

(Translation)

**Standard Chartered Bank (Thai) PCL  
Explanatory note to the results of operations  
For the year ended 31 December 2018  
Comparing with the same period of 2017**

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**Overall Performance**

In 2018, Standard Chartered Bank (Thai) PCL made significant progress reorganizing the business to enable a sharper focus on our strengths as a leading bank for Corporate and Institutional Banking clients in Thailand. 2018 results show a core business that is fundamentally strong, generating attractive earnings, with excellent prospects for growth. The Bank is firmly on the path to producing growth and higher returns with sustained discipline on costs and risks.

**Total Income and Expense Items**

Operating income from continuing operations of Baht 5,443 million was 26 per cent up year on year. The operating income included a one off gains of Baht 604 million in 2018 and Baht 476 million in 2017 arising from property divestment. The growth in operating income was contributed by increased net interest margins, income from servicing credit card operations, and increased fee income.

Operating expenses of Baht 2,780 million were 2 per cent lower year on year. Excluding a one-off reversal of property impairment of Baht 140 million, the operating expenses increased by 2 percent year on year. The Bank continues to manage expenses tightly and driving efficiency remains a significant focus for the Bank.

Positive loan impairment reflects a release of excess general provisions, a part of which was due to exit of non-profitable relationships in the Commercial Banking segment. The Bank continues to focus on quality Corporate and Institutional Banking clients.

As at December 31, 2018, loan loss provisions for the Bank was Baht 2,802 million, with an excess provision over the regulatory reserve requirements of THB 516 million or 122.6 per cent of the regulatory reserve requirements. The loan loss reserve against the non-performing loans is at 124.8 per cent.

Operating profit before tax from continuing operations of Baht 3,397 million was 137 per cent higher year on year.