational scope and guidelines on the Bank's operational risk management by focusing on creating and developing the efficient operational risk management to be the core culture of the organization. This will help build confidence to customers, increase competitiveness, and add value to the Bank and stakeholders in a sustainable manner in accordance with the good risk management practices. The Bank also has a sufficient and appropriate capital calculation principle to prepare for its operational risk.



- New product policies are used as a framework and guidelines for launching new products to increase Bank competitiveness, create revenue growth, expand customer base, and ensure clear and standard product launch processes that reduce failures.

- Outsourcing policy is used for hiring 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.

- 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 uninterruptedly 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.

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.

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.

In 2016, the Bank of Thailand ("BOT") issued a regulation controlling the specialized financial institutions with Basel II international guidelines to be applied from January 1, 2017, onwards, to promote long-term stability of the specialized financial institutions as they serve as an important mechanism for continuous and effective implementation of government policies.



The Bank has adopted capital adequacy ratio calculation under Basel II since 2011 and has been under a process of developing a Risk Data Mart to support a more complete Basel II capital adequacy calculation. More than 90% of the Bank assets are credit risk assets since the main income came from the loan portfolio. The bank thus managed its performance to meet its goals and be cautious not to let the BIS ratio is below the BOT minimum limit (8.5%). Strategic and operational goals need to balance between return and risk. The bank has focused on managing its loan portfolios to grow with quality. The Bank applied scoring to screen for customer risk, determined interest rates depending on the level of risk of each type, and increased the proportion of secured loans including debt optimization and debt management. In addition, the Bank separated Public Service Account (PSA) operating account from normal operations account to seek the appropriate compensation from the government and not bringing such loans to calculate as risk assets.

The Government Savings Bank has reviewed capital expenditure projections to support Bank's short-term (annual plan) and long-term (enterprise plan) business expansion continually. BIS Ratio has been used as indicators of Key performance for all job units to ensure that every unit manages the work process by considering the risk that may affect the Bank's security. In addition, the Bank has established early warning and risk limits and determined the process to be taken in case of over limit or reaching BIS Ratio level. Risk of bank capital adequacy has been monitored, risk factors and event that may affect the BIS Ratio has been tested in a form of the Portfolio View of Risk to ensure that bank still has enough funds to cover the potential risk under various assumptions. The Report to Risk Management Committee and the Board of Governors Savings Bank has been conducted regularly.

In 2016, the Bank's capital adequacy ratio (as of December 31, 2016) was 10.74 per cent, common equity tier 1 was 10.86 per cent, higher than BOT criteria of 8.5 per cent and tier 1 capital criteria of not less than 4.25 per cent.



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 for year ended December 31, 2016 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



(Chatchai Payuhanaveechai)
President and CEO
Government Savings Bank



Report of the Auditor

Proposed to the Board of Directors of Government Savings Bank

Comments

The Office of the Auditor General of Thailand has audited the financial statements of Government Savings Bank consisting of the statements of financial position showing the investment funds following the equity methods, the statements of financial position particularly for the Bank as on 31st December 2016, the statements of income and other comprehensive income showing the investment funds following the equity methods, the statements of changes in equity attributable to equity holders of the Bank, the cash flows statements showing the investment funds following the equity methods, the cash flows statements particularly for the Bank for the year ending on the same date, and the notes to financial statements including the notes on significant accounting policies.

The Office of the Auditor General of Thailand believes that the above financial statements represent the financial position of Government Savings Bank as on 31st December, 2016, the operational performance, and the cash flow for the year ending on the same date correctly as required in the materials in respect of the standards of financial report.

Criteria for comments

The Office of the Auditor General of Thailand has performed the audit in accordance with the auditing standards. The responsibilities of the Office of the Auditor General of Thailand are stated in the responsibilities of the auditor for the audit of the Bank's financial statements in the report of the Office of the Auditor General of Thailand. The Office of the Auditor General of Thailand is independent from the bank in accordance with the national auditing standards prescribed by the Auditor General of Thailand and the codes of ethics of professional accountants prescribed by the Federation of Accounting Professions under the Royal Patronage in relation with the audit of the Bank's financial statements. The Office of the Auditor General of Thailand has conformed to all of other ethical responsibilities in accordance with such national auditing standards and the requirements of the codes of ethics. The Office of the Auditor General of Thailand believes that the evidences for auditing received by the Office of the Auditor General of Thailand are adequate and appropriate to serve as the basis for commenting of The Office of the Auditor General of Thailand.

Other information

The executives are responsible for other information consisting of the information included in the annual report. However, the financial statements and the auditor's report in the annual report are not included. The Bank expects to submit the annual report to the Office of the Auditor General of Thailand after the date of this auditor's report.

The comments of the Office of the Auditor General of Thailand on the Bank's financial statements do not cover other information and the Office of the Auditor General of Thailand did not give confidence to other information.


The responsibilities of the Office of the Auditor General of Thailand in relation with the audit on the Bank's financial statements are to read and consider that other information has conflicts with the main contents of the financial statements or knowledge gained from the audit of the Office of the Auditor General of Thailand or there is any other information against the facts which are the main contents or not.

When the Office of the Auditor General of Thailand has read the annual report, if the Office of the Auditor General of Thailand concludes that there is any information misstating the main contents, the Office of the Auditor General of Thailand must communicate such matters with the persons authorizing in the supervision and administration of the Bank.

Responsibilities of the executives and the persons authorizing in the supervision on the financial statements

The executives are responsible for the preparation and presentation of these financial statements correctly and appropriately in accordance with the applicable financial reporting standards. They are also responsible for the internal controls which are determined necessary by the executives in order to be able to prepare the Bank's financial statements without the material misstatement whether due to the fraud or errors.

In preparing the Bank's financial statement, the executives are responsible for assessing the Bank's ability to continually perform the operations, reveal the matters related to the operations continually (as appropriate), and use the



accounting criteria for continuing the operations except that the executives intend to liquidate or cease the operations or not be able to continue the operation.

The persons authorizing in the supervision are responsible for monitoring the process of preparing the Bank's financial report.

Responsibilities of the auditors on the audit of financial statements

The objectives of the audit of the Office of the Auditor General of Thailand are to provide the reasonable confidence that the consolidated financial statements are free from material misstatement of the information whether caused by fraud or errors and to present the auditor's report including the comments of the Office of the Auditor General of Thailand. The reasonable confidence is the high-degree confidence but it does not guarantee that the auditing practices are in accordance with auditing standards. Some information is found to contradict with the facts that are materially inaccurate. The information contradicting with the facts may be caused by the fraud or errors and are considered significant when it is reasonably forecasted that any item of fact or facts will affect the economic decisions making of the users of the financial statements from using such financial statements.

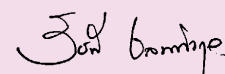
In the audit of the Office of the Auditor General of Thailand in accordance with the audit standards, the Office of the Auditor General of Thailand has exercised the discretion, observation, and suspects as the persons performing the profession throughout the audit. The operations of the Office of the Auditor General of Thailand include:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or errors. Design and perform the audit procedures to respond to those risks and obtain the evidences adequately and appropriately as the basis for commenting of the Office of the Auditor General of Thailand. The risk in not finding the material misstatement caused by fraud is greater than the risk of errors. This is because the fraud may be related to the conspiracy, counterfeiting of documents, intentionally ignoring the presentation of information, the presentation of inaccurate information or the interventions on the internal control.
- Understand the internal control system related to the audit in order to design the audit procedures appropriate for the situations but is not for the purpose of commenting on the effectiveness of the Bank's internal controls.
- Assess the appropriateness of accounting policies used by the executives, the appropriateness of accounting estimates, and the disclosures of relevant information made by the executives.
- Summarize on the appropriateness in applying the accounting standard for continual operations of the executives. Moreover, from the evidences of audit received, it can be summarized that there is any significant uncertainty about the events or situations that may cause significant doubts to the Bank's ability to continue the operations. If the Office of the Auditor General of Thailand concludes that there is significant uncertainty, the Office of the Auditor General of Thailand must include in the auditor's report of the Office of the Auditor General of Thailand on the relevant disclosures in the financial statements. Or if such disclosure is not enough, the comments of the Office of the Auditor General of Thailand will change. The conclusions of the Office of the Auditor General of Thailand are based on the audit evidences received up to the date of the auditors' report of the Office of the Auditor General of Thailand. However, the events or situations in the future possibly cause the Bank to cease the operation continually.
- Evaluate the overall presentation, structure and contents of the financial statements as well as revealing that the financial statements show the items and events yielding the presentation of information correctly as required.

The Office of the Auditor General of Thailand communicates with the persons authorizing on the supervision about the scope and timing of the audit as planned. The significant issues identified by the audit include the significant deficiencies in the internal control system which are found by the Office of the Auditor General of Thailand during the audit of the Office of the Auditor General of Thailand.



(Mrs. Yuphin Chalanonniwat)
Deputy Governor of the Auditor General of Thailand



(Miss Ratchanee Chohnakijkul)
Director of Financial Audit Office 2

Government Savings Bank

Financial Statements

As of December 31, 2016

Unit: Thousand Baht

	Note	Financial statements exhibiting investments by equity method			Bank-only financial statements		
		December 31, 2016	December 31, 2015 (validated and updated)	January 1, 2015 (bought forward and updated)	December 31, 2016	December 31, 2015 (validated and updated)	January 1, 2015 (bought forward and updated)
Assets							
Cash	5.2	28,936,611	32,993,023	32,711,339	28,936,611	32,993,023	32,711,339
Interbank and money market items - net	5.3	479,790,208	368,755,444	339,592,236	479,790,208	368,755,444	339,592,236
Claims on securities		-	-	4,040,130	-	-	4,040,130
Derivatives assets	5.4	135,736	128,558	369,890	135,736	128,558	369,890
Investments - net	5.5	282,482,428	245,031,214	267,478,862	282,482,428	245,031,214	267,478,862
Investments in associated companies - net	5.6	1,431,707	1,214,888	1,147,804	986,415	966,614	966,614
Loans to customers and accrued interest receivables - net	5.7						
Loans to customers		1,557,990,126	1,634,886,700	1,601,522,775	1,557,990,126	1,634,886,700	1,601,522,775
Accrued interest receivables		5,713,894	6,261,691	6,808,526	5,713,894	6,261,691	6,808,526
Total loans to customers and accrued interest receivables		1,563,704,020	1,641,148,391	1,608,331,301	1,563,704,020	1,641,148,391	1,608,331,301
Less Deferred revenue		417,530	412,730	384,528	417,530	412,730	384,528
Less Allowance for doubtful accounts	5.8	50,735,152	42,425,664	36,195,760	50,735,152	42,425,664	36,195,760
Less Revaluation allowance for debt restructuring	5.9	10,879	10,879	13,919	10,879	10,879	13,919
Total loans to customers and accrued interest receivables - net		1,512,540,459	1,598,299,118	1,571,737,094	1,512,540,459	1,598,299,118	1,571,737,094
Loans to PSA customers and accrued interest	5.33						
Loans to PSA customers							
Non-PSA compensation		188,973,591	136,061,557	24,947,336	188,973,591	136,061,557	24,947,336
PSA compensation		1,663	4,781	8,682	1,663	4,781	8,682
PSA accrued interest receivables							
Non-PSA compensation		25,090	5,847	7,366	25,090	5,847	7,366
Total loans to PSA customers and accrued interest receivables - net		189,000,344	136,072,185	24,963,384	189,000,344	136,072,185	24,963,384
Less PSA Deferred revenue		1,880,093	1,364,314	91,182	1,880,093	1,364,314	91,182
Total loans to PSA customers and accrued interest receivables - net		187,120,251	134,707,871	24,872,202	187,120,251	134,707,871	24,872,202
Debtors waiting for PSA compensation	5.33.4	3,257,767	625,061	289,312	3,257,767	625,061	289,312
Assets pending sales - net	5.10	1,618,774	1,985,831	2,065,829	1,618,774	1,985,831	2,065,829
Land, buildings and equipment - net	5.11	7,761,723	7,876,077	8,217,493	7,761,723	7,876,077	8,217,493
Other intangible assets - net	5.12	1,355,562	1,487,252	1,184,262	1,355,562	1,487,252	1,184,262
Other assets - net	5.13	3,602,174	7,611,705	5,490,815	3,602,174	7,611,705	5,490,815
Total assets		2,510,033,400	2,400,716,042	2,259,197,268	2,509,588,108	2,400,467,768	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, 2016

Unit: Thousand Baht

	Note	Financial statements exhibiting investments by equity method			Bank-only financial statements		
		December 31, 2016	December 31, 2015 (validated and updated)	January 1, 2015 (bought forward and updated)	December 31, 2016	December 31, 2015 (validated and updated)	January 1, 2015 (bought forward and updated)
Liabilities and Equity							
Deposits	5.14	2,137,341,104	2,058,138,852	1,952,503,728	2,137,341,104	2,058,138,852	1,952,503,728
Interbank and money market items - net	5.15	101,313,062	79,744,910	50,883,651	101,313,062	79,744,910	50,883,651
Liabilities payable on demand		810,225	918,758	726,891	810,225	918,758	726,891
Liabilities to deliver securities		-	-	4,040,130	-	-	4,040,130
Derivatives liabilities	5.4	659,894	930,606	681,476	659,894	930,606	681,476
PSA Creditor	5.33.5	308,446	-	-	308,446	-	-
Provisions	5.16	47,253,943	46,273,203	39,314,431	47,253,943	46,273,203	39,314,431
Accrued deposit and PSC interest payables	5.17	43,425,421	51,181,620	55,277,818	43,425,421	51,181,620	55,277,818
Accrued expenses		5,126,776	5,201,462	4,791,764	5,126,776	5,201,462	4,791,764
Other liabilities	5.18	2,941,960	6,323,969	3,697,030	2,941,960	6,323,969	3,697,030
Total liabilities		2,339,180,831	2,248,713,380	2,111,916,919	2,339,180,831	2,248,713,380	2,111,916,919
Equity							
Capital granted by HM King Rama VI		100	100	100	100	100	100
Other components of equity	5.19	9,297,987	3,627,224	5,062,284	9,239,580	3,610,662	5,047,256
Accumulated profit							
Allocated							
Reserves for business expansion		24,413,284	22,143,401	19,920,266	24,413,284	22,143,401	19,920,266
Unallocated		137,141,198	126,231,937	122,297,699	136,754,313	126,000,225	122,131,537
Total equity		170,852,569	152,002,662	147,280,349	170,407,277	151,754,388	147,099,159
Total liabilities and equity		2,510,033,400	2,400,716,042	2,259,197,268	2,509,588,108	2,400,467,768	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 Income Statements

As of December 31, 2016

Unit: Thousand Baht

	Note	Financial statements exhibiting investments by equity method		Bank-only financial statements	
		2016	2015 (updated)	2016	2015 (updated)
Interest income	5.27	98,884,716	102,229,065	98,884,716	102,229,065
Interest expenses	5.28	40,337,474	44,641,697	40,337,474	44,641,697
Interest income - net		58,547,242	57,587,368	58,547,242	57,587,368
Fees and service income		5,343,826	5,022,401	5,343,826	5,022,401
Fees and service expenses		528,282	419,762	528,282	419,762
Fees and service income - net	5.29	4,815,544	4,602,639	4,815,544	4,602,639
Gain on trading and foreign exchange - net	5.30	184,507	103,605	184,507	103,605
Gain (Loss) on investments - net	5.31	21,652	514,869	21,652	514,869
Share of profit (loss) on investments by equity method		292,102	209,447	-	-
Dividend income		1,821,541	1,353,208	1,955,676	1,497,438
Other operating income		1,079,940	953,933	1,079,940	953,933
Public Service Account income	5.33.6	5,474,486	1,585,842	5,474,486	1,585,842
Total operating income		72,237,014	66,910,911	72,079,047	66,845,694
Other operating expenses					
Personnel expenses		14,976,371	19,109,188	14,976,371	19,109,188
Director remuneration		3,367	3,769	3,367	3,769
Employee remuneration		2,878,672	3,122,222	2,878,672	3,122,222
Director compensation		4,550	4,212	4,550	4,212
Premises and equipment expenses		4,720,843	4,589,209	4,720,843	4,589,209
Remuneration for debt collection agency		3,113,630	3,694,228	3,113,630	3,694,228
Others		3,717,114	3,450,217	3,717,114	3,450,217
Total other operating expenses		29,414,547	33,973,045	29,414,547	33,973,045
Public Service Account expenses	5.33.7	7,170,111	2,131,184	7,170,111	2,131,184
Bad debts, doubtful accounts and loss (reversal) on impairment	5.32	9,548,418	8,042,642	9,548,418	8,042,642
Net profit		26,103,938	22,764,040	25,945,971	22,698,823
Other comprehensive profit (loss)					
Items that will be reclassified subsequently to profit or loss					
(Loss) Gain on impairment of securities available-for-sale	5.19	5,628,918	(1,436,594)	5,628,918	(1,436,594)
Share of other comprehensive profit on affiliated companies	5.19	41,845	1,534	-	-
Total items that will be reclassified subsequently to profit or loss		5,670,763	(1,435,060)	5,628,918	(1,436,594)
Items that will not be reclassified subsequently to profit or loss					
Share of other comprehensive profit on affiliated companies		(2,794)	333	-	-
Total items that will not be reclassified subsequently to profit or loss		(2,794)	333	-	-
Total other comprehensive (loss) - net		5,667,969	(1,434,727)	5,628,918	(1,436,594)
Total comprehensive profit		31,771,907	21,329,313	31,574,889	21,262,229

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



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Chairman of the Board of Directors
Government Savings Bank



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President and CEO
Government Savings Bank

Government Savings Bank

Statements of Changes in Equity

For the year ended December 31, 2016

Unit: Thousand Baht

Note	Financial statements exhibiting investments by equity method						
	Capital granted by HM King Rama VI	Other components of equity			Accumulated profit		Total
		Revaluation surplus (deficit) in investments	Share of other comprehensive profit (loss) on affiliated companies	Total other components of equity	Allocated	Unallocated	
					Reserves for business expansion		
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
Balance as of January 1, 2016	100	3,610,662	16,562	3,627,224	22,143,401	126,231,937	152,002,662
Reserves for business expansion	-	-	-	-	2,269,883	(2,269,883)	-
Contribution to Ministry of Finance	-	-	-	-	-	(12,922,000)	(12,922,000)
Total comprehensive profit (loss)	-	5,628,918	41,845	5,670,763	-	26,101,144	31,771,907
Balance as of December 31, 2016	100	9,239,580	58,407	9,297,987	24,413,284	137,141,198	170,852,569

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



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Government Savings Bank

Government Savings Bank Statements of Changes in Equity

For the year ended December 31, 2016

Unit: Thousand Baht

Note		Bank-only financial statements				
		Capital granted by HM King Rama VI	Other components of equity	Accumulated profit		Total
				Revaluation surplus (deficit) in investments	Allocated Reserves for business expansion	
Balance as of January 1, 2015		100	5,047,256	19,920,266	122,131,537	147,099,159
Reserves for business expansion 5.20		-	-	2,223,135	(2,223,135)	-
Contribution to Ministry of Finance 5.20		-	-	-	(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
Balance as of January 1, 2016		100	3,610,662	22,143,401	126,000,225	151,754,388
Reserves for business expansion 5.20		-	-	2,269,883	(2,269,883)	-
Contribution to Ministry of Finance 5.20		-	-	-	(12,922,000)	(12,922,000)
Total comprehensive profit (loss)		-	5,628,918	-	25,945,971	31,574,889
Balance as of December 31, 2016		100	9,239,580	24,413,284	136,754,313	170,407,277

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



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Government Savings Bank

Statement of Cash Flows

For the year ended December 31, 2016

Unit: Thousand Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2016	2015 (updated)	2016	2015 (updated)
Cash flows from operating activities				
Net profit	26,103,938	22,764,040	25,945,971	22,698,823
Adjustment to reconcile net profit with cash receivables (payables) from operating activities				
Depreciation and amortization	1,721,111	1,687,546	1,721,111	1,687,546
Bad debts and doubtful accounts	9,765,210	8,074,252	9,765,210	8,074,252
Loss on debt restructuring	(76,505)	(368,483)	(76,505)	(368,483)
Adjusted investment amortized Loss on transfer of securities amortized	5,611	5,858	5,611	5,858
Unrealized gain - tradable	(7,205)	(10,163)	(7,205)	(10,163)
(Reversal of) Loss on impairment of investments	156,025	(49,686)	156,025	(49,686)
Loss on sales of assets	(257,244)	-	(257,244)	-
Gain on sales of assets pending sales	(12,658)	(6,042)	(12,658)	(6,042)
Gain on sales of investments in securities	(235,166)	(128,949)	(235,166)	(128,949)
Gain on sales of investments in securities - tradable	(177,677)	(465,183)	(177,677)	(465,183)
Loss (Gain) on foreign currency translation	(62,131)	(49,738)	(62,131)	(49,738)
(Gain) Loss on forward contracts	219,812	(490,360)	219,812	(490,360)
Gain on forward contracts - tradable	(405,288)	395,961	(405,288)	395,961
Gain on IRS agreements	127,397	94,501	127,397	94,501
(Reversal of) Loss on discount of assets pending sales	(15,609)	(20,843)	(15,609)	(20,843)
Loss on discount of assets pending sales	175,632	-	175,632	-
Loss on impairment of assets	980,740	6,958,773	980,740	6,958,773
Increase in provisions Decrease in other accrued income	(1,731)	(491)	(1,731)	(491)
(Decrease) Increase in other accrued expenses	(34,849)	508,131	(34,849)	508,131
Receivables from donation	(11,020)	(12,576)	(11,020)	(12,576)
Share of (profit) loss on investments by equity method	(292,102)	(209,447)	-	-
	37,666,291	38,677,101	37,800,426	38,821,331
Net interest income	(55,049,056)	(56,498,095)	(55,049,056)	(56,498,095)
Dividend income	(1,821,541)	(1,353,208)	(1,955,676)	(1,497,438)
Interest cash receivables	100,018,154	103,632,953	100,018,154	103,632,953
Interest cash payables	(51,883,067)	(49,943,414)	(51,883,067)	(49,943,414)
Dividend cash receivables	1,821,541	1,353,215	1,821,541	1,353,215
Operating profit before changes in operating assets and liabilities	30,752,322	35,868,552	30,752,322	35,868,552

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, 2016

Unit: Thousand Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2016	2015 (updated)	2016	2015 (updated)
Cash flows from operating activities (Continue)				
(Increase) Decrease in operating assets				
Interbank and money market items	(111,129,818)	(24,534,997)	(111,129,818)	(24,534,997)
Investments in securities - tradable	432,855	6,706,110	432,855	6,706,110
Loans to customers	76,147,063	(38,252,851)	76,147,063	(38,252,851)
Loans to PSA debtors	(52,911,231)	(111,817,641)	(52,911,231)	(111,817,641)
PSA compensation debtors	(2,632,705)	(335,749)	(2,632,705)	(335,749)
Assets pending sales	323,777	179,884	323,777	179,884
Other assets	(53,100)	(93,933)	(53,100)	(93,933)
Increase (Decrease) in operating liabilities				
Deposits	79,202,252	130,202,450	79,202,252	130,202,450
Interbank and money market items	26,916,323	10,208,301	26,916,323	10,208,301
Liabilities payable on demand	(108,533)	191,867	(108,533)	191,867
Other liabilities	308,446	-	308,446	-
Net cash from operating activities	(284,946)	375,390	(284,946)	375,390
Cash flows from investing activities	46,962,705	8,697,383	46,962,705	8,697,383
Cash payables on purchase of land, buildings and equipment				
Cash receivables on sales of land, buildings and equipment	(1,641,906)	(1,636,038)	(1,641,906)	(1,636,038)
Cash payables on purchase of investments in securities	19,074	37,750	19,074	37,750
Cash receivables on sales of investments in securities	(203,065,774)	(217,671,753)	(203,065,774)	(217,671,753)
Cash payables on purchase of investments in affiliated companies	171,988,421	233,397,509	171,854,286	233,253,279
Cash receivables on dividend from affiliated companies	(19,801)	-	(19,801)	-
Cash payables on purchase of intangible assets	-	-	134,135	144,230
Cash payables on leasehold right	(24,285)	(15,152)	(24,285)	(15,152)
Cash receivables on leasehold right	(2,755)	(9,671)	(2,755)	(9,671)
Net cash from (used in) investing activities	(32,747,026)	14,102,645	(32,747,026)	14,102,645
Cash flows from financing activities				
Long-term loans of financial institutions	(5,348,170)	(5,914,369)	(5,348,170)	(5,914,369)
Delivery of income to the MOF	(12,922,000)	(16,607,000)	(12,922,000)	(16,607,000)
Net cash from (used in) financing activities	(18,270,170)	(22,521,369)	(18,270,170)	(22,521,369)
Impact of foreign exchange rates on cash	(1,921)	3,025	(1,921)	3,025
Net increase (decrease) in cash and cash equivalents	(4,056,412)	281,684	(4,056,412)	281,684
Cash and cash equivalents as of January 1	32,993,023	32,711,339	32,993,023	32,711,339
Cash and cash equivalents as of December 31	28,936,611	32,993,023	28,936,611	32,993,023

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 ending on December 31, 2016

1. General information

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, 2016 are prepared, and the transactions therein are presented, pursuant to Bank of Thailand (BOT) Notification No. SorNorSor. 1/2559 dated June 29, 2016 regarding Preparation and Announcement of Financial Statements of Commercial Banks. The Bank uses the format for presenting the Financial Statements in conformity with Thai Accounting Standard No. 1 (Revised 2015) regarding Presentation of Financial Statements. This includes the conformity to relevant Notifications of Bank of Thailand and the preparation in accordance with the accounting principles generally accepted under the Accounting Act B.E.2543 by gathering the accounts of various branches of the Bank around the country and the accounting items of the Regional Urban development Fund Office which is one of the bureau of the Bank already having deferred the transactions.

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

Financial statements expressing the investment fund following the equity method

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

Financial statements particularly for the Bank

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

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

The Federation of Accounting Professions' new and revised Accounting Standards, Financial Reporting Standards, Accounting and Financial Reporting Standards Interpretation, and Conceptual Framework for Financial Reporting are designated to be enforced with Financial Statements for accounting periods beginning on or after January 1, 2016. The Bank's management has assessed and found no material impact on the Bank's Financial Statements for the period they have taken effect. Regarding the standards of Financial Statements Volume 4 (revised in B.E.2558) on the insurance contract, some terms are exempted to require the Insured to conform to standards of other Financial Statements temporarily. This includes the requirements for the Insured to consider the frame in selecting the accounting policy for the insurance contract (Clause 2.5.14 of the Notes).

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

The Federation of Accounting Professions has issued the following Accounting Standards and Financial Reporting Standards regarding the Bank's business operation which have been announced in the Royal Gazette but not yet taken effect in 2016,

		Accounting Standards	Effective date
TAS 1	(Revised 2016)	Presentation of Financial Statements	January 1, 2017
TAS 7	(Revised 2016)	Statement of Cash Flows	January 1, 2017
TAS 8	(Revised 2016)	Accounting policies, changes in accounting estimates and errors	January 1, 2017
TAS 10	(Revised 2016)	Event after the reporting period	January 1, 2017
TAS 16	(Revised 2016)	Property, Plant and Equipment	January 1, 2017
TAS 17	(Revised 2016)	Leases	January 1, 2017
TAS 18	(Revised 2016)	Revenue Recognition	January 1, 2017
TAS 19	(Revised 2016)	Employee Benefits	January 1, 2017
TAS 20	(Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2017
TAS 21	(Revised 2016)	The Effects of Changes in Foreign Exchange Rates	January 1, 2017
TAS 24	(Revised 2016)	Related Party Disclosures	January 1, 2017
TAS 27	(Revised 2016)	Separate Financial Statement	January 1, 2017
TAS 28	(Revised 2016)	Investments in Associates and Joint Venture	January 1, 2017
TAS 34	(Revised 2016)	Interim Financial Reports	January 1, 2017
TAS 36	(Revised 2016)	Impairment of Assets	January 1, 2017
TAS 37	(Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2017
TAS 38	(Revised 2016)	Intangible Assets	January 1, 2017
TAS 104	(Revised 2016)	Accounting for troubled debt restructuring	January 1, 2017
TAS 105	(Revised 2016)	Accounting for the investment fund in the bond and equity instrument	January 1, 2017
TAS 107	(Revised 2016)	Presentation of items and revelation of data for financial instruments	January 1, 2017
		Financial Reporting Standards	Effective date
TFRS 4	(Revised 2016)	Insurance Contracts	January 1, 2017
TFRS 5	(Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2017
TFRS 8	(Revised 2016)	Operating Segments	January 1, 2017
TFRS 12	(Revised 2016)	Disclosure of Interests in Other Entities	January 1, 2017
TFRS 13	(Revised 2016)	Fair Value Measurement	January 1, 2017
		Accounting Standards Interpretation	Effective date
TSIC 15	(Revised 2016)	Operating Leases - Incentives	January 1, 2017
TSIC 27	(Revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2017
TSIC 32	(Revised 2016)	Intangible Assets- Web Site Cost	January 1, 2017
		Financial Reporting Standards Interpretation	Effective date
TFRIC 1	(Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2017
TFRIC 4	(Revised 2016)	Determining whether an Arrangement contains a Lease	January 1, 2017
TFRIC 10	(Revised 2016)	Interim Financial Reporting and Impairment	January 1, 2017
TFRIC 13	(Revised 2016)	Customer Privilege Program	January 1, 2017
TFRIC 14	(Revised 2016)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2017
TFRIC 21	(Revised 2016)	Levies	January 1, 2017

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, 2017. 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 data shown in the statement of financial position with the balances as at January 1, 2015, and December 31, 2015, the income statements, and other comprehensive income for the year ending on December 31, 2015, have been reclassified to conform to the listing in current period according to the format of financial statements set forth in the Notification of Bank of Thailand No. SorKorSor. 1/2559 on the Preparation and Publication of Financial Statements of Specialized Financial Institutes. This causes impacts on the financial statements representing the investment funds following the equity method and the financial statements particularly for the Bank as follows:

Unit : Million Baht		
	December 31, 2015	January 1, 2015 (brought forward)
	Increase (decrease)	
Statement of financial position		
Asset		
Interbank and money market items-net	(114,756.59)	(21,220.89)
Loan to customers and accrued interest receivable-net	(24,524.14)	(3,940.62)
Loan to PSA customers and accrued interest receivable-net	134,707.87	24,872.20
PSA Accounts receivable pending compensation by Public Service Account	625.06	289.31
Debt		
Interbank and money market items-net	(3,947.80)	-

Unit : Million Baht	
	As of December 31, 2015 Increase (decrease)
Income Statement	
Interest income	(1,586.23)
Interest expenses	(1,107.52)
Fees and service expenses	(12.49)
Other operating income	(0.05)
Public Service Account income	1,585.84
Other operating expenses	(1,011.61)
Public Service Account expenses	2,131.18

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

The Bank recognizes the deposit interest expenses, interest on all types of loans, lottery award expenses, funds transferred to the Specialized Financial Institution Development, and other operating expenses on an accrual basis.

The expenditure on state policy transactions is recognized by allocating the expenses of costs, fees and services, and other operating expenses. The method of allocation on the expenses has been approved by Fiscal Policy Office (FPO).

2.5.3 Cash and cash equivalents

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

2.5.4 Derivatives

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

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

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

2.5.5 Investments

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

Investments in tradable securities

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

Investments in Securities available-for-sale

Marketable debt instruments or equity instruments which are neither held for trading nor held to maturity are presented at a fair value. Unrealized gain or loss on change in fair value are presented in Statement of Profit 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).

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 BOT Notification No. SorNorSor. 5/2559 dated June 10, 2016 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 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:

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

For 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.

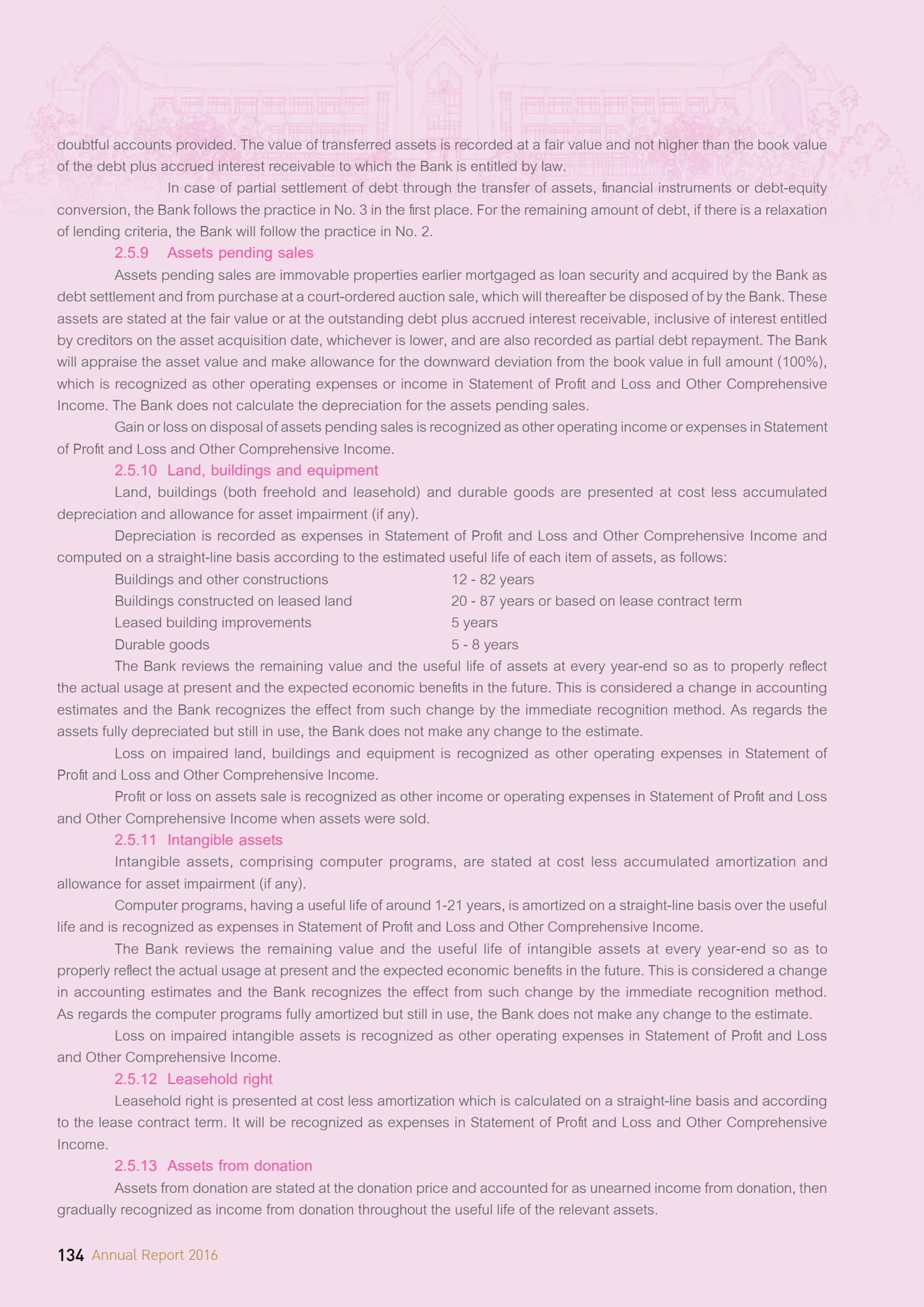
2.5.8 Troubled debt restructuring (TDR)

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

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

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

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.

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 savings as income and education insurance. The Bank makes payments according to the deposit conditions.

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

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

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

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

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

2.5.15 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.

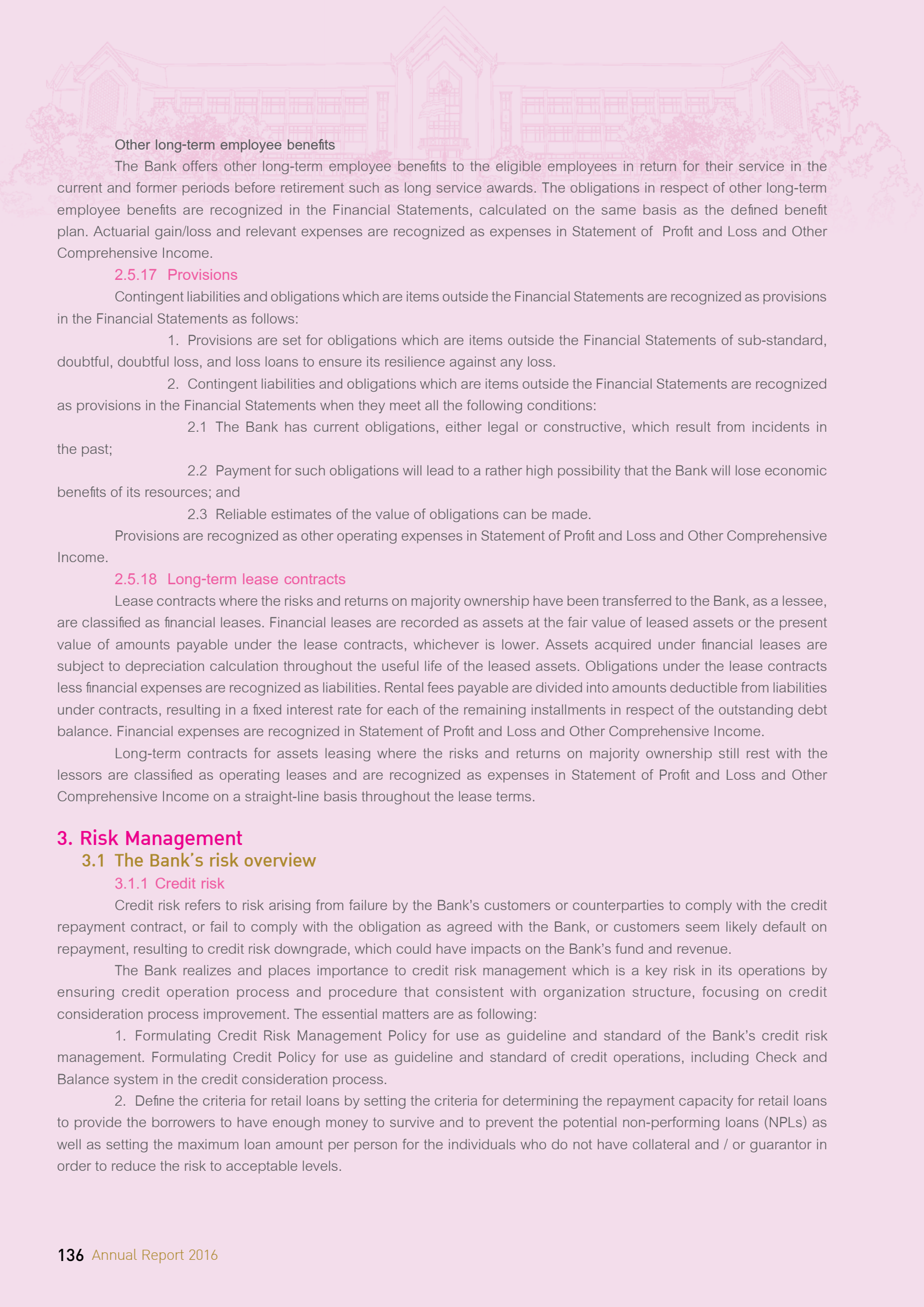
Defined contribution plan

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 done by the experts in insurance mathematics for the profits (loss) from the Actuarial Gain/Loss in the type of benefits after the recognition in other comprehensive incomes.



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

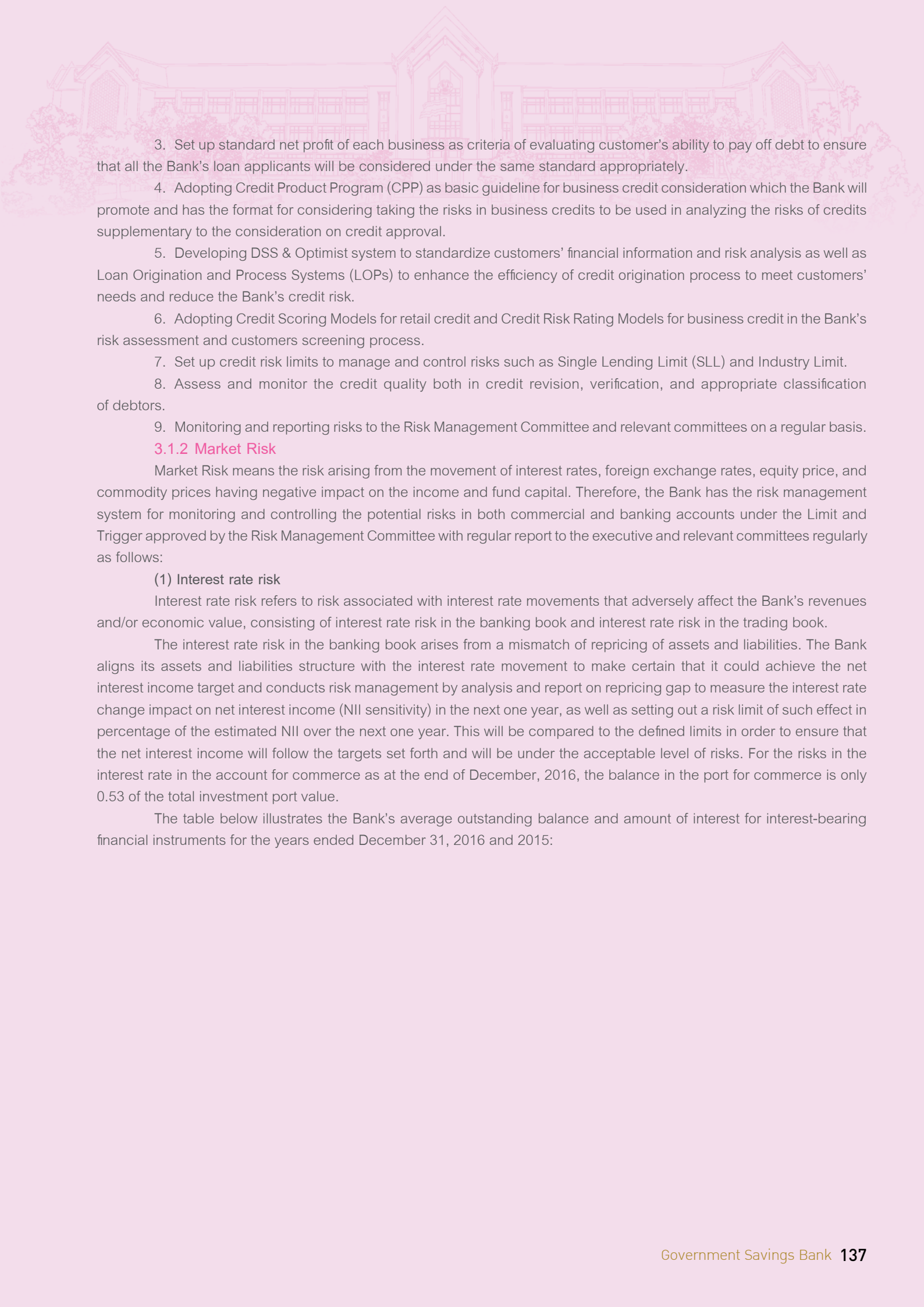
3.1.1 Credit risk

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

The Bank 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. Formulating Credit Policy for use as guideline and standard of credit operations, including Check and Balance system in the credit consideration process.

2. Define the criteria for retail loans by setting the criteria for determining the repayment capacity for retail loans to provide the borrowers to have enough money to survive and to prevent the potential non-performing loans (NPLs) as well as setting the maximum loan amount per person for the individuals who do not have collateral and / or guarantor in order to reduce the risk to acceptable levels.

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3. 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.
 4. Adopting Credit Product Program (CPP) as basic guideline for business credit consideration which the Bank will promote and has the format for considering taking the risks in business credits to be used in analyzing the risks of credits supplementary to the consideration on credit approval.
 5. 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.
 6. 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.
 7. Set up credit risk limits to manage and control risks such as Single Lending Limit (SLL) and Industry Limit.
 8. Assess and monitor the credit quality both in credit revision, verification, and appropriate classification of debtors.
 9. Monitoring and reporting risks to the Risk Management Committee and relevant committees on a regular basis.

3.1.2 Market Risk

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

(1) 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. This will be compared to the defined limits in order to ensure that the net interest income will follow the targets set forth and will be under the acceptable level of risks. For the risks in the interest rate in the account for commerce as at the end of December, 2016, the balance in the port for commerce is only 0.53 of the total investment port value.

The table below illustrates the Bank's average outstanding balance and amount of interest for interest-bearing financial instruments for the years ended December 31, 2016 and 2015:

Unit : Million Baht

	2016			2015		
	Avg. outstanding of balance	Amount Interest	Avg. outstanding of interest rate (%)	Avg. outstanding of balance	Amount Interest	Avg. outstanding of interest rate (%)
Interest-bearing financial assets						
Interbank and money market items	375,862.90	6,785.53	1.81	411,223.22	8,273.08	2.01
Investments	200,827.28	4,674.72	2.33	207,011.57	5,321.97	2.57
Loans to Loan to customer	1,572,736.63	87,400.71	5.56	1,576,401.23	88,603.69	5.62
Loan to PSA customers	176,877.91	5,474.49	3.10	49,057.97	1,585.84	3.23
Total	2,326,304.72	104,335.45	4.49	2,243,693.99	103,784.58	4.63
Interest-bearing financial liabilities						
Deposits	2,145,687.91	42,847.81	2.00	2,083,063.54	44,848.49	2.15
Interbank and money market items	112,777.52	1,239.22	1.10	80,809.11	900.29	1.11
Total	2,258,465.43	44,087.03	1.95	2,163,872.65	45,748.78	2.11

(2) Foreign 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. However, the Bank controls the risks by defining the Limit and Trigger such as 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 including preventing the risks and assessing the effectiveness of the financial derivatives used in preventing the risks every year.

(3) 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, 2016, shares and funds in the available-for-sale portfolio represented approximately 7.56% and 8.91% 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.

(4) Risks in commodity prices

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

3.1.3 Liquidity risk

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

it to dispose of the assets at a price lower than acquisition cost due to either low liquidity of the assets or illiquid market (Trading Liquidity Risk).

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

The Bank controls this risk by using risk limits and risk triggers, comprising loans to deposits ratio, liquid assets to deposits ratio, etc. The report will be conducted to monitor the risks in the liquidity daily, weekly, monthly, and quarterly to propose to the executives and relevant bureaus. The liquidity asset ratio per deposit as on December 31, 2016, equaled to 22.56% increasing from September 30, 2016, equaling to 18.45% and in accordance with the defined limit and trigger.

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

Unit : Million Baht

	2016				
	Not more than 1 month	More than 1 month and not more than 3 month	More than 3 month and not more than 1 year	More than 1 year	Total
Assets					
Interbank and money market items-net	1,506.10	340,372.80	112,782.50	25,128.81	479,790.21
Investments	-	15,840.07	130,793.86	136,834.91	283,468.84
Loans to customers	29,007.45	47,159.20	141,450.31	1,340,373.17	1,557,990.13
Loan to PSA customers	-	69,701.32	14,291.62	104,982.31	188,975.25
Total	30,513.55	473,073.39	399,318.29	1,607,319.20	2,510,224.43
Liabilities					
Deposits	501,102.64	375,043.85	489,432.19	771,762.42	2,137,341.10
Interbank and money market items-net	4,625.55	74,767.98	16,995.84	4,923.69	101,313.06
Total	505,728.19	449,811.83	506,428.03	776,686.11	2,238,654.16

3.2 Fair value of financial instruments

Following table shown book value and the estimated fair value of financial instrument, as the outstanding balance summary appearing in the financial statements as of December 31, 2016 and 2015:

Unit : Million Baht

Type of financial instrument	Financial statements exhibiting investment by equity method			
	2016		2015	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	28,936.61	28,936.61	32,993.02	32,993.02
Interbank and money market items-net	479,790.21	479,790.21	368,755.44	368,755.44
Derivative	135.74	135.74	128.56	128.56
Investments-net	283,914.13	284,536.18	246,246.11	247,770.37
Loans to customers-net	1,512,540.46	1,512,540.46	1,598,299.12	1,598,299.12
Loans to PSA customers-net	187,120.25	187,120.25	134,707.87	134,707.87
PSA Accounts receivable pending compensation by Public Service Account	3,257.77	3,257.77	625.06	625.06
Total	2,495,695.17	2,496,317.22	2,381,755.18	2,383,279.44
Financial liabilities				
Deposits	2,137,341.10	2,137,341.10	2,058,138.85	2,058,138.85
Interbank and money market items-net	101,313.06	101,313.06	79,744.91	79,744.91
Liabilities payable on demand	810.23	810.23	918.76	918.76
Derivative	659.89	659.89	930.61	930.61
PSA Accounts payables	308.45	308.45	-	-
Accrued interest on deposits and bonds	43,425.42	43,425.42	51,181.62	51,181.62
Total	2,283,858.15	2,283,858.15	2,190,914.75	2,190,914.75

Unit : Million Baht

Type of financial instrument	Bank-only financial statements			
	2016		2015	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	28,936.61	28,936.61	32,993.02	32,993.02
Interbank and money market items-net	479,790.21	479,790.21	368,755.44	368,755.44
Derivative	135.74	135.74	128.56	128.56
Investments-net	283,468.84	284,536.18	245,997.83	247,770.37
Loans to customers-net	1,512,540.46	1,512,540.46	1,598,299.12	1,598,299.12
Loans to PSA customers-net	187,120.25	187,120.25	134,707.87	134,707.87
PSA Accounts receivable pending compensation by Public Service Account	3,257.77	3,257.77	625.06	625.06
Total	2,495,249.88	2,496,317.22	2,381,506.90	2,383,279.44
Financial liabilities				
Deposits	2,137,341.10	2,137,341.10	2,058,138.85	2,058,138.85
Interbank and money market items-net	101,313.06	101,313.06	79,744.91	79,744.91
Liabilities payable on demand	810.23	810.23	918.76	918.76
Derivative	659.89	659.89	930.61	930.61
PSA Accounts payables	308.45	308.45	-	-
Accrued interest on deposits and bonds	43,425.42	43,425.42	51,181.62	51,181.62
Total	2,283,858.15	2,283,858.15	2,190,914.75	2,190,914.75

3.3 Assets and Liabilities fair value

The Bank categorized fair value measurement into three levels based on the type of inputs used for valuation technique as follows:

- Level 1 - Inputs were quoted prices (unadjusted) in active markets for the same assets and liabilities accessible by the Bank on the measurement date.
- Level 2 - Inputs other than quoted prices in Level 1 that were observable directly or indirectly for those assets or liabilities.
- Level 3 - Unobservable inputs adopted for those assets or liabilities.

Fair value measurement techniques of regular transactions that were categorized into Level 2 are as follows:

- Derivatives calculated by standard model commonly used in the market, using observable inputs including interest rates, currency exchange rates, to discount future cash flows for fair value measurement.
- Unlisted securities available-for-sale were measured at Net Assets Value as of reporting date.
- Government and state enterprise debt securities and corporate securities investments for trading and available-for-sale were measured at yield rates of Thai Bond Market Association.

As of December 31, 2016 and 2015 Bank's assets and liabilities fair value were categorized according to the levels as follows:

Unit : Million Baht

	2016			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
Derivatives				
Tradable derivatives	-	0.98	-	0.98
Investments				
Trading investments	-	1,500.88	-	1,500.88
Available-for-sale investments	32,250.46	206,772.81	-	239,023.27
Total	32,250.46	208,274.67	-	240,525.13
<u>Liabilities</u>				
Derivatives				
Hedging derivatives	-	0.89	-	0.89
Total	-	0.89	-	0.89

Unit : Million Baht

	2015			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
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
<u>Liabilities</u>				
Derivatives				
Trading derivatives	-	0.08	-	0.08
Hedging derivatives	-	127.73	-	127.73
Total	-	127.81	-	127.81

3.4 Capital fund

As of December 31, 2016 and 2015, the Bank's capital fund was calculated based on BOT guideline set forth under Basel II framework.

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

Unit : Million Baht		
	2016	2015
Tier 1 capital		
Capital granted by HM King Rama VI	0.10	0.10
Allocated accumulated profit	24,413.29	22,143.41
Unallocated accumulated profit	117,345.86	110,363.92
<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	55.78	154.36
Total tier 1 capital	138,185.95	128,835.55
Tier 2 capital	4,978.35	6,204.15
Reserve for normal assets		
<u>Plus</u> (Net) Capital surplus from revaluation of investment in equity instruments available-for-sale	3,809.80	950.30
<u>Less</u> Investment in other instruments counted as capital fund of financial institution	55.78	154.36
Total tier 2 capital	8,732.37	7,000.09
Total Capital fund	146,918.32	135,835.64

According to the requirements of Bank of Thailand, the domestically registered commercial banks are required to maintain the capital adequacy ratio of not less than 8.50% provided that the Tier 1 capital must not be less than 4.25% of total risk assets.

As on December 31, 2016 and 2015, the Bank maintained the capital adequacy ratio to the total risk assets according to Basel II principles as follows:

	Percentage	
	2016	2015
Total capital fund	11.54	10.80
Tier 1 capital	10.86	10.24

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	
	2016	2015	2016	2015
Revaluation surplus (deficit) on available-for-sale investments	5,628.92	(1,436.59)	5,628.92	(1,436.59)
Share of other comprehensive profit on associated companies	39.05	1.87	-	-
Assets pending sales acquired from asset transfer for debt settlement	(294.05)	(49.91)	(294.05)	(49.91)

5.2 Cash

Unit : Million Baht

	2016	2015
Cash	27,624.28	31,760.35
Foreign currencies	26.92	35.02
Cash under collection	1,285.41	1,197.65
Total Cash	28,936.61	32,993.02

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

Unit : Million Baht

	2016			2015		
	At call	Term	Total	At call	Term	Total
(1) Domestic items						
Bank of Thailand and Financial institutions Development Fund	2.48	316,943.00	316,945.48	2.39	202,322.00	202,324.39
Commercial Banks	107.78	7,099.00	7,206.78	62.79	14,560.00	14,622.79
Specialized financial institutions	0.08	129,839.20	129,839.28	0.10	121,000.00	121,000.10
Other financial institutions	130.00	25,761.80	25,891.80	-	30,805.96	30,805.96
Total	240.34	479,643.00	479,883.34	65.28	368,687.96	368,753.24
<u>Plus</u> Accrued interest receivable	-	235.73	235.73	-	401.15	401.15
<u>Less</u> Allowance for doubtful accounts	1.30	328.02	329.32	-	399.61	399.61
Total domestic items	239.04	479,550.71	479,789.75	65.28	368,689.50	368,754.78
(2) Foreign items						
US dollar	0.08	-	0.08	0.31	-	0.31
Yen	0.03	-	0.03	0.01	-	0.01
Euro	0.02	-	0.02	0.07	-	0.07
Other currencies	0.33	-	0.33	0.27	-	0.27
Total foreign items	0.46	-	0.46	0.66	-	0.66
Total domestic and foreign items	239.50	479,550.71	479,790.21	65.94	368,689.50	368,755.44

5.4 Derivatives

As of December 31, 2016 and 2015, the Bank's derivatives were comprised of:

- Derivatives assets of 135.74 Million Baht and 128.56 Million Baht respectively; and
- Derivatives liabilities of 659.89 Million Baht and 930.61 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, 2016 and 2015 were as follows:

Unit : Million Baht

Type of risk	2016			2015		
	Fair Value*		Notional Amount or Effective Notional Amount	Fair Value*		Notional Amount or Effective Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	0.98	-	59.93	128.46	0.08	749.59
Total	0.98	-	59.93	128.46	0.08	749.59

* 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, 2016 and 2015 was as follows:

Counterparty	Proportion (%)	
	2016	2015
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, 2016 and 2015 were as follows:

Table 1 Risk hedging in the fair value

Unit : Million Baht

Type of risk	2016			2015		
	Fair Value*		Notional Amount or Effective Notional Amount	Fair Value*		Notional Amount or Effective Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	134.76	659.89	16,107.98	0.10	930.53	12,192.83
Total	134.76	659.89	16,107.98	0.10	930.53	12,192.83

* 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, 2016 and 2015, derivative assets were 134.76 Million Baht and 0.10 Million Baht, derivative liabilities were 659.89 Million Baht and 930.53 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 134.76 Million Baht and 0.10 Million Baht and derivative liabilities of 659.00 Million Baht and 802.80 Million Baht subsequently.

5.5 Investments - net

As of December 31, 2016 and 2015, the Bank classified its investments in securities as follows:

Unit : Million Baht

	Fair value	
	2016	2015
5.5.1 Tradable securities		
Government and state enterprise securities	1,469.25	1,520.60
Domestic marketable equity instruments	31.63	-
Total	1,500.88	1,520.60

Unit : Million Baht

	Fair value	
	2016	2015
5.5.2 Securities available-for-sale		
Government and state enterprise securities	191,247.16	159,727.38
Private sector bonds	963.54	1,266.83
Domestic marketable equity instruments	115.96	-
Others	32,364.34	27,499.92
Total	14,332.27	13,697.76
	239,023.27	202,191.89

Unit : Million Baht

	Cost / Amortized cost	
	2016	2015
5.5.3 Debt instruments held to maturity		
Government and state enterprise securities	6,978.03	10,685.93
Private sector bonds	18,114.11	18,139.46
Foreign debt securities	16,562.81	13,142.66
Total	41,654.95	41,968.05
<u>Less</u> Allowance for impairment	-	952.65
Total	41,654.95	41,015.40

Unit : Million Baht

	Cost	
	2016	2015
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	282,482.43	245,031.22

As of December 31, 2016 and 2015, 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 32,364.34 Million Baht and 27,499.92 Million Baht were inclusive of the transactions for which the allowance for impairments was recognized in the amount of 689.12 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 14,332.27 Million Baht and 13,697.76 Million Baht were inclusive of the transactions for which the allowance for impairments was recognized in the amount of 98.10 Million Baht and 28.19 Million Baht respectively.

- The bonds to be held to maturity as foreign bonds with the investment value of 16,562.81 Million Baht and 13,142.66 Million Baht have the foreign bonds of 952.65 Million Baht which the bond issuer is affected by the US financial crisis. The Bank recognizes the full allowance for impairment loss in 2008. In 2016, the Bank received the debt repayment following the debt repayment plan in cash, convertible bonds, and ordinary shares in the total amount of 257.24 Million Baht which was reversed by the reversal of allowance for impairment (Clause 5.32 of the Notes). The allowance for impairment of 695.41 Million Baht was reversed. The Bank defers the investment and the allowance for impairment from the account following the resolution of the Board of Directors of the Government Savings Bank No. 1/2560 on January 17, 2017.

- 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 3,919.00 Million Baht.

For the years ended December 31, 2016, the Bank reverses loss on impairment of investments to income of 156.03 Million Baht. In addition, for the year ending on December 31, 2015, the Bank reversed the impairment from the losses on investments into the income amounting 49.69 Million Baht.

In addition, as of December 31, 2016 and 2015, 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	2016	2015
Manufacturing and commerce	1,688.40	1,251.60
Fund and financial business	13,268.89	12,805.18
Others	12.58	12.58
Total	14,969.87	14,069.36

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

	2016 (Fair value)				
	SKFM	Krung Thai	One	UOB	Total
Deposits at bank					
Current	23.96	-	-	-	23.96
Savings	-	4.30	11.72	8.74	24.76
	23.96	4.30	11.72	8.74	48.72
Investment in other securities					
- Equity instruments					
Common stock	394.03	52.00	105.87	96.61	648.51
	394.03	52.00	105.87	96.61	648.51
Other receivables	1.03	0.24	1.64	0.01	2.92
	1.03	0.24	1.64	0.01	2.92
Other payables	0.22	1.09	0.07	0.00	1.38
	0.22	1.09	0.07	0.00	1.38
	418.80	55.45	119.16	105.36	698.77

As of December 31, 2016, the Bank had investments with a cost price of 439.25 Million Baht and a fair value of 698.77 Million Baht. Bank's gains on investment fair value valuation amount to 259.52 Million Baht and accumulated returns on investment in private funds brought forward amount to 319.67 Million Baht, an increasing of 78.32 Million Baht during the period therefore the total accumulated amount is 397.99 Million Baht.

According to the Cabinet's Resolution on September 8, 2015, Government Savings Bank in cooperation with the Small and Medium Enterprise Development Bank of Thailand and Krung Thai Bank Public Company Limited set up the joint venture fund of 2,000.00 Million Baht totaling 6,000.00 Million Baht which was the fund following the SMEs promoting measures via the co-investment. The form of fund to be established depends in the competences and suitability in the management of each financial institute. Such joint venture fund is intended to co-invest in the start-up SMEs with high potential or the opportunity to grow Or in a business group that is beneficial to the country's economic growth or as a supplier to the large public and private sectors or a member of the Thai Chamber of Commerce or a government agency as for Government Savings Bank in the financial amount of 2,000.00 Million Baht. The Bank has set up the SMEs Private Equity Trust Fund, Unit 1, in the financial amount of 500.00 Million Baht with Krung Thai Asset Management Public Company Limited to act as the trustee as on December 31, 2016, in the investment value of 60.00 Million Baht at the fair value of 55.45 Million Baht.

Unit : Million Baht

	2015 (Fair value)				
	SKFM	Krung Thai	One	UOB	Total
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					
Government bonds	-	-	29.98	-	29.98
	-	-	29.98	-	29.98
- Equity instruments					
Common shares	377.87	-	85.92	178.16	641.95
	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. The Bank's gains on investment fair value valuation amounted 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 was 848.99 Million Baht

- Changes of investments in private funds were as follows:

Unit : Million Baht

	2016						
	SKFM	Krung Thai	MFC	One	Asset Plus	UOB	Total
Beginning balance (cost price)	300.03	-	-	533.31	-	94.19	927.53
Securities purchase/transfer	-	60.00	-	-	-	-	60.00
Securities sale/transfer	(1.67)	-	-	(500.95)	-	(45.66)	(548.28)
Total (cost price)	298.36	60.00	-	32.36	-	48.53	439.25
Unrealized gains	120.44	(4.55)	-	86.80	-	56.83	259.52
Ending balance (fair value)	418.80	55.45	-	119.16	-	105.36	698.77

Unit : Million Baht

	2015						
	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

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, 2016 and 2015, the Bank's investments in associated companies were as follows:

Unit : Million Baht

	Financial statements exhibiting investments by equity method		Bank-only financial statements	
	2016	2015	2016	2015
Beginning balance	1,214.89	1,147.80	5,129.74	5,129.74
Share of profit (loss) on investment by equity method	331.15	211.32	-	-
<u>Plus</u> Purchase / transfer	19.80	-	19.80	-
<u>Less</u> Dividend received	134.14	144.23	-	-
Total	1,431.70	1,214.89	5,149.54	5,129.74
<u>Less</u> Allowance for impairment	-	-	4,163.13	4,163.13
Ending balance	1,431.70	1,214.89	986.41	966.61

5.6.1 Bank-only Financial Statements

The Bank's investments in associated companies as of December 31, 2016 and 2015 were as follows:

Unit : Million Baht

Company name	Type of Business	Type of Securities	Percentage of invested securities		Investments (cost method)	
			2016	2015	2016	2015
Thanachart Fund	Finance business	Common share	25.00	25.00	25.00	25.00
MFC Asset Management Plc.	Finance business	Common share	24.30	24.44	338.64	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	19.58	622.77	622.77
Total					5,149.54	5,129.74
<u>Less</u> Allowance for devaluation					4,163.13	4,163.13
Investments in associated companies-net					986.41	966.61

5.6.2 Financial Statements Exhibiting Investments by Equity Method

The Bank's investments in associated companies as of December 31, 2016 and 2015 were as follows:

Unit : Million Baht

Company name	Type of Business	Type of Securities	Percentage of invested securities		Investments (cost method)		Investments (equity method)	
			2016	2015	2016	2015	2016	2015
Thanachart Fund Management Co., Ltd.	Finance business	Common share	25.00	25.00	25.00	25.00	74.35	71.07
MFC Asset Management Plc.	Finance business	Common share	24.30	24.44	338.64	318.84	339.16	324.37
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	19.58	622.77	622.77	1,018.19	819.45
Total					5,149.54	5,129.74	1,431.70	1,214.89
Less Allowance for devaluation					4,163.13	4,163.13	-	-
Investments in associated companies-net					986.41	966.61	1,431.70	1,214.89

As of December 31, 2016, 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, 2016 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, 2016. The Bank's executives believe that no significant change on Financial Statements exhibiting investments by equity method.

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. In 2016, the Bank uses the right to purchase 1.10 million ordinary shares in the amount of 19.80 Million Baht. The warrants will be due on March 30, 2018. The investment fund in the MFC Asset Management Public Company Limited has the remaining balance as on December 31, 2016, of 30.50 million shares in the amount of 338.64 Million Baht calculated as the proportion in the investment fund of 24.30%.

Investment in Islamic Bank of Thailand showed an outstanding balance of 4,091.53 Million shares amounting to 4,163.13 Million Baht as of December 31, 2016. The Bank had set aside an allowance for its impairment in full.

For the year ended December 31, 2016, the Bank recognized 331.15 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. Financial Statements exhibiting investments by equity method.

5.6.3 Financial Status and Performance Results of Associated Companies

Summary of financial status and performance results of associated companies are as follows:

Unit : Million Baht

Company name	Financial Statement					
	2016 "Unaudited"			2015 "Audited"		
	Total Assets	Total Liabilities	Equity	Total Assets	Total Liabilities	Equity
Thanachart Fund Management Co.,Ltd.	457.44	169.54	287.90	424.69	149.91	274.78
MFC Asset Management Plc.	1,602.39	287.08	1,315.31	1,518.19	221.02	1,297.17
Islamic Bank of Thailand	84,515.45	99,920.52	(15,405.07)	91,600.32	104,911.42	(13,311.10)
Dhipaya Insurance Plc.	15,306.57	10,757.70	4,548.87	11,702.74	8,159.62	3,543.12
Total	101,881.85	111,134.84	(9,252.99)	105,245.94	113,441.97	(8,196.03)

* Islamic Bank of Thailand's performance result for three month ended September 30, 2016 is unaudited but had verified by auditors.

Unit : Million Baht

Company name	Statement of Profit and Loss and Other Comprehensive Income			
	2016 "Unaudited"		2015 "Audited"	
	Total Revenue	Net Profit (loss)	Total Revenue	Net Profit (loss)
Thanachart Fund Management Co.,Ltd.	1,070.09	355.34	970.63	319.86
MFC Asset Management Plc.	928.45	199.13	890.46	188.54
Islamic Bank of Thailand	-	-	5,354.38	(4,731.35)
Dhipaya Insurance Plc.	6,366.08	777.66	5,433.73	428.05
Total	8,364.62	1,332.13	12,649.20	(3,794.90)

5.7 Loans to Customers and Accrued Interest Receivable - Net

5.7.1 Classified by type of loans

Unit : Million Baht

	2016	2015
Overdrafts	24,404.27	24,355.98
Loans	1,450,084.48	1,505,780.01
Notes	83,238.25	104,503.88
Receivables under hire purchase agreement	263.13	246.83
<u>Less</u> Deferred revenue	417.53	412.73
Total loans, net of deferred revenue	1,557,572.60	1,634,473.97
<u>Plus</u> accrued interest receivable	5,713.89	6,261.69
Total loans, net of deferred revenue, plus accrued interest receivable	1,563,286.49	1,640,735.66
<u>Less</u> Allowance for doubtful accounts		
1. Minimum allowance required by BOT criteria	45,756.80	36,221.51
2. Excess allowance	4,978.35	6,204.15
<u>Less</u> Revaluation allowance for debt restructuring	10.88	10.88
Total loans to customers and accrued interest receivable-net	1,512,540.46	1,598,299.12

Loan to customers and net accrued interest receivables include the government policy loan project lend by the Bank (Clause 5.33.2 of the Notes) as follows:

1. The project of loan with low interest to be spent as cycling capital for small and medium enterprises (SMEs) in the project's financial amount of 100,000.00 Million Baht as on December 31, 2016 and 2015 amounting 3,496.16 Million Baht and 3,947.80 Million Baht, respectively.

2. The project of loan with low interest to be spent as cycling capital for small and medium enterprises (SMEs) in Phase 2 in the project's financial amount of 50,000.00 Million Baht as on December 31, 2016, amounting 3,519.13 Million Baht.

3. The project of loan with low interest to be spent in modifying the machinery and increasing the productivity for small and medium enterprises (SMEs) in the project's financial amount of 30,000.00 Million Baht as on December 31, 2016, amounting 63.10 Million Baht.

The Bank's credits include the loans from making the transactions to support the government sector's fiscal measures but not the loans to the debtors according to state policy transactions as follows:

Unit : Million Baht

Item	2016	2015
Loans - Bank provided financial support to flood victims in 2011 (Note 5.15)	22,785.73	30,430.63

5.7.2 Classified by Loan program

Unit : Million Baht

	2016			2015		
	Loans	Allowance for doubtful accounts	Net loans	Loans	Allowance for doubtful accounts	Net loans
Loan for occupation development	542,239.72	21,712.98	520,526.74	577,973.85	14,700.67	563,273.18
Housing loan	329,160.91	2,301.14	326,859.77	308,297.54	1,936.84	306,360.70
Welfare loan	148,966.65	8,474.95	140,491.70	167,845.55	7,899.25	159,946.30
Sai Thong loan	86,880.26	623.00	86,257.26	76,112.90	555.78	75,557.12
General business loan	72,643.29	796.07	71,847.22	70,742.13	875.95	69,866.18
People's Bank loan	70,875.30	6,317.85	64,557.45	72,410.07	5,083.20	67,326.87
Public sector and state enterprise loan	52,550.80	37.99	52,512.81	91,188.26	47.80	91,140.46
Corporate loan	31,186.91	1,056.84	30,130.07	27,843.29	1,015.48	26,827.81
Hong Teal loan	28,126.87	821.41	27,305.46	23,447.30	616.10	22,831.20
Chewit Suksan loan	27,066.93	16.68	27,050.25	31,530.51	16.83	31,513.68
Others	60,386.84	2,726.17	57,660.67	58,388.61	2,002.39	56,386.22
Total	1,450,084.48	44,885.08	1,405,199.40	1,505,780.01	34,750.29	1,471,029.72

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

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

People's Bank loan are offered to small entrepreneurs, people earning fixed income or those not having a career yet but wishing to be small independent entrepreneur. The loans are for using as capital fund or working capital in their business, or payment of necessary expenses in their living or other debts.

Sai Thong loan are for education, tourism, medical practitioner, consumption, working in overseas and multi-purpose.

As of December 31, 2016 and 2015 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 414.03 Million Baht and 462.09 Million Baht subsequently.

5.7.3 Classified by Currency and Resident

Unit : Million Baht

	2016			2015		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Thai Baht	1,545,527.82	12,023.94	1,557,551.76	1,622,452.89	12,000.24	1,634,453.13
Other currencies	20.84	-	20.84	20.84	-	20.84
Total	1,545,548.66	12,023.94	1,557,572.60	1,622,473.73	12,000.24	1,634,473.97

5.7.4 Classified by Type of Business and Loan Classification Criteria

Unit : Million Baht

	2016					
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	8,551.04	402.32	109.20	114.39	612.80	9,789.75
Manufacturing and commercial	39,108.25	768.46	89.40	255.06	559.34	40,780.51
Real estate and construction	13,737.60	721.21	35.18	107.50	446.25	15,047.74
Public utilities and services	56,901.49	1,448.19	876.22	213.76	2,739.39	62,179.05
Housing loan	309,122.81	12,442.88	1,481.28	2,053.43	4,062.13	329,162.53
Others	1,007,985.00	67,773.66	6,365.07	6,417.62	12,071.67	1,100,613.02
Total	1,435,406.19	83,556.72	8,956.35	9,161.76	20,491.58	1,557,572.60

Loans to customers classified by other types of business amounted of 1,100,613.02 Million Baht mostly included loans of 542,239.72 Million Baht for occupation development and welfare loans of 148,966.65 Million Baht.

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	8,060.20	802.69	70.88	68.73	818.04	9,820.54
Public utilities and services	214,426.49	1,450.88	359.25	363.87	3,432.97	220,033.46
Housing loan	292,530.73	10,132.19	1,418.42	1,430.89	2,787.65	308,299.88
Others	977,680.97	54,088.40	4,819.44	5,427.60	8,179.96	1,050,196.37
Total	1,536,145.33	67,460.56	6,929.88	7,396.55	16,541.65	1,634,473.97

Loans to customers classified by other types of business amounted of 1,050,196.37 Million Baht mostly included loans of 577,973.85 Million Baht for occupation development and welfare loans of 167,845.55 Million Baht.

5.7.5 Classified by Loan Classification Criteria

Unit : Million Baht

	2016			
	Loans and accrued interest receivable	Net amount used* for setting the allowance	Rate used for setting the allowance (%)	Allowance for doubtful account
1. Minimum allowance according to BOT criteria				
Normal	1,440,651.96	785,629.13	1	12,960.18
Special mention	84,008.21	61,128.43	2	5,639.41
Sub-standard	8,972.98	6,361.85	100	6,361.85
Doubtful	9,161.76	6,289.03	100	6,289.03
Doubtful of loss	20,491.58	14,506.33	100	14,506.33
2. Excess allowance				4,978.35
Total	1,563,286.49	873,914.77		50,735.15

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	1,542,024.71	863,146.20	1	11,853.67
Special mention	67,827.48	48,844.44	2	2,944.16
Sub-standard	6,945.27	4,891.31	100	4,891.31
Doubtful	7,396.55	5,405.91	100	5,405.91
Doubtful of loss	16,541.65	11,126.46	100	11,126.46
2. Excess allowance				6,204.15
Total	1,640,735.66	933,414.32		42,425.66

* 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, 2016 and 2015, loan classified as normal and special mention were comprised a number of Chor Por Kor loan project which debtors were unable to repay themselves and repayment made by the Office of the Welfare Promotion Commission for Teachers and Educational Personnel, according to Chor Por Kor welfare loan project memorandum of agreement between the Office of the Welfare Promotion Commission for Teachers and Educational Personnel and Government Savings Bank. Bank set the additional allowance for doubtful accounts for Chor Por Kor loan project of 5,103.89 Million Baht and 3,221.86 Million Baht for loan classified subsequently and 3,221.86 Million Baht and 1,921.43 Million Baht as special mention subsequently.

5.7.6 Non-Performing Loans

As of December 31, 2016 and 2015, GSB recorded non-performing loans (NPLs) comprising sub-standard, doubtful and doubtful of loss loans. Total loans including the loans to the customers following the transactions of the government's policy of inter-bank and money market items were as follows:

Unit : Million Baht

	2016	2015
NPLs before deduction of allowance for doubtful of loss	38,719.92	30,872.15
As percentage of total loans	2.04	1.61
NPLs after deduction of allowance for doubtful of loss	11,506.72	9,444.42
As percentage of total loans	0.62	0.50

5.7.7 Troubled Debt Restructuring (TDR)

For the years ended December 31, 2016 and 2015, 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

	2016	2015
Interest income from debt restructuring	0.10	3.73

As of December 31, 2016 and 2015, the Bank recorded an outstanding balance of restructured loans in the Financial Statements as follows:

Unit : Million Baht

	2016	2015
Outstanding balance of restructuring loans	802.65	802.65

5.7.8 Leasehold Contract Debtors

Unit : Million Baht

	2016			
	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	44.06	131.66	87.41	263.13
<u>Less</u> deferred financial revenue				75.16
Current value of minimum repayment amount according to leasehold contract				187.97
<u>Less</u> allowance for doubtful of loss				9.19
Leasehold contract debtors - Net				178.78

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

5.8 Allowance for Doubtful Account

Unit : Million Baht

	2016						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	11,853.67	2,944.16	4,891.31	5,405.91	11,126.46	6,204.15	42,425.66
Doubtful accounts	(489.19)	1,065.15	1,470.54	883.12	4,428.23	2,000.00	9,357.85
Transfer during a period	1,595.70	1,630.10	-	-	-	(3,225.80)	-
Bad debt write-off	-	-	-	-	(1,048.36)	-	(1,048.36)
Ending balance	12,960.18	5,639.41	6,361.85	6,289.03	14,506.33	4,978.35	50,735.15

On December 31, 2016, the allowance for doubtful accounts amounted to 50,735.15 Million Baht including the allowance for doubtful accounts of the project of the loans with low interest to be used as the cycling capital for small and medium enterprises (SMEs) and Phase 2, and the project of the loans with low interest to modify machinery and increase productivity for small and medium enterprises (SMEs) amounting 2.08 Million Baht (Clause 5.7.1 of the Notes)

Unit : Million Baht

	2015						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess allowance	Total
Beginning balance	9,374.25	786.45	4,263.38	3,921.32	8,502.92	9,347.44	36,195.76
Doubtful accounts	(742.44)	236.28	627.93	1,484.59	3,191.82	2,000.00	6,798.18
Transfer during a period	3,221.86	1,921.43	-	-	-	(5,143.29)	-
Bad debt write-off	-	-	-	-	(568.28)	-	(568.28)
Ending balance	11,853.67	2,944.16	4,891.31	5,405.91	11,126.46	6,204.15	42,425.66

5.9 Revaluation Allowance for Debt Restructuring

Unit : Million Baht

	2016	2015
Beginning balance	10.88	13.92
Amortization	-	3.04
Ending balance	10.88	10.88

5.10 Assets Pending Sales - Net

Unit : Million Baht

	2016			
	Beginning balance	Increased	Disposed/transferred	Ending balance
Immovable assets	2,016.81	375.75	758.42	1,634.14
<u>Less</u> Allowance for impairment	30.98	0.42	16.03	15.37
Total assets pending sales-net	1,985.83	375.33	742.39	1,618.77

Unit : Million Baht

	2015			
	Beginning balance	Increased	Disposed/transferred	Ending balance
Immovable assets	2,117.65	324.04	424.88	2,016.81
<u>Less</u> 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

As of December 31, 2016 and 2015, the Bank's immovable assets obtained from debt repayment amounted to 1,634.14 Million Baht and 2, 2,016.81 Million Baht, consisting of those valued by external appraiser of 1,062.86 Million Baht and 1,062.39 Million Baht respectively, and those by internal appraiser of 571.28 Million Baht and 954.42 Million Baht respectively.

For the years ended December 31, 2016 and 2015, the Bank gained 235.17 Million Baht and 128.95 Million Baht from assets pending sale subsequently.

5.11 Land, Buildings and Equipment - Net

Unit : Million Baht

	2016											
	Cost price				Accumulated depreciation				Allowance for devaluation			Land building and equipment-net
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance	Beginning balance	Increased/ (Decreased)	Ending balance	
Land	1,834.83	188.70	(16.38)	2,007.15	-	-	-	-	86.17	(35.87)	50.30	1,956.85
Buildings	6,592.30	336.18	(29.23)	6,899.25	3,565.25	278.29	(25.38)	3,818.16	158.46	211.50	369.96	2,711.13
Equipment	9,376.08	977.98	(477.15)	9,876.91	6,893.37	1,098.66	(476.22)	7,515.81	-	-	-	2,361.10
Assets in process	776.12	1,057.69	(1,101.17)	732.64	-	-	-	-	-	-	-	732.64
Total	18,579.33	2,560.55	(1,623.93)	19,515.95	10,458.62	1,376.95	(501.60)	11,333.97	244.63	175.63	420.26	7,761.72

For the year ending on December 31, 2016, the total depreciation was 1,376.95 Million Baht and the loss from the impairment was totally 175.63 Million Baht.

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

For the year ending on December 31, 2015, the total depreciation was 1,432.39 Million Baht.

As of December 31, 2016 and 2015, the Bank had buildings and equipment that had been fully depreciated but were still in use with the cost price of 5,702.41 Million Baht and 4,490.09 Million Baht subsequently.

5.12 Other Intangible Assets - Net

Unit : Million Baht

	2016								
	Cost price				Accumulated depreciation				Other Intangible assets-net
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance	
Computer program	2,959.42	205.39	(31.79)	3,133.02	1,472.17	337.04	(31.75)	1,777.46	1,355.56
Total	2,959.42	205.39	(31.79)	3,133.02	1,472.17	337.04	(31.75)	1,777.46	1,355.56

The amortization for the year ending on December 31, 2016, was totally 337.04 Million Baht.

Unit : Million Baht

	2015								
	Cost price				Accumulated depreciation				Other Intangible assets-net
	Beginning balance	Increased	Disposed/ transferred	Ending balance	Beginning balance	Depreciation	Disposed/ transferred	Ending balance	
Computer program	2,410.27	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

The amortization for the year ending on December 31, 2015, was totally 248.17 Million Baht.

As of December 31, 2016 and 2015, the Bank had computer programs that had been fully amortized but were still in use with the cost price of 441.77 Million Baht and 455.70 Million Baht subsequently.

5.13 Other Assets - Net

Unit : Million Baht

	2016	2015
Accrued income	1,223.80	1,413.79
Leasehold right	26.97	31.34
Receivables from sales of investments	292.04	4,205.48
Auction asset purchase - suspended	1,095.17	925.72
Other receivables and miscellaneous assets	964.19	1,035.37
Total	3,602.17	7,611.70

Receivables from sales of investments of 292.04 Million Baht are comprised of sale transactions duly concluded but settlement for which not yet been made.

Suspended auction asset purchase of 1,095.17 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 964.19 Million Baht are comprised of:

- Regional Urban Development Fund Office (RUDF) other receivables of 13.64 Million Baht
- Receivables pending transfer - fraud and deficit amounts of 2.12 Million Baht, consisting of a fraud amount of 284.67 Million Baht less full allowance for doubtful accounts, and a deficit amount of 11.88 Million Baht less full allowance for doubtful accounts of 9.76 Million Baht, leaving a balance of 2.12 Million Baht
- Other receivables pending transfer of 275.49 Million Baht
- Others of 672.94 Million Baht

5.14 Deposits

5.14.1 Classified by Types of Deposit:

Unit : Million Baht

Types of deposit	2016		2015	
At-call deposit		2,757.02		3,430.07
Savings		481,870.08		426,711.90
Deposit payable at the end of period				
- Fixed term special savings	273,356.98		399,567.23	
- Fixed deposit	418,749.74		392,283.80	
- PSCs and bond	833,565.47		714,086.16	
- Life and family allowance				
- Insurance	55,129.53		54,005.29	
- Deposit	69,001.89	1,649,803.61	65,321.54	1,625,264.02
Other deposits		2,910.39		2,732.86
Total		2,137,341.10		2,058,138.85

Savings deposit of 481,870.08 Million Baht include the guarantee contributions (pension category 1) made by the Bank employees, amounting to 110.19 Million Baht, which cannot be withdrawn during their employment period with the Bank.

Other deposits of 2,910.39 Million Baht are inclusive of the neglected accounts of 2,907.47 Million Baht covering accounts with a remaining balance of not more than 10,00.00 Baht for which the depositors have not been in contact with the Bank in the specified period. For accounts with a remaining balance of not more than 500.00 Baht, an account maintenance fee is charged pursuant to Ministerial Notification no. 44 (2003) issued by virtue of Government Savings Bank Act B.E. 2489 (1946) regarding savings deposit services.

5.14.2 Life insurance deposits in the nature of insurance

As on December 31, 2016 and 2015, the Bank had the debts of life and family allowance deposits in the nature of insurance as follows

Unit : Million Baht		
	2016	2015
Life insurance deposits	55,129.53	54,005.29
Accrued interest receivables of Life insurance deposits	17,429.93	16,028.43
Total	72,559.46	70,033.72

The Bank analyzed the sensitivity on the change in the assumption used for counting the value of the debts of life and family allowance deposits in the nature of insurance as on December 31, 2016, as follows:

		Unit : Million Baht
		Increased debt (Decreased) 2016
Assumption		
Discount rates		
Increased of 0.25%		(2,091.38)
Decreased of 0.25%		2,194.60
Mortality rates		
Increased of 25%		103.20
Decreased of 25%		(89.50)
Expire rates		
Increased of 25%		17.54
Decreased of 25%		(19.70)
Expenses		
Increased of 10%		(364.20)
Decreased of 10%		(881.82)

5.14.3 Classified by Currency and Depositors' Resident

Unit : Million Baht						
	2016			2015		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Thai Baht	2,134,115.68	3,225.42	2,137,341.10	2,055,099.45	3,039.40	2,058,138.85
Total	2,134,115.68	3,225.42	2,137,341.10	2,055,099.45	3,039.40	2,058,138.85

Unit : Million Baht

	2016			2015		
	At-call	Fixed term	Total	At-call	Fixed term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	35.92	15,932.51	15,968.43	46.91	21,280.68	21,327.59
Commercial Banks	20.94	61,350.15	61,371.09	17.91	31,000.15	31,018.06
Specialized Financial Institutions	2.81	2,000.00	2,002.81	1.65	2,700.00	2,701.65
Other Financial Institutions	4,523.27	17,447.46	21,970.73	5,075.91	19,621.70	24,697.61
Total	4,582.94	96,730.12	101,313.06	5,142.38	74,602.53	79,744.91

As of December 31, 2016 and 2015, net inter-bank and money market items of 101,313.06 Million Baht and 79,744.91 Million Baht subsequently, included promissory notes issued by the Bank for borrowing from BOT of 15,932.51 Million Baht and 21,280.68 Million Baht subsequently for on lending to those affected by the flood crisis in accordance with the Emergency Decree on Financial Aids for People Affected by Flood B.E. 2555 dated January 26, 2012 and BOT's Notification no. SorKorNgor. 12/2555 Re: Financial Assistance for People Affected by Flood in 2011 dated February 16, 2012 in the total amount of 300,000 Million Baht, of which up to 210,000 Million Baht is loans from BOT to financial institutions and at least 90,000 Million Baht (Note 5.7) is financed by financial institutions. Such allocated loan amount can be disbursed in full or until December 31, 2013. Maturity of the promissory notes is up to 5 years from the issuance date and no later than December 31, 2018. BOT charges interest of 0.01% p.a. from financial institutions and banks charge up to 3% p.a. from those damaged by the flood. After receiving full or partial payment from floodhit persons before the due date of the promissory notes, the Bank is required to repay BOT in proportion to the received payment plus interest. The Bank recognizes interest expense on the outstanding promissory notes every monthend and pays interest on the outstanding promissory notes semi-annually, i.e. end of June and end of December, and BOT collects the payment on the first business day of the following month.

5.16 Provisions

Unit : Million Baht

	2016	2015
Employee benefit plans		
Gratuities / Pensions	38,525.96	37,394.06
Living gratuities	1,996.45	2,071.97
Special gratuities	1,995.91	1,900.70
Compensation	3,176.49	3,369.99
Retirement gifts	113.82	109.74
Long-service gifts	362.51	337.29
Total provisions for employee benefit	46,171.14	45,183.75
Other contingent liabilities (Note 5.21.1)	1,081.69	1,081.69
Contingent liabilities from prosecution (Note 5.21.2)	1.11	7.76
Total provisions	47,253.94	46,273.20

Employee benefit plans

Present value of employee benefit commitments under the employee benefit plan as of December 31, 2016 and 2015 were reconciled as shown below:

Unit : Million Baht

	2016	2015
Employee benefit plans		
Beginning balance	45,183.75	38,224.68
Past service cost	-	5,346.71
Current service cost	1,291.45	1,256.33
Interest cost	1,951.89	1,882.95
Special remuneration	839.78	-
Benefits paid during the period	(3,095.73)	(1,526.92)
Ending balance	46,171.14	45,183.75

The 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 follows:

	2016	2015
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	0.00% - 1.00%	0.00% - 1.00%
Average turnover rate of contract staff	0.00% - 7.00%	0.00% - 7.00%
Early retirement	earlier than 60 years	earlier than 60 years
Retirement	60 years	60 years

The Bank conducted a sensitivity analysis of key assumptions for calculation as of December 31, 2016 and 2015 as follows:

Unit : Million Baht

	Estimated liabilities	
	2016	2015
Post-employment benefits		
Discount rates		
Increase of 1 %	(5,669.18)	(5,603.75)
Decrease of 1%	7,015.80	6,963.80
Rate of salary increase		
Increase of 1%	4,205.54	3,858.56
Decrease of 1%	(3,663.08)	(3,365.48)
Other long-term benefits		
Discount rates		
Increase of 1%	(24.91)	(24.33)
Decrease of 1%	28.94	28.24

Estimated maturity of employee benefit payments as of December 31, 2016 and 2015 were as follows:

	2016	2015
Weighted average duration of employee benefit payments	23 years	23 years

Unit : Million Baht

	2016	2015
Expected number and durations of employee benefit payments		
Post-employment benefits		
Expected payments within 1 year	675.66	573.85
Expected payments more than 1 year to 2 years	869.67	675.66
Expected payment more than 2 years to 3 years	1,119.31	869.67
Expected payment more than 3 years to 4 years	1,441.45	1,119.31
Expected payment more than 4 years to 5 years	1,619.51	1,441.45
Expected payment more than 5 years to 10 years	11,626.15	10,473.14
Expected payment more than 10 years	115,615.86	118,388.38
Other long-term benefits		
Expected payment within 1 years	30.17	24.61
Expected payments more than 1 year to 2 years	29.47	30.17
Expected payment more than 2 years to 3 years	18.95	29.47
Expected payment more than 3 years to 4 years	32.10	18.95
Expected payment more than 4 years to 5 years	28.85	32.10
Expected payment more than 5 years to 10 years	159.10	163.25
Expected payment more than 10 years	791.58	816.29

5.17 Interests on deposits and accrued bonds

As on December 31, 2016 and 2015, the interests on deposits and accrued bonds were 43,425.42 Million Baht and 51,181.62 Million Baht, respectively, including the accrued life insurance deposits in the nature of insurance of 17,429.93 Million Baht and 16,028.43 Million Baht, respectively.

5.18 Other Liabilities

Unit : Million Baht

	2016	2015
Checks pending clearing to accounts	1,889.27	2,238.45
Payables on purchases of investments	-	3,069.85
Other payables and miscellaneous liabilities	1,052.63	1,015.55
Pending adjustment - loans	0.06	0.12
Total	2,941.96	6,323.97

5.19 Other Components of Equity

Unit : Million Baht

	Financial statements exhibiting investments by equity method					
	2016			2015		
	Beginning balance	Change during the period	Ending balance	Beginning balance	Change during the period	Ending balance
Surplus (Deficit) on revaluation of investments	3,610.66	5,628.92	9,239.58	5,047.25	(1,436.59)	3,610.66
Share of other comprehensive profit on associated companies	16.56	41.85	58.41	15.03	1.53	16.56
Total	3,627.22	5,670.77	9,297.99	5,062.28	(1,435.06)	3,627.22

Unit : Million Baht

	Financial Statement					
	2016			2015		
	Beginning balance	Change during the period	Ending balance	Beginning balance	Change during the period	Ending balance
Surplus (Deficit) on revaluation of investments	3,610.66	5,628.92	9,239.58	5,047.25	(1,436.59)	3,610.66
Total	3,610.66	5,628.92	9,239.58	5,047.25	(1,436.59)	3,610.66

5.20 Appropriation of Net Profit

The State Enterprise Performance Evaluation Committee resolved to approve evaluation result for 2015 and 2014 and the appropriation of its net profit for 2015 and 2014 as follows:

Unit : Million Baht

	2015 profit	2014 profit
Annual profit - net	22,698.82	22,231.35
Reserve for business expansion	2,269.88	2,223.14
Directors bonuses	3.34	4.43
Employee bonuses	3,258.92	3,168.77
Contribution to state revenue	13,447.00	16,145.00

In the 2015 net profit appropriation, the Bank contributed 3,545.00 Million Baht to the interim state revenue on October 15, 2015, leaving a balance for contribution in 2016 of 9,837.00 Million Baht which was remitted to state revenue on March 30, 2016. The Bank later additionally contributed 65.00 Million Baht to the state revenue on June 28, 2016, hence a total of 13,447.00 Million Baht duly contributed to state revenue from 2015 net profit appropriation. First contribution of 3,020.00 Million Baht was contributed to the 2016 interim state revenue on October 20, 2016.

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 Million Baht which was remitted to state revenue on March 31, 2015, and to submit additional land revenue on September 21, 2015 amounting 3,000.00 Million Baht totaling 16,145.00 Million Baht duly contributed to state revenue from 2014 net profit appropriation.

5.21 Assets with Encumbrance and Restrictions

Unit : Million Baht

	2016	2015
Government and state enterprise securities		
- Collateral on repurchase agreement	61,804.54	29,449.15
Assets pending sales	129.76	388.30
Total	61,934.30	29,837.45

5.22 Contingent Liabilities

5.22.1 Commitments as follows:

Unit : Million Baht

	2016	2015
Unexpired import bills	3.54	14.77
Letter of Credit	-	35.22
Other commitments		
- Undrawn overdraft	23,468.41	21,396.67
- Other guarantees	5,193.39	5,703.66
Total	28,665.34	27,150.32

As of December 31, 2016 and 2015, the Bank recorded commitments from other guarantees in the amount of 5,193.39 Million Baht and 5,703.66 Million Baht subsequently of which a provision was set to absorb damages with 1,081.69 Million Baht and 1,081.69 Million Baht subsequently recorded as estimated liabilities (Note 5.16).

5.22.2 Contingent Liabilities from Prosecution

As of December 31, 2016, the Bank recorded contingent liabilities as 72 cases of lawsuit that had been filed against the Bank as claims for compensation, the amount of which could not be determined, involving 380.43 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 1.11 Million Baht (Note 5.16).

5.23 Related party transactions

Unit : Million Baht

	2016			2015		
	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		8.33	345.14	517.21	5.17	137.05
Total	833.35	8.33	345.14	517.21	5.17	137.05
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		20.01	189.21	8.34	0.08	20.13
Total	17,392.56	20.01	189.21	8.34	0.08	20.13
3. Bank having transactions with related person, key executives and close persons		1.53	550.52	454.23	1.80	547.44
Total	394.14	1.53	550.52	454.23	1.80	547.44
Grand total	18,620.05	29.87	1,084.87	979.78	7.05	704.62

5.24 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, 2016 and 2015, remuneration paid to key management personnel, was as follows:

Unit : Million Baht

	2016	2015
Short-term benefits	336.55	318.12
Post-employment benefits	64.31	61.56
Other long-term benefits	0.22	0.24
Total	401.08	379.92

5.25 Long-term Lease Agreements

As of December 31, 2016 and 2015, 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	2016			
		Amount payable according to designated period			
		Not Over 1 year	Up to 1 year but not over 5 years	over 5 years	Total
Land and/or building lease agreements	Jan 1, 2016 - December 17, 2039	358.54	328.03	3.90	690.47
Auto lease agreements	Jan 1, 2016 - December 28, 2021	381.22	948.18	-	1,329.40
Total		739.76	1,276.21	3.90	2,019.87

Unit : Million Baht

	Remaining period	2015			
		Amount payable according to designated period			
		Not Over 1 year	Up to 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

As of December 31, 2016, the Bank had long-term lease agreements with maturity in the range of 1-29 years covering 1990-2039 including 638 land and/or building leases and 27 auto leases, with future lease/rental fees payable of approximately 2,019.87 Million Baht.

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

5.26.1 Financial position classified by transaction

Unit : Million Baht

	Financial statements exhibiting investments by equity method					
	2016			2015		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Total assets	2,510,033.40	-	2,510,033.40	2,400,716.04	-	2,400,716.04
Interbank and money market items - net (assets)	479,790.21	-	479,790.21	368,755.44	-	368,755.44
Investments - net	283,914.13	-	283,914.13	246,246.11	-	246,246.11
Loans to customers and accrued interest receivable - net	1,512,540.46	-	1,512,540.46	1,598,299.12	-	1,598,299.12
Deposits	2,137,341.10	-	2,137,341.10	2,058,138.85	-	2,058,138.85
Interbank and money market items - net (liabilities)	101,313.06	-	101,313.06	79,744.91	-	79,744.91

Unit : Million Baht

	Bank-only financial statements					
	2016			2015		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Total assets	2,509,588.11	-	2,509,588.11	2,400,467.77	-	2,400,467.77
Interbank and money market items - net (assets)	479,790.21	-	479,790.21	368,755.44	-	368,755.44
Investments - net	283,468.84	-	283,468.84	245,997.83	-	245,997.83
Loans to customers and accrued interest receivable - net	1,512,540.46	-	1,512,540.46	1,598,299.12	-	1,598,299.12
Deposits	2,137,341.10	-	2,137,341.10	2,058,138.85	-	2,058,138.85
Interbank and money market items - net (liabilities)	101,313.06	-	101,313.06	79,744.91	-	79,744.91

5.26.2 Operation results classified by transaction

Unit : Million Baht

	Financial statements exhibiting investments by equity method					
	2016			2015		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Interest income	98,884.71	-	98,884.71	102,229.07	-	102,229.07
Interest expenses	40,337.47	-	40,337.47	44,641.70	-	44,641.70
Interest income - net	58,547.24	-	58,547.24	57,587.37	-	57,587.37
Fees and service income-net	4,815.55	-	4,815.55	4,602.64	-	4,602.64
Other operating income	8,874.23	-	8,874.23	4,720.90	-	4,720.90
Other operating expenses	46,133.08	-	46,133.08	44,146.87	-	44,146.87
Net profit	26,103.94	-	26,103.94	22,764.04	-	22,764.04

Unit : Million Baht

	Bank-only financial statements					
	2016			2015		
	Domestic transactions	Overseas transactions	Total	Domestic transactions	Overseas transactions	Total
Interest income	98,884.71	-	98,884.71	102,229.07	-	102,229.07
Interest expenses	40,337.47	-	40,337.47	44,641.70	-	44,641.70
Interest income - net	58,547.24	-	58,547.24	57,587.37	-	57,587.37
Fees and service income - net	4,815.55	-	4,815.55	4,602.64	-	4,602.64
Other operating income	8,716.26	-	8,716.26	4,655.68	-	4,655.68
Other operating expenses	46,133.08	-	46,133.08	44,146.87	-	44,146.87
Net profit	25,945.97	-	25,945.97	22,698.82	-	22,698.82

5.27 Interest Income

Unit : Million Baht

	2016	2015
Interbank and money market items	6,785.53	8,273.08
Investments and trading transactions	23.75	30.33
Investments in debt instruments	4,674.72	5,321.97
Loans	87,393.93	88,598.00
Hire purchase	6.78	5.69
Total interest income	98,884.71	102,229.07

5.28 Interest expenses

Unit : Million Baht

	2016	2015
Deposits	29,019.03	32,428.75
Rewards	10,407.90	10,755.52
Interbank and money market items	1,214.02	876.81
Contribution to Special Financial Institution Development Fund	3,446.08	1,687.70
PSA frees and service expenses transfer (Note 5.33.7)	(3,749.56)	(1,107.08)
Total interest expenses	40,337.47	44,641.70

5.29 Net Fees and Service Income

Unit : Million Baht

	2016	2015
Fees and service income		
Acceptances, avals and guarantees	42.62	61.84
ATM fees	855.93	959.83
Income on VISA credit cards	1,103.37	988.06
Lending charges	810.34	898.84
Commission fees	1,461.86	1,177.80
Others	1,093.90	936.03
PSA debtors frees and services income transfer (Note 5.33.6)	(24.19)	-
Total fees and service income	5,343.83	5,022.40
Fees and service expense		
ATM Pool expenses	235.54	184.91
Telecommunications expenses	221.73	207.91
Others	130.09	39.43
PSA frees and service expenses transfer (Note 5.33.7)	(59.08)	(12.49)
Total fees and service expenses	528.28	419.76
Fees and service income - net	4,815.55	4,602.64

5.30 Net Gain on Trading and Foreign Exchange

Unit : Million Baht

	Net gains (loss)	
	2016	2015
1) Gain (Loss) on trading and foreign exchange		
Foreign currencies and derivatives on exchange rate	(290.12)	439.66
Debt instruments	69.34	59.71
Equity instruments	-	0.19
Total	(220.78)	499.56
2) Gain (Loss) on hedging	405.29	(395.96)
Total	184.51	103.60

5.31 Net Gain (Loss) on Investments

Unit : Million Baht

	Net gains (loss)	
	2016	2015
1) Gain (loss) on sales		
Available-for-sale investments	177.68	451.82
General investments	-	13.36
Total	177.68	465.18
2) Reversal (loss) on impairment		
Available-for-sale securities Investment in associated companies	(156.03)	49.69
Total	(156.03)	49.69
Grand total	21.65	514.87

5.32 Bad Debts, Doubtful Accounts and Loss on Devaluation

Unit : Million Baht

	2016	2015
Interbank and money market items	(70.29)	(29.68)
Hold to maturities securities	(257.24)	-
Loans to customers	9,357.85	6,798.18
Loans to PSA debtors	518.10	1,274.14
Total	9,548.42	8,042.64

5.33 Public Service Account (PSA)

5.33.1 Summaried information for Public Service Account

Unit : Million Baht

Assets and Liabilities	2016	2015
<u>Assets</u>		
Loans to PSA customers and accrued interest receivables – net	187,120.25	134,707.87
PSA compensation	3,257.77	625.06
Total assets	190,378.02	135,332.93
<u>Liabilities</u>		
PSA Creditor	308.45	-
Total liabilities	308.45	-

Unit : Million Baht

Income and Expense	2016	2015
PSA income	5,474.49	1,585.84
<u>Less</u> PSA expense	7,170.11	2,131.18
<u>Less</u> Bad debts, doubtful accounts and loss on devaluation for PSA	518.10	1,274.14
Net (loss) profit	(2,213.72)	(1,819.48)

5.33.2 Loans to Debtors following the Public Service Account and net Accrued Interest Receivables

Unit : Million Baht

Project	Project overview	Project duration	2016	2015
Soft loan to small self-employed that affected by flooded in 2010	Credit line of 2 Billion Baht for provided loans to self-employed individuals who are affected by the flood and windstorm in 2010 at a interest fixed rate of 0.50% per month throughout the loan agreement	2010 - 2016	0.32	1.11
Financial assistance program for entrepreneur in three southern border provinces	Credit line of 25 Billion Baht for provided loans through commercial banks and specialized financial institutions at the interest rate of 0.01% per year	2010 - 2013 Extend period 1 st to the end of 2014 2 nd to the end of 2017	17,233.11	17,797.49
Loan for develop flood protection system by Government Savings Bank to industrial estate/park/zone	Credit line of 15 Billion Baht for directly provided loans to 6 private industrial estates/ park/zone namely Bangpa-in, Bangkadee, Rojana, Hi-Tech, Navanakorn and Saharat Nakorn to develop flood protection system at the interest rate of 0.01% per year	2013 - 2028	1,950.91	1,723.43
Loan for build flood protection system to industrial estate	Credit line of 3,546.24 Million Baht for directly provided loans to the Industrial Estate Authority of Thailand for build a flood protection system At an interest rate of 0.01% per year	2013 - 2028	1,980.70	1,738.80
Loan for better living in villages	Credit line of 30 Billion Baht for provided to the Village and Urban Funds (Fund), which are classified as A and B Funds, each fund not exceeding One Million Baht at the interest rate as follows: Year 1-2 Interest 0% per year Year 3-7 Interest is equal to financial cost, plus 1% per year	2015 - 2023	21,781.06	20,928.12
Soft loan for working capital to small and medium enterprise (SME) entrepreneur	Credit line of 100 Billion Baht for provided loans to commercial banks and specialized financial institutions at the interest rate of 0.01% per year for loaning to SMEs at the interest rate of 4% per year, the Bank can use credit line in this program (Note 5.7.1)	2015 - 2022	86,996.03	92,518.92
Soft loan for working capital to small and medium enterprise (SME) entrepreneur phase 2	Credit line of 50 Billion Baht for commercial banks and specialized financial institutions at the interest rate of 0.10% per year for loaning to SMEs at the interest rate of 4% per year, the Bank can use credit line in this program (Note 5.7.1)	2016 - 2023	39,764.18	-

Unit : Million Baht

Project	Project overview	Project duration	2016	2015																	
Baan Pracharat Home Project	<div>Credit line of 20 Billion Baht for provided Post Finance housing at the following interest rates:</div> <table><tr><th rowspan="2">Year</th><th colspan="2">Loan</th></tr><tr><th>Up to 700,000 Baht</th><th>More than 700,000 Baht but not more than 1.5 Million Baht</th></tr><tr><td>1</td><td>0% per year</td><td>3% per year</td></tr><tr><td>2-3</td><td>2% per year</td><td>3% per year</td></tr><tr><td>4-6</td><td>5% per year</td><td>5% per year</td></tr><tr><td>7 years or more</td><td>MRR-1.475% per year</td><td>General customer MRR-1.475% per year Customers with agreements MRR-1.725% per year</td></tr></table>	Year	Loan		Up to 700,000 Baht	More than 700,000 Baht but not more than 1.5 Million Baht	1	0% per year	3% per year	2-3	2% per year	3% per year	4-6	5% per year	5% per year	7 years or more	MRR-1.475% per year	General customer MRR-1.475% per year Customers with agreements MRR-1.725% per year	2016 - 2046	3,106.67	-
Year	Loan																				
	Up to 700,000 Baht	More than 700,000 Baht but not more than 1.5 Million Baht																			
1	0% per year	3% per year																			
2-3	2% per year	3% per year																			
4-6	5% per year	5% per year																			
7 years or more	MRR-1.475% per year	General customer MRR-1.475% per year Customers with agreements MRR-1.725% per year																			
Soft loan to assist fishermen. “Thai fishing goes international”	<div>Credit line of 500 Million Baht for provided loans to assist fishermen affected by the illegal fishing tackle at the interest rate as follows:</div> <div>Year 1 0% per year</div> <div>Year 2-7 4% per year</div>	2016 - 2023	152.80	-																	
Civil state loan for public	<div>Provides loans to self-employed individuals for working capital to solve problems, alleviate the suffering of living, and other liabilities, including informal debts at the interest rate as follows:</div> <div>Year 1 Interest 0% per month</div> <div>Year 2-5 interest 1% per month</div>	2016 - 2021	1,347.33	-																	
Soft loan to modify machinery and increase production efficiency for small and medium enterprises (SMEs)	Credit line of 30 Billion Baht for commercial banks and specialized financial institutions at the interest rate of 0.10% per year to loaning to SMEs for modify machinery and increase productivity at a rate of 4% per year, the bank can use credit line in this program (Note 5.7.1)	2016 - 2023	6,499.63	-																	
Civil state public debt resolution program under government policy	To alleviate the suffering of customers who are using a loan service and are in the process of repaying their interest. By requesting a temporary settlement or extending the repayment period to reduce the burden of payment.	2016 - 2036	6,307.51	-																	
			187,120.25	134,707.87																	

5.33.3 Asset Classification and Provision of reserves for Public Service Account

Unit : Million Baht

	2016				
	Number of people	Loans and accrued interest receivable	Value of Credit collateral	Rate used for setting the allowance (%)	Allowance for doubtful account
Normal	70,459	187,641.89	6,311.18	1	1,813.08
Special mention	3,022	1,248.58	676.79	2	11.38
Sub-standard	62	23.98	10.19	100	13.79
Doubtful	116	83.10	44.04	100	39.06
Doubtful of loss	158	2.79	0.01	100	2.78
Total	73,817	189,000.34	7,042.21		1,880.09

Unit : Million Baht

	2015				
	Number of people	Loans and accrued interest receivable	Value of Credit collateral	Rate used for setting the allowance (%)	Allowance for doubtful account
Normal	21,525	136,068.27	-	1	1,360.62
Special mention	31	0.21	-	2	0.00
Sub-standard	28	0.24	-	100	0.24
Doubtful	56	0.59	-	100	0.59
Doubtful of loss	264	2.88	0.02	100	2.86
Total	21,904	136,072.19	0.02		1,364.31

5.33.4 Debtors waiting for compensation following the Public Service Account

Unit : Million Baht

List	2016	2015
Soft loan to small and medium enterprise (SME) entrepreneur affected by flooded	-	86.09
Financial assistance program for entrepreneur in three southern border provinces	20.49	-
Loan for develop flood protection system by Government Savings Bank to industrial estate/park/zone	10.71	36.43
Loan for better living in villages	122.76	96.26
Soft loan for working capital to small and medium enterprise (SME) entrepreneur	794.19	406.28
Soft loan for working capital to small and medium enterprise (SME) entrepreneur phase 2	1,256.05	-
Soft loan to assist fishermen. "Thai fishing goes international"	1.57	-
Soft loan to modify machinery and increase production efficiency for small and medium enterprises (SMEs)	31.72	-
A workshop for professional development and financial literacy for small professionals in urban areas.	149.98	-
Project to increase income for low income people in state welfare registration scheme	870.30	-
Total	3,257.77	625.06

5.33.5 Creditors following the Public Service Account

Unit : Million Baht

List	2016	2015
Project to increase income for low income people in state welfare registration scheme	308.45	-
Total	308.45	-

5.33.6 Revenue gained from the Public Service Account

Unit : Million Baht

List	2016	2015
PSA debtor income		
PSA debtor interest income	251.37	17.81
PSA debtor fees and service income (Note 5.29)	24.19	-
PSA compensation income		
PSA compensation interest income	5,198.93	1,568.03
Total	5,474.49	1,585.84

5.33.7 Expenses from the Public Service Account

Unit : Million Baht

List	2016	2015
PSA interest expenses (Note 5.28)	3,749.56	1,107.08
PSA operation expenses	3,361.47	1,011.61
PSA other expenses (Note 5.29)	59.08	12.49
Total	7,170.11	2,131.18

5.34 Contributions to Provident Fund

Unit : Million Baht

List	2016	2015
Provident Fund	457.58	424.25
Currency hedging expenses	2,152.04	1,419.35
Benefit of currency hedging expenses	491.09	308.04
Total	3,100.71	2,151.64

5.35 Early Retirement Project

The Bank had an early retirement project for the year 2016 and 597 employees attended the project to be due to early retire on October 1, 2016. The Bank had to pay to the participants for a total of 2,215.84 Million Baht consisting of a living pension of 325.00 Million Baht, interest payment of 370.53 Million Baht, special proceeds of 839.78 Million Baht, initial proceeds of 542.36 Million Baht, and the expenses of interests of the initial amount of 138.17 Million Baht.

5.36 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).

5.37 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 MOF. 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 10% 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 MOF and GSB no. 1/2549 dated June 30, 2006 (Amendment no. 2). As of December 31, 2016, the Bank offered loan to the Regional Urban Development Fund in the amount of 468.99 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 of the Regional Urban Development Fund's financial statements as integrated in the Bank's financial statements as of December 31, 2016 (after inter-transactions) were composed of the following items:

	Unit: Million Baht
Assets	428.74
Liability	1.03
Equity	169.34
Revenues	25.68
Expenses	18.27

5.38 Events after the reporting period

5.38.1 Government Savings Bank Bonds

On February 23, 2017, the Bank issued and sold Government Savings Bank Bonds No. 1/2060 due 2022 to institutional investors and major investors. The total value of issuance was 36,000.00 Million Baht. The fixed interest rate was 2.36% per annum. The first interest payment was on August 23, 2017, and the next installment shall be paid every 6 months.

5.38.2 Project following the Public Service Account

- On February 7, 2017, the Cabinet approved the financial measures to help flood victims in the South and Prachuap Khiri Khan Province of 2017 additionally consisting of the project of civil state's loans for people suffered from the flood and disasters in the financial amount of 4,000.00 Million Baht with loans up to 50,000.00 Baht per person for the loan period of not over 5 years and the project of loans to alleviate the sufferance of small and medium enterprises (SMEs) being the flood victims in the year 2017 in the financial amount of 2,500.00 Million Baht, providing the loans of 10.00% of all existing credit lines in the maximum of not over 5.00 Million Baht for the loan period of not over 5 years which Government Savings Bank did not claim interest and costs.

- On February 21, 2017, the Cabinet approved the project of retail loans for emergency use to provide loans to low income people and small farmers who need to make emergency payments in the financial amount of 10,000.00 Million Baht divided into credit lines of Government Savings Bank not exceeding 5,000.00 Million Baht and the Bank for Agriculture and Agricultural Cooperatives for not over 5,000.00 Million Baht. The government compensates for the losses from non-performing loans (NPL) arising from the implementation of the project for not more than 40.00% of the approved loan in the maximum compensation limit up to 4,000.00 Million Baht, divided into the amount of compensation to Government Savings Bank not exceeding 2,000.00 Million Baht and for Bank for Agriculture and Agricultural Cooperatives for not over 2,000.00 Million Baht.

5.39 Approval of Financial Statements

GSB President and CEO approved the issuance of these financial statements on March 14, 2017.

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4 Moo 5, Chiang Mai-Sankamphaeng Road, Tasala,
Muang, Chiang Mai 50000
Tel : 0-5311-6270-4
Fax : 0-5311-6275

Regional Office 9

491 Utrakij Road, Vieng, Muang, Chiang Rai 57000
Tel : 0-5371-9412-3
Fax : 0-5371-9414

Regional Office 10

39 Moo 1, Mitrapab Road, (Udon Thani-Nong Khai), Nong Bua,
Muang, Udon Thani 41000
Tel : 0-4232-6277, 0-4232-6622 ext.2015
Fax : 0-4232-6276-7

Regional Office 11

293/1 Na Muang Road, Nai Muang, Muang, Khon Kaen 40000
Tel : 0-4324-1261
Fax : 0-4324-6629

Regional Office 12

343, 3rd Floor, Moo 9, Nonpueng, Warinchumrab,
Ubon Ratchathani 34190
Tel : 0-4542-4260, 0-4542-4262, 0-4542-4267
Fax : 0-4542-4274, 0-4542-4278

Regional Office 13

19 Yotha Road, Nai Muang, Muang, Nakhon Ratchasima 30000
Tel : 0-4426-3345-52
Fax : 0-4423-0154, 0-4424-1325

Regional Office 14

129 Moo 3 (beside Ayutthaya Government Center),
Klong Suan Ploo, Phra Nakhon Si Ayutthaya 13000
Tel : 0-3533-6596-7
Fax : 0-3533-6595

Regional Office 15

55 Sukhumvit Road, Sansuk, Muang, Chonburi 20130
Tel : 0-3838-7022-4
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Regional Office 16

20, 2nd Floor, Ratutthit Road, Muang, Surat Thani 84000
Tel : 0-7727-2207, 0-7728-6207
Fax : 0-7727-2589

Regional Office 17

137 Krarome Road, Posadej, Muang,
Nakhon Si Thammarat 80000
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Fax : 0-7534-6972

Regional Office 18 (Temporary Office)

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