



Government Savings Bank

Social Bond Impact Report





OBJECTIVE OF THIS DOCUMENT

This allocation and impact report provides investors with up-to-date information regarding the use of proceeds and impacts realized by projects financed by Government Savings Bank's (GSB) social bond and social deposit schemes. This document was created in accordance with the information disclosed in the GSB Social Finance Framework, which describes GSB's strategy for proceeds utilization, project selection criteria, proceeds management, and post-issuance reporting.

ABOUT THE GOVERNMENT SAVINGS BANK

GSB was created by the royal intention of His Majesty King Vajiravudh, King Rama VI, on 1 April 1913 with the establishment of the Savings Office as way to (i) provide a secure place to keep money and assets, (ii) introduce the Thai people to banking services, and (iii) promote a habit of thrift and savings. GSB has since continuously performed these duties by receiving royal grace from all Chakri Kings. In 1946, His Majesty King Bhumibol Adulyadej designated the Savings Office as the “Government Savings Bank.” The subsequent implementation of the Government Savings Bank Act supported GSB’s banking operations, effective 1 April 1947.

Today, GSB is a legal entity under the supervision of the Ministry of Finance. Its business operations are authorized under the Government Savings Bank Act (No. 4) B.E. 2560 and in accordance with the missions specified in the act. Furthermore, according to GSB’s statement of direction, the bank will focus on (i) adding value to Thai communities and the grassroots economy, and (ii) promoting savings among the population-both of which will be supported by an efficient information system that will allow GBS to carry out its operations efficiently.



GSB's BUSINESS OBJECTIVES

GSB's mission is to be a socially responsible bank by promoting access to funding at fair interest rates and improving job skills among the grassroots population, small businesses, and local communities in order to strengthen resilience and self-reliance. GSB promotes savings and financial discipline through financial literacy programs, allowing participants to improve their quality of life in a sustainable way.

GSB also responds to government policies proactively, guided by the principle of being a responsible bank with the goal of reducing inequality and providing fair access to capital in accordance with both international standards and Thailand's strategy for achieving the United Nations Sustainable Development Goals (SDGs). To improve its operations as a socially and environmentally responsible bank with good governance, GSB has adopted the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking.




GSB is the first government-owned financial institution in Thailand to adopt these principles, which are described below :

- 1 **Alignment** : Conduct operations in line with the SDGs.
- 2 **Impact and target setting** : Set goals that increase positive impacts or reduce negative impacts.
- 3 **Clients and customers** : Provide reliable customer services.
- 4 **Stakeholders** : Collaborate responsibly with stakeholders.
- 5 **Governance and culture** : Practice good governance and cultivate responsible banking culture.
- 6 **Transparency and accountability** : Be a transparent and accountable organization.

The GSB's vision, mission, and operational strategies for 2022-2026 were developed in accordance with Thailand's 20-year National Strategic Plan and 12th National Economic and Social Development Plan, National Reform Plan, the SDGs, Thailand 4.0 Policy, Digital Economy and Society Development Plan, and Strategic Plan for Driving Thailand's Development with a Bio-Circular-Green Economy, as well as strategic plans and policies of state-owned financial institutions as set forth by the Ministry of Finance. Emerging trends-such as financial technology advancements, changes in customer behavior and market competition, and evolving regulatory policies-were considered to assess potential challenges, advantages, and risk factors, as well as to develop short-and long-term business models that balance the needs and expectations of stakeholders and customers (**Table 1**).



Table 1**Government Savings Bank's Vision, Mission, and Operational Strategies for 2022–2026**

 Vision	<p>The Government Savings Bank serves as the country's leader in promoting savings and increasing the happiness of the Thai people and the stability of the country through sustainable development driven by digital technologies.</p>
 Mission	<ul style="list-style-type: none">◆ Promote savings and foster financial discipline◆ Support investment and development◆ Promote and upgrade the grassroots economy, including small and medium-sized enterprises, to reduce inequality and increase competitiveness◆ Serve as the bank for society and the environment◆ Provide full-fledged financial services with modern digital technologies; exceed expectations and maintain acceptable risk◆ Conduct business operations with professional management and good governance
 Operational Strategies	<p>Strategy 1 : Mechanisms for social mission integration</p> <p>Strategy 2 : Asset quality, cost control, and income generation</p> <p>Strategy 3 : Digital transformation</p> <p>Strategy 4 : Fundamental capabilities</p>

Source : Government Savings Bank.

The GSB also emphasizes its role as a social bank in alleviating poverty and reducing financial inequality in society. To achieve its social mission, GSB focuses on assisting low-income and grassroots individuals and small business owners to obtain financial support at fair and reasonable cost through innovative products and services. GSB also aspires to develop human capital and broaden the capacities of small businesses by promoting savings and financial discipline, raising financial awareness and capacity, and improving customers' quality of life.



GSB Social Bond

To demonstrate GSB’s ongoing commitment to being a “social bank” while striving to become a “bank for sustainability,” GSB has established a Social Finance Framework for its social bonds program and its social deposits scheme. The objective of the framework is to support implementation of GSB’s social agenda—reducing inequality and promoting fairness in society—by providing opportunities for low-income individuals and grassroots customers (who are the GSB’s main customers) to access financial services to reduce debt burdens, raise incomes, and improve their quality of life by escaping poverty.

The framework is fully aligned with the Social Bond Principles 2021 published by the International Capital Market Association (ICMA) as well as the Association of Southeast Asian Nations Social Bond Standards (ASEAN SBS) developed by the Association of Southeast Asian Nations Capital Markets Forum (ACMF).

On 24 June 2022, GSB issued a social bond worth THB 10 billion to finance and refinance eligible social project categories (**Table 2**), as stated in the Social Finance Framework (**Table 3**).

Table 2 The Government Savings Bank’s Social Bond

ThaiBMA Symbol	ISIN Code (local)	Issue Date	Maturity Date	Tenor (year)	Coupon	Issue Size (THB million)
GSB256A	TH1029035603	24 Jun 22	24 Jun 25	3	2.35	10,000

ThaiBMA = Thai Bond Market Association.
Source: Government Savings Bank.

Table 3**List of Eligibility Criteria for the Government Savings Bank's Social Bond and Social Deposit Scheme**

Social Project Categories	Eligibility Criteria	SDGs
<p>Lending to improve liquidity, living conditions, and informal debt issues</p> <p>ICMA SBP: Access to essential services</p> <p>Employment generation</p> <p>Socioeconomic advancement and empowerment</p>	<p>As part of GSB's business operations and to support government policy implementation, the proceeds will be used to finance and/or refinance low-interest rate loans made to grassroots economy projects to improve liquidity and living conditions, and address informal debt issues. This includes vulnerable groups who have been impacted by COVID-19.</p> <p>Loan applications can be submitted through traditional bank branches as well as digital service platform (MyMo). MyMo enables grassroot customers living in remote areas to access financial services and financial education.</p> <p>Targeted customers include hawkers, street vendors, self-employed, low-income earners, farmers, and customers who are not able to access traditional financial services from commercial financial institutions.</p> <p>Examples of these loans include public loans for "People's Bank Loans", public loan for People's Bank Loans (disaster victims), consumer loan project for emergency spending,</p>	 

Social Project Categories	Eligibility Criteria	SDGs
	<p>loans for fixed-income workers affected by the COVID-19 pandemic, loans for self-employed people affected by the COVID 19 outbreak etc.</p>	
<p>Strengthening the capacity of retail customers to be self-reliant</p> <p>ICMA SBP: Access to essential services</p> <p>Employment generation</p> <p>Socioeconomic advancement and empowerment</p>	<p>As part of GSB's business operations and to support government policy implementation, the proceeds will be used to finance and/or refinance projects to develop retail customers' occupational capabilities, targeted at unemployed and vulnerable groups who have been impacted by the COVID-19 pandemic. Additionally, projects that provide marketing channels for customers to generate increased revenue will be supported.</p> <p>Examples of projects that contribute to creating higher occupational capacities include the Soft Loan Package to Create Jobs, Yuwaphat Rakthin projects, as well as projects that contribute to improved skills for unemployed who hold a state welfare card to be able to find jobs and access to formal sources of funds. Meanwhile, projects that provide marketing opportunities for grassroot customers include Pracharat Sang Thai market, Prachart Om Sin Thua Tin Thai market, and Wayuphak Rak Prachachon market.</p>	

Social Project Categories	Eligibility Criteria	SDGs
<p>Providing credit to enhance liquidity and strengthening of SMEs</p> <p>ICMA SBP: Access to essential services</p> <p>Employment generation</p> <p>Socioeconomic advancement and empowerment</p>	<p>The proceeds will be used to finance and/or refinance projects that provide sources of funds to support small business entrepreneurs and communities, and provide assistance such as loans and other remedial measures to aid SMEs that have been affected by COVID-19, through liquidity provision and debt moratorium measures.</p> <p>In addition to direct lending to SMEs, GSB provides soft loans for commercial banks and specialized financial institutions in order to lend to SMEs entrepreneurs. Projects that promote and develop the potential of startups and SMEs will be included.</p> <p>Examples of loan projects include soft loans to provide working capital for SMEs, soft loans for project to modify machinery and increase the productivity for SMEs and soft loans to help entrepreneurs who are directly and indirectly affected by the COVID-19 pandemic.</p>	

COVID-19 = coronavirus disease,
SDG = Sustainable Development Goal,
SME = small and medium-sized enterprise.
Source: Government Savings Bank.

Allocation and Impact Report

In accordance with the GSB's Social Finance Framework, the net proceeds from the social bond were allocated to eligible social projects, as described in **Table 3**. Between 24 June 2022 and 31 October 2022, GSB allocated the entire amount of the social bond's proceeds to refinance existing loans, totaling THB 4,646,04 million (47%) and provide new loans, totaling THB 5,355,96 million (53%). Bond proceeds were used to provide loans to 155,153 client contracts, as detailed in **Table 4**.

Table 4 Proceeds Allocation and Social Impacts

SBP Category	Project Names	Target Group	Allocated Amount								
			Refinance (1) (Jan 22 – Jun 22)			New Loan (2) (Jul 22 – Oct 22)			Total (1) + (2)		
			Amount (THB million)	% of Issue Bond Size	Contracts	Amount (THB million)	% of Issue Bond Size	Contracts	Amount (THB million)	% of Issue Bond Size	Contracts
Strengthening the capacity of retail customers to be self-reliant	Shophouse Loan	Living below the poverty Line, Low-income and vulnerable groups impacted by Covid-19				503.37	5%	2,147	503.37	5%	2,147
Providing credit to enhance liquidity and strengthening of SMEs	Community Organization Development Loan	Minor entrepreneurs, small business owners, community enterprises and saving groups, groups impacted by Covid-19	1,579.89	16%	931	2,020.31	20%	2,248	3,600.20	36%	3,179

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			Refinance (1) (Jan 22 – Jun 22)			New Loan (2) (Jul 22 – Oct 22)			Total (1) + (2)		
			Amount (THB million)	% of Issue Bond Size	Contracts	Amount (THB million)	% of Issue Bond Size	Contracts	Amount (THB million)	% of Issue Bond Size	Contracts
Lending to improve liquidity, living conditions, and informal debt issues	People's Bank Loan	low-income earners, hawkers, street vendors, self-employed, farmers, customers	2,389.01	24%	20,864	1,923.63	19%	23,059	4,312.64	43%	43,923
Lending to improve liquidity, living conditions, and informal debt issues	Informal Debt Loan	Low-income, unemployed and groups impacted by Covid-19 not able to access financial services	677.14	7%	45,879	906.65	9%	60,025	1,583.79	16%	105,904
Total			4,646.04	47%	67,674	5,353.96	53%	87,479	10,000.00	100%	155,153

Notes: COVID-19 = coronavirus disease

- People's Bank Loan: To enhance liquidity to cover expenses necessary for living, working capital for occupation, and payment of other debts.
- Shophouse Loan: To enhance business operations in the industrial, commerce, service, and agriculture sectors, and including payment of other debts.
- Community Organization Development Loan: To enhance funding or working capital to raise the quality of life; support participation in the development of the community; and help with education, public health, career development, and the well-being of communities.
- Informal Debt Loan: To solve loan shark problems arising from unemployment or consumption, excluding use to pay off (or re-finance) existing debt.

Data do not include the Public Service Account project.

Source: Government Savings Bank



As of 31 October 2022, the number of branches in the GSB social network was 1,049, and the number of grassroots customers using digital banking was 1,206. The number of clients that meet the eligibility criteria from 1 January 2022 to 31 October 2022 was 155,153 contracts, reflecting an increase of 138% from 2021.



Table 5**Number of Branches and Grassroots Customers Using Digital Network**

Social Finance Portfolio	2021	2022		
		Jan – Jun	Jul – Oct (After issuance of the GSB Social Bond)	Total Jan – Oct
New Loan by Channel Network (no. of contracts)				
Branches	62,245.00	67,674.00	86,273.00	153,947.00
Digital Banking	3,094.00	0.00	1,206.00	1,206.00
Total (contracts)	65,159.00	67,674.00	87,479.00	155,153.00
Branches	9,530.68	4,646.04	5,316.70	9,962.74
Digital Banking	46.41	0.00	37.26	37.26
Total (THB million)	9,577.09	4,646.04	5,353.96	10,000.00
New Loan by Location (THB million)				
Bangkok and vicinity ^a	670.26	365.38	453.82	800.20
Up-Country	8,906.83	4,299.66	4,900.14	9,199.80
Total (THB million)	9,577.09	4,646.04	5,353.96	10,000.00

Notes: The Government Savings Bank established the People's Bank Loan, Shophouse Loan, Community Organization Development Loan, Informal Debt Loan projects, and use of process to fully refinance and offer new loans in October 2022.

^a Bangkok and vicinity refer to Bangkok, Nonthaburi, Nakhon Pathom, Pathum Thani, Samut Prakan, and Samut Sakhon.

Source: Government Savings Bank.

