

(Translation)

**Standard Chartered Bank (Thai) PCL and its subsidiary**  
**Explanatory note to the results of operations**  
**For the year ended 31 December 2019**  
**Comparing with the same period of 2018**

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**Overall Performance**

In 2019, Standard Chartered Bank (Thai) PCL continued to make significant progress as a leading bank for Corporate and Institutional Banking clients in Thailand. 2019 results show that the business 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**

Total income of Baht 4,764 million was 12 per cent lower year over year, attributed to the one-off gain of Baht 652 million on sale of property in 2018. Excluding the gain on sale of property, total income for 2019 is 1 per cent lower year over year primarily due to lower customer loans.

Operating expenses of Baht 3,002 million were 8 per cent up year on year primarily due to a one-off credit of Baht 140 million in 2018 representing reversal of property impairment. Excluding this one-off credit, the year over year cost is up 3 per cent. The Bank continues to manage expenses tightly and driving efficiency remains a significant focus for the Bank.

The net release in loan impairments for year 2019 is attributed to (a) release of provisions of Baht 250 million due to improved credit quality of the portfolio, and (b) recovery of Baht 172 million from sale of NPL portfolio. The Bank continues to closely monitor and manage the credit portfolio through relevant credit risk committees.

2019 operating profit before tax was Baht 2,213 million (2018: Baht 3,397 million)