

## Prospectus



# Standard Chartered PLC

*(Incorporated as a public limited company in England and Wales with registered number 966425)*

# Standard Chartered Bank

*(Incorporated with limited liability in England by Royal Charter with reference number ZC 18)*

# Standard Chartered Bank (Hong Kong) Limited

*(Incorporated with limited liability in Hong Kong: Number 875305)*

# Standard Chartered First Bank Korea Limited

*(Incorporated in the Republic of Korea with limited liability: Number 1028121843)*

## U.S.\$35,000,000,000 Debt Issuance Programme

Under the Debt Issuance Programme described in this document (the "Programme") (which supersedes and replaces the Prospectus dated 5 November 2009 and each supplement thereto), Standard Chartered PLC ("SCPLC"), Standard Chartered Bank ("SCB"), Standard Chartered Bank (Hong Kong) Limited ("SCBHK") and Standard Chartered First Bank Korea Limited ("SC First Bank") (each of SCPLC, SCB, SCBHK and SC First Bank in such capacity an "Issuer" and together the "Issuers"), subject to compliance with all relevant laws, regulations and directives, may each from time to time issue debt securities (the "Notes"). The Notes may rank as senior obligations of the relevant Issuer ("Senior Notes") or subordinated obligations of the relevant Issuer ("Subordinated Notes"). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$35,000,000,000 (or the equivalent in other currencies and subject to increase as provided herein).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("FSMA") (the "UK Listing Authority") for Notes issued by SCPLC, SCB or SCBHK under the Programme within 12 months of the date of this document to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "Market"). The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council (the "Markets in Financial Instruments Directive").

Application has also been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for permission to deal in, and for the listing of, Notes issued by SCPLC, SCB or SCBHK under the Programme by way of selectively marketed securities (as defined in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "HKSE Rules") within 12 months of the date of this document on the Hong Kong Stock Exchange. The relevant Final Terms (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market and/or listed on the Hong Kong Stock Exchange (or listed on any other stock exchange).

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, any Notes to be issued by SC First Bank and which are agreed at the time of issue to be listed on the SGX-ST. The relevant Final Terms in respect of any issue of Notes by SC First Bank will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange. There is no guarantee that an application to the SGX-ST will be approved. Admission of the Notes issued by SC First Bank to the Official List of the SGX-ST is not to be taken as an indication of the merits of SC First Bank or of such Notes. The SGX-ST assumes no responsibility for the correctness of any statement made or opinions expressed herein.

This document includes particulars given in compliance with the HKSE Rules for the purpose of giving information with regard to SCPLC, SCB and SCBHK and the Notes. SCPLC, SCB and SCBHK accept full responsibility for the accuracy of the information contained in this document in respect of SCPLC, SCB and SCBHK, respectively.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Notes may be issued in bearer form only ("Bearer Notes"), in registered form only ("Registered Notes"), or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes"). Bearer Notes and Exchangeable Bearer Notes will be offered and sold only outside the United States to non-U.S. persons in reliance on Regulation 5 under the U.S. Securities Act of 1933 (the "Securities Act"). Registered Notes may be offered and sold (i) in the United States or to U.S. persons in reliance on Rule 144A under the Securities Act ("Rule 144A") only to qualified institutional buyers ("QIBs") as defined in Rule 144A, and (ii) outside the United States to non-U.S. persons in reliance on Regulation 5 under the Securities Act ("Regulation 5"). Prospective purchasers are hereby notified that the seller of Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. It is not currently anticipated that SCBHK or SC First Bank would offer or sell any Notes in reliance on Rule 144A.

Each Series (as defined in "Summary of the Programme") of Bearer Notes or Exchangeable Bearer Notes will initially be represented on issue by a temporary global note in bearer form (each a "Temporary Global Note") or a permanent global note in bearer form (each a "Permanent Global Note"). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the Exchange Date, upon certification as to non-U.S. beneficial ownership. Each Series of Registered Notes will be represented by registered certificates (each a "Certificate"), without coupons, and initially will be represented by a Global Certificate. Global Notes in respect of Notes offered and sold outside the United States to non-U.S. persons in reliance upon Regulation 5 (irrespective of their form) may be either (i) in the case of Global Notes which are stated in the applicable Final Terms to be issued in new global note ("NGN") form by SCPLC or SCB the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear"), and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") or (ii) in the case of Global Notes which are not stated in the applicable Final Terms to be issued in NGN form by SCPLC or SCB ("Classic Global Notes" or "CGNs") the Global Notes will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depository") or (iii) in either case, lodged on or before the issue date with a sub-custodian in Hong Kong for the Central Money Markets Unit Service operated by the Hong Kong Monetary Authority (the "CMU Service"). Global Certificates in respect of Registered Notes offered and sold outside the United States to non-U.S. persons in reliance upon Regulation 5 (irrespective of their form) may be either (i) in the case of Global Certificates which are stated in the applicable Final Terms to be held under the New Safekeeping Structure (the "NSS") the Global Certificates will be delivered on or prior to the original issue date of the relevant Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg or (ii) in the case of Global Certificates which are not stated in the applicable Final Terms to be held under the NSS the Global Certificates will be deposited on the issue date of the relevant Tranche with the Common Depository or (iii) in either case, lodged on or before the issue date with a sub-custodian in Hong Kong for the CMU Service. Global Certificates in respect of Registered Notes offered and sold in the United States or to U.S. persons in reliance upon Rule 144A will initially be deposited with a custodian firm, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). Beneficial interests in Global Notes or Certificates held in book-entry form through Euroclear, Clearstream, Luxembourg and/or the CMU Service will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg, or the CMU Service, as the case may be. Beneficial interests in Registered Notes represented by Global Certificates held through DTC will be shown on, and transfers thereof will be effected only through, records maintained by DTC. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form". Certain provisions governing restrictions on transfer of Registered Notes are described in "Transfer Restrictions".

In relation to any Tranche (as defined in "Summary of the Programme"), the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and any other terms and conditions not contained herein which are applicable to such Tranche will be set out in a final terms supplement ("Final Terms") which, with respect to Notes to be listed on the Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche and with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange on or before the date of issue of the Notes of such Tranche.

Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuers may agree with any Dealer and BNY Corporate Trustee Services Limited (the "Trustee") that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes to be admitted to the Official List and to trading on the Market only) a supplemental prospectus or further prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Any person (an "Investor") intending to acquire or acquiring any securities from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the FSMA, SCPLC, SCB and/or SCBHK, as the case may be, may be responsible to the Investor for the SCPLC Prospectus, the SCB Prospectus or the SCBHK Prospectus under section 90 of FSMA, only if SCPLC, SCB and/or SCBHK, as the case may be, has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by SCPLC, SCB and/or SCBHK. If the Offeror is not authorised by SCPLC, SCB or SCBHK, as appropriate, the Investor should check with the Offeror whether anyone is responsible for the relevant prospectus for the purposes of section 90 of the FSMA in the context of the offer to the public and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the SCPLC Prospectus, the SCB Prospectus or the SCBHK Prospectus and/or who is responsible for its contents it should take legal advice. Where information relating to the terms of the relevant Offer provided pursuant to EU Directive 2003/71/EC (the "Prospectus Directive") is not contained in this Prospectus, it will be the responsibility of the relevant Offeror at the time to provide the Investor with such information.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this document.

Individual Registered Notes will only be available in certain limited circumstances as described herein. See "Clearing and Settlement".

### Joint Arrangers

J.P. Morgan Cazenove

Standard Chartered Bank

### Dealers

BofA Merrill Lynch

Deutsche Bank

Goldman Sachs International

J.P. Morgan Cazenove

Morgan Stanley

Standard Chartered Bank

Standard Chartered Bank (Hong Kong) Limited

UBS Investment Bank

10 November 2010

## IMPORTANT

**If you are in any doubt about this document you should consult your stockbroker, bank manager, solicitor, certified public accountant or other professional adviser.**

This document includes the SCPLC Prospectus, the SCB Prospectus and the SCBHK Prospectus. Investors should note that:

1. the SCPLC Prospectus comprises this document with the exception of the documents incorporated by reference in paragraphs 3, 4 and 5 on page 7 in the section entitled "Documents Incorporated by Reference", the information contained in the sections entitled "Standard Chartered Bank", "Capitalisation and Indebtedness of Standard Chartered Bank", "Standard Chartered Bank (Hong Kong) Limited", "Capitalisation and Indebtedness of Standard Chartered Bank (Hong Kong) Limited", "Standard Chartered First Bank Korea Limited", "Standard Chartered First Bank Korea Limited Financial Information", "Capitalisation and Indebtedness of Standard Chartered First Bank Korea Limited" and paragraphs 4, 5, 7, 8 and 18 in the section entitled "General Information";
2. the SCB Prospectus comprises this document with the exception of the documents incorporated by reference in paragraphs 3, 4 and 5 on page 7 in the section entitled "Documents Incorporated by Reference", the information contained in the sections entitled "Standard Chartered PLC", "Capitalisation and Indebtedness of Standard Chartered PLC", "Standard Chartered Bank (Hong Kong) Limited", "Capitalisation and Indebtedness of Standard Chartered Bank (Hong Kong) Limited", "Standard Chartered First Bank Korea Limited", "Standard Chartered First Bank Korea Limited Financial Information", "Capitalisation and Indebtedness of Standard Chartered First Bank Korea Limited" and paragraphs 3, 5, 6, 8, 18, 21 and 22 in the section entitled "General Information"; and
3. the SCBHK Prospectus comprises this document with the exception of the information contained in the sections entitled "Standard Chartered PLC", "Capitalisation and Indebtedness of Standard Chartered PLC", "Standard Chartered Bank", "Capitalisation and Indebtedness of Standard Chartered Bank", "Standard Chartered First Bank Korea Limited", "Standard Chartered First Bank Korea Limited Financial Information", "Capitalisation and Indebtedness of Standard Chartered First Bank Korea Limited", "Selected Financial Information" and paragraphs 3, 4, 6, 7, 18, 21 and 22 in the section entitled "General Information".

The SCPLC Prospectus, the SCB Prospectus and the SCBHK Prospectus each comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive for the purpose of giving information with regard to SCPLC and SCPLC and its subsidiaries taken as a whole, to SCB and SCB and its subsidiaries taken as a whole, and SCBHK and SCBHK and its subsidiaries taken as a whole, respectively, and Notes to be issued by SCPLC, SCB or SCBHK during the period of 12 months from the date of this document, which, according to the particular nature of such Issuers and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of such Issuers. A copy of this document has been filed with the Financial Services Authority for the purposes of section 3.2 of the prospectus rules of the UK Listing Authority (the "Prospectus Rules"). This document is not a prospectus for the purposes of the FSMA insofar as it relates to SC First Bank.

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and

notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the relevant Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

*This document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below).*

SCPLC accepts responsibility for the information contained in the SCPLC Prospectus. To the best of the knowledge and belief of SCPLC, which has taken all reasonable care to ensure that such is the case, the information contained in the SCPLC Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

SCB accepts responsibility for the information contained in the SCB Prospectus. To the best of the knowledge and belief of SCB, which has taken all reasonable care to ensure that such is the case, the information contained in the SCB Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

SCBHK accepts responsibility for the information contained in the SCBHK Prospectus. To the best of the knowledge and belief of SCBHK, which has taken all reasonable care to ensure that such is the case, the information contained in the SCBHK Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous three paragraphs should be read in conjunction with paragraph 12 on the first page of this document.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. SCPLC, SCB or SCBHK, as the case may be, will not be a party to any such arrangements with Investors (other than as Dealers) in connection with the offer or sale of the Notes and, accordingly, the relevant prospectus and any Final Terms will not contain such information and an Investor must obtain such information from the Offeror.

No person has been authorised to give any information or to make any representation other than as contained in this document in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, any of the Dealers or the Arrangers (as defined in "Summary of the Programme"). Neither the delivery of this document nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any Issuer since the date hereof or the date upon which this document has been most recently amended or supplemented or that there has been no adverse change in the financial position of any Issuer since the date hereof or the date upon which this document has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this document and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuers, the Dealers and the Arrangers to inform themselves about and to observe any such restriction.

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED**

STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND IN THE CASE OF REGISTERED NOTES, IF PROVIDED IN THE RELEVANT FINAL TERMS, WITHIN THE UNITED STATES TO QIBs IN RELIANCE ON RULE 144A. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF REGISTERED NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. IT IS NOT CURRENTLY ANTICIPATED THAT SCBHK OR SC FIRST BANK WOULD OFFER OR SELL ANY NOTES IN RELIANCE ON RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND THE DISTRIBUTION OF THIS DOCUMENT, SEE "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS".

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

This document does not constitute an offer of, or an invitation by or on behalf of the Issuers or the Dealers to subscribe for or purchase, any Notes.

Subject as provided in the applicable Final Terms, the only persons authorised to use this document in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or any other persons named in the section "Non-exempt Offer" of the Final Terms (if any), as the case may be.

To the fullest extent permitted by law, none of the Dealers or the Arrangers accept any responsibility for the contents of this document or for any other statement, made or purported to be made by the Arrangers or a Dealer or on its behalf in connection with the Issuers or the issue and offering of the Notes. Each of the Arrangers and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement. Neither this document nor any document incorporated by reference nor any other financial statements or information supplied in connection with the Programme or the Notes is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by any of the Issuers, the Arrangers or the Dealers that any recipient of this document or any other financial statements or information supplied in connection with the Programme or the Notes or any document incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this document, in any document incorporated by reference, or in any other financial statements or information supplied in connection with the Programme or the Notes and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of any of the Issuers during the life of the arrangements contemplated by this document nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

In this document, unless otherwise specified or the context otherwise requires, references to "HK\$" and "Hong Kong dollars" are to the lawful currency of Hong Kong, to "U.S.\$" and "U.S. dollars" are to the lawful currency of the United States of America, to "Chinese yuan" are to the lawful currency of the People's Republic of China", to "Korean won" and "KRW" are to the lawful currency of the Republic of Korea, to "TWD" are to the lawful currency of Taiwan, to "BWP" are to the lawful currency of Botswana, to "TZS" are to the lawful currency of Tanzania, to "IDR" are to the lawful currency of Indonesia, to "PKR" are to the lawful currency of Pakistan, to "AED" are to the lawful currency of the United Arab Emirates, to "INR" are to the lawful currency of India, to "SGD" are to the lawful currency of Singapore and references to "Sterling" and "£" are to the lawful currency of the United Kingdom. References to "euro" and "€" are to the single currency introduced pursuant to the treaty establishing the European Community, as amended. References to "Hong Kong" shall mean the Hong Kong Special Administrative Region of the People's Republic of China.

**In connection with the issue of any Tranche (as defined in "Summary of the Programme"), the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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## DOCUMENTS INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with the following documents (or sections of documents) which have been previously published or are published simultaneously with this document and which have been approved by the Financial Services Authority ("FSA") or filed with it:

1. the audited annual consolidated accounts of SCB for the year ended 31 December 2008 (including the audit report thereon);
2. the audited annual consolidated accounts of SCB for the year ended 31 December 2009 (including the audit report thereon);
3. the audited annual accounts of SCBHK for the year ended 31 December 2008 (including the audit report thereon);
4. the audited annual accounts of SCBHK for the year ended 31 December 2009 (including the audit report thereon);
5. the unaudited interim statements of SCBHK for the six months ended 30 June 2010;
6. the following sections of the consolidated Annual Report and audited accounts of SCPLC, its subsidiaries and subsidiary undertakings (the "Group") for the year ended 31 December 2008:
  - (i) Directors' Remuneration Report;
  - (ii) Statement of Directors' Responsibilities;
  - (iii) Financial Review;
  - (iv) Independent Auditor's Report; and
  - (v) Audited consolidated financial statements of the Group for the year ended 31 December 2008 (including the audit report thereon and notes thereto);
7. the following sections of the consolidated Annual Report and audited accounts of the Group for the year ended 31 December 2009:
  - (i) Board of Directors;
  - (ii) Senior Management;
  - (iii) Report of the Directors;
  - (iv) Corporate Governance;
  - (v) Directors' Remuneration Report;
  - (vi) Statement of Directors' Responsibilities;
  - (vii) Financial Review;
  - (viii) Risk Review;
  - (ix) Capital;
  - (x) Independent Auditor's Report; and
  - (xi) Audited consolidated financial statements of the Group for the year ended 31 December 2009 (including the audit report thereon and notes thereto);
8. the unaudited interim report of the Group for the six months ended 30 June 2010 (the "2010 Interim Report");
9. the announcement by SCPLC dated 30 June 2010 entitled "Standard Chartered to be cornerstone investor in Agricultural Bank of China" (pursuant to which SCPLC announced the investment by SCB of U.S.\$500 million in Agricultural China Limited's H-Share Initial Public Offering (IPO) in Hong Kong);
10. the announcement by SCPLC dated 12 July 2010 entitled "Acquisition of Business" (pursuant to which SCPLC announced that it had signed an agreement to acquire GE Commercial Financing (Singapore) Ltd, a factoring and hire purchase financing business in Singapore);
11. the interim management statement of SCPLC dated 13 October 2010 for the third quarter of 2010;

12. the section headed "Terms and Conditions of the Notes" on pages 22 to 49 of the prospectus dated 7 November 2007 prepared in connection with the U.S.\$15,000,000,000 Debt Issuance Programme established by SCPLC, SCB, SCBHK and SC First Bank;
13. the section headed "Terms and Conditions of the Notes" on pages 26 to 53 of the prospectus dated 5 November 2008 prepared in connection with the U.S.\$20,000,000,000 Debt Issuance Programme established by SCPLC, SCB, SCBHK and SC First Bank;
14. the section headed "Terms and Conditions of the Notes" on pages 27 to 54 of the prospectus dated 5 November 2009 prepared in connection with the U.S.\$27,500,000,000 Debt Issuance Programme established by SCPLC, SCB, SCBHK and SC First Bank;
15. the announcement by SCPLC dated 13 October 2010 entitled "Rights Issue to Raise £3.3 billion";
16. the section headed "Letter from the Chairman" on pages 31 to 35 of the prospectus dated 15 October 2010 prepared in connection with the 1 for 8 Rights Issue of 260,525,763 New Ordinary Shares at 1,280 pence each of SCPLC; and
17. the section headed "Unaudited Pro Forma Financial Information" on pages 96 to 100 of the prospectus dated 15 October 2010 prepared in connection with the 1 for 8 Rights Issue of 260,525,763 New Ordinary Shares at 1,280 pence each of SCPLC.

Such documents shall be deemed to be incorporated in, and form part of, this document, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document. Any documents themselves incorporated by reference in the documents incorporated by reference in this document shall not form part of this document.

Copies of documents incorporated by reference in this document may be obtained from each Issuer at its registered office.



## **SUPPLEMENTARY PROSPECTUS**

If at any time any of SCPLC, SCB or SCBHK shall be required to prepare a supplementary prospectus pursuant to section 87G of the FSMA or if at any time any of SCPLC, SCB or SCBHK shall be required to prepare supplementary particulars pursuant to the HKSE Rules, as the case may be, such Issuer will prepare and make available an appropriate amendment or supplement to this document or a further prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market shall constitute a supplementary prospectus as required by the UK Listing Authority and section 87G of the FSMA and in respect of any subsequent issue of Notes to be listed on the Hong Kong Stock Exchange shall constitute supplementary particulars as required by the HKSE Rules.

Each Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this document which is capable of affecting the assessment of (i) the assets and liabilities, financial position, profits and losses, and prospects of such Issuer and (ii) the rights attaching to any Notes, such Issuer shall prepare an amendment or supplement to this document or publish a replacement document for use in connection with any subsequent offering of the Notes by it and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## **AVAILABLE INFORMATION**

Each Issuer has agreed that, for so long as any of the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information specified in Rule 144A(d)(4) under the Securities Act. In addition, each Issuer will furnish the Trustee with copies of its audited annual accounts.

## **ENFORCEABILITY OF JUDGMENTS**

SCPLC is a company incorporated as a public limited company in England and Wales with registered number 966425, SCB is a company incorporated with limited liability in England by Royal Charter with reference number ZC 18, SCBHK is a company incorporated with limited liability in Hong Kong: Number 875305 and SC First Bank is a company incorporated with limited liability in the Republic of Korea: Number 1028121843. Most of the directors of the Issuers are not residents of the United States, and all or a substantial portion of the assets of the Issuers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

## **FORWARD-LOOKING STATEMENTS**

This document contains forward-looking statements. These statements concern, or may affect, future matters. These may include the Issuers’ and their subsidiaries’ future strategies, business plans and results and are based on the current expectations of the directors of the relevant Issuer. They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT developments and competitive and general operating conditions.

When used in this document, the words “estimate”, “project”, “intend”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to the Issuers, their subsidiaries and their management, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Issuers do not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## Summary of the Programme

*This summary must be read as an introduction to this document. Any decision to invest in any Notes should be based on a consideration of this document as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (an "EEA State"), the responsible persons may have civil liability in respect of this summary, if it is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to information contained in this document is brought before a court in an EEA State, the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this document before the legal proceedings are initiated.*

<b>Issuers</b>	Standard Chartered PLC, Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited and Standard Chartered First Bank Korea Limited.
<b>Description of Issuers</b>	SCPLC, SCB, SCBHK and SC First Bank are companies within the Standard Chartered group of companies, an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. SCPLC was incorporated in England and Wales as a public limited company in 1969. SCB was incorporated in England with limited liability by Royal Charter in 1853. SCBHK was incorporated in Hong Kong with limited liability in 2003 as a non-private company. SC First Bank was incorporated in the Republic of Korea with limited liability. Detailed business descriptions are set out below in the sections entitled "Standard Chartered PLC", "Standard Chartered Bank", "Standard Chartered Bank (Hong Kong) Limited" and "Standard Chartered First Bank Korea Limited".
<b>Risk Factors</b>	There are certain factors which may affect the Issuers' ability to fulfil their obligations under the Notes issued under the Programme. These are set out below under the section entitled "Risk Factors" and include (i) internal risks and risks relating to the Group's business operations, including changes in credit quality and recoverability of loans and risks associated with the rapid expansion of the Group's business and (ii) external risks including the prevailing economic conditions in the markets in which it operates. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see section entitled "Risk Factors" below).
<b>Description</b>	Debt Issuance Programme.
<b>Programme Limit</b>	Up to U.S.\$35,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuers may increase this amount in accordance with the Programme Agreement.
<b>Joint Arrangers</b>	J.P. Morgan Securities Ltd. and Standard Chartered Bank (each an "Arranger" and together the "Arrangers").
<b>Dealers</b>	Deutsche Bank AG, London Branch Goldman Sachs International J.P. Morgan Securities Ltd. Merrill Lynch International Morgan Stanley & Co. International plc Standard Chartered Bank Standard Chartered Bank (Hong Kong) Limited UBS Limited

<b>Trustee</b>	<p>The Issuers may from time to time terminate the appointment of any dealer or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this document to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p>
<b>Issuing and Paying Agent</b>	BNY Corporate Trustee Services Limited.
<b>CMU Paying Agent and CMU Lodging Agent</b>	The Bank of New York Mellon.
<b>Currencies</b>	The Bank of New York Mellon.
<b>Denomination</b>	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in U.S. dollars, Hong Kong dollars, Singapore dollars, Swiss francs, Sterling, Norwegian kroner, Japanese yen, euro or any other currency of any EEA State or in other currencies if the relevant Issuer and the relevant Dealers so agree.</p>
<b>Form of Notes</b>	<p>Definitive Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that (i) the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or the equivalent amount in another currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency and (ii) unless otherwise permitted by then current laws and regulations, Notes issued by SCPLC, SCBHK or SC First Bank which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by SCPLC, SCBHK or SC First Bank in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes issued by SC First Bank will have a minimum denomination of U.S.\$100,000 (or its equivalent in another currency). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.\$100,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, in each case subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency.</p>
<b>Form of Notes</b>	<p>The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”) and Bearer Notes may be issued in NGN form by SCPLC or SCB. Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Summary of the Programme – Selling Restrictions”), otherwise</p>

such Tranche will be represented by a Permanent Global Note. Registered Notes will be evidenced by Certificates without coupons. Certificates evidencing Registered Notes that are registered in the name of a nominee or common depository for one or more clearing systems are referred to as "Global Certificates". SC First Bank will only issue Registered Notes.

Registered Notes of each Tranche of a Series which are sold in an "offshore transaction" within the meaning of Regulation S ("Unrestricted Notes") will initially be represented by interests in a global unrestricted Registered Certificate (each an "Unrestricted Global Certificate"), without interest coupons, either (i) in the case of an Unrestricted Global Certificate which is stated in the applicable Final Terms to be held under the NSS, delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg on or prior to its original issue date or (ii) in the case of an Unrestricted Global Certificate which is not stated in the applicable Final Terms to be held under the NSS, deposited with a nominee for, and registered in the name of a common depository of, Clearstream, Luxembourg and/or Euroclear on its issue date or (iii) in either case, lodged on or before the issue date with a sub-custodian in Hong Kong for the CMU Service. Registered Notes of such Tranche sold in the United States to QIBs pursuant to Rule 144A ("Restricted Notes") will initially be represented by a global restricted Registered Certificate (each a "Restricted Global Certificate"), without interest coupons, deposited with a custodian for, and registered in the name of a nominee of, DTC on their issue date. Any Restricted Global Certificate and any individual definitive Restricted Notes will bear a legend applicable to purchasers who purchase the Registered Notes as described under "Transfer Restrictions".

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, Senior Notes may have any maturity that is one month or greater and Subordinated Notes will have either (i) a minimum maturity of five years and one day ("Dated Subordinated Notes" or, in the case of Notes issued by SC First Bank, "Lower Subordinated Term Notes") or (ii) no scheduled maturity date ("Undated Subordinated Notes" or, in the case of Notes issued by SC First Bank, "Perpetual Subordinated Notes").

**Issue Price**

Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Method of Issue**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series"), having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche"), on the same or different issue dates. The specific terms of each Tranche (save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche), will be identical to the terms of other Tranches of the same Series and will be set out in a set of Final Terms.

**Fixed Rate Notes**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID, LIMEAN, EURIBOR or HIBOR (or such other Benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest, other than in the case of late payment.
<b>Variable Redemption Amount and Variable Coupon Amount Notes</b>	The Final Terms issued in respect of each Tranche of variable Redemption Amount Notes or variable coupon amount Notes will specify the basis for calculating the Redemption Amount and/or the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
<b>Other Notes</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Issuers, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
<b>Redemption</b>	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes issued by SCPLC, SCBHK or SC First Bank which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by SCPLC, SCBHK or SC First Bank in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
<b>Optional Redemption</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders and if so, the terms applicable to such redemption.
<b>Early Redemption</b>	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons or, if specified in the relevant Final Terms in relation to Subordinated Notes, upon the occurrence of a Regulatory Capital Event. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
<b>Redemption by Instalments</b>	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the date on which, and the amounts in which, such Notes may be redeemed.
<b>Withholding Tax</b>	All payments of principal and interest in respect of the Notes, the Receipts and the Coupons will be made free and clear of withholding taxes of the United Kingdom (in the case of Notes issued by SCPLC or SCB), Hong Kong (in the case of Notes issued by SCBHK) or the Republic of Korea (in the case of Notes issued by SC First Bank) unless required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders or Couponholders (after the withholding or deduction) of such amount as would have been received by them in the absence of the withholding or deduction, subject to customary exceptions, all as described in "Terms and Conditions of the Notes – Taxation".

<b>Status of Notes</b>	The Senior Notes will constitute direct, unsubordinated and unsecured obligations of the relevant Issuer and both the Dated Subordinated Notes (or, as applicable, the Lower Subordinated Term Notes) and the Undated Subordinated Notes (or, as applicable, the Perpetual Subordinated Notes) will constitute direct, subordinated and unsecured obligations of the relevant Issuer, all as described in “Terms and Conditions of the Notes – Status”.
<b>Negative Pledge</b>	None.
<b>Cross Default</b>	None.
<b>Listing</b>	<p>Application has been made for Notes issued by SCPLC, SCB or SCBHK under the Programme to be listed on the Official List and to be admitted to trading on the Market and to be listed on the Hong Kong Stock Exchange or, in each case, as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may also be unlisted.</p> <p>Application will be made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued by SC First Bank which are agreed at the time of issue to be so listed on the SGX-ST. There is no guarantee that an application to the SGX-ST will be approved.</p> <p>If the application to the SGX-ST to list a particular Series of Notes to be issued by SC First Bank is approved, such Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or its equivalent in other currencies) so long as such Notes are listed on the SGX-ST.</p>
<b>Ratings</b>	Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Governing Law</b>	The Notes will be governed by and construed in accordance with English law, except for the provisions relating to the subordination of Subordinated Notes to be issued by SCBHK (as set out in Condition 3) which will be governed by, and construed in accordance with, Hong Kong law and for the provisions relating to the subordination of Subordinated Notes to be issued by SC First Bank (as set out in Condition 3) which will be governed by, and construed in accordance with, the law of the Republic of Korea.
<b>Selling Restrictions</b>	<p>The United States, the European Economic Area, the United Kingdom, Hong Kong, Japan, France, The Netherlands, Singapore, the Republic of Korea and such other restrictions as may be required in connection with a particular issue of Notes. See “Subscription and Sale” and “Transfer Restrictions”.</p> <p>The Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (the “D Rules”), unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not</p>

**Transfer Restrictions**

applicable. In the case of a distribution under Rule 144A, Notes will be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).

There are restrictions on the transfer of Notes sold pursuant to Rule 144A. See "Terms and Conditions of the Notes", "Transfer Restrictions" and "Subscription and Sale".



## Risk Factors

*Each Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which each Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but an Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and none of the Issuers represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this document (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Internal Risks and Risks relating to the Group and its business operations**

**1. *Changes in the credit quality and the recoverability of loans and amounts due from counterparties may have a material adverse effect on the Group's financial condition, results of operations and prospects***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties (both sovereign and non-sovereign), or adverse changes arising from a further deterioration in global economic conditions or asset values, or systemic failures in financial systems could reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts or increase the levels of impairments or write-downs experienced by the Group. An adverse change in economic conditions could also adversely affect the Group's level of banking activity. Although the Group devotes considerable resources to managing the above risks, many of the factors affecting borrower and counterparty credit risks are beyond the control of the Group and the occurrence of any of the foregoing risks or a failure by the Group to manage these risks effectively could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**2. *The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgments and estimates which may change over time***

In order to establish the value of financial instruments which the Group, under International Financial Reporting Standards as adopted by the EU ("IFRS"), recognises at fair value, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instrument utilised by such valuation models may not be available, or may become unavailable, due to changes in market conditions, as has been the case at times since the commencement of the recent financial crisis. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgments and estimates in order to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgments and estimates the Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, asset price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates may need to be updated to reflect new information, changing trends and market conditions. The resulting change in the fair values of financial instruments could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**3. *The Group's business could be affected if its capital is not managed effectively***

Effective management of the Group's capital position is important to its ability to operate its business, to continue to grow organically and to pursue its strategy. Any future change that

limits the Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms could have a material adverse effect on the Group's regulatory capital position, its financial condition, results of operations and prospects.

#### **4. *Lack of liquidity is a risk to the Group's business***

Liquidity risk is the risk that the Group either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can access them only at excessive cost. This risk is inherent in banking operations and can be heightened by a number of factors, including an over-reliance on or inability to access a particular source of funding (including, for example, reliance on inter-bank funding), changes in credit ratings or market-wide phenomena such as financial market instability and natural disasters.

Credit markets worldwide have experienced and continue to experience a reduction in liquidity and term-funding since the commencement of the recent financial crisis. Illiquidity has affected the realisation of existing asset positions and has constrained risk distribution in ongoing banking activities in the credit markets worldwide. The severe market conditions of 2007 to 2009 have also highlighted the importance of a strong diversified core deposit base leading to increased competition for such deposits and the risk of deposit migration. Although the Group's policy is to seek to manage its liquidity prudently in all geographic locations and for all currencies, as the Group operates in markets which have been and may be affected by illiquidity and extreme price volatility, either directly or indirectly, through exposures to securities, loans, derivatives and other commitments, any reoccurrence or prolonged continuation of such conditions could have an adverse effect on the Group's results of operations and, if severe, could have a material adverse effect on the Group's financial condition and prospects. In addition, any significant increase in the cost of acquiring deposits, inability to further grow deposits or significant outflow of deposits from the Group, particularly if it occurs over a short period of time, could have a material adverse impact on the Group's financial condition and liquidity position.

#### **5. *The Group is subject to the risk of increased capital and liquidity requirements to meet the minimum required by regulators***

The Group's lead supervisor, the FSA, determines the level of capital that the Group is required to hold by reference to its balance sheet, off-balance sheet, counterparty and risk exposures. Currently, the Group is capitalised above its stated target ratios of 7 to 9 per cent and 12 to 14 per cent, respectively, for Tier 1 Capital and total capital ratios on a Basel II basis. However, the FSA could (beyond the changes described below) apply increasingly stringent stress case scenarios in determining the required capital ratios for the Group and any of its UK regulated firms, increase the minimum regulatory requirements imposed on the Group or any of its UK regulated firms, introduce more onerous deductions from capital, impose additional capital buffers, introduce further liquidity requirements, impose new ratios and/or change the manner in which it applies existing regulatory requirements to the Group or its UK regulated firms. In order to meet such additional regulatory requirements the Group may be forced to raise further capital.

The Group's ability to maintain its stated target regulatory capital ratios in the longer term could be affected by a number of factors, including its risk-weighted assets, post-tax profit and fair value adjustments. In addition to the fair value adjustments, the Group's Core Tier 1 Capital ratio will be directly impacted by any shortfall in after-tax profit (which could result, most notably, from greater than anticipated asset impairments and/or adverse volatility relating to the lending businesses). Furthermore, under Basel II, capital requirements are inherently more sensitive to market conditions than under previous regimes and capital requirements will increase if economic conditions or negative trends in the financial markets worsen.

In July 2009, the Basel Committee agreed changes to Basel II to address deficiencies in respect of the treatment of securitisations and market risk. Banks using internal models in the trading book will be required to calculate a stressed value-at-risk based on historical data from a 12-month period of significant stress. Banks using internal specific risk models in the trading book must also calculate an incremental risk capital charge for credit sensitive positions which captures default and migration risk. Securitisation positions held in the trading book will be subject to capital charges similar to securitisation positions held in the banking book and higher capital charges will apply to re-securitisation positions. These

changes will be introduced in stages from 31 December 2011 and are expected to significantly increase the capital requirements for trading book transactions and certain securitisations.

In December 2009, the Basel Committee published proposals for new capital and liquidity requirements intended to reinforce existing capital requirements and to establish minimum liquidity standards (the so-called "Basel III" proposals). These include introduction of new definitions of common equity and non-common equity Tier 1 Capital as well as a definition of Tier 2 Capital which is similar to current Lower Tier 2 Capital. Innovative Tier 1 Capital and Tier 3 Capital will be abolished. A harmonised set of deductions will apply with most deductions being made from common equity.

On 26 July 2010, the Basel Committee announced that it had reached broad agreement on these new rules, but that it had postponed some of the key elements pending further study. On 12 September 2010, the Basel Committee endorsed the reforms announced in July 2010, and agreed a detailed calibration for the Basel III package (which will be based on the new definitions of Tier 1 Capital and Tier 2 Capital) including increasing the minimum common equity Tier 1 Capital ratio from 2 per cent to 4.5 per cent, introducing a capital conservation buffer of 2.5 per cent to be made up of common equity, thereby increasing the new core Tier 1 Capital ratio to an effective 7 per cent, increasing the minimum total capital ratio (including the capital conservation buffer of 2.5 per cent) from 8 per cent to 10.5 per cent of risk weighted assets and implementing a leverage ratio calibrated at 3 per cent during an initial testing phase. National regulators will be able to impose an additional counter-cyclical capital buffer of up to 2.5 per cent. Systemically important banks will be required to have loss absorbing capacity in excess of these standards although the detailed requirements remain to be determined. The new requirements will be implemented in stages from 1 January 2013, with final implementation of the Basel III package by 1 January 2019. Certain elements of the new standards remain subject to further work and agreement including aspects of the new liquidity requirements (discussed below). Basel III will be implemented in the European Union through amendments to the EU Capital Requirements Directive which are expected to be published in the first quarter of 2011. It is possible that the FSA will impose more onerous requirements than those required by Basel III, or require compliance in advance of the timetable announced by the Basel Committee, which, in the case of the former, could have a material adverse effect on the Group.

Under Basel III banks will be required to meet two new liquidity standards: a liquidity coverage ratio ("LCR") and a net stable funding ratio ("NSFR"). The LCR will require banks to hold an amount of unencumbered, high quality liquid assets that can be used to offset the net cash outflows the bank would encounter under an acute short-term stress scenario specified by supervisors. The NSFR will measure the amount of longer-term, stable sources of funding employed by a bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on funding liquidity arising from off-balance sheet commitments and obligations, although the details of the NSFR remain to be agreed. After an observation period beginning in 2011, the LCR will be introduced on 1 January 2015. The NSFR will move to a minimum standard by 1 January 2018. The FSA is also in the process of implementing its own new liquidity standards based on the following elements (i) principles of self-sufficiency and adequacy of liquidity resources, (ii) enhanced systems and control requirements, (iii) quantitative requirements, including Individual Liquidity Adequacy Standards, coupled with a narrow definition of liquid assets and (iv) frequent reporting. Amongst other changes, these standards will require banks, including SCB, to maintain a portfolio of eligible liquid assets to satisfy the relevant requirements that may be different from the liquid assets they currently hold.

CRD II will impose new requirements in respect of non-Core Tier 1 Capital with effect from 31 December 2010. Existing capital instruments that do not satisfy the new European requirements will be grandfathered on a limited basis. The Basel Committee announced proposals on grandfathering under Basel III on 12 September 2010 which are considerably more restrictive than those set out in CRD II (which would require amendment as part of Basel III implementation in the European Union). The Basel Committee stated that capital instruments that do not meet the criteria for inclusion in common equity Tier 1 Capital will be excluded from common equity from 1 January 2013. Capital instruments that no longer qualify as non-common equity Tier 1 Capital or Tier 2 Capital will be phased out over a 10-

year period beginning on 1 January 2013. The level of recognition will be capped at 90 per cent on 1 January 2013, and will decline by 10 percentage points each subsequent year, being fully phased out by 1 January 2022. Further, instruments with an incentive to redeem (e.g. with an interest step up) will be phased out at their effective maturity date. The Group may not be able contractually to redeem instruments that cease to be eligible under CRD II and/or Basel III, with the result that the Group may be forced to raise further capital as a result of such instruments not being eligible as regulatory capital in the future.

If the regulatory capital requirements, liquidity requirements or ratios applied to the Group are increased in the future, any failure by the Group to satisfy such increased regulatory capital ratios or liquidity requirements could result in administrative actions or sanctions (including loss or suspension of a banking licence) or significant reputational harm, which in turn may have a material adverse effect on the Group's financial condition, results of operations and prospects.

"Tier 1 Capital", "Tier 2 Capital", "Tier 3 Capital", "Core Tier 1 Capital", "Innovative Tier 1 Capital" and "Lower Tier 2 Capital", depending on the context, have the meaning (i) given to such terms, in the General Prudential Sourcebook (as set out in the handbook of rules and guidance made by the FSA under FSMA) or (ii) required under Basel III.

#### **6. *Failure to manage legal risk properly can impact the Group adversely***

The Group is subject to a wide variety of banking and financial services laws and regulations and is supervised by a large number of regulatory and enforcement authorities in each of the jurisdictions in which it operates. As a result, the Group is exposed to many forms of legal and regulatory risk, which may arise in a number of ways, primarily:

- losses may be caused by changes in applicable laws and regulations; the Group may not be able to predict the timing or form of any current or future regulatory or law enforcement initiatives which are becoming increasingly common for international banks and financial institutions;
- as a result of being subject to a variety of complex legal and regulatory regimes in many of the countries where it operates, in respect of which requirements, standards or sanctions may differ significantly from country to country;
- as a result of being subject to extensive laws and regulations which are designed to combat money laundering and terrorist financing, and to enforce compliance with sanctions against designated countries, entities and persons, including countries in which, and entities or persons with which, the Group may conduct and may have conducted business from time to time;
- risk from defective transactions or contracts, either where contractual obligations are not enforceable or do not allocate rights and obligations as intended, or where contractual obligations are enforceable against the Group in an unexpected or adverse way, or by defective security arrangements;
- the title to and ability to control the assets of the Group (including the intellectual property of the Group, such as its trade names) may not be adequately protected; and
- allegations being made against the Group claiming liability for damages to third parties including where legal proceedings are brought against it; regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss.

Although the Group has processes and controls to manage legal and regulatory risks, failure to manage such risks properly may impact the Group adversely or result in administrative actions, penalties or other proceedings involving the Group which may have a material adverse effect on the Group's business and reputation and ultimately on the value of the Notes issued under the Programme. In addition, a failure to comply with applicable laws or regulations by the Group's employees, representatives, agents and third party service providers, either in or outside the course of their services, or suspected or perceived failures by them, may result in enquiries or investigations by regulatory and enforcement authorities, or in regulatory or enforcement action against the Group or such employees, representatives, agents and third party service providers in various jurisdictions. Such actions may adversely impact the reputation of the Issuers or the Group, result in adverse media reports, lead to increased levels of scrutiny by relevant regulatory or supervisory bodies, additional costs,

penalties, claims and expenses being incurred by the Group and, as a result, have a material adverse effect on the Group's ability to conduct business, its financial condition, results of operations and prospects.

#### **7. Operational risks are inherent in the Group's business**

Operational risk is the risk of direct or indirect loss due to an event or action resulting from the failure of internal processes, people and systems, or from external events. Operational losses can result, for example, from fraud, errors by employees, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules (including those arising out of anti-money laundering and anti-terrorism legislation, as well as the provisions of applicable sanctions regimes), equipment failures, natural disasters or the failure of external systems. Whilst the Group seeks to ensure that operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks, such policies, procedures and tools may prove ineffective in managing such risks. Should they arise, any of these risks could have a material adverse effect on the Group's ability to conduct business, its financial condition, results of operations and prospects.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the relevant Issuer(s) or the Group will be unable to comply with their obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

#### **8. Holding company structure and the structural subordination of Notes**

SCPLC is a holding company and operates its business entirely through its subsidiaries, including SCB, SCBHK and SC First Bank. SCB also operates part of its business through its subsidiaries. Payments on Notes issued by SCPLC or SCB are structurally subordinated to all existing and future liabilities and obligations of each company's subsidiaries. Claims of creditors of such subsidiaries will have priority as to the assets of such subsidiaries over SCPLC or SCB and their creditors, including holders of any Notes issued by SCPLC or SCB. Each Issuer's obligation to make payments on the Notes issued by it is solely an obligation of that Issuer and will not be guaranteed by any of its subsidiaries or associates. Neither the terms and conditions of the Notes nor the Trust Deed contains any restrictions on the ability of SCPLC's or SCB's subsidiaries or associates to incur additional unsecured or secured indebtedness.

In addition, as holding companies, SCPLC's and SCB's ability to make payments depends substantially, in the case of SCPLC, and partly, in the case of SCB, upon the receipt of dividends, distributions or advances from their respective subsidiaries and associates. The ability of each company's subsidiaries and associates to pay dividends or such other amounts may be subject to their profitability, to applicable laws and regulations and to restrictions on making payments contained in financing or other agreements. Furthermore, each company's interest in its subsidiaries and associates could be reduced in the future.

#### **9. The business of the Group may be affected if it is unable to recruit, retain and develop appropriate senior management and skilled personnel**

The Group's continued success depends in part on the continued service of key members of its management team and other skilled personnel. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Group's strategy. The successful implementation of the Group's growth strategy depends on the availability of skilled management at its head office and at each of its business units and international locations. Competition for skilled management and other employees is particularly evident in a number of the geographic areas in which the Group operates, particularly, in emerging markets. If the Group or one of its business units or other functions fails to staff their operations appropriately, or loses one or more of its key senior executives and fails to replace them in a satisfactory and timely manner, its business, financial condition and results of operations, including control and operational risks, may be adversely affected. Likewise, if the Group fails to attract and appropriately train, motivate and retain qualified professionals, its business, and in particular the ability to expand in certain areas, may be adversely affected, which could have a material adverse effect on the Group's financial condition, results of operations and prospects. The EU and the FSA have or are in the process of introducing

requirements in respect of remuneration which could potentially affect the ability of the Group to recruit, retain and develop appropriate senior management and skilled personnel. In particular, certain restrictions are expected to apply from 1 January 2011 on the payment of bonuses and other non-contractual remuneration to senior management and anyone whose professional activities could have a material impact on a firm's risk profile.

**10. *The Group is expanding its operations and this growth may represent a risk if not managed effectively***

The Group is experiencing significant growth as it expands geographically and in the scope of products and services it offers, including through acquisitions. The Group's business strategy is based on organic growth but includes selective plans to continue to acquire assets or businesses that it believes are logical extensions of its existing businesses to increase cash flow and earnings. The Group continues to look at potential acquisitions in a number of markets. The Group may experience some, or all, of the difficulties described below in managing the integration of any subsequent acquisitions into its existing businesses. The failure effectively to manage its expansion, whether organic or inorganic, could have a material adverse effect on the Group's financial condition, results of operations and prospects.

The success of the Group's acquisitions will depend, in part, on the ability of its management to integrate the operations of newly acquired businesses with its existing operations and to integrate various departments, personnel, systems and procedures.

Consequently, the Group's ability to implement its business strategy may be constrained and the timing of such implementation may be impacted due to demands placed on existing resources by that process. There can be no assurance that:

- the Group will be successful in acquiring all the entities it seeks to acquire;
- the acquired entities will achieve the level of performance that the Group anticipates, or that the carrying value of goodwill on acquisition will be fully supported by the cash flows of the cash generating unit to which it has been allocated for the purposes of impairment testing (and, therefore, the value of the assets being carried may be written-down or impaired);
- the projected demand and prices of the Group's products and services will be realised;
- the acquired entities will not cause a disruption to the Group's ongoing businesses, distract management attention and other resources, or make it difficult to maintain the Group's standards, internal controls and procedures;
- the Group will not be required to incur debt or issue equity securities to pay for acquisitions, for which financing may not be available or may not be available on commercially attractive terms;
- the Group will realise any or all of the intended synergy or growth benefits expected at the time of acquisition;
- the Group's credit ratings will not be negatively affected by such acquired entities or the method of financing any acquisition or acquired business;
- the Group will be able to successfully integrate the services, products and personnel of an acquired entity into its operations, especially if the Group acquires large businesses; or
- the Group will not assume unforeseen liabilities and exposures as a result of such acquisitions.

The occurrence of any one or a combination of these events could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**11. *The Group's business is subject to reputational risk***

Reputational risk is the potential for damage to the Group's franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the Group or its actions. Reputational risk could arise from the failure by the Group to effectively mitigate the risks in its businesses including one or more of country, credit, liquidity, market, regulatory, operational, environmental, litigation or social risk. Damage to the Group's reputation could cause existing clients to reduce or cease to do

business with the Group and prospective clients to be reluctant to do business with the Group. A failure to manage reputational risk effectively could materially affect the Group's business, results of operations and prospects.

## **12. The Group is exposed to pension risk**

Pension risk is the potential for loss due to having to meet or meeting an actuarially assessed shortfall in the Group's pension schemes. Pension risk exposure is focused upon the risk to the Group's financial position arising from the need to meet its pension scheme funding obligations. In the event of a shortfall the Group may be required or may choose to make additional payments to the Group's pension schemes which, depending on the amount, could have a material effect on the Group's business, results of operations and prospects.

### **External Risk Factors**

#### **1. Macroeconomic risks could result in a material adverse effect on the Group's financial condition, results of operations and prospects**

The Group operates in over 70 countries and territories and is affected by the prevailing economic conditions in each market. Macroeconomic factors that have an impact on personal expenditure and consumption, demand for business products and services, the debt service burden of consumers or businesses, and the general availability of liquidity and credit, will influence the Group's customers and, by extension, the Group's financial condition, results of operations and prospects.

One of the principal uncertainties is the extent to which the recent global economic slowdown and/or recession may impact the Group's primary markets in Asia, Africa and the Middle East, and the timing of that impact. The linkages between economic activities in different markets are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to macroeconomic conditions.

Consequently, one uncertainty for the corporate sectors in Wholesale Banking and the small and medium enterprises ("SME") segment in Consumer Banking will be the extent to which exports are impacted by a slowdown in other economies, particularly in the US and Europe. Similarly, there continues to be uncertainty about domestic demand in the Group's markets, which is a function of a number of factors including consumer and business confidence.

Another principal uncertainty for the Group relates to the management of inflationary pressures, to the extent to which they arise. These inflationary pressures may be exacerbated in some countries by the reduction or removal of fuel price subsidies and the impact of significant rises in the price of certain foodstuffs. An increase in inflation can have a number of adverse impacts on the Group's business, including, but not limited to, increasing its operating expenses. High inflation could also have an adverse effect on the credit quality of the Group's individual and corporate borrowers, as well as its counterparties, and could lead to an increase in delinquencies and defaults across a wide range of sectors. Although the Group seeks to manage this risk by setting concentration caps by industry sector and country in Wholesale Banking and by product and country in Consumer Banking, and regularly monitoring credit exposures and political and economic trends, high inflation could nevertheless impact profitability and otherwise have a material adverse effect on the Group's financial condition, results of operations and prospects.

Whilst the Group maintains significant geographic and business diversification which may minimise the impact of certain economic factors including a downturn, diversification of the Group may not be effective to safeguard the Group from the effect of macroeconomic factors which may impact the overall economy in a single country or region, or globally.

#### **2. The Group operates primarily in Asia, Africa and the Middle East, and these operations expose it to risks arising from the political and economic environment of markets in these areas that could adversely affect its financial condition, results of operations and prospects**

Operations in many of the markets in which the Group operates in Asia, Africa and the Middle East present various risks that do not necessarily apply to businesses in Western Europe and North America. Some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America. The Group faces significant economic and political risks, including economic volatility,

recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as civil unrest, imposition of exchange controls, sanctions relating to specific countries, entities and individuals, expropriation, nationalisation, renegotiation or nullification of existing contracts and changes in law, tax policy and regulation. Furthermore, while many of the economies in which the Group operates have in recent years performed relatively well compared to many of the economies of Western Europe and North America, there can be no assurance that the relatively favourable economic environments of these markets will continue. The occurrence of any of these risks could result in a material adverse effect on the Group's financial condition, results of operations and prospects.

**3. *The Group operates in competitive markets, which may have a material adverse effect on its financial condition, results of operations and prospects***

The Group is subject to significant competition from local banks and other international banks carrying on business in the markets in which it operates, including competitors that may have greater financial and other resources. In addition, the Group may experience increased competition from new entrants in the relevant product or geographic markets and existing competitors may combine to increase their existing market presence or market share. Furthermore, in certain of the Group's markets, it competes against financial institutions that are supported or controlled by governments or governmental bodies and which are required to satisfy certain lending thresholds and other identified targets. In such markets, in order to remain competitive, the Group may not realise the margins which it would otherwise have expected or desired. Regulations may also favour local banks by restricting the ability of international banks, such as the Group, operating in the relevant country to enter the market and/or expand their existing operations. Such restrictions could adversely affect the Group's ability to compete in these markets. In addition, certain competitors may have access to lower cost funding and be able to offer retail deposits on more favourable terms than the Group. Furthermore, the Group's competitors may be better able to attract and retain clients and talent, which may have a negative impact on the Group's competitive position and profitability in the relevant markets. Moreover, many of the international and local banks operating in the Group's markets compete for substantially the same customers as the Group and competition may increase in some or all of the Group's principal markets. The foregoing matters, individually or in combination, may therefore have a material adverse effect on the Group's financial condition, results of operations and prospects.

**4. *The Group operates in a highly regulated industry and changes to bank regulations and laws could have an adverse impact on its operations, financial condition or prospects***

The Group's businesses are subject to a complex framework of financial services laws and regulations and associated regulatory risks, including the effects of changes in laws, regulations, policies and voluntary codes of practice. During the recent market turmoil, there has been a substantially enhanced level of government and regulatory intervention and scrutiny, and there have been changes to regulations applying to financial institutions. Further changes to laws and regulations are under consideration in many jurisdictions. Although the Group works closely with its regulators and regularly monitors the situation, future changes in laws, regulations and fiscal or other policies can be difficult to predict and are beyond the control of the Group. Furthermore, laws and regulations may be adopted, enforced or interpreted in ways that could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Governmental policies and regulatory changes that could adversely impact the Group's business include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy, or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which the Group operates, may change the structure of those markets and the products offered, or may increase the costs of doing business in those markets;
- changes to other regulatory requirements such as rules on consumer protection and prudential rules relating to capital adequacy and/or liquidity, charging special levies to fund governmental intervention in response to crises (which may not be tax deductible)



for the Group), separation of certain businesses from deposit-taking and the breaking up of financial institutions that are perceived to be too large for regulators to take the risk of their failure;

- changes in competition and pricing environments;
- further developments in relation to financial reporting including changes in accounting and auditing standards, corporate governance, conduct of business and employee compensation;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments, producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

In response to recent global economic conditions, there is likely to be a substantial increase in government regulation and supervision of the financial services industry in order to seek to prevent future crises and otherwise ensure the stability of institutions under their supervision, including the imposition of higher capital and liquidity requirements (including pursuant to Basel III), heightened disclosure standards, further development of corporate governance and employee compensation regimes and restrictions on certain types of transaction structures.

Such new requirements could to differing extents significantly impact on the profitability and results of operations of firms operating within the financial services industry, including entities within the Group, or could require those affected to alter their current strategies, prevent the continuation of current lines of operations, restrict the type or volume of transactions which may be entered into or set limits on, or require the modification of, rates or fees that may be charged. The Group may also face increased compliance costs and limitations on its ability to pursue its business activities.

Whilst there is growing international regulatory cooperation on supervision and regulation of international and EU banking groups, the Group is, and will continue to be, subject to the complexity of complying with existing and new regulatory requirements in each of the jurisdictions in which it operates. Where changes in regulation are made they may not be co-ordinated potentially resulting in the Group having to comply with varying and possibly conflicting requirements. The foregoing matters may adversely impact any number of areas of the Group's operations and activities which in turn may have a material adverse effect on its financial condition, results of operations and prospects.

**5. *The business and operations of the Group may be affected by the provisions of the Banking Act 2009 which gives the UK Treasury, the FSA and the Bank of England wide-ranging powers to make certain orders in respect of deposit-taking institutions***

The Banking Act 2009 came into force on 21 February 2009 and applies to deposit-taking institutions that are incorporated in or formed under the law of any part of the UK (such as SCB). It provides the Treasury, the Bank of England and the FSA with powers to deal with banks which are failing or likely to fail to satisfy the threshold conditions within the meaning of section 41(1) and Schedule 6 of the FSMA (which is not currently the case in respect of SCB and which the Group does not consider to be likely) where it is not reasonably likely that action will be taken by or in respect of the bank to satisfy those threshold conditions. The Banking Act 2009 creates a special resolution regime which comprises three stabilisation options and two new insolvency procedures. The stabilisation options involve (i) the transfer of a bank or bank holding company (such as SCPLC) into temporary public ownership; (ii) the transfer of all or part of a bank to a private sector purchaser and (iii) the transfer of all or part of a bank to a bridge bank wholly owned by the Bank of England. The new insolvency procedures are (i) bank insolvency, designed to secure that eligible depositors' accounts are transferred to another bank, or that eligible depositors are compensated under the Financial Services Compensation Scheme, followed by winding up the affairs of the bank so as to achieve the best result for the bank's creditors and (ii) a bank administration procedure designed to ensure that where the transfer of part of a bank to a private sector purchaser or bridge bank is effected in accordance with the special resolution regime, the non-sold or non-transferred bank continues to provide services and facilities to the business which has been transferred to enable the commercial purchaser or transferee to operate effectively. In

September 2010, the Government proposed legislating to introduce a special administration (bank insolvency) procedure and a special administration (bank administration) procedure for UK deposit-taking institutions that have an "investment banking" business. The new procedures would be based on the bank insolvency and bank administration procedures under the Banking Act 2009 but would additionally take into account proposed special administration objectives.

Whilst the Treasury, the Bank of England and the FSA must have regard to specified objectives when exercising the special resolution regime powers (the protection and enhancement of the stability of the UK financial systems, protecting and enhancing public confidence in the stability of the UK banking systems, protecting depositors, protecting public funds and avoiding interference with property rights in contravention of the European Convention on Human Rights), the effect of the Banking Act 2009 (if any) on the Noteholders cannot be ascertained in advance.

**6. *Downgrades to the Issuer's credit ratings or outlook could impair the Group's access to funding and the Group's competitive position***

The Group's ability to access the capital and, to a lesser extent, the wholesale markets, and the cost of borrowing in these markets, is influenced by the Group's credit ratings. There can be no guarantee that the Group will not be subject to downgrades to its credit ratings, and factors leading to any such downgrade may not be within the control of the Group. A material downward change in the short-term or long-term credit ratings of the Group could impact the volume, price and source of its funding, and this could have a material adverse effect on the Group's profitability, its financial condition, results of operations and prospects.

**7. *Changes in interest rates, commodity prices, equity prices and other market risks could adversely affect the Group's financial condition, results of operations and prospects***

Market risk is the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Group's exposure to market risk arises principally from customer driven transactions.

The primary categories of market risk for the Group are:

- interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- commodity price risk: arising from changes in commodity prices and implied volatilities on commodity options, covering energy, precious metals, base metals and agriculture; and
- equity price risk: arising from changes in the prices of equities, equity indices, equity baskets and implied volatilities on related options.

Failure to manage these risks effectively or the occurrence of unexpected events resulting in significant market dislocation could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**8. *The Group is subject to the risk of exchange rate fluctuations arising from the geographical diversity of its businesses***

As the Group's business is conducted in a number of jurisdictions and in a number of foreign currencies, including Pounds Sterling, Korean won, Hong Kong dollar, SGD, Chinese yuan and INR, the Group's business is subject to the risk of exchange rate fluctuations. The results of operations of Group companies are reported in the local currencies in which they are domiciled, and these results are then translated into U.S. dollars at the applicable foreign currency exchange rates for inclusion in the Group's consolidated financial statements. The exchange rates between local currencies and the U.S. dollar have been and may continue to be volatile. The Group is therefore exposed to movements in exchange rates in relation to foreign currency receipts and payments, dividend and other income from foreign subsidiaries, reported profits of foreign subsidiaries and the net asset carrying value of foreign investments.

Whilst the Group closely monitors exchange rate movements and seeks to adjust its exposure, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group and the translation effect

against the U.S. dollar of such fluctuations in the exchange rates of the currencies of those countries in which the Group operates may adversely affect its financial condition, results of operations and prospects.

**9. *Financial markets volatility globally and in the markets in which the Group operates could result in a material adverse effect on the Group's assets, financial condition, results of operations and prospects***

Additional volatility, and further dislocation affecting certain financial markets and asset classes, are factors that may have a material adverse effect on the Group's assets, its financial condition, results of operations and prospects. These factors have had and may have a negative impact on the mark-to-market valuations of assets in the Group's available-for-sale and trading portfolios. In addition, any further deterioration in the performance of the assets underlying the Group's asset backed securities ("ABS") portfolio could lead to additional impairment. The ABS portfolio accounted for approximately 0.5 per cent of Group assets as at 30 June 2010. Continued market volatility may also negatively impact certain customers exposed to derivative contracts. While the Group seeks to manage customer exposure and risk, the potential losses incurred by certain customers as a result of derivative contracts could lead to an increase in customer disputes and corporate defaults and result in further write-downs or impairments by the Group.

**10. *Systemic risk resulting from failures by banks, other financial institutions and corporates could adversely affect the Group***

Within the financial services industry the default of any institution or corporate could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, other financial institutions and exchanges with whom the Group interacts on a daily basis, which (although the Group does not expect it to materialise over the next 12 months) could have an adverse effect on the Group's ability to raise new funding and have a material adverse effect on the Group's business, its financial condition, results of operations and prospects.

**11. *Country cross-border risk could have a material adverse effect on the Group's financial condition, results of operations and prospects***

Country cross-border risk is the risk that the Group will be unable to obtain payment from its customers (sovereign and non-sovereign) or third parties on their contractual obligations as a result of certain actions taken by foreign governments, chiefly relating to convertibility and transferability of foreign currency.

These risks could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**12. *The Group operates in some markets that have relatively less developed judicial and dispute resolution systems, which could have a material adverse effect on the Group's financial condition, results of operations and prospects***

In the less developed markets in which the Group operates, judicial and dispute resolution systems may be less developed than in North America and Western Europe. In case of a breach of contract, there may be difficulties in making and enforcing claims against contractual counterparties. On the other hand, if claims are made against the Group, there may be difficulties in defending such allegations. If the Group becomes party to legal proceedings in a market with an insufficiently developed judicial system, an adverse outcome to such proceedings could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**13. *Hostilities, terrorist attacks or social unrest as well as natural calamities in the markets in which the Group operates could adversely affect the Group's business, results of operations and prospects***

Some of the countries in which the Group operates have, from time to time, experienced and/or are currently experiencing social and civil unrest, hostilities both internally and with neighbouring countries and terrorist attacks. Some of those countries have also experienced natural calamities like earthquakes, floods and drought in recent years. These and similar hostilities, tensions and natural disasters could lead to political or economic instability in the markets in which the Group operates and have a material adverse effect on the Group's business, its financial condition, results of operations and prospects.

**Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

**1. *Notes may not be a suitable investment for all investors***

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this document or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the potential risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

**2. *Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

***Notes subject to optional redemption by the Issuer***

Subordinated Notes may, in the circumstances set out, and subject as provided in Condition 5(e), be redeemed at the option of the Issuer at their Redemption Amount together with any interest accrued to the date fixed for redemption and any Arrears of Interest. In addition, Notes may be redeemed at the Option of the Issuer in circumstances set out, and subject as provided, in the Terms and Conditions of the Notes.

An optional redemption feature is likely to limit the market value of Notes. During any period when an Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

An Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Dual currency Notes***

An Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) payment of principal or interest may occur at a different time or in a different currency than expected; and
- (c) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

#### ***Partly-paid Notes***

An Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

#### ***Variable rate Notes with a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### ***Inverse Floating Rate Notes***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### ***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that an Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. An Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If such Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If such Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### ***The Issuers' obligations under Subordinated Notes are subordinated***

An Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors or, as applicable, of creditors in

respect of Senior Indebtedness of SC First Bank (each as defined in “Terms and Conditions of the Notes” herein). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

***Deferral of interest payments***

Interest payments on the Undated Subordinated Notes and Perpetual Subordinated Notes may, in certain circumstances, be deferred by an Issuer and any failure by an Issuer to pay such interest shall not constitute a default by that Issuer for any purpose, as described below under “Terms and Conditions of the Notes, Condition 4(b)”. If any amounts of such interest are outstanding, an Issuer is not permitted to declare or pay a dividend on any class of its share capital.

***Restricted remedy for non-payment***

In most circumstances the sole remedy against an Issuer available to the Trustee (on behalf of the holders of Subordinated Notes) to recover any amounts owing in respect of the principal of or interest on the Subordinated Notes will be to institute proceedings for the winding-up of the relevant Issuer in its jurisdiction of incorporation. See “Terms and Conditions of the Notes, Condition 9(c) and (d)”.

***Index-linked or Variable Redemption Amount Notes***

If, in the case of a particular Tranche of Notes, the relevant Final Terms specify that the Notes are Index-linked Notes or Variable Redemption Amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

***Notes where denominations involve integral multiples***

In the case of any Notes which have denominations consisting of a minimum Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase or sell a principal amount of Notes such that it holds an amount equal to one or more Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Denomination may be illiquid and difficult to trade.

***Notes denominated in a different currency to the currency in which principal and/or interest are payable.***

An Issuer may issue Notes where principal and/or interest are payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors in such Notes should be aware that, depending on the terms of the Notes, (i) they may receive no interest or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected, and (iii) they may lose a substantial portion of their investment. Movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices, and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. Payments of principal and interest or other obligations of the Issuer in respect of any Series of Notes may be restricted upon the occurrence of certain disruption events described in the applicable Final Terms.

The market price of such Notes may be volatile and, if the amount of principal and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption maturity date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions. The value of any currency,

including those currencies specified in any indicative transaction, may be affected by complex political and economic factors.

### **3. Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

#### ***Modification, waivers and substitution***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of any of the Issuers, in the circumstances described in Condition 10 of the Terms and Conditions of the Notes. Any amendment to the Terms and Conditions of the Subordinated Notes or to the Trust Deed is subject to the relevant Issuer having given notice to, and having received no objection from, the FSA (provided there is a requirement to give such notice).

#### **Changes to regulatory capital requirements**

##### ***Changes to the capital adequacy framework may result in changes to the risk-weighting of the Notes***

The Basel Committee on Banking Supervision (the "Basel Committee") adopted in 2004 a framework which placed enhanced emphasis on market discipline and sensitivity to risk. A comprehensive version of this framework was published in June 2006 under the title "International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)" ("Basel II").

Basel II was required to be implemented in stages with the Basel II Standardised approach and the Foundation Internal Ratings Based ("IRB") approach for credit risk applying from 1 January 2007, and the Advanced Basel II IRB approach for credit risk and the Advanced Measurement Approach ("AMA") for operational risk applying from 1 January 2008 at the earliest. However, Basel II is not self-implementing and, accordingly, implementation dates in individual countries are dependent on the national implementation processes in those countries.

In July 2009 the Basel Committee agreed changes to Basel II to address deficiencies in respect of the treatment of securitisations and market risk. Banks using internal models in the trading book will be required to calculate a stressed value-at-risk based on historical data from a 12-month period of significant stress. Banks using internal specific risk models in the trading book must also calculate an incremental risk capital charge for credit sensitive positions which captures default and migration risk. These changes will be introduced from 31 December 2011 and are expected to increase significantly the capital requirements for trading book transactions. Implementation in the EU will be effected through amendments to the Capital Requirements Directive which will likewise apply to investment firms. A more fundamental review of the rules applicable to trading activities is currently being undertaken by the Basel Committee that may result in further changes. The use of external ratings is also being reviewed and on 27 October 2010 the Financial Stability Board issued principles for reducing reliance on credit rating agency ratings in standards, laws and regulations.

On 17 December 2009 the Basel Committee published proposals for new capital and liquidity requirements intended to reinforce the Basel II capital requirements and to introduce new minimum liquidity standards ("Basel III"). On 26 July 2010 the Basel Committee announced that it had reached broad agreement on these new rules, and on 12 September 2010 it published details of the new global minimum capital standards to be applied under Basel III and a timetable for implementation. See paragraph headed "The business and operations of the Group may be affected by the provisions of the Banking Act 2009 which gives the UK Treasury, the FSA and the Bank of England wide-ranging powers to make certain orders in

respect of deposit-taking institutions” on page 25 in the section entitled “Risk Factors” above for further details of Basel III. Basel III will be implemented in the EU through further amendments to the Capital Requirements Directive which are also expected to be subject to national discretion.

Any of the foregoing could affect the risk-weighting of the Notes for investors who are subject to capital adequacy requirements that follow, or are based on, Basel I (being the International Convergence of Capital Measurement and Capital Standards published by the Basel Committee in July 1988 together with the Amendment to the Capital Accord to Incorporate Market Risks published by the Basel Committee in January 2006, in each case as amended by the Basel Committee), Basel II or Basel III (including, in the EU/EEA, banks and investment firms). In all other respects, the Issuers cannot predict the precise effects of potential changes that might result from the implementation of the new requirements on both their own financial performance or the impact on the market value of the Notes. Prospective investors in the Notes should consult their own advisers as to the potential consequences to and effect on them of changes to the risk-weighted asset framework including Basel II and Basel III.

The EU is also developing a new solvency framework for insurance companies, referred to as “Solvency II”. It is anticipated that the implementation date of the Solvency II directive will be in late 2012. The approach to investment rules for insurers adopted under the Solvency II is markedly different from the approach under the current European insurance directives and the FSA rules. The Issuers cannot predict the precise effects of the potential changes that might result from the implementation of Solvency II on the market value of the Notes, or their eligibility to be used to satisfy capital requirements under Solvency II. Prospective investors in the Notes who will be subject to Solvency II should consult their own advisers as to the potential consequences to and effect on them of changes to the solvency regime and the investment rules for insurers.

#### ***European Monetary Union***

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

#### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “Directive”), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or to certain other persons established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). A number of non-EU countries and territories have adopted similar measures.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to any law implementing or complying with, or introduced in order to conform to, the Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. However, the Issuer is required, as provided in Condition 6(e) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to any such law.



### ***Change of law***

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes (save for Condition 3 which shall be governed by and construed in accordance with (i) Hong Kong law where the Notes are issued by SCBHK or (ii) the law of the Republic of Korea where the Notes are issued by SC First Bank). No assurance can be given as to the impact of any possible judicial decision or change to English law, Hong Kong law, Korean law or administrative practice after the date of issue of the relevant Notes.

### ***4. Risks related to the market generally***

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

#### ***Exchange rate risks and exchange controls***

An Issuer will pay principal and interest on the Notes in the currency specified (the "Currency"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time. Each rating should be evaluated independently of any other rating.

### ***5. Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. See also "3. Risks related to the Notes generally - *Basel Capital Requirements Directive*" above.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions ("Conditions") that, save for the text in italics and subject to completion and minor amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Provisions in italics do not form part of the Conditions. References to the "Issuer" are to Standard Chartered PLC ("SCPLC"), Standard Chartered Bank ("SCB"), Standard Chartered Bank (Hong Kong) Limited ("SCBHK") or Standard Chartered First Bank Korea Limited ("SC First Bank") as applicable as the relevant Issuer of the Notes as specified in the Final Terms.*

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.*

The Notes are constituted by an Amended and Restated Trust Deed dated 10 November 2010, which amends and restates a trust deed dated 5 November 2009, and as further amended and/or supplemented as at the date of issue of the Notes (the "Issue Date") (the "Trust Deed") between SCPLC, SCB, SCBHK, SC First Bank and BNY Corporate Trustee Services Limited (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Amended and Restated Agency Agreement dated 10 November 2010 which amends and restates an agency agreement dated 5 November 2009 (and as amended and/or supplemented as at the Issue Date (the "Agency Agreement")), was entered into in relation to the Notes between SCPLC, SCB, SCBHK, SC First Bank, the Trustee and The Bank of New York Mellon, London Office as issuing and paying agent, paying agent, transfer agent and calculation agent, The Bank of New York Mellon (Luxembourg) S.A. as paying agent, registrar and transfer agent, The Bank of New York Mellon as Hong Kong registrar, CMU Paying Agent and CMU Lodging Agent (the "CMU Lodging Agent", which expression shall include any successor CMU lodging agents), and The Bank of New York Mellon as exchange agent, paying agent and registrar and the other agents named therein. The issuing and paying agent, the paying agents, the registrars, the Hong Kong registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent and the CMU Lodging Agent), the "Registrar", the "HK Registrar", the "Transfer Agents" (which expression shall include the Registrar and the HK Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed and the Agency Agreement referred to above are available for inspection free of charge during usual business hours at the registered office of the Trustee (presently at One Canada Square, London E14 5AL) and at the specified offices of the Paying Agents and the Transfer Agents, save that, if any Series of Notes is neither admitted to trading on a regulated market within the European Economic Area ("EEA") nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more Notes of the Series and such Noteholder must produce evidence satisfactory to the relevant Issuer and the Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Notes) to the issuing and paying agent shall, with respect to a Series of Notes to be held in the Hong Kong Central Money Markets Unit Service operated by the Hong Kong Monetary Authority (the "CMU Service"), be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly.

The Noteholders, the holders of the interest coupons (the "Coupons") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments, are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the applicable Final Terms and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note. Part A of the Final Terms supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the "applicable Final Terms" are to the Final Terms (or relevant provisions thereof) attached to or endorsed on this Note.

As used in these Conditions, "Tranche" means Notes which are identical in all respects.

### **1. Form, Denomination and Title**

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Denomination(s) shown hereon save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Relevant Currency. SC First Bank will only issue Registered Notes.

*All Registered Notes shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable Bearer Notes. Unless otherwise permitted by the then current laws and regulations, Notes issued by SCPLC, SCBHK or SC First Bank which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by SCPLC, SCBHK or SC First Bank in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.\$100,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency. Notes issued by SC First Bank will have a minimum denomination of U.S.\$100,000 (or its equivalent in another currency). Notes issued by SC First Bank which are listed on SGX-ST will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.*

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent a holder's entire holding of Registered Notes.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). The Issuer may appoint a registrar (the "Alternative Registrar") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any

Series comprising Registered Notes. In these Conditions, “Registrar” includes, if applicable, in relation to any Series comprising Registered Notes, the Registrar or, as the case may be, the Alternative Registrar, as specified hereon [provided always that the Registrar shall be the HK Registrar or shall have its specified office in Hong Kong]<sup>2</sup>. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

The Notes have not been, and will not be, registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Market Act of Korea. Accordingly, the Notes may not be offered, sold, pledged or otherwise transferred in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transaction Act and the Foreign Exchange Transaction Regulation of Korea), or to others for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea for a period of one year after the date of issue of the Notes except as otherwise permitted by applicable Korean law and regulations, including the Financial Investment Services and Capital Market Act, the Foreign Exchange Transaction Act and the decrees and regulations thereunder.

## **2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### ***(a) Exchange of Exchangeable Bearer Notes***

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unexpired Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### ***(b) Transfer of Registered Notes***

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require without service charge and subject to payment of any taxes, duties and other governmental charges in respect of such transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

### ***(c) Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of an Issuer’s or Noteholder’s option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates

shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

**(d) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

**(e) Exchange Free of Charge**

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(f) Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

**3. Status**

**(a) Status of Senior Notes**

The Senior Notes (being those Notes that specify their Status as Senior) and the Receipts and Coupons relating to them constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

**(b) Status of Dated Subordinated Notes or Lower Subordinated Term Notes**

The Dated Subordinated Notes (being those Notes issued by SCPLC, SCB or SCBHK that specify their Status as Dated Subordinated) or the Lower Subordinated Term Notes (being those Notes issued by SC First Bank that specify their Status as Lower Subordinated Term Notes) and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves.

The rights and claims of Noteholders, Receiptholders and Couponholders against the Issuer to payment in respect of the Dated Subordinated Notes (including, without limitation, any payments in respect of damages awarded for breach of any obligations) are, in the event of the winding-up of the Issuer [or in an administration of the Issuer following notice by the

administrator of an intention to declare and distribute a dividend]<sup>1</sup> subordinated in right of payment in the manner provided in the Trust Deed to the claims of all Senior Creditors (as defined below). Accordingly, amounts (whether principal, interest or otherwise) in respect of the Notes, Receipts and Coupons shall be payable in such winding-up [or such administration following notice by the administrator of an intention to declare and distribute a dividend]<sup>1</sup> only if and to the extent that the Issuer could be considered solvent at the time of payment thereof and still be considered solvent immediately thereafter. For this purpose, the Issuer shall be considered solvent if both (i) it is able to pay its debts to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities to Senior Creditors.

A report as to the solvency of the Issuer by two Directors of the Issuer or, in certain circumstances as provided in the Trust Deed, the Auditors or, if the Issuer is being wound up, its liquidator shall, in the absence of proven error, be treated and accepted by the Issuer, the Trustee and the Dated Subordinated Noteholders, Receiptholders and Couponholders as correct and sufficient evidence thereof.

The following provisions apply to the Lower Subordinated Term Notes:

(i) Bankruptcy

If, on or prior to the date on which the Lower Subordinated Term Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Bankruptcy Event occurs (and so long as it continues), any amounts which are then due or become due thereafter under the Notes (including overdue amounts) shall not be payable (and Noteholders may not exercise any rights of set-off in respect of any claims under the Notes that they may have against SC First Bank) unless and until the total amount of any and all Senior Indebtedness of SC First Bank that is listed on the distribution list (as amended, if such is the case) for final distribution submitted to the court in the bankruptcy proceedings is paid in full (or provision for the payment in full of such amount is made) in such bankruptcy proceedings.

(ii) Corporate Reorganisation

If, on or prior to the date on which the Lower Subordinated Term Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Reorganisation Event occurs (and so long as it continues), any amounts which are then due or become due thereafter under the Notes (including overdue amounts) shall not be payable (and Noteholders may not exercise any rights of set-off in respect of any claims under the Notes that they may have against SC First Bank) unless and until the total amount of any and all Senior Indebtedness of SC First Bank that is listed in the reorganisation plan of SC First Bank at the time when the court's approval of such plan becomes final and conclusive is paid in full in the reorganisation proceedings.

(iii) Restructuring Event

If, on or prior to the date on which the Lower Subordinated Term Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Restructuring Event occurs (and so long as it continues), any amounts which are then due or become due thereafter under the Notes (including overdue amounts) shall not be payable (and Noteholders may not exercise any rights of set-off in respect of any claims under the Notes that they may have against SC First Bank) unless and until the total amount of any and all Senior Indebtedness of SC First Bank is paid in full.

(iv) Equivalent Proceedings Outside the Republic of Korea

If, on or prior to the date on which the Lower Subordinated Term Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Foreign Event occurs (and so long as it continues), any amounts which are then due or become due thereafter under the Notes (including overdue amounts) shall only become payable (and Noteholders may not exercise any rights of set-off in respect of any claims under the Notes that they may have against SC First Bank) (i) after the total amount of any and all Senior Indebtedness of SC First Bank outstanding at the applicable time based on the specifics of the Foreign Event is paid in full or (ii) in the event that such delay is not permitted under the rules or regulations governing such Foreign Event, in accordance with the terms provided in the Notes.

**(c) Status of Undated Subordinated Notes or Perpetual Subordinated Notes**

The Undated Subordinated Notes (being those Notes issued by SCPLC, SCB or SCBHK that specify their Status as Undated Subordinated) or the Perpetual Subordinated Notes (being those Notes issued by SC First Bank that specify their Status as Perpetual Subordinated Notes) (the Undated Subordinated Notes, the Perpetual Subordinated Notes, the Dated Subordinated Notes and the Lower Subordinated Term Notes, together the "Subordinated Notes") and the Receipts and Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer, conditional as described below and rank *pari passu* without any preference among themselves.

The rights and claims of Noteholders, Receiptholders and Couponholders against the Issuer in respect of the Undated Subordinated Notes (including, without limitation, any payments in respect of damages awarded for breach of any obligations) are subordinated in right of payment in the manner provided in the Trust Deed to the claims of all Creditors (as defined below). Accordingly payments of amounts (whether principal, interest or otherwise) by the Issuer in respect of such Notes, Receipts and Coupons are conditional upon the Issuer being considered solvent at the time of such payment and no amount shall be payable by the Issuer in respect of such Notes, Receipts or Coupons except to the extent that the Issuer could make such payment and still be considered solvent immediately thereafter. For this purpose, the Issuer shall be considered solvent if both (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Creditors). A report as to the solvency of the Issuer by two Directors of the Issuer or, in certain circumstances as provided in the Trust Deed, the Auditors or, if the Issuer is dissolved or being wound up, its liquidator shall, in the absence of proven error, be treated and accepted by the Issuer, the Trustee and the Noteholders, Receiptholders and Couponholders as correct and sufficient evidence thereof.

The following provisions apply to the Perpetual Subordinated Notes:

(i) Bankruptcy

If, on or prior to the date on which the Perpetual Subordinated Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Bankruptcy Event occurs (and so long as it continues), any amounts which are then due or become due thereafter under the Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of SC First Bank that is listed on the distribution list (as amended, if such is the case) for final distribution submitted to the court in the bankruptcy proceedings is paid in full (or provision for the payment in full of such amount is made) in such bankruptcy proceedings.

(ii) Corporate Reorganisation

If, on or prior to the date on which the Perpetual Subordinated Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Reorganisation Event occurs (and so long as it continues), any amounts which are then due or become due thereafter under the Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of SC First Bank that is listed in the reorganisation plan of SC First Bank at the time when the court's approval of such plan becomes final and conclusive shall have been paid in full in the reorganisation proceedings.

(iii) Restructuring Event

If, on or prior to the date on which the Perpetual Subordinated Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Restructuring Event occurs (and so long as it continues), any amount which are then due or become due thereafter under the Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of SC First Bank is paid in full.

(iv) Equivalent Proceedings Outside the Republic of Korea

If, on or prior to the date on which the Perpetual Subordinated Notes are otherwise repayable or at any time while any amount is due and outstanding under the Notes, a Foreign Event occurs (and so long as it continues), any amounts which are then due or

become due thereafter under the Notes (including overdue amounts) shall only become payable (i) after the total amount of any and all Senior Indebtedness of SC First Bank outstanding at the applicable time based on the specifics of the Foreign Event are paid in full or (ii) in the event that such delay is not permitted under the rules or regulations governing such Foreign Event, in accordance with the terms provided in the Notes.

- (v) Payments of principal of, and interest on, the Perpetual Subordinated Notes are conditional upon SC First Bank not being an Insolvent Financial Institution at the time of payment by SC First Bank, and no principal or interest shall be payable in respect of such Notes, except to the extent that SC First Bank could make the necessary payment and still does not become an Insolvent Financial Institution.

If at any time an order is made or an effective resolution is passed for the winding-up of the Issuer (except for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation the terms of which: (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders and (ii) do not provide that the Undated Subordinated Notes or Perpetual Subordinated Notes shall thereby become payable) [or if, following the appointment of an administrator of the Issuer, the administrator gives notice of an intention to declare and distribute a dividend]<sup>1</sup>, there shall be payable by the Issuer in respect of each Undated Subordinated Note or Perpetual Subordinated Note (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the holder thereof if, on the day prior to the commencement of the winding-up [or administration]<sup>1</sup> and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer having a preferential right to a return of assets in the winding-up [or administration]<sup>1</sup> over the holders of all other classes of issued shares for the time being in the capital of the Issuer on the assumption that such preference share was entitled to receive on a return of assets in such winding-up [or such administration]<sup>1</sup> an amount equal to the principal amount of such Undated Subordinated Note or Perpetual Subordinated Note together with Arrears of Interest (as defined in Condition 4(b)), if any, and any accrued interest (other than Arrears of Interest) as provided in the Trust Deed.

For the purposes of Conditions 3(b) and (c):

*"Assets"* means the non-consolidated gross assets of the Issuer as shown by the then latest published balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as two Directors of the Issuer, the Auditors or the liquidator of the Issuer (as the case may be) may determine to be appropriate;

*"Auditors"* means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other firm of accountants as may be nominated or approved by the Trustee after consultation with the Issuer;

*"Bankruptcy Event"* means adjudication by a court of competent jurisdiction in the Republic of Korea that SC First Bank is bankrupt pursuant to the provisions of the Korean Act on Debtor Rehabilitation and Bankruptcy or any successor legislation thereto;

*"Creditor"* means any creditor of the Issuer (i) who is an unsubordinated creditor of the Issuer or (ii) whose claim is or is expressed to be subordinated to the claim of any unsubordinated creditor of the Issuer but not further or otherwise or (iii) who is a subordinated creditor of the Issuer other than any whose claim ranks or is expressed to rank *pari passu* with or junior to the claim of any Undated Subordinated Noteholder;

*"Foreign Event"* means, in any jurisdiction other than the Republic of Korea, SC First Bank (but not any subsidiary) becoming subject to bankruptcy, corporate reorganisation, restructuring, composition, insolvency or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than the Republic of Korea;

*"Insolvent Financial Institution"* means a financial institution falling under any of the following items pursuant to the Korean Act on the Structural Improvement of the Financial Industry or any successor legislation thereto:

- (i) a financial institution (1) (x) whose liabilities exceed its assets according to an actual investigation of conditions of its operations or (y) which clearly has difficulty in operating its ordinary business as its liabilities exceed its assets due to the occurrence of any adverse financial incident or non-performing claims, in each case involving large amounts, and (2)



which the Financial Services Commission (the "FSC") or the Operating Committee of the Korea Deposit Insurance Corporation (the "Operating Committee") determines as an "Insolvent Financial Institution". In this case, the valuation and calculation of liabilities and assets shall be made according to the standards set in advance by the FSC;

(ii) a financial institution which is under suspension of (1) payment of claims such as deposits (including the principal, interest, profit, insurance proceeds, various payments and other agreed monetary claims) or (2) repayment of money borrowed from other financial institutions; or

(iii) a financial institution which is deemed by the FSC or the Operating Committee to be having difficulty in paying claims such as deposits (including the principal, interest, profit, insurance proceeds, various payments and other agreed monetary claims) or repaying borrowed money without fund support from outside or separate borrowings (excluding borrowings in ordinary financial transactions);

*"Liabilities"* means the non-consolidated gross liabilities of the Issuer as shown by the then latest published balance sheet of the Issuer but adjusted for contingencies and for subsequent events and to such extent as two Directors of the Issuer, the Auditors or the liquidator of the Issuer (as the case may be) may determine to be appropriate;

*"Reorganisation Event"* means adjudication by a court of competent jurisdiction in the Republic of Korea that SC First Bank is subject to the corporate rehabilitation proceedings pursuant to the provisions of the Korean Act on Debtor Rehabilitation and Bankruptcy or any successor legislation thereto;

*"Restructuring Event"* means a determination that a restructuring process under any and all successor legislation to the Corporate Restructuring Promotion Law or any law of the Republic of Korea having a similar effect to the Corporate Restructuring Promotion Law should be implemented for SC First Bank;

*"Senior Creditor"* means any creditor of the Issuer whose claims have been accepted by the liquidator in the winding-up of the Issuer, not being a creditor:

(i) whose right to repayment ranks or is expressed to rank postponed to or subordinate to that of unsubordinated creditors of the Issuer; or

(ii) whose right to repayment is made subject to a condition or is restricted (whether by operation of law or otherwise) or is expressed to be restricted in each case such that the amount which may be claimed for his own retention by such creditor in the event that the Issuer is not solvent is less than in the event that the Issuer is solvent; or

(iii) whose debt is irrecoverable or expressed to be irrecoverable unless the persons entitled to payment of principal and interest in respect of the Dated Subordinated Notes recover the amounts of such principal and interest which such persons would be entitled to recover if payment of such principal and interest to such persons were not subject to any condition;

*"Senior Indebtedness of SC First Bank"* means:

(i) as regards the Lower Subordinated Term Notes, all deposits and other liabilities of SC First Bank (other than (a) those which are subject to the provisions equivalent to the payment conditions in Condition 3(b)(i), (ii), (iii) or (iv) above or (b) those which rank or are expressed to rank *pari passu* with or junior to the Lower Subordinated Term Notes);

(ii) as regards the Perpetual Subordinated Notes, all deposits and other liabilities of SC First Bank (other than (a) those which are subject to the provisions equivalent to the payment conditions in Condition 3(c)(i), (ii), (iii), (iv) or (v) above or (b) those which rank or are expressed to rank *pari passu* with or junior to the Perpetual Subordinated Notes); and

*"Subordination Event"* means any of the following: (i) a Bankruptcy Event, (ii) a Foreign Event, (iii) a Restructuring Event, (iv) a Reorganisation Event or (v) in the case of the Perpetual Subordinated Notes, SC First Bank being an Insolvent Financial Institution.

*The obligations of the Issuer in respect of the Undated Subordinated Notes or the Perpetual Subordinated Notes are conditional on the Issuer being solvent as described in Condition 3(c) or, as applicable, not being subject to a Subordination Event, at the time of and immediately after payment by the Issuer. If the Issuer would not be so solvent or is subject to a Subordination Event, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes or Perpetual*

*Subordinated Notes may be used to absorb losses. In the event of a winding-up of the Issuer each holder of an Undated Subordinated Note or a Perpetual Subordinated Note will be treated as the holder of one of a class of preference shares as described above.*

**(d) Set-off and excess payment**

(i) Subject to applicable law, no Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Dated or Undated Subordinated Notes or the Receipts or Coupons in respect of them and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Dated or Undated Subordinated Note or, as the case may be, Receipt or Coupon in relation to it, be deemed to have waived all such rights of such set-off, counter-claim or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder, Receiptholder or Couponholder by the Issuer under or in connection with the Notes is discharged by set-off, such Noteholder, Receiptholder or Couponholder, as the case may be, shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up [or administration]<sup>1</sup>, the liquidator [or administrator as appropriate]<sup>1</sup> of the Issuer for payment to the Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator of the Issuer (as the case may be), for the payment to the Creditors in respect of amounts owing to them by the Issuer, and accordingly any such discharge shall be deemed not to have taken place.

(ii) A Noteholder by its acceptance thereof or its interest therein shall thereby agree that (a) if any payment in respect of a Perpetual Subordinated Note or a Lower Subordinated Term Note is made to such Noteholder after the occurrence of a Subordination Event and the amount of such payment shall exceed the amount, if any, that should have been paid to such Noteholder upon the proper application of the subordination provisions in this Condition 3, the payment of such excess amount shall be deemed null and void and such Noteholder (without any agent having any obligation or liability with respect thereto, except that the Trustee shall return to SC First Bank any such excess amount which remains held by it at that time of the notice next referred to) shall be obliged to return the amount of any excess payment within 10 days of receiving notice from SC First Bank of the excess payment and (b) upon the occurrence of a Subordination Event (and so long as such Subordination Event continues), such Noteholder shall not exercise any right to set off any liabilities of SC First Bank under such Note (except in respect of liabilities constituting Senior Indebtedness of SC First Bank) which become so payable on or after the date on which the Subordination Event occurs (including overdue amounts) against any liabilities of the Noteholder owed to SC First Bank unless, until and only in such amount as the liabilities of SC First Bank under the Perpetual Subordinated Note or, as applicable, Lower Subordinated Term Note, become payable pursuant to the proper application of the subordination provisions in this Condition 3.

**4. Interest and other Calculations**

**(a) Interest Rate and Accrual**

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date provided, however, that interest on Undated Subordinated Notes or Perpetual Subordinated Notes shall (subject to Condition 3(c) and save as provided in Condition 4(b)) be payable only at the option of the Issuer.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (after as well as before judgment) at the Interest Rate in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

The amount of interest payable shall be determined in accordance with Condition 4(g).

**(b) Interest on Undated Subordinated Notes or Perpetual Subordinated Notes**

If Equity Accounting is specified hereon, on any Optional Interest Payment Date there may be paid (if the Issuer so decides and gives notice of such decision to Noteholders) the interest

accrued in the Interest Period which ends on that Optional Interest Payment Date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest not so paid on an Optional Interest Payment Date and any interest not paid under Condition 3(b) on Lower Subordinated Term Notes shall, so long as the same remains unpaid, constitute "Arrears of Interest".

If Financial Liability Accounting is specified hereon:

(i) on any Optional Interest Payment Date with respect to which (I) a Capital Disqualification Event has not occurred or is not continuing or (II) the Issuer is in breach of its Applicable Regulatory Capital Requirements, there may be paid (if the Issuer so decides and gives notice of such decision to Noteholders) the interest accrued in the Interest Period which ends on that Optional Interest Payment Date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest not so paid on an Optional Interest Payment Date shall, so long as the same remains unpaid, constitute "Arrears of Interest"; and

(ii) on any Optional Interest Payment Date with respect to which (I) a Capital Disqualification Event has occurred and is continuing and (II) the Issuer is in compliance with its Applicable Regulatory Capital Requirements, the Issuer shall (subject to Condition 3(c)) be obliged to pay the interest accrued in the Interest Period which ends on that Optional Interest Payment Date.

Arrears of Interest may, at the option of the Issuer, be paid in whole or in part (any such part being the whole of the interest accrued during any Interest Period or Periods) at any time upon the expiration of not less than seven days' notice to such effect given to the holders of the Undated Subordinated Notes, Perpetual Subordinated Notes or Lower Subordinated Term Notes in accordance with Condition 13, but so that in the case of payment of only part of the Arrears of Interest the interest accrued during any Interest Period shall not be paid prior to that accrued during an earlier Interest Period. All Arrears of Interest in respect of the Undated Subordinated Notes, Perpetual Subordinated Notes or Lower Subordinated Term Notes outstanding shall (subject to Conditions 3(b) and 3(c)) become due in full on the earliest of (i) the date set for any redemption pursuant to Condition 5(a), (b), (c), (d) or (e) or (ii) the commencement of the winding-up of the Issuer (except for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders) [or the date on which any administrator of the Issuer gives notice of an intention to declare and distribute a dividend]<sup>1</sup>. Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Conditions 3(b) and 3(c)) to do so upon the expiration of such notice. So long as, and to the extent that, the same have not become due and payable, Arrears of Interest shall not bear interest. All references in these Conditions to interest on Undated Subordinated Notes, Perpetual Subordinated Notes or Lower Subordinated Term Notes shall, unless the context otherwise requires, include Arrears of Interest.

So long as any amount is outstanding in respect of Arrears of Interest, the Issuer shall not declare or pay a dividend on any class of its share capital [(other than the Parent Sterling Preference Shares)]<sup>4</sup>.

*If the Issuer is not considered solvent as described in Condition 3(c) or, as applicable, is subject to a Subordination Event, the amount of principal, premium, interest or Arrears of Interest (if any) which could otherwise be payable in respect of the Undated Subordinated Notes or the Perpetual Subordinated Notes will be available to absorb losses of the Issuer.*

**(c) Business Day Convention**

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall

be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

**(d) Interest Rate on Floating Rate Notes**

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of each Interest Accrual Period in accordance with the following:

(i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:

(A) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or

(B) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(A) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(B) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

(iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is euro, in the Euro-zone (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

**(e) Interest Rate on Zero Coupon Notes**

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(b)).

**(f) Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding**

(i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of

(y), calculated in accordance with Condition 4(d) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency and in the case of euro means 0.01 euro.

**(g) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Interest Rate, the Calculation Amount specified hereon and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (as defined below) (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

**(h) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts**

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quotation or make any determination or calculation, it shall determine the Interest Rate and calculate the Interest Amount for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(i) Determination or Calculation by Trustee**

If the Calculation Agent does not at any time for any reason determine or calculate the Interest Rate for an Interest Accrual Period or any Interest Amount, Instalment Amount or Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(j) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

[any reference to “administration” in respect of the Issuer shall be deemed to include a bank administration of the Issuer pursuant to the Banking Act 2009 and any reference to an “administrator” shall be deemed to include a bank administrator appointed pursuant to the Banking Act 2009;]<sup>5</sup>

“*Applicable Regulatory Capital Requirements*” means any requirements contained in Capital Regulations from time to time applicable to the Issuer or the Group.

“*Basel III*” means the package of proposals to strengthen global capital and liquidity regulations published by the Basel Committee on Banking Supervision on 17 December 2009 as supplemented and modified from time to time, including, in particular, by publications dated 26 July 2010 and 12 September 2010, together with the consultation document dated 19 August 2010 on proposals to ensure the loss absorbency of regulatory capital at the point of non-viability (in each case, as may be supplemented or modified from time to time);

“*Business Day*” means:

(i) in the case of a specified currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; or

(ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”); or

(iii) in the case of a specified currency and one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified.

“*Capital Disqualification Event*” is deemed to have occurred if, at any time the Issuer or the Group is required under Applicable Regulatory Capital Requirements to have Upper Tier 2 Capital, the Undated Subordinated Notes or the Perpetual Subordinated Notes would no longer be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion in the Upper Tier 2 Capital or other Capital Resources of the Issuer or the Group on a solo and/or consolidated basis and the Issuer has notified the Relevant Regulator of such fact.

“*Capital Regulations*” means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Regulator.

“*Capital Resources*” has the meaning given to such term in any applicable Capital Regulations.

“*CRD IV*” means the legislative measures adopted or to be adopted by the European Union to implement Basel III into European Union law with or without amendments or modifications;

“*Day Count Fraction*” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

(i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in

a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

(v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

(vi) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

(vii) if “Actual/Actual – ICMA” is specified hereon:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“*Determination Date*” means the date specified as such hereon or, if none is so specified, the Interest Payment Date.

“*Determination Period*” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“*Effective Date*” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“*Euro-zone*” means the region comprised of member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the Treaty on European Union.

“*FSA*” means the Financial Services Authority or such other governmental authority in the United Kingdom (or if Standard Chartered Bank becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary bank supervisory authority with respect to Standard Chartered Bank.

“*Group*” means SCPLC and its subsidiaries.

“*Interest Accrual Period*” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“*Interest Amount*” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“*Interest Commencement Date*” means the Issue Date or such other date as may be specified hereon.

“*Interest Determination Date*” means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Relevant Currency is Hong Kong dollars or Sterling or (ii) the



day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is not Sterling, euro or Hong Kong dollars or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is euro.

*"Interest Period"* means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

*"Interest Period Date"* means each Interest Payment Date unless otherwise specified hereon.

*"Interest Rate"* means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

*"Optional Interest Payment Date"* means, in the case of Undated Subordinated Notes or Perpetual Subordinated Notes, any Interest Payment Date.

*"Page"* means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Markets 3000 ("Reuters")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

*"Parent Sterling Preference Shares"* means the Issuer's outstanding series of 8 $\frac{1}{4}$  % non-cumulative irredeemable preference shares of £1 each (aggregate paid up amount of £99,250,000) and the 7 $\frac{3}{8}$  % non-cumulative irredeemable preference shares of £1 each (aggregate paid up amount of £96,035,000).<sup>4</sup>

*"Reference Banks"* means the institutions specified as such hereon or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent (after prior consultation with the Issuer) in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone.

*"Regulatory Capital Event"* is deemed to have occurred if as a result of a change in law or regulation, or interpretation thereof applicable to the Notes occurring after the date on which agreement is reached to issue the first Tranche of the Notes including, amongst other things (but not limited to), as a result of amendments to Capital Regulations to give effect to Basel III and/or CRD IV, the whole of the outstanding principal amount of the Notes would not be eligible in full to form part of the Capital Resources of the Issuer under applicable Capital Regulations (save where such failure to be so eligible is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of the Notes as part of the Issuer's Capital Resources be amortised in the five years prior to maturity of the Notes or, if the Notes are undated, prior to redemption of the Notes, in either (A) or (B) in accordance with applicable Capital Regulations in force as at the date on which agreement is reached to issue the first Tranche of the Notes).

*"Relevant Currency"* means the currency specified hereon or, if none is specified, the currency in which the Notes are denominated.

*"Relevant Financial Centre"* means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR shall be the Euro-zone) or, if none is so connected, London.

*"Relevant Rate"* means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

*"Relevant Regulator"* means the governmental authority in the relevant jurisdiction having primary bank supervisory authority in prudential matters with respect to the Issuer.

*“Relevant Time”* means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition *“local time”* means, with respect to the Euro-zone as a Relevant Financial Centre, Central European Time.

*“Representative Amount”* means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

*“Specified Duration”* means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relevant Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(c).

*“TARGET System”* means, the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

*“Upper Tier 2 Capital”* has the meaning given to such term in any applicable Capital Regulations.

**(k) Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall (with the prior approval of the Trustee) appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**5. Redemption, Purchase and Options**

**(a) Redemption by Instalments and Final Redemption**

(i) Unless previously redeemed (with the consent of, or, as applicable, lack of objection on the part of, the FSA [and the Hong Kong Monetary Authority (the “HKMA”)]<sup>2</sup> [and the Korean Financial Supervisory Service (the “FSS”)]<sup>3</sup> in the case of Subordinated Notes if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>), purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 5(d), 5(e) or 5(f), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed (with the consent of, or, as applicable, lack of objection on the part of, the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> in the case of Subordinated Notes if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>), purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d), 5(e) or 5(f), each Note shall be finally redeemed on the Maturity Date specified hereon at its Redemption Amount (which, unless otherwise provided hereon, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. Undated Subordinated Notes or Perpetual Subordinated Notes have no final Maturity Date and are only redeemable or repayable in accordance with the following provisions of this Condition 5 or Condition 9 and, in the case of Condition 5 only, with the consent of, or, as applicable, lack of objection on the part of, the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>.

**(b) Early Redemption of Zero Coupon Notes**

(i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(e).

**(c) Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (with the consent of the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> in the case of Subordinated Notes if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>) on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) at their Redemption Amount (together with interest accrued to the date fixed for redemption and together with all Arrears of Interest (if any) as provided in Condition 4(b)), if:

(i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 7 and/or any undertaking given in addition thereto or in substitution thereof under the terms of the Trust Deed as a result of any change in, or amendment to, the laws or regulations of the [United Kingdom]<sup>1</sup> [Hong Kong]<sup>2</sup> [the Republic of Korea]<sup>3</sup> or any political subdivision or any authority thereof or therein having power to tax, (or any taxing authority of any taxing jurisdiction to which the Issuer is or has become subject and in respect of which it has given such undertaking as referred to above in this Condition 5(c)(i)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

***(d) Redemption at the Option of the Issuer and Exercise of Issuer's Options***

If so provided hereon, the Issuer may (with the consent of, or, as applicable, lack of objection on the part of, the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> in the case of Subordinated Notes if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>), on giving irrevocable notice to the Noteholders, redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount (together with interest accrued to the date fixed for redemption or together with Arrears of Interest (if any) as provided in Condition 4(b)).

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as the Trustee deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

***(e) Redemption at the Option of the Issuer due to Regulatory Capital Event***

If Regulatory Capital Call is provided hereon and immediately prior to the giving of the notice referred to below a Regulatory Capital Event has occurred and is continuing, then the Issuer may, (with the consent of the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>), redeem the Notes in whole but not in part on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) at their Redemption Amount (together with any interest accrued to the date fixed for redemption and together with all Arrears of Interest (if any) provided in Condition 4(b)).

Before the publication of any notice of redemption pursuant to this Condition 5(e) the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that a Regulatory Capital Event has occurred and is continuing as at the date of the certificate, and the Trustee shall accept such certificate as sufficient evidence of the occurrence and continuation of a Regulatory Capital Event in which event it shall be conclusive and binding on the Trustee and the Noteholders. Upon expiry of such notice the Issuer shall redeem the Notes.

***(f) Redemption at the Option of Noteholders other than holders of Subordinated Notes and Exercise of Noteholders' Options***

If so provided hereon, the Issuer shall, at the option of the holder of any Senior Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of

Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(g) Purchases**

The Issuer or any of its subsidiaries or any holding company (within the meaning of [1159 of the Companies Act 2006]<sup>1</sup> [section 2 of the Companies Ordinance]<sup>2</sup> [Article 342-2 of the Korean Commercial Code]<sup>3</sup>) of the Issuer or any other subsidiary of such holding company (with the consent of, or, as applicable, lack of objection on the part of, the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> in the case of Subordinated Notes if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>) may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, subject to the requirements (if any) of any stock exchange on which any Note is listed.

**(h) Cancellation**

All Notes purchased by or on behalf of the Issuer may be surrendered for cancellation (with the consent of, or, as applicable, lack of objection on the part of, the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> in the case of Subordinated Notes if required by the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup>), in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

*Under current FSA [and HKMA]<sup>2</sup> [and FSS]<sup>3</sup> requirements, any optional redemption by the Issuer of Subordinated Notes pursuant to Condition 5 may be made only with the prior written consent of, or, as applicable, lack of objection on the part of, the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> and may be subject to such conditions as the FSA [and the HKMA]<sup>2</sup> [and the FSS]<sup>3</sup> may impose at the time of consent or lack of objection.*

**6. Payments and Talons**

**(a) Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency, or, in the case of euro, at the option of the holder, by transfer to or cheque drawn on a euro account (or any other account to which euro may be transferred) specified by the holder.

**(b) Registered Notes**

(i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for

payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned, or, if euro is the currency concerned, by cheque drawn on a euro account and mailed (uninsured and at the risk of the holder) to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency or, if euro is the relevant currency, to a euro account (or any other account to which euro may be transferred) specified by the holder.

**(c) *Payments in the United States***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) *Payments subject to Fiscal Laws***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(e) *Appointment of Agents***

The Issuing and Paying Agent, the Paying Agents, the CMU Lodging Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this document. The Issuing and Paying Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent, to appoint additional or other Paying Agents or Transfer Agents and to approve any change in the specified office through which any Paying Agent acts, provided that the Issuer shall at all times maintain, in each case as approved by the Trustee, (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, [(v) Paying Agents having specified offices in at least two major cities that are situated in a Member State of the European Union (including London) so long as the Notes are admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market]<sup>1</sup> [(v)] a Paying Agent having specified offices in Singapore (for so long as the Notes issued by SC First Bank are listed on the SGX-ST and the rules of that stock exchange so require)<sup>3</sup> [(v)/(vi)] such other agents as may be required by any other stock exchange on which the Notes may be listed and [(vi)/(vii)] a Paying Agent with a specified office in a Member State of the European Union (as long as there is such a member state) in which there is no obligation to withhold or deduct tax from payments pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 6(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

**(f) *Unmatured Coupons and Receipts and unexchanged Talons:***

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) *Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

**(h) *Non-Business Days***

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation and in such other jurisdictions as shall be specified as "Business Day Jurisdictions" hereon (if any) and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of [the United Kingdom]<sup>1</sup> [Hong Kong]<sup>2</sup> [the Republic of Korea]<sup>3</sup> or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders and Couponholders (after the withholding or deduction) of such an amount as would have been received by them in respect of the Notes, Receipts or, as the case may be, Coupons in the absence of the withholding or deduction; except that no such additional amounts shall be payable with respect of any Note, Receipt or Coupon:

(a) to, or to a third party on behalf of, a holder of such Note, Receipt or Coupon who is liable to such taxes, duties, assessments or governmental charges by reason of his having some connection with [the United Kingdom]<sup>1</sup> [Hong Kong]<sup>2</sup> [the Republic of Korea]<sup>3</sup> other than the mere holding of the Note, Receipt or Coupon; or

(b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (defined below) except to the extent that the holder would have been entitled to such additional amounts on presenting their Note, Receipt or Coupon for payment on the thirtieth day after the Relevant Date; or

(c) if such withholding or deduction may be avoided by the holder complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in [the United Kingdom]<sup>1</sup> [Hong Kong]<sup>2</sup> [the Republic of Korea]<sup>3</sup>, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income; or

(e) (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment first becomes due or if any amount is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "principal" and/or "interest" (other than such interest as is referred to in Condition 9(f)) shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 8. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them save in respect of Withheld Amounts (as defined in Condition 9). Claims in respect of principal comprised in a Withheld Amount and



claims in respect of interest comprised in, or accrued on, a Withheld Amount will, in the case of such principal, become void 10 years and, in the case of such interest, become void five years after the due date for payment as specified in Condition 9 or, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent, another Paying Agent, the Registrar, a Transfer Agent or the Trustee, as the case may be, on or prior to such date, the date on which notice is given in accordance with Condition 13 that the relevant part of such moneys has been so received.

## **9. Events of Default**

### **(a) Events of Default in respect of Senior Notes**

In the case of Senior Notes, if any of the following events ("Events of Default") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Redemption Amount together with accrued interest:

(i) Non-Payment: default is made for more than 14 days in the payment on the due date of interest or principal in respect of any of the Notes. The Issuer shall not be in default, however, if during the 14 days' grace period, it satisfies the Trustee that such sums ("Withheld Amounts") were not paid (A) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, the relevant Paying Agent, Transfer Agent, or the holder of any Note, Receipt or Coupon or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee; or

(ii) Breach of Other Obligations: the Issuer does not perform or comply with any one or more of its other obligations under the Notes or the Trust Deed, which default has not been remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee (except where such default is not, in the reasonable opinion of the Trustee after consultation with the Issuer, capable of remedy, in which case no such notice as is mentioned above will be required); or

(iii) Enforcement Proceedings: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a material (in the opinion of the Trustee) part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days; or

(iv) Insolvency: the Issuer is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts (within the meaning of [section 123(1) or (2) of the Insolvency Act 1986]<sup>1</sup> [section 178(1) of the Companies Ordinance]<sup>2</sup> [Articles 305 and 306 of the Act on Debtor Rehabilitation and Bankruptcy]<sup>3</sup>) as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material (in the opinion of the Trustee) part of its debts, makes a general assignment or an arrangement or composition with or for the benefit of all its creditors or a moratorium is agreed or declared in respect of all or a material (in the opinion of the Trustee) part of the debts of the Issuer; or

(v) Winding-up: an administrator is appointed in relation to the Issuer, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens through an official action of its board of directors to cease to carry on all or a substantial (in the opinion of the Trustee) part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders,

provided that in the case of any of the events referred to in paragraph (ii) above the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

**(b) Events of Default in respect of Dated Subordinated Notes or Lower Subordinated Term Notes**

In the case of Dated Subordinated Notes or Lower Subordinated Term Notes:

(i) if, otherwise than for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer, the Trustee may, subject as provided below, at its discretion, give notice to the Issuer that the Dated Subordinated Notes or Lower Subordinated Term Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Redemption Amount, plus accrued interest as provided in the Trust Deed; and

(ii) if default is made in the payment of principal or interest due in respect of the Dated Subordinated Notes or Lower Subordinated Term Notes and such default continues for a period of 14 days, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings in [England]<sup>1</sup> [Hong Kong]<sup>2</sup> [the Republic of Korea]<sup>3</sup> (but not elsewhere) for the winding-up of the Issuer provided that the Issuer shall not be in default if during the 14 days' grace period, it satisfies the Trustee that Withheld Amounts were not paid (A) in order to comply with any fiscal or other law, regulation or order of any court or competent jurisdiction, in each case applicable to such payment, the Issuer, the relevant Paying Agent, Transfer Agent or the holder of any Note, Receipt or Coupon or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said 14 days' grace period by independent legal advisers acceptable to the Trustee.

**(c) Events of Default in respect of Undated Subordinated Notes or Perpetual Subordinated Notes**

In the case of Undated Subordinated Notes or Perpetual Subordinated Notes, if the Issuer shall not make payment in respect of the Undated Subordinated Notes or the Perpetual Subordinated Notes (in the case of any payment of principal) for a period of 14 days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after any date upon which the payment of interest is due pursuant to these Conditions (including, without limitation, the provisions of Condition 4(b) relating to deferral of interest), the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings in [England]<sup>1</sup> [Hong Kong]<sup>2</sup> [the Republic of Korea]<sup>3</sup> (but not elsewhere) for the winding-up of the Issuer provided that the Issuer shall not be in default if during the 14 days' grace period, it satisfies the Trustee that Withheld Amounts were not paid (i) in order to comply with any fiscal or other law, regulation or order of any court or competent jurisdiction, in each case applicable to such payment, the Issuer, the relevant Paying Agent, Transfer Agent or the holder of any Note, Receipt or Coupon or (ii) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said 14 day grace period by independent legal advisers acceptable to the Trustee.

**(d) Remedies**

(i) In the case of Subordinated Notes, without prejudice to paragraphs (b) and (c), if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to such Notes binding on it under these Conditions (other than any payment obligations of the Issuer arising from the Notes, the Coupons or the Trust Deed including, without limitation, payment of principal, premium or interest in respect of the Notes or the Coupons and any damages awarded for breach of obligations) the Trustee may, subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(ii) In the case of Subordinated Notes, subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in paragraph (b) (in the case of Dated Subordinated Notes or Lower Subordinated Term Notes

only) and paragraph (c) (in the case of Undated Subordinated Notes or Perpetual Subordinated Notes only) and, in either case, paragraph (d)(i) above or submitting a claim in the winding-up of the Issuer will be available to the Trustee or the holders of Notes, Receipts and/or Coupons.

**(e) Enforcement**

The Trustee need not take any such action or proceedings as referred to in paragraphs (a), (b), (c) and/or (d)(i) above unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or submit a claim in the winding-up of the Issuer unless the Trustee having become bound so to proceed or being able to submit such a claim, fails to do so in each case within a reasonable time and such failure is continuing. In such a case the relevant Noteholder or Couponholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings against the Issuer and/or submit a claim in the winding-up of the Issuer, but only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so in respect of his Notes, Receipts and/or Coupons.

**(f) Withheld Amounts**

If lawful, Withheld Amounts or sums equal to Withheld Amounts shall be placed promptly on interest-bearing deposit all as more particularly described in the Trust Deed. If subsequently it shall be or become lawful to pay any Withheld Amount to the relevant Noteholders or Couponholders or if such payment is possible as soon as any doubt as to the validity or applicability of any such law, regulation or order as is mentioned in Condition 9(a)(i), 9(b)(ii) or 9(c) (as the case may be) above is resolved, notice shall be given in accordance with Condition 13. The notice shall specify the date (which shall be no later than seven days after the earliest date thereafter upon which such interest-bearing deposit falls or may (without penalty) be called due for repayment) on and after which payment in full of such Withheld Amounts shall be made. On such date, the Issuer shall be bound to pay such Withheld Amount together with interest accrued on it. For the purposes of Conditions 9(a)(i), 9(b)(ii) or 9(c), as the case may be, this date shall be the Relevant Date for such sums. The obligations of the Issuer under this paragraph (f) shall be in lieu of any other remedy against it in respect of Withheld Amounts. Payment will be made subject to applicable laws, regulations or court orders, but, in the case of any payment of any Withheld Amounts, without prejudice to Condition 7. Interest accrued on any Withheld Amount shall be paid net of any taxes required by applicable law to be withheld or deducted and the Issuer shall not be obliged to pay any additional amount in respect of any such withholding or deduction.

**10. Meetings of Noteholders, Modification, Waiver and Substitution**

**(a) Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Redemption Amount, including the method

of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

**(b) *Modification of the Trust Deed***

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 13. In the case of any Subordinated Notes, no modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the relevant Issuer shall have given at least one month's prior written notice to, and received no objection from, the FSA (or such other period of notice as the FSA may from time to time require or accept and, in any event, provided that there is a requirement to give such notice).

**(c) *Substitution***

The Trustee (if it is satisfied that to do so would not be materially prejudicial to the interests of Noteholders or Couponholders) may agree, if requested by the Issuer and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes, Receipts, Coupons and Talons being unconditionally and irrevocably guaranteed by the Issuer (on a subordinated basis equivalent to that described in Condition 3 in the case of the Subordinated Notes) of a subsidiary of the Issuer or a holding company of the Issuer or another subsidiary of any such holding company in place of the Issuer as principal debtor under the Trust Deed, the Notes, the Receipts, the Coupons and the Talons and as a party to the Agency Agreement and so that, in the case of the Subordinated Notes, the claims of the Noteholders or the Couponholders may, in the case of the substitution of a holding company of the Issuer in the place of the Issuer, also be subordinated to the rights of Senior Creditors or Creditors as the case may be or creditors in respect of Senior Indebtedness of that holding company but not further or otherwise.

In the case of a substitution under this Condition 10, the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of law governing the Notes, and/or Coupons and/or the Trust Deed insofar as it relates to such Notes provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of holders of the Notes.

**(d) *Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

**11. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange

regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent (in the case of Registered Notes), as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **13. Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in [London (which is expected to be the *Financial Times*)]<sup>1</sup> [Hong Kong (which is expected to be the *South China Morning Post*)]<sup>2</sup> [Singapore (which is expected to be the *Business Times*)]<sup>3</sup>. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in [Europe]<sup>1</sup> [Hong Kong]<sup>2</sup> [Singapore]<sup>3</sup>. Any such notice (other than to holders of Registered Notes as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **14. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

## **15. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 16. Governing Law and Jurisdiction

(a) The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law[, save for Condition 3 and any non-contractual obligations arising out of or in connection with it, which is governed by, and shall be construed in accordance with, Hong Kong law]<sup>2</sup> [, save for Condition 3 and any non-contractual obligations arising out of or in connection with it, which is governed by, and shall be construed in accordance with, the law of the Republic of Korea]<sup>3</sup>.

(b) The Courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, Receipts, Coupons or Talons [("Proceedings")]<sup>2 3</sup> may be brought in such courts. [The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.]<sup>2 3</sup>

[(c) Service of Process: The Issuer has irrevocably appointed SCB to receive, for it and on its behalf, service of process in any Proceedings in England.]<sup>2 3</sup>

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1 Include for Notes issued by SCPLC or SCB.

2 Include for Notes issued by SCBHK.

3 Include for Notes issued by SC First Bank.

4 Include for Notes issued by SCPLC.

5 Include for Notes issued by SCB.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository, lodged with a sub-custodian for the CMU Service or, in the case of a Restricted Global Certificate, deposited with a custodian for DTC.

In the case of a Global Note which is a CGN or a Global Certificate which is not held under the NSS, upon the initial deposit of a Global Note with a Common Depository or deposit of a Global Note with a sub-custodian for the CMU Service or registration of Registered Notes in the name of any nominee for Euroclear, Clearstream, Luxembourg or DTC and delivery of the relative Global Certificate to the Common Depository or a custodian for DTC (as the case may be), Euroclear, Clearstream, Luxembourg, DTC or the CMU Service (as the case may be) will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository or Common Safekeeper may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date will be made against presentation of the Temporary Global Note if in CGN form only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/or the CMU Lodging Agent and (in the case of a Temporary Global Note delivered to a Common Depository or Common Safekeeper for Euroclear and Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, have/has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other permitted clearing system ("Alternative Clearing System") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long

as the Notes are represented by such Global Note or Global Certificate and such obligations of such Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note is lodged with the CMU Service, the person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to the CMU Lodging Agent for his share of each payment so made by the relevant Issuer in respect of such Global Note.

## **Exchange**

### **1. Temporary Global Notes**

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

1.1 if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme/Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

1.2 otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes, provided that the CMU Service may require that any such exchange for interests in a Permanent Global Note is made in whole and not in part and, in such event, no such exchange will be effected until all relevant accountholders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### **2. Permanent Global Notes**

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:

2.1 unless principal in respect of any Notes is not paid when due, by the relevant Issuer giving notice to the Noteholders and the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU Service ("CMU Notes"), the CMU Lodging Agent) of its intention to effect such exchange (save that no such exchange shall be possible where the Notes have a minimum Denomination plus a higher integral multiple of a smaller amount);

2.2 if the Permanent Global Note was issued in respect of a D Rules Note or if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange (save that no such exchange shall be possible where the Notes have a minimum Denomination plus a higher integral multiple of a smaller amount);

2.3 if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and



2.4 if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, by the holder giving notice to the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be.

### **3. Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if in the case of Restricted Notes, DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Certificate, or ceases to be a “clearing agency” registered under the Exchange Act, or is at any time no longer eligible to act as such and such Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

3.2 if in the case of Unrestricted Notes, Euroclear or Clearstream, Luxembourg or the CMU Service is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

3.3 if principal in respect of any Notes is not paid when due; or

3.4 with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 or 3.3 above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

### **4. Partial Exchange of Permanent Global Notes**

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions (i) for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (ii) for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly-paid Notes.

### **5. Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent). In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or, if the Global Note is an NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this document, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and, if applicable, a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially

in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

## **6. Exchange Date**

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **Amendment to Conditions**

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

### **1. Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made, if in CGN form, against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Conditions 6(e)(vii) and 7(e), in the case of Notes issued by SCPLC, SCB or SC First Bank, or 6(e)(vi) and 7(e), in the case of Notes issued by SCBHK, will apply to Definitive Notes only.

In respect of a Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) and, save in the case of final payment, no presentation of the relevant Global Note shall be required for such purpose.

If the Global Note is a NGN or if the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the relevant Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 6(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (the “Record Date”), where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

### **2. Prescription**

Claims against the relevant Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years

(in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

### **3. Meetings**

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum integral currency unit of the specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

### **4. Cancellation**

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Permanent Global Note.

### **5. Purchase**

Notes represented by a Permanent Global Note may only be purchased by the relevant Issuer or any of its subsidiaries or any holding company (in the case of SCPLC or SCB, within the meaning of section 1159 of the Companies Act 2006, in the case of SCBHK, within the meaning of Section 2 of the Companies Ordinance and in the case of SC First Bank, within the meaning of Article 342-2 of the Korean Commercial Code) or any other subsidiary of such holding company if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### **6. Issuer's Option**

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Bearer Notes drawn, or in the case of Registered Notes shall not be required to specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Note, in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), the CMU Service or any other clearing system (as the case may be).

### **7. Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall not be required to specify the nominal amount of Registered Notes and the holder(s) of such Registered Notes, in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time where the Permanent Global Note is a CGN presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent), for notation. Where the Global Note is a NGN or when the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

## **8. NGN Nominal Amount**

Where the Global Note is a NGN, the relevant Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall, in respect of payments of principal, be adjusted accordingly.

## **9. Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

## **10. Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second Business Day (as defined in Condition 4(j)) preceding the date of despatch of such notice as holding interests in the relevant Global Note.

## **Partly-paid Notes**

The provisions relating to Partly-paid Notes are not set out in this document, but will be contained in the relevant Final Terms and thereby in the relevant Global Notes. While any instalments of the subscription moneys due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be used for the general business purposes of the Group.

## STANDARD CHARTERED PLC

SCPLC, the ultimate holding company of SCB, SCBHK and SC First Bank, was incorporated and registered in England and Wales on 18 November 1969 as a company limited by shares. Its ordinary shares and preference shares are listed on the Official List and traded on the London Stock Exchange. SCPLC's ordinary shares are also listed on the Hong Kong Stock Exchange, and through Indian Depository Receipts on the Bombay Stock Exchange and National Stock Exchange of India. SCPLC operates under the Companies Act 2006 and its registered number is 966425. SCPLC's registered office is at 1 Aldermanbury Square, London EC2V 7SB, and its principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V 5DD. SCPLC's telephone number is +44 (0)20 7885 8888. SCPLC adopted new articles of association on 7 May 2010.

The Group is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. As at 30 June 2010, the Group has a network of over 1,700 branches and outlets in over 70 countries and over 80,000 employees worldwide.

The Group, through SCB and its subsidiaries, operates two business divisions: Consumer Banking and Wholesale Banking.

### **Business Divisions**

#### ***Consumer Banking***

Consumer Banking serves the needs of personal, premium, small and medium enterprises and private banking customers, offering a full suite of innovative products and services to meet their borrowing, wealth management and transacting needs. A customer focused approach enables deeper understanding of customers' evolving needs and in providing customised financial solutions. Building on a rich history of over 150 years, Consumer Banking has a strong track record and deep understanding of fast-growing markets across Asia, Africa and the Middle East.

#### ***Wholesale Banking***

Wholesale Banking provides a wide range of solutions to help corporate and institutional clients facilitate trade and finance across some of the fastest growing markets and trade corridors in today's global economy. Its focus is on building a client-driven business, being the bank of choice for and in Asia, Africa and the Middle East and leveraging its in-depth local knowledge and extensive cross-border network

With a solid 150-year track record and on-the-ground expertise, Wholesale Banking provides clients with trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate and principal finance solutions.

### **Geographic Markets**

The Group's network covers Asia Pacific, the Middle East, South Asia, Africa, the Americas, the United Kingdom and Europe.

#### ***Hong Kong***

For the six months ended 30 June 2010, Hong Kong-based activities contributed U.S.\$1,191 million operating income and U.S.\$511 million profit before tax to the Group. For the year ended 31 December 2009, Hong Kong-based activities contributed U.S.\$2,370 million operating income and U.S.\$1,062 million profit before tax to the Group.

#### ***Singapore, Malaysia and Other Asia Pacific Regions***

For the six months ended 30 June 2010, Singapore, Malaysia and other Asia Pacific business contributed U.S.\$2,454 million operating income and U.S.\$998 million profit before tax to the Group. For the year ended 31 December 2009, Singapore, Malaysia and other Asia Pacific business contributed U.S.\$4,480 million operating income and U.S.\$1,484 million profit before tax to the Group.

Singapore is one of the largest markets for the Group in terms of profit and SCB was among the first foreign banks in Singapore to be awarded a Qualifying Full Bank (QFB) licence in October 1999.

The Group continues to be well positioned in a range of fast-expanding markets in the Asia Pacific region. The Group has generated almost US\$350 million of income in China in the first six months of 2010 and has expanded its network to 56 outlets as at 30 June 2010.

The acquisition of Hsinchu International Bank in 2006 (subsequently renamed Standard Chartered Bank (Taiwan) Limited) made the Group the largest international bank in Taiwan. In Indonesia, SCB increased its stake in PT Bank Permata in 2006, reinforcing its position as the country's largest international bank.

### ***Korea***

The Group acquired Korea First Bank, a major banking group in the Republic of Korea (South Korea) in April 2005 and completed the rebranding as SC First Bank in September 2005. In November 2005, SCB's branch business in South Korea was integrated with SC First Bank. For the six months ended 30 June 2010, Korea contributed operating income of U.S.\$796 million and profit before tax of U.S.\$149 million to the Group. For the year ended 31 December 2009, Korea contributed operating income of U.S.\$1,554 million and profit before tax of U.S.\$322 million to the Group.

### ***India***

In India, the Group operates the country's largest foreign banks in terms of branch network, with over 94 branches in 37 cities.

For the six months ended 30 June 2010, India contributed operating income of U.S.\$1,011 million and profit before tax of U.S.\$624 million to the Group, making it the Group's largest contributor of profits. For the year ended 31 December 2009, India contributed operating income of U.S.\$1,813 million and profit before tax of U.S.\$1,060 million to the Group.

### ***Middle East and other South Asia***

For the six months ended 30 June 2010, Middle East and other South Asia contributed operating income of U.S.\$1,056 million and profit before tax of U.S.\$400 million to the Group. For the year ended 31 December 2009, Middle East and other South Asia contributed operating income of U.S.\$2,078 million and profit before tax of U.S.\$366 million to the Group. In the United Arab Emirates, Standard Chartered has the largest network among international banks, with 10 branches, and over 129 ATMs in the region.

Standard Chartered Bank (Pakistan) Limited is the largest international bank in Pakistan, with 174 branches spread over 41 cities as at 30 June 2010.

### ***Africa***

The Group has a presence in 14 countries in Africa, of which Nigeria and Kenya contributed around 30% of total African income in the first half of 2010. The Group's core African markets are Botswana, Ghana, Kenya, Nigeria, Zambia, Tanzania and Uganda. For the six months ended 30 June 2010, Africa contributed operating income of U.S.\$646 million and profit before tax of U.S.\$311 million to the Group. For the year ended 31 December 2009, Africa contributed operating income of U.S.\$1,089 million and profit before tax of U.S.\$482 million to the Group.

### ***Americas, United Kingdom and Europe***

In the Americas, the UK and Europe, the Group is focused on serving clients with needs in Asia, Africa and the Middle East. For the six months ended 30 June 2010, operating income was U.S.\$770 million and operating profit before tax was U.S.\$123 million. For the year ended 31 December 2009, the Group's operations in the Americas, the UK and Europe contributed operating income of U.S.\$1,800 million and a profit before tax of U.S.\$375 million to the Group.

The Group's head office is based in London, along with the majority of Group functions. The Group's Wholesale Banking team in London plays a key role in serving corporate and financial institutional clients conducting business in its markets. The acquisitions of Pembroke, Harrison Lovegrove and AEB in recent years have added specialist capabilities to the Group and helped expand its Private Banking network and Transaction Banking capabilities.

The Group has had a presence in New York since 1902 and its US dollar clearing business is based there.

The Group's Latin American operations provide cash management, lending and trade finance services to a range of multinational corporations, banks, other financial institutions and domestic corporations. The Group has several offices in Latin America including in Argentina, Brazil, Peru and Venezuela.

### ***Subsidiaries***

As at 30 June 2010, the principal subsidiary undertaking of SCB and principally engaged in the business of banking and provision of other financial services, were as follows: SCBHK, SC First Bank, Standard Chartered Bank Malaysia Berhad, Standard Chartered Bank (Thai) Public Company Limited, Standard Chartered Bank (China) Limited, Standard Chartered Bank (Taiwan) Limited, Standard Chartered Bank (Pakistan) Limited, Standard Chartered Bank Nigeria Limited, Standard Chartered Bank Kenya Limited, and Standard Chartered Private Equity Limited.

All the above are directly or indirectly wholly owned subsidiaries of SCPLC, except Standard Chartered Bank (Thai) Public Company Limited, which is 99.99 per cent. directly owned by SCB, Standard Chartered Bank (Pakistan) Limited, which is 98.99 per cent. directly owned by SCB, and Standard Chartered Bank Kenya Limited, which is 74.3 per cent indirectly owned by SCB.

### **Recent Developments**

On 2 August 2010, the Group completed its acquisition of GE Commercial Financing (Singapore) Ltd, a specialist in SME factoring and hire purchase financing in Singapore, thereby adding to the Group's range of product and service solutions for SME customers in Singapore.

The Group has also recently entered into a non-binding memorandum of understanding to form a strategic alliance with Agricultural Bank of China to leverage off the latter's extensive domestic network in China.

On 13 October 2010, SCPLC announced a fully underwritten rights issue to raise approximately £3,258 million (net of expenses). Further details of the rights issue are contained in the announcement by SCPLC dated 13 October 2010 entitled "Rights Issue to Raise £3.3 billion" and the other documents incorporated by reference into this document in connection with the rights issue (see paragraphs 15 and 16 on page 8 of this document).



## Directors

The directors of SCPLC and their respective principal outside activities, where significant to SCB, are as follows:

**J W Peace** *Non-Executive Chairman*<sup>1</sup>

*Chairman of Experian plc and Burberry Group plc*

**P A Sands** *Group Chief Executive, Director and Chairman of SCB*<sup>1</sup>

**J S Bindra** *Group Executive Director, Chief Executive Officer, Asia*<sup>2</sup>

**S P Bertamini** *Group Executive Director, Consumer Banking and Director of SCB*<sup>3</sup>

**R Delbridge** *Non-Executive Director*<sup>1</sup>

**J F T Dundas** *Non-Executive Director*<sup>1</sup>

*Chairman of Jupiter Fund Management plc*

**V F Gooding** *CBE Non-Executive Director*<sup>1</sup>

*Non-Executive Director of J Sainsbury plc and the BBC*

**Dr Han Seung-soo**, *KBE Non-Executive Director*<sup>1</sup>

**S J Lowth** *Non-Executive Director*<sup>1</sup>

*Non-Executive Director of AstraZeneca PLC*

**R H P Markham** *Non-Executive Director*<sup>1</sup>

*Non-Executive Director of Legal and General Group plc, AstraZeneca PLC and United Parcel Service, Inc. and Director of The Financial Reporting Council Limited*

**R Markland** *Non-Executive Director*<sup>1</sup>

*Non-Executive Director of The Sage Group plc and Arcadis NV*

**R H Meddings** *Group Finance Director and Director of SCB*<sup>1</sup>

*Non-Executive Director of 3i Group plc*

**J G H Paynter** *Non-Executive Director*<sup>1</sup>

*Non-Executive Director of Jardine Lloyd Thompson Group plc*

**A M G Rees** *Group Executive Director, Wholesale Banking and Director of SCB*<sup>1</sup>

**P D Skinner** *Non-Executive Director*<sup>1</sup>

*Non-Executive Director of the Tetra Laval International SA and L'Air Liquide SA*

**O H J Stocken** *Non-Executive Director*<sup>1</sup>

*Chairman of Home Retail Group plc, Oval Limited and Stanhope Group Holdings Limited*

### Notes:

1. The business address should be regarded for the purposes of this Prospectus as:  
1 Basinghall Avenue  
London EC2V 5DD
2. The business address should be regarded for the purposes of this Prospectus as:  
Standard Chartered Bank (Hong Kong) Limited  
32<sup>nd</sup> Floor, 4-4A Des Voeux Road  
Central, Hong Kong
3. The business address should be regarded for the purposes of this Prospectus as:  
Plaza By The Park #09-00  
51 Bras Basah Road  
Singapore

There are no existing or potential conflicts of interest between any duties of the directors named above owed to SCPLC and/or their private interests and other duties.

## CAPITALISATION AND INDEBTEDNESS OF STANDARD CHARTERED PLC

The following table sets out the unaudited consolidated capitalisation and indebtedness of the SCPLC Group as at 30 June 2010 prepared in accordance with IFRS.

	<b>30 June 2010</b> <b>(U.S.\$ million)</b>
<b>Capitalisation</b>	
<b>Shareholders' equity</b>	
<b>Allotted, called-up and fully paid share capital</b>	
Ordinary shares .....	1,037
Share premium .....	5,338
Merger reserve .....	7,284
Reserves and retained earnings .....	15,799
<b>Total shareholders' equity</b> .....	<b>29,458</b>
	<b>30 June 2010</b> <b>(U.S.\$million)</b>
<b>Subordinated Liabilities and Other Borrowed Funds</b>	
<b>Subordinated loan capital – issued by subsidiary undertakings</b>	
£675 million 5.375 per cent. undated Step-Up Subordinated Notes (callable and floating rate from 2020) .....	651
£600 million 8.103 per cent. Step-Up Callable Perpetual Preferred Securities (callable and floating 2016) .....	1,124
£700 million 7.75 per cent. Subordinated Debt due 2018 .....	1,169
£300 million 6.0 per cent Subordinated Notes 2018 (Callable and floating rate from 2013) .....	499
£200 million 7.75 per cent undated Step Up Subordinated Notes (Callable and floating rate from 2022) .....	380
€1,100 million 5.875 per cent. Subordinated Debt due 2017 .....	1,518
€750 million 3.625 per cent. Subordinated Notes due 2017 (callable and floating rate from 2012) .....	959
€675 million Floating Rate Subordinated Notes 2018 (Callable 2013) .....	837
U.S.\$1 billion 6.4 per cent. Subordinated Debt due 2017 .....	1,161
U.S.\$700 million 8.0 per cent. Subordinated Notes due 2031 .....	623
U.S. \$500 million Floating Rate Subordinated Notes 2016 (Callable 2011) .....	499
U.S.\$300 million Floating Rate Subordinated Notes 2017 (Callable 2012) .....	299
U.S. \$100 million Floating Rate Subordinated Notes 2018 (Callable 2013) .....	100
U.S.\$1.5 billion 9.5 per cent Perpetual Preferred Securities (Callable 2014) .....	1,580
U.S.\$22 million 9.75 per cent fixed to floating rate note 2021 (Callable 2016) .....	25
BWP 75 million Subordinated Debt due 2017 (callable 2012) .....	11
BWP 500 million Floating Rate Subordinated Notes 2015 (Callable 2010) .....	8
IDR 500 billion Floating Rate Notes due 2016 .....	21
KRW 30 billion Floating Rate Subordinated debt 2011 .....	25
KRW 3 billion 6.11 per cent Subordinated debt 2011 .....	2
KRW 90 billion 6.05 per cent Subordinated debt 2018 .....	78
KRW 260 billion 6.08 per cent Subordinated debt 2018 .....	219
KRW 300 billion 7.05 per cent Subordinated debt 2019 .....	246
MYR 500 million 4.28 per cent Subordinated Bonds 2017 (Callable 2012) .....	157
PKR 1 billion Floating Rate Notes due 2013 .....	12
PKR 750 million Floating Rate Notes due 2011 .....	4
JPY 10 billion 3.35 per cent Subordinated Note 2023 (callable 2018) .....	125
SGD 450 million 5.25 per cent Subordinated Notes 2023 .....	337
TZS 8 billion floating rate Subordinated Notes due 2015 .....	5
TWD 10 billion 2.9 per cent Subordinated debt 2019 (Callable 2014) .....	312
U.S.\$750 million 5.875 per cent subordinated notes due 2020 .....	759
	<b>13,745</b>
<b>Subordinated loan capital – issued by SCPLC</b>	
<b>Primary Capital Floating Rate Notes:</b>	
U.S.\$400 million .....	57
U.S.\$300 million (Series 2) .....	81
U.S.\$400 million (Series 3) .....	83
U.S.\$200 million (Series 4) .....	51
£150 million .....	225
	<b>497</b>
<b>Other borrowings – issued by SCPLC</b>	
U.S.\$925 million 8.125 per cent. preference shares .....	990
£96 million 7.375 per cent. irredeemable preference shares .....	159
£99 million 8.25 per cent. irredeemable preference shares .....	164
	<b>1,810</b>
<b>Total for Group</b> .....	<b>15,555</b>
<b>Total Capitalisation and Indebtedness</b> .....	<b>45,013</b>

1. All subordinated liabilities are unsecured, unguaranteed and subordinated to the claims of other creditors including without limitation, customer deposits and deposits by banks. The Group has the right to settle these debt instruments in certain circumstances as set out in the contractual agreements.
2. Liabilities denominated in foreign currencies are translated into US Dollars at market exchange rates prevailing at 30 June 2010. The exchange rates used were £1.00 = U.S.\$1.4974; U.S.\$1.00 = HK\$7.7877; U.S.\$1.00 = BWP 7.0696; U.S.\$1.00 = KRW1222.164; U.S.\$1.00 = TZS 1464.429; U.S.\$1.00 = EUR0.8139; U.S.\$1.00 = IDR 9076.452; U.S.\$1.00 = PKR 85.3677.
3. Contingent liabilities amounted to U.S.\$39 billion as at 30 June 2010, of which U.S.\$32 billion related to guarantees and irrevocable letters of credit.
4. The total amount of all other borrowings and indebtedness as at 30 June 2010 was U.S.\$357 billion, comprising deposits by banks U.S.\$32 billion, customer accounts U.S.\$288 billion and other debt securities in issue such as certificates of deposits U.S.\$37 billion. These obligations are unsecured and are not guaranteed. However,

U.S.\$2.2 billion of the deposits by banks and U.S.\$0.9 billion of the customer accounts include liabilities under repurchase agreements, which are collateralised with treasury bills/bonds.

5. Details of debt issued since 1 January 2010:
  - (a) On 24 June 2010, Standard Chartered Bank (Hong Kong) Limited issued \$750 million 5.875 per cent subordinated notes due June 2020.
  - (b) On 22 October 2010, Standard Chartered Bank Tanzania Limited issued TZS 10 billion 11 per cent. Subordinated Notes due October 2020.
6. Details of debt redeemed since 1 January 2010:
  - (a) On 4 February 2010, Standard Chartered Bank exercised its right to redeem its \$500 million subordinated floating rate notes in full on the first optional call, date.
  - (b) On 23 March 2010, Standard Chartered Capital Trust I, a special purpose entity of the Group, redeemed its EUR 500 million 8.16 per cent Non-Cumulative Trust Preferred Securities.
  - (c) As at 30 June 2010, Standard Chartered Bank (Taiwan) Limited had redeemed its TWD 10 billion Undated Floating Rate Notes.
  - (d) On 24 August 2010, Standard Chartered Bank Tanzania Limited redeemed its TZS 8 billion Subordinated Notes.

## STANDARD CHARTERED BANK

SCB was incorporated in England with limited liability by Royal Charter in 1853 and its reference number is ZC18. SCB's issued share capital comprises ordinary shares, all of which are owned by Standard Chartered Holdings Limited, a company incorporated in England and Wales and a wholly-owned subsidiary of SCPLC, non-cumulative irredeemable preference shares of U.S.\$0.01 each, all of which are owned by Standard Chartered Capital Investments LLC, a company incorporated in the United States, and non-cumulative redeemable preference shares of U.S.\$5.00 each, all of which are owned by SCPLC. SCB's principal office is at 1 Aldermanbury Square, London EC2V 7SB and its principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V SDD.

The Group to which SCB belongs is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. As at 30 June 2010, the Group has a network of over 1,700 branches and outlets in over 70 countries and over 80,000 employees worldwide.

The Group, through SCB and its subsidiaries, operates two business divisions: Consumer Banking and Wholesale Banking.

### **Business Divisions**

#### ***Consumer Banking***

Consumer Banking serves the needs of personal, premium, small and medium enterprises and private banking customers, offering a full suite of innovative products and services to meet their borrowing, wealth management and transacting needs. A customer focused approach enables deeper understanding of customers' evolving needs and in providing customised financial solutions. Building on a rich history of over 150 years, Consumer Banking has a strong track record and deep understanding of fast-growing markets across Asia, Africa and the Middle East.

#### ***Wholesale Banking***

Wholesale Banking provides a wide range of solutions to help corporate and institutional clients facilitate trade and finance across some of the fastest growing markets and trade corridors in today's global economy. Its focus is on building a client-driven business, being the bank of choice for and in Asia, Africa and the Middle East and leveraging its in-depth local knowledge and extensive cross-border network.

With a solid 150-year track record and on-the-ground expertise, Wholesale Banking provides clients with trade finance, cash management, securities services, foreign exchange, risk management, capital raising and corporate finance solutions.

### **Geographic Markets**

The Group's network covers Asia Pacific, the Middle East, South Asia, Africa, the Americas, the United Kingdom and Europe.

#### ***Hong Kong***

For the six months ended 30 June 2010, Hong Kong-based activities contributed U.S.\$1,191 million operating income and U.S.\$511 million profit before tax to the Group. For the year ended 31 December 2009, Hong Kong-based activities contributed U.S.\$2,370 million operating income and U.S.\$1,062 million profit before tax to the Group.

#### ***Singapore, Malaysia and Other Asia-Pacific Regions***

For the six months ended 30 June 2010, Singapore, Malaysia and other Asia Pacific business contributed U.S.\$2,454 million operating income and U.S.\$998 million profit before tax to the Group. For the year ended 31 December 2009 Singapore, Malaysia and other Asia Pacific business contributed U.S.\$4,480 million operating income and U.S.\$1,484 million profit before tax to the Group.

Singapore is one of the largest markets for the Group in terms of profit and SCB was among the first foreign banks in Singapore to be awarded a Qualifying Full Bank (QFB) licence in October 1999.

The Group continues to be well positioned in a range of fast-expanding markets in the Asia Pacific region. The Group has generated almost US\$350 million of income in China in the first six months of 2010 and has expanded its network to 56 outlets as at 30 June 2010.

The acquisition of Hsinchu International Bank in 2006 (subsequently renamed Standard Chartered Bank (Taiwan) Limited) made the Group the largest international bank in Taiwan. In Indonesia, SCB increased its stake in PT Bank Permata in 2006, reinforcing its position as the country's largest international bank.

### ***Korea***

The Group acquired Korea First Bank, a major banking group in the Republic of Korea (South Korea) in April 2005 and completed the rebranding as SC First Bank in September 2005. In November 2005, SCB's branch business in South Korea was integrated with SC First Bank. For the six months ended 30 June 2010, Korea contributed operating income of U.S.\$796 million and profit before tax of U.S.\$149 million to the Group. For the year ended 31 December 2009, Korea contributed operating income of U.S.\$1,554 million and profit before tax of U.S.\$322 million to the Group.

### ***India***

In India, the Group operates the country's largest foreign banks in terms of branch network, with over 94 branches in 37 cities.

For the six months ended 30 June 2010, India contributed operating income of U.S.\$1,011 million and profit before tax of U.S.\$624 million to the Group, making it the Group's largest contributor of profits. For the year ended 31 December 2009, India contributed operating income of U.S.\$1,813 million and profit before tax of U.S.\$1,060 million to the Group.

### ***Middle East and other South Asia***

For the six months ended 30 June 2010, Middle East and other South Asia contributed operating income of U.S.\$1,056 million and profit before tax of U.S.\$400 million to the Group. For the year ended 31 December 2009, Middle East and other South Asia contributed operating income of U.S.\$2,078 million and profit before tax of U.S.\$366 million to the Group. In the United Arab Emirates, Standard Chartered has the largest network among international banks, with 10 branches, and over 129 ATMs in the region.

Standard Chartered Bank (Pakistan) Limited is the largest international bank in Pakistan, with 174 branches spread over 41 cities as at 30 June 2010.

### ***Africa***

The Group has a presence in 14 countries in Africa, of which Nigeria and Kenya contributed around 30% of total Africa income in the first half of 2010. The Group's core African markets are Botswana, Ghana, Kenya, Nigeria, Zambia, Tanzania and Uganda. For the six months ended 30 June 2010, Africa contributed operating income of U.S.\$646 million and profit before tax of U.S.\$311 million to the Group. For the year ended 31 December 2009, Africa contributed operating income of U.S.\$1,089 million and profit before tax of U.S.\$482 million to the Group.

### ***Americas, United Kingdom and Europe***

In the Americas, the UK and Europe, the Group is focused on serving clients with needs in Asia, Africa and the Middle East. For the six months ended 30 June 2010, operating income was U.S.\$770 million and operating profit before tax was U.S.\$123 million. For the year ended 31 December 2009, the Group's operations in the Americas, the UK and Europe contributed operating income of U.S.\$1,800 million and a profit before tax of U.S.\$375 million to the Group.

The Group's head office is based in London, along with the majority of Group functions. The Group's Wholesale Banking team in London plays a key role in serving corporate and financial institutional clients conducting business in its markets. The acquisitions of Pembroke, Harrison Lovegrove and AEB in recent years have added specialist capabilities to the Group and helped expand its Private Banking network and Transaction Banking capabilities.

The Group has had a presence in New York since 1902 and its US dollar clearing business is based there.

The Group's Latin American operations provide cash management, lending and trade finance services to a range of multinational corporations, banks, other financial institutions and domestic corporations. The Group has several offices in Latin America including in Argentina, Brazil, Peru and Venezuela.

### **Subsidiaries**

As at 30 June 2010, the principal subsidiary undertaking of SCB and principally engaged in the business of banking and provision of other financial services, were as follows: SCBHK, SC First Bank, Standard Chartered Bank Malaysia Berhad, Standard Chartered Bank (Thai) Public Company Limited, Standard Chartered Bank (China) Limited, Standard Chartered Bank (Taiwan) Limited, Standard Chartered Bank (Pakistan) Limited, Standard Chartered Bank Nigeria Limited, Standard Chartered Bank Kenya Limited, and Standard Chartered Private Equity Limited.

All the above are directly or indirectly wholly owned subsidiaries of SCPLC, except Standard Chartered Bank (Thai) Public Company Limited, which is 99.99 per cent. directly owned by SCB, Standard Chartered Bank (Pakistan) Limited, which is 98.99 per cent directly owned by SCB, and Standard Chartered Bank Kenya Limited, which is 74.3 per cent indirectly owned by SCB.

### **Recent Developments**

On 2 August 2010, the Group completed its acquisition of GE Commercial Financing (Singapore) Ltd, a specialist in SME factoring and hire purchase financing in Singapore, thereby adding to the Group's range of product and service solutions for SME customers in Singapore.

The Group has also recently entered into a non-binding memorandum of understanding to form a strategic alliance with Agricultural Bank of China to leverage of the latter's extensive domestic network in China.

## Directors

The directors of SCB and their respective principal'outside activities, where significant to SCB, are as follows:

**P A Sands** *Chairman, and Group Chief Executive of SCPLC*<sup>1</sup>

**J S Bindra** *Director, Group Executive Director of SCPLC and Chief Executive Officer, Asia*<sup>2</sup>

**S P Bertamini** *Director, Group Executive Director of SCPLC, and Chief Executive, Consumer Banking*<sup>3</sup>

**R H Meddings** *Director, and Group Finance Director of SCPLC*<sup>1</sup>  
*Non-Executive Director of 3i Group plc*

**T J Miller** *Director, Property, Research and Assurance*<sup>1</sup>  
*Non-Executive Director of Michael Page International plc*

**A M G Rees** *Director, Group Executive Director of SCPLC and Chief Executive, Wholesale Banking*<sup>1</sup>

**V Shankar** *Director, CEO Europe, Middle East, Africa, Americas*<sup>4</sup>

### Notes:

1. The business address should be regarded for the purposes of this Prospectus as:  
1 Basinghall Avenue  
London EC2V 5DD
2. The business address should be regarded for the purposes of this Prospectus as:  
Standard Chartered Bank (Hong Kong) Limited  
32nd Floor, 4-4A Des Voeux Road  
Central, Hong Kong
3. The business address should be regarded for the purposes of this Prospectus as:  
Plaza By The Park #09-00  
51 Bras Basah Road  
Singapore
4. The business address should be regarded for the purposes of this Prospectus as:  
Standard Chartered Bank, Dubai Branch  
DIFC Level 7, DIFC Bur Dubai  
Dubai 999

There are no existing or potential conflicts of interest between any duties of the directors named above owed to SCB and/or their private interests and other duties.

## CAPITALISATION AND INDEBTEDNESS OF STANDARD CHARTERED BANK

The following table sets out the unaudited consolidated capitalisation and indebtedness of SCB as at 30 June 2010 prepared in accordance with IFRS.

	<u>30 June 2010</u> <u>(U.S.\$million)</u>
<b>Capitalisation</b>	
<b>Shareholders' equity</b>	
<b>Allotted, called-up and fully paid share capital</b>	
Ordinary shares .....	11,246
Share premium .....	1,796
Reserves and retained earnings .....	13,763
<b>Total shareholders' equity</b> .....	<b>26,805</b>
<b>Subordinated Liabilities and Other Borrowed Funds</b>	
<b>Subordinated loan capital – issued by subsidiary undertakings:</b>	
U.S.\$300 million Floating Rate Subordinated Notes 2017 (Callable 2012) .....	299
BWP 75 million Subordinated Debt due 2017 (callable 2012) .....	11
BWP 50 million Fixed and Floating Rate Subordinated Notes 2015 (Callable 2010) .....	8
U.S.\$750 million 5.875 per cent. Subordinated Notes due 2020 .....	758
IDR 500 billion Floating Rate Notes due 2016 .....	21
U.S.\$22 million 9.75 per cent. Fixed to Floating Rate Notes 2021 (Callable 2016) .....	25
KRW 30 billion Floating Rate Subordinated Debt 2011 .....	25
KRW 3 billion 6.11 per cent. Subordinated Debt 2011 .....	2
KRW 90 billion 6.05 per cent. Subordinated Debt 2018 .....	78
KRW 260 billion 6.08 per cent. Subordinated Debt 2018 .....	219
KRW 300 billion 7.05 per cent. Subordinated Debt 2019 .....	246
MYR 500 million 4.28 per cent. Subordinated Bonds 2017 (callable 2012) .....	157
PKR 1 billion Floating Rate Notes due 2013 .....	12
PKR 750 million Floating Rate Notes due 2011 .....	4
TWD 10 billion undated Floating Rate Notes .....	312
TZS 8 billion floating rate Subordinated Notes due 2015 .....	5
	<hr/>
	2,182
<b>Subordinated loan capital – issued by Company:</b>	
£675 million 5.375 per cent. undated Step-Up Subordinated Notes (callable and floating rate from 2020) .....	651
£600 million 8.103 per cent. Step-Up Callable Perpetual Preferred Securities (callable and floating 2016) .....	1,124
£700 million 7.75 per cent. Subordinated Debt due 2018 .....	1,169
£300 million 6.0 per cent. Subordinated Debt due 2018 (callable and floating rate from 2013) .....	499
€200 million 7.75 per cent. undated Step Up Subordinated Notes (callable and floating rate from 2022) .....	380
€1,100 million 5.875 per cent. Subordinated Debt due 2017 .....	1,518
€750 million 3.625 per cent. Subordinated Notes due 2017 (callable and floating rate from 2012) .....	959
€675 million Floating Rate Subordinated Notes due 2018 (callable 2013) .....	837
U.S.\$1 billion 6.4 per cent. Subordinated debt due 2017 .....	1,161
U.S.\$700 million 8.0 per cent. Subordinated Notes due 2031 .....	623
U.S.\$500 million Floating Rate Notes due 2016 (callable 2011) .....	499
U.S.\$100 million Floating Rate Notes due 2018 callable 2013 .....	100
JPY 10 billion 3.35 per cent. Subordinated Debt due April 2023 (callable 2018) .....	125
SGD 450 million 5.25 per cent. Subordinated Notes due 2023 .....	337
U.S.\$1.5 billion 9.5 per cent. Perpetual Preferred Securities (callable 2014) .....	1,580
U.S.\$1.8 billion Floating Rate Undated Subordinated Notes callable 2014 .....	1,800
<b>Primary Capital Floating Rate Notes:</b>	
U.S.\$400 million .....	57
U.S.\$300 million (Series 2) .....	81
U.S.\$400 million (Series 3) .....	83
U.S.\$200 million (Series 4) .....	51
£150 million .....	225
U.S.\$925 million 8.125 per cent. non-cumulative redeemable preference shares (callable 2013) .....	1,001
<b>Total for SCB</b> .....	<b>14,860</b>
<b>Total for Group</b> .....	<b>17,042</b>
<b>Total Capitalisation and Indebtedness</b> .....	<b>43,847</b>



1. All subordinated liabilities are unsecured, unguaranteed and subordinated to the claims of other creditors including without limitation, customer deposits and deposits by banks. The Group has the right to settle these debt instruments in certain circumstances as set out in the contractual agreements.
2. Liabilities denominated in foreign currencies are translated into US Dollars at market exchange rates prevailing at 30 June 2010. The exchange rates used were £1.00 = U.S.\$1.4974; U.S.\$1.00 = HK\$7.7877; U.S.\$1.00 = BWP 7.0696; U.S.\$1.00 = KRW 1222.164; U.S.\$1.00 = TZS 1464.429; U.S.\$1.00 = EURO.8139; U.S.\$1.00 = IDR 9076.452; U.S.\$1.00 = PKR 85.3677.
3. Contingent liabilities amounted to U.S.\$39 billion as at 30 June 2010, of which U.S.\$32 billion related to guarantees and irrevocable letters of credit.
4. The total amount of all other borrowings and indebtedness as at 30 June 2010 was U.S.\$349 billion, comprising deposits by banks U.S.\$32 billion, customer accounts U.S.\$288 billion and other debt securities in issue such as certificates of deposits U.S.\$29 billion. These obligations are unsecured and are not guaranteed. However, U.S.\$2.2 billion of the deposits by banks and U.S.\$0.9 billion of the customer accounts include liabilities under repurchase agreements, which are collateralised with treasury bills/bonds.
5. Details of debt issued since 1 January 2010:
  - (a) On 24 June 2010, Standard Chartered Bank (Hong Kong) Limited issued \$750 million 5.875 per cent. subordinated notes due June 2020.
  - (b) On 22 October 2010, Standard Chartered Bank Tanzania Limited issued TZS 10 billion 11 per cent. Subordinated Notes due October 2020.
6. Details of debt redeemed since 1 January 2010:
  - (a) On 4 February 2010, Standard Chartered Bank exercised its right to redeem its \$500 million subordinated floating rate notes in full on the first optional call date.
  - (b) On 23 March 2010, Standard Chartered Capital Trust I, a special purpose entity of the Group, redeemed its EUR 500 million 8.16 per cent. Non-Cumulative Trust Preferred Securities.
  - (c) As at 30 June 2010, Standard Chartered Bank (Taiwan) Limited had redeemed its TWD 10 billion Undated Floating Rate Notes.
  - (d) On 24 August 2010, Standard Chartered Bank Tanzania Limited redeemed its TZS 8 billion Subordinated Notes.

Note:

Save as disclosed in this Prospectus, there has been no material change in the authorised and issued share capital and no material change in total capitalisation and indebtedness and contingent liabilities (including guarantees) of SCB as set out in the above table since 30 June 2010.

# STANDARD CHARTERED BANK (HONG KONG) LIMITED

## Introduction

SCBHK was incorporated in Hong Kong with limited liability on 12 December 2003 under the Companies Ordinance (Cap. 32) of Hong Kong as a non-private company (registered number 875305). With effect from 1 July 2004, the businesses of the Hong Kong branch of SCB, Manhattan Card Company Limited, Standard Chartered Finance Limited, Standard Chartered International Trade Products Limited and Chartered Capital Corporation Limited were merged into SCBHK principally by a private ordinance in Hong Kong.

SCBHK is a wholly-owned subsidiary of SCPLC and its registered office is situated at 32nd Floor, 4-4A Des Voeux Road Central in Hong Kong.

SCBHK is a licensed bank in Hong Kong. It has a network of 76 branch outlets in Hong Kong with over 5,500 employees (as of August 2010). SCBHK operates two business divisions: Consumer Banking and Wholesale Banking. The main businesses and activities of SCBHK are described below.

## Consumer Banking

Consumer Banking offers a broad range of products and services to meet the borrowing, wealth management and transaction needs of individuals and SMEs. SCBHK's services are provided to different segments – from Private Banking, Priority Banking, Preferred Banking to small and medium sized businesses operating in Hong Kong. The products and services provided include bank accounts, credit cards, personal loans, mortgages, foreign exchange, deposits and wealth management products.

SCBHK is a major market player in credit cards and is one of the leading card issuers in Hong Kong, focusing on differentiated customer propositions.

SCBHK also maintains a solid market leading position in mortgages, focusing on product innovation, customer services and profitability.

## Wholesale Banking

SCBHK's Wholesale Banking provides trade finance, cash management, securities services, foreign exchange and risk management, capital raising and corporate finance solutions to local and global companies and financial institutions operating in Asia, Africa and the Middle East.

Its strategy is to be the "core bank" to its clients, deepening relationships and providing them with a broader range of products and services.

Transaction Banking solutions include cash management, trade finance, securities services and a fully integrated end-to-end electronic platform "Straight2Bank" which is provided to streamline workflow processes.

Corporate Finance offers a comprehensive range of services including Corporate Advisory, Project & Export Finance, Structured Trade Finance and Structured Finance.

Principal Finance creates value through its investments and these investments are primarily targeted at four asset classes: corporate private equity, real estate, infrastructure and alternative investments.

Financial Markets solutions include FX, rates, credits, commodities, equities, fixed income trading and sales, capital markets, structured products and regional markets and asset and liability management. Customers include global corporates, financial institutions and local corporates in Hong Kong. SCBHK leverages on Standard Chartered's network to provide banking services to customers in Hong Kong, including those with business operations in the Pearl River Delta.

## Directors

The directors of SCBHK and their principal outside activities, where significant to SCBHK, are as follows:

**Sir C K Chow** Chairman and Independent Non-Executive Director<sup>1</sup>  
Chief Executive Officer of MTR Corporation Limited

**J S Bindra** *Non-Executive Director and Director of SCB and SCPLC<sup>1</sup>*

**K K S Tsang** *Non-Executive Director<sup>1</sup>*

*Non-Executive Chairman of Standard Chartered Bank (China) Limited*

**B P C Hung** *Executive Director and Chief Executive Officer<sup>1</sup>*

**J L C Fong** *Executive Director<sup>1</sup>*

*Chairman of PrimeCredit Limited*

**S Razvi** *Executive Director and Chief Financial Officer<sup>1</sup>*

**S B Tan** *Executive Director<sup>1</sup>*

*Managing Director, Chief Executive of Standard Chartered Securities (Hong Kong) Limited*

**MT Pratt** *Non-Executive Director<sup>2</sup>*

**O L Zoutendijk** *Non-Executive Director<sup>1</sup>*

**R P L Kwok** *Independent Non-Executive Director<sup>1</sup>*

*Vice Chairman and Managing Director of Sun Hung Kai Properties Ltd*

**M X Z Ma** *Independent Non-Executive Director<sup>1</sup>*

*Partner and Managing Director of TPG Capital Limited*

**N Lyle** *Independent Non-Executive Director<sup>1</sup>*

**A W K Chan** *Independent Non-Executive Director<sup>1</sup>*

*Managing Director of The Hong Kong and China Gas Company Limited*

Notes:

1. The business address should be regarded for the purposes of this Prospectus as:  
32nd Floor  
4-4A Des Voeux Road Central  
Hong Kong
2. The business address should be regarded for the purposes of this Prospectus as:  
28th Floor Standard Chartered Tower  
201 Century Avenue, Pudong, Shanghai 200120, China

There are no existing or potential conflicts of interest between any duties of the directors named above owed to SCBHK and/or their private interests and other duties.

## CAPITALISATION AND INDEBTEDNESS OF STANDARD CHARTERED BANK (HONG KONG) LIMITED

The following table sets out the unaudited consolidated capitalisation and indebtedness of SCBHK as at 30 June 2010.

	30 June 2010 (HK\$million)
<b>Authorised share capital</b>	
Ordinary A shares of HK\$0.05 each .....	39
Ordinary B shares of HK\$0.05 each.....	62
Non-cumulative preference shares of HK\$1.00 each .....	3,800
	3,901
<b>Shareholders' equity</b>	
Allotted, called up and fully paid share capital	
Ordinary shares.....	97
Reserves.....	41,110
	41,207
<b>Subordinated loan capital</b>	
Floating rate step-up notes due 2017.....	2,317
5.875 per cent fixed rate notes due 2020.....	5,899
	8,216
<b>Total capitalisation and indebtedness .....</b>	<b>49,423</b>

**Note:**

Save as disclosed in this Prospectus, there has been no material change in the authorised and issued share capital and no material change in total capitalisation and indebtedness of SCBHK, as set out in the above table, since 30 June 2010.

## STANDARD CHARTERED FIRST BANK KOREA LIMITED

SC First Bank is engaged in banking and trust business according to the provisions of the Banking Act and the Financial Investment Services and Capital Market Act in the Republic of Korea.

In April 2005, SCB acquired the entire share capital of Korea First Bank for a total of approximately KRW3.4 trillion (equivalent of U.S.\$3.3 billion\*).

SC First Bank's issued share capital comprises ordinary shares, all of which are owned by Standard Chartered Korea Limited ("SCK"), a 100 per cent. subsidiary of SCB.

SC First Bank is headquartered at 100 Kongpyung-dong, Chongno-gu, Seoul, 110-702 in Korea, telephone number +82 2 3702 3114.

Total assets of SC First Bank as of 30 June 2010 were KRW75 trillion (equivalent of U.S.\$62 billion<sup>†</sup>). Through its nationwide network of 402 branches, SC First Bank offers a full line of financial services to about 4 million customers in Korea. SC First Bank operates two business divisions: Consumer Banking and Wholesale Banking. The main businesses and activities of SC First Bank are described below.

### Consumer Banking

SC First Bank provides a broad range of consumer banking services to individual customers as well as small and medium enterprises in Korea. The products and services provided include credit cards, personal loans, mortgages, foreign exchange, deposits and wealth management products.

Since its acquisition by SCB, SC First Bank has launched a number of new products and services to customers. SC First Bank's mortgage portfolio was approximately KRW22 trillion (equivalent of U.S.\$18 billion<sup>†</sup>) as at 30 June 2010.

### Wholesale Banking

SC First Bank's Wholesale Banking business comprises Origination & Client Coverage and global markets. The customer base includes global corporates, financial institutions and local corporates in Korea. SC First Bank leverages on SCB's network to provide banking services to customers in Korea.

Wholesale Banking services include loan syndication, structured finance, asset backed securitisation, foreign exchange and treasury services, custody and cash management services, trade finance and lending services.

### Recent Developments

On June 30, 2009, SCB established a 100% owned financial holding company in Korea, Standard Chartered Korea Limited (SCK). SCB is the first foreign financial institution to obtain the requisite local regulatory approval to establish a financial holding company in Korea. SCK is the sole shareholder of SC First Bank and its other subsidiaries include Standard Chartered Capital Korea Limited, Standard Chartered Savings Bank Korea Limited, Standard Chartered First Fund Service Korea Limited and Standard Chartered Securities Korea Limited. Ownership of Standard Chartered Securities Korea Limited and Standard Chartered Fund Service Korea Limited, which was owned by SC First Bank, was transferred to SCK on 9 December 2009.

SC First Bank is subject to proceedings as one of a number of defendants in connection with the validity and enforceability of foreign exchange option contracts. The total amount being claimed against SC First Bank by the various claimants is KRW 142,285 million as at 30 September 2010. SC First Bank is defending the claims made.

\* Amount translated into U.S.\$ at market exchange rates prevailing at the time of the closing of the acquisition.

† Amount translated into U.S.\$ at market exchange rates prevailing at 30 June 2010 (U.S.\$1=KRW 1210.30)

## Directors

The directors of SC First Bank and their principal outside activities, where significant to SC First Bank, are as follows:

**T J Miller** *Chairman and Non-Executive Director*<sup>1</sup>  
*Director, Research, Property and Assurance of SCB*

**D Edwards** *Standing Director and Vice Chairman*<sup>2</sup>

**R Hill** *Standing Director and Chief Executive Officer*<sup>3</sup>

**Y J Ko** *Standing Member of Audit Committee*<sup>3</sup>

**G B Kim** *Independent Non-Executive Director*<sup>4</sup>  
*Chief Executive Officer, World Futures Forum*

**N H Park** *Independent Non-Executive Director*<sup>5</sup>  
*Senior Adviser to Boston Consulting Group*

**SJ Kim** *Independent Non-Executive Director*<sup>6</sup>  
*Adviser & Visiting Fellow of Korea Capital Market Institute*

**SK Kwak** *Independent Non-Executive Director*<sup>7</sup>  
*Dean of College of Business Administration, Seoul National University*

**GJ Rhee** *Independent Non-Executive Director*<sup>8</sup>  
*Former Deputy Governor of the Bank of Korea*

**T Harris** *Non-Executive Director*<sup>5</sup>  
*Group Adviser*

### Notes:

1. The business address should be regarded for the purpose of this Prospectus as:  
1 Basinghall Avenue  
London EC2V 5DD  
United Kingdom
2. The business address should be regarded for the purpose of this Prospectus as:  
24/7 South Steyne  
Manly, NSW 2095  
Australia
3. The business address should be regarded for the purpose of this Prospectus as:  
100 kongpyung-dong, Chongno-gu  
Seoul 110-702  
Korea
4. The business address should be regarded for the purpose of this Prospectus as:  
411-2 City Airport Samseong-dong Gangnam-gu  
Seoul 135-728  
Korea
5. The business address should be regarded for the purpose of this Prospectus as:  
Jaiboon Building a801  
118 Namdaemunro 5 ga, Jung-gu  
Seoul 100-801  
Korea
6. The business address should be regarded for the purpose of this Prospectus as:  
KCMI 45-2 Youido-dong, Youngdungpo-gu  
Seoul 150-974  
Korea
7. The business address should be regarded for the purpose of this Prospectus as:  
58Dong 402Ho Seoul National University Main Campus  
Gwanak 599 Gwanak-ro, Gwanak-gu  
Seoul 151-742  
Korea
8. The business address should be regarded for the purpose of this Prospectus as:  
122-601 Daehan Daewoo Apartment Maesanro 2 ga 90-5  
Paldang-gu, Suwon,  
Korea

## **STANDARD CHARTERED FIRST BANK KOREA LIMITED FINANCIAL INFORMATION**

Set out on pages 87 to 92 of this Prospectus are the non-consolidated balance sheets, statements of income, statements of appropriation of retained earnings, statements of changes in equity and statements of cash flows extracted without material adjustment from the English translation of the audited annual non-consolidated financial statements for SC First Bank as at and for the years ended 31 December 2009 and 2008 respectively and prepared in accordance with accounting principles generally accepted in the Republic of Korea ("Korean GAAP").

The full audited non-consolidated financial statements (including the notes) of the SC First Bank are available on the website of the SC First Bank ([www.scfirstbank.com](http://www.scfirstbank.com)).

SC First Bank identified gains on derivative currency swaps were not recorded in December 2008 but recorded in early January 2009 in the amount of W130,277 million. In order to account for the prior period error, SC First Bank adjusted beginning retained earnings of the current year and restated the statement of financial position as of 31 December 2008 for comparative purposes. As a result of the prior period adjustments, total assets increased by W18,281 million, total liabilities decreased by W80,469 million, and retained earnings increased by W98,750 million as illustrated in the restated statement of financial position as of 31 December 2008. Net earnings increased by W98,750 million as illustrated in the restated statement of income for the year ended 31 December 2008.

**SC FIRST BANK NON-CONSOLIDATED BALANCE SHEETS**  
**31 December 2009 and 2008**  
(In millions of Korean Won)

	2009	2008
<b>Assets</b>		
Cash and due from banks .....	5,029,108	4,137,779
Securities .....	12,583,596	14,634,712
Loans .....	40,094,576	36,777,531
Allowance for loan losses .....	(615,116)	(593,716)
Net deferred fees and expenses .....	52,227	39,596
	<u>39,531,687</u>	<u>36,223,411</u>
Tangible assets .....	954,989	1,069,597
Derivative financial assets .....	8,043,664	16,811,579
Other assets .....	1,849,111	2,894,883
	<u>67,992,155</u>	<u>75,771,961</u>
<b>Liabilities and Shareholder's Equity</b>		
<b>Liabilities:</b>		
Deposits .....	41,340,346	39,737,630
Borrowings .....	6,767,664	6,785,967
Financial debentures .....	4,741,262	5,300,479
Retirement and severance benefits .....	14,932	49,617
Derivative financial liabilities .....	7,812,226	16,834,268
Deferred income tax liabilities .....	6,273	41,013
Other liabilities .....	3,297,343	3,338,962
	<u>63,980,046</u>	<u>72,087,936</u>
<b>Total liabilities</b> .....	<b>63,980,046</b>	<b>72,087,936</b>
<b>Shareholder's equity:</b>		
Common stock .....	1,313,043	1,313,043
Capital surplus .....	633,390	633,390
Capital adjustments .....	(5,180)	(4,431)
Accumulated other comprehensive income .....	14,416	112,364
<b>Retained earnings:</b>		
Legal reserves .....	158,141	127,141
Voluntary reserve for recapitalization .....	105,000	74,000
Voluntary reserve .....	73,000	57,000
Unappropriated retained earnings .....	1,720,299	1,371,518
	<u>2,056,440</u>	<u>1,629,659</u>
<b>Total retained earnings</b> .....	<b>2,056,440</b>	<b>1,629,659</b>
<b>Total shareholder's equity</b> .....	<b>4,012,109</b>	<b>3,684,025</b>
	<u>67,992,155</u>	<u>75,771,961</u>



**SC FIRST BANK NON-CONSOLIDATED STATEMENTS OF INCOME**  
**Years ended 31 December 2009 and 2008**  
(In millions of Korean Won, except earnings per share)

	2009	2008
<b>Operating revenues</b>		
Interest Income:		
Interest due from banks .....	145,141	204,194
Interest on securities .....	589,022	597,598
Interest on loans .....	2,298,383	2,826,452
Others interest income .....	14,824	16,634
	<u>3,047,370</u>	<u>3,644,878</u>
<b>Gain on valuation and sale of securities:</b>		
Gain on valuation of trading securities .....	2	54,343
Gain on sale of trading securities .....	12,277	20,259
Gain on sale of available-for-sale securities .....	156,481	4,548
	<u>168,760</u>	<u>79,150</u>
<b>Gain on foreign currency transactions</b> .....	1,497,656	4,174,341
<b>Fees and commission income</b> .....	310,668	290,686
<b>Dividend Income</b> .....	10,407	1,319
<b>Other operating revenues:</b>		
Gain on derivatives .....	29,435,822	39,061,990
Incomer from management of trust account .....	9,544	6,986
Others .....	—	2,283
	<u>29,445,366</u>	<u>39,071,259</u>
<b>Total operating revenues</b> .....	<u>34,480,227</u>	<u>47,261,633</u>
<b>Operating Expenses:</b>		
Interest Expenses:		
Interest on deposits .....	1,309,716	1,376,505
Interest on borrowings .....	155,529	356,497
Interest on financial debentures .....	254,159	461,886
Other interest expenses .....	10,572	28,033
	<u>1,729,976</u>	<u>2,222,921</u>
<b>Loss on valuation and sale of securities:</b>		
Loss on valuation of trading securities .....	1,378	—
Loss on sale of trading securities .....	18,074	3,251
Loss on sale of available-for-sale securities .....	948	6,886
Impairment loss on available-for-sale securities .....	3,192	—
	<u>23,592</u>	<u>10,137</u>
<b>Loss on valuation and sale of Loans:</b>		
Provision for loan losses .....	354,011	341,906
Loss on sale of loan .....	39,872	39,712
	<u>393,883</u>	<u>381,618</u>
<b>Loss of foreign currency transactions</b> .....	1,143,032	4,188,143
<b>Fees and commission expenses</b> .....	138,308	124,912
<b>Other operating expenses:</b>		
Loss on derivatives .....	29,456,549	38,654,434
Provision for acceptances and guarantees .....	3,736	3,404
General and administration expenses .....	984,143	1,064,293
Contribution to funds .....	84,240	67,383
Others .....	15,069	51
	<u>30,543,737</u>	<u>39,789,565</u>
<b>Total operating expenses</b> .....	<u>33,972,528</u>	<u>46,717,296</u>
<b>Operating income</b> .....	507,699	544,337
<b>Non-operating revenues:</b>		
Gain on equity method (note 4) .....	3,551	255
Gain on disposition of tangible assets .....	101,606	6,213
Rental Income .....	10,018	9,507
Others non-operating revenues .....	6,634	8,243
	<u>121,809</u>	<u>24,218</u>
<b>Non-operating expenses:</b>		
Loss on equity method (note 4) .....	367	9,063
Loss on disposition of tangible assets .....	5,396	342
Impairment loss on tangible assets(note 6) .....	12,636	—
Other non-operating expenses .....	21,266	14,050
	<u>39,665</u>	<u>23,455</u>
Income before income taxes .....	589,843	545,100
Income taxes (note 25) .....	157,217	138,190
Net income .....	<u>432,626</u>	<u>406,910</u>
<b>Earning per share</b>		
Basic earnings per share (note 26) .....	<u>1,647</u>	<u>1,571</u>

**SC FIRST BANK NON-CONSOLIDATED STATEMENTS OF  
APPROPRIATION OF RETAINED EARNINGS**

**Years ended 31 December 2009 and 2008**

**Date of Appropriation for 2009: 30 March 2010**

**Date of Appropriation for 2008: 30 March 2009**

(In millions of Korean Won)

	2009	2008
<b>Unappropriated retained earnings:</b>		
Balance at beginning of year.....	1,287,673	964,608
Net income .....	<u>432,626</u>	<u>406,910</u>
Balance at end of year before appropriation .....	1,720,299	1,371,518
<b>Appropriation of retained earnings:</b>		
Legal reserve .....	54,000	31,000
Voluntary reserve for recapitalization .....	54,000	31,000
Voluntary reserve .....	23,000	16,000
Amortization of goodwill on equity method investment.....	—	5,845
Dividend .....	<u>250,000</u>	<u>—</u>
	<u>381,000</u>	<u>83,845</u>
<b>Unappropriated retained earnings to be carried over to subsequent year .....</b>	<u><u>1,339,299</u></u>	<u><u>1,287,673</u></u>

**SC FIRST BANK NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**Years ended 31 December 2009 and 2008**  
(In millions of Korean Won)

	Common stock	Capital surplus	Capital adjustments	Accumulated other compre- hensive income	Retained earnings	Total shareholder's equity
<b>1 January 2008</b> .....	1,236,604	457,960	—	(13,039)	1,222,749	2,904,274
Issuance of 15,287,878 shares with a par value of KRW5,000 per share at a price of KRW16,500 per share .....	76,439	175,430	—	—	—	251,869
Excess of consideration over the fair value of net assets acquired on acquisition of additional shares in a subsidiary .....	—	—	(4,431)	—	—	(4,431)
Net income .....	—	—	—	—	406,910	406,910
Change in fair value of available-for- sale securities, net of tax .....	—	—	—	128,131	—	128,131
Loss on valuation of investment stock using the equity method .....	—	—	—	(2,728)	—	(2,728)
<b>31 December 2008</b> .....	<u>1,313,043</u>	<u>633,390</u>	<u>(4,431)</u>	<u>112,364</u>	<u>1,629,659</u>	<u>3,684,025</u>
<b>1 January 2009</b> .....	1,313,043	633,390	(4,431)	112,364	1,629,659	3,684,025
Change in equity on sale of shares in subsidiaries .....	—	—	(5,180)	2,728	—	(2,452)
Net income .....	—	—	—	—	432,626	432,626
Change in fair value of available-for- sale securities, net of tax .....	—	—	—	(100,676)	—	(100,676)
Amortization of goodwill on equity method Investment.....	—	—	4,431	—	(5,845)	(1,414)
<b>December 31, 2009</b> .....	<u>1,313,043</u>	<u>633,390</u>	<u>(5,180)</u>	<u>14,416</u>	<u>2,056,440</u>	<u>4,012,109</u>

**SC FIRST BANK NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years ended 31 December 2009 and 2008**  
(In millions of Korean Won)

	2009	2008
<b>Cash flows from operating activities:</b>		
Net income .....	432,626	406,910
Adjustments for:		
Interest expense .....	29,997	89,410
Interest income .....	(29,136)	(106,818)
Loss (gain) on valuation of trading securities, net .....	1,376	(54,343)
Impairment loss on available-for-sale securities .....	3,192	—
Provision for loan losses .....	354,011	341,906
Loss on foreign currency, net .....	28,107	86,535
Share-based payment expense (reversal) .....	41,960	(19,889)
Provision for retirement and severance benefits .....	37,433	44,244
Depreciation and amortization .....	57,955	57,516
Loss (gain) on redemption of financial debentures, net .....	1,783	(1,424)
Loss (gain) on derivatives, net .....	(710,094)	164,218
Provision for acceptances and guarantees .....	3,736	3,404
Provision for (reversal of) other reserves .....	13,286	(842)
Gain on disposition of tangible assets, net .....	(96,210)	(5,871)
Impairment loss on tangible assets .....	12,636	—
Loss (gain) on equity method, net .....	(3,184)	8,808
Decrease (increase) in securities, net .....	1,590,258	(4,989,359)
Increase in loans, net .....	(3,671,816)	(2,585,265)
Deferred income tax .....	(4,376)	82,564
Decrease (increase) in derivatives, net .....	383,903	(201,703)
Payment of retirement and severance benefits .....	(129,423)	(11,337)
Decrease (increase) in other assets .....	126,133	(108,072)
Increase (decrease) in other liabilities .....	(33,067)	52,279
Net cash used in operating activities .....	(1,558,914)	(6,747,129)
<b>Cash flows from investing activities:</b>		
Decrease (increase) in due from banks .....	773,377	(859,554)
Acquisition of equity method accounted investment .....	—	(307,900)
Disposition of equity method accounted investment .....	307,156	—
Acquisition of tangible and intangible assets .....	(85,053)	(62,214)
Disposition of tangible and intangible assets .....	225,028	18,001
Decrease (increase) in guarantee deposits .....	(46,741)	7,754
Decrease (increase) in unsettled exchange credit .....	946,799	(898,934)
Net cash provided by (used in) investing activities .....	2,120,566	(2,102,847)
<b>Cash flows from financing activities:</b>		
Increase in deposits .....	1,617,745	11,822,680
Increase (decrease) in borrowings .....	(18,303)	1,048,772
Proceeds from financial debentures .....	2,615,508	2,014,515
Redemption of financial debentures .....	(3,101,987)	(6,174,127)
Increase (decrease) in borrowings from trust account .....	(10,775)	18,081
Increase (decrease) in foreign exchange obligation payable .....	7,724	(101,213)
Increase (decrease) in guaranteed deposits received .....	(90,364)	213,742
Increase (decrease) in domestic exchange obligation payable .....	83,506	(402,738)
Issuance of new shares .....	—	251,869
Net cash provided by financing activities .....	1,103,054	8,691,581
Net increase (decrease) in cash and cash equivalents .....	1,664,706	(158,395)
Cash and cash equivalents at beginning of year .....	872,608	1,031,003
<b>Cash and cash equivalents at end of year .....</b>	<b>2,537,314</b>	<b>872,608</b>

**CAPITALISATION AND INDEBTEDNESS OF  
STANDARD CHARTERED FIRST BANK KOREA LIMITED**

The following table sets out the unaudited non-consolidated capitalisation and indebtedness of SC First Bank as at 30 June 2010:

	<b>30 June 2010</b>
	<i>(U.S.\$ million)</i>
<b>Authorised share capital</b>	
Ordinary shares of KRW5,000 each.....	262,608,618
<b>Shareholder's equity</b>	
Ordinary shares .....	1,085
Reserves <sup>(1)</sup> .....	2,181
<b>Total</b> .....	<b>3,266</b>
<b>Subordinated loan notes</b>	
7.267% fixed rate step-up due 2034 Hybrid Tier I Securities.....	300
Floating rate due 2011 Subordinated Term Borrowing <sup>(2)</sup> .....	25
6.11% fixed rate due 2011 Subordinated Term Bond <sup>(2)</sup> .....	2
6.05% fixed rate due 2018 Subordinated Term Bond <sup>(2)</sup> .....	74
6.08% fixed rate due 2018 Subordinated Term Bond <sup>(2)</sup> .....	215
7.05% fixed rate due 2019 Subordinated Term Bond <sup>(2)</sup> .....	248
<b>Total Capitalisation and Indebtedness</b> .....	<b>4,130</b>

Notes:

1. Reserves : Capital Surplus + Retained Earnings
2. Liabilities and share capital amounts denominated in Korean Won are translated into U.S. dollars at market exchange rates prevailing at 30 June 2010. The exchange rates used were U.S.\$1 = KRW1210.30
3. Save as disclosed in this document, there has been no material change in the authorised and issued share capital and total capitalisation and indebtedness of SC First Bank as set out in the above table since 30 June 2010.

## SELECTED FINANCIAL INFORMATION

The following table sets out summary financial information relating to the Group for the five financial years ended 31 December 2009. Except for the total capital resources, dividends per share, net asset value per share, ratios, capital ratios and where otherwise indicated, this information has been extracted without material adjustment from the Group's audited consolidated financial statements for the five years ended 31 December 2009, other than for comparative restatements.

The total capital resources, dividends per share, net asset value per share, ratios and capital ratios for the years ended 31 December 2009, 31 December 2008, 31 December 2007, 31 December 2006 and 31 December 2005 have been extracted from the unaudited "Supplementary Financial Information" section of the Group's annual report for the year ended 31 December 2009.

	2009 \$million	2008* \$million	2007 \$million	2006 \$million	2005 \$million
Operating profit before impairment losses and taxation	7,232	6,357	4,852	3,824	3,050
Impairment losses on loans and advances and other credit risk provisions	(2,000)	(1,321)	(761)	(629)	(319)
Other impairment	(102)	(469)	(57)	(15)	(50)
Profit before taxation	5,151	4,568	4,035	3,178	2,681
Profit attributable to shareholders	3,380	3,241	2,841	2,278	1,946
Loans and advances to banks <sup>1</sup>	50,885	46,583	35,365	19,724	21,701
Loans and advances to customers <sup>1</sup>	198,292	174,178	154,266	139,300	111,791
Total assets	436,653	435,068	329,871	266,102	215,096
Deposits by banks <sup>1</sup>	38,461	31,909	25,880	26,233	18,834
Customer accounts <sup>1</sup>	251,244	234,008	179,760	147,382	119,931
Shareholders' equity	27,340	22,140	20,851	16,853	11,882
Total capital resources <sup>2</sup>	44,650	39,681	37,192	30,096	22,682
<b>Information per ordinary share</b>					
Basic earnings per share	167.9c	192.1c	176.0c	148.0c	130.0c
Normalised earning per share <sup>3</sup>	179.8c	174.9c	173.0c	149.4c	134.5c
Dividends per share	66.03c	61.62c	59.65c	53.40c	48.1c
Net asset value per share	1,281.6c	1,091.1c	1,374.2c	1,208.5c	897.3c
<b>Ratios</b>					
Post-tax return on ordinary shareholders' equity - normalised basis <sup>3</sup>	14.3%	15.2%	15.6%	16.9%	18.0%
Basic cost-income ratio	52.4%	54.5%	56.2%	55.6%	55.5%
Cost-income ratio – normalised basis <sup>3</sup>	51.3%	56.1%	56.0%	55.2%	54.5%
<b>Capital ratios:</b>					
Tier 1 capital <sup># †</sup>	11.5%	9.9%	8.8%	8.3%	7.7%
Total capital <sup># †</sup>	16.5%	15.6%	15.2%	14.2%	13.6%

1 Excludes amounts held at fair value through profit or loss.

2 Shareholders' funds, minority interests and subordinated loan capital.

3 Results on a normalised basis reflect the Group's results, excluding amortisation and impairment of intangible assets, profits and losses of a capital nature, and profits and losses on repurchase of subordinated liabilities.

\* Amounts have been restated.

# Unaudited.

† For 2009, 2008 and 2007, on a Basel II basis, 2005 and 2006, on a Basel I basis.

The following table sets out summary financial information relating to the Group for the six months ended 30 June 2010, 30 June 2009 and 31 December 2009. Except where otherwise stated, this information has been extracted without material adjustment from the Group's unaudited interim report for the six months ended 30 June 2010 prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The summary financial information in the table below should be read in conjunction with such interim report.

	<b>6 months ended 30.06.10 \$million</b>	<b>6 months ended 30.06.09 \$million</b>	<b>6 months ended 31.12.09 \$million</b>
<b>Results</b>			
Operating income .....	7,924	7,960	7,224
Impairment losses on loans and advances and other credit risk provisions .....	(437)	(1,088)	(912)
Other impairment .....	(50)	(15)	(87)
Profit before taxation .....	3,116	2,838	2,313
Profit attributable to parent company shareholders.....	2,148	1,933	1,447
Profit attributable to ordinary shareholders* .....	2,098	1,883	1,396
<b>Balance sheet</b>			
Total assets .....	480,827	411,220	436,653
Total equity .....	30,053	23,890	27,920
Total capital base .....	36,246	32,324	35,265
<b>Information per ordinary share .....</b>			
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Earnings per share			
– normalised basis* .....	104.9	95.0	85.1
– basic .....	103.4	98.8	69.9
Dividend per share .....	23.35	21.23	44.80
Net asset value per share.....	1,358.1	1,133.1	1,281.6
<b>Ratios</b>			
	<b>%</b>	<b>%</b>	<b>%</b>
Return on ordinary shareholders' equity - normalised basis*...	14.7	17.0	12.2
Cost income ratio - normalised basis* .....	54.3	49.6	53.2
Capital ratios (Basel II basis):			
Core Tier 1 capital .....	9.0	7.6	8.9
Tier 1 capital .....	11.2	10.5	11.5
Total capital .....	15.5	15.8	16.5

\* Profit attributable to ordinary shareholders is after the deduction of dividends payable to the holders of the non-cumulative redeemable preference shares.

\* Results on a normalised basis reflect the results of SCPLC and its subsidiaries, excluding amortisation and impairment of intangible assets, profits and losses of capital nature, and profits and losses on repurchase of share capital.

The following table sets out summary financial information relating to SCB for the financial years ended 31 December 2009 and 31 December 2008. This information has been extracted without material adjustment from SCB's audited consolidated financial statements for the year ended 31 December 2009 (including comparative figures for the year ended 31 December 2008), each prepared in accordance with IFRS.

	<b>Year ended 31 December</b>	
	<b>2009</b>	<b>2008</b>
	<i>(U.S.\$million)</i>	
Operating profit before impairment losses and taxation .....	7,247	6,023
Impairment losses on loans and advances and other credit risk provisions	(2,000)	(1,321)
Other impairment .....	(102)	(469)
Profit before taxation .....	5,166	4,234
Profit attributable to parent company's shareholders .....	3,197	2,886
Loans and advances to banks.....	50,884	46,581
Loans and advances to customers.....	198,292	174,178
Total assets .....	436,420	434,989
Deposits by banks .....	38,461	31,909
Customer accounts .....	251,244	234,008
Total parent company shareholders' equity.....	24,905	19,037
Total capital resources .....	46,428	38,767



## THE GROUP

Set out on pages 97 to 109 of this document is an extract of the Financial Review extracted without material adjustment from the unaudited 2010 Interim Report of the Group for the six months ended 30 June 2010, announced on 4 August 2010.

### STANDARD CHARTERED PLC-FINANCIAL REVIEW

#### Group summary

The Group has delivered another strong performance for the six months ended 30 June 2010. Operating profit rose 10 per cent to \$3,116 million. On a constant currency basis<sup>1</sup>, the increase in operating profit was 6 per cent.

Operating income fell marginally by \$36 million to \$7,924 million compared to the corresponding period last year, but grew 10 per cent over the second half of 2009. Income grew by 3 per cent over the first half of 2009 excluding the gain of \$248 million generated from the buyback of Tier 2 notes in April 2009. Consumer Banking grew income by 8 per cent and client income in Wholesale Banking grew by 18 per cent. Own account income fell from the very strong levels seen in the first half of 2009, but showed good growth of 14 per cent over the second half.

Normalised earnings per share grew 10 per cent to 104.9 cents and return on equity was 14.7 per cent.

Expenses continue to be managed tightly whilst still investing in both businesses to underpin income momentum. The increase over the first half of 2009 reflects the Group's decision to hold back on investment expenditure in the first half of 2009 due to the uncertain environment at that time. With economies starting to improve in the latter half of 2009, the Group's invested in people and infrastructure with a resultant flow through of expenses in the current year. This, coupled with the softness seen in own account income in the current year, has resulted in a normalised cost to income ratio of 54.3 per cent compared to 49.6 per cent in the first half of 2009, and cost growth exceeded income growth by 8 per cent.

The Group's overall asset quality remains good. The stress on asset quality seen in the early part of 2009, in line with that seen in the wider industry, has moderated considerably in both businesses and most geographies. Additionally, a disciplined and proactive approach to risk, has delivered a significant reduction in impairment provisions.

The Group continues to focus on the foundations of good banking with particular emphasis on liquidity and capital. The Group maintains a liquid balance sheet, with an advances to deposits ratio of 76.2 per cent, compared to the 2009 year end ratio of 78.6 per cent. The Group also continues to maintain a conservative funding structure with all debt maturity requirements for 2010 pre-funded and with very low levels of refinancing necessary over the next few years. Both businesses have focused on growing deposits through product and service innovation and enhancement of their partnering efforts to drive acquisition of payroll accounts.

The Group continues to maintain a strong capital position with a Core Tier 1 ratio of 9 per cent at 30 June 2010. In the first half of the year the Group generated \$2.1 billion of organic equity primarily as a result of strong profitability. In addition, the Group's raised some \$504 million, net of expenses, through a listing of Indian Depository Receipts on the Bombay and National stock exchanges in India.

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<sup>1</sup> Unless otherwise specified, constant currency change is derived by applying a simple translation of the previous period functional currency number in each entity using the current average and period end US dollar exchange rates to the income statement and balance sheet, respectively.

## Operating income and profit

	6 months ended 30.06.10	6 months ended 30.06.09	6 months ended 31.12.09	H1 2010 v H1 2009	H1 2010 v H2 2009
	\$million	\$million	\$million	%	%
Net interest income .....	4,155	3,700	3,923	12	6
Fees and commissions income, net.....	2,148	1,685	1,685	27	27
Net trading income .....	1,351	1,740	1,150	(22)	17
Other operating income .....	270	835	466	(68)	(42)
	<u>3,769</u>	<u>4,260</u>	<u>3,301</u>	<u>(12)</u>	<u>14</u>
Operating income.....	7,924	7,960	7,224	(0)	10
Operating expenses.....	(4,344)	(4,027)	(3,925)	8	11
Operating profit before impairment losses and taxation.....	3,580	3,933	3,299	(9)	9
Impairment losses on loans and advances and other credit risk provisions.....	(437)	(1,088)	(912)	60	52
Other impairment.....	(50)	(15)	(87)	(233)	43
Profit from associates.....	23	8	13	188	77
Profit before taxation.....	<u>3,116</u>	<u>2,838</u>	<u>2,313</u>	<u>10</u>	<u>35</u>

## Acquisitions

On 12 April 2010 the Group completed the purchase from GE Capital Hong Kong of its consumer finance business in Hong Kong. The effect of this acquisition was not material to the Group's performance in the first half of 2010.

In the commentary below all comparisons are made in relation to the first half of 2009 unless otherwise stated.

## Group performance

Net interest income grew by \$455 million, or 12 per cent, with higher volumes offsetting margin pressure. The Group net interest margin at 2.3 per cent was down from 2.4 per cent in the first half of 2009. Both businesses continued to be impacted by liability margin pressures as interest rates remain low and uncertainty on sustained recovery persists, especially in the western economies with a knock on impact in some of our markets. Consumer Banking has seen good balance sheet velocity for both assets and liabilities. Higher volumes helped offset the fall in deposit margins and the impact of the shift to secured but lower yielding asset growth. In Wholesale Banking, margin compression, especially in the Cash business, was offset by an increase in Trade volumes, where we gained incremental market share.

Non-interest income, which comprises net fees and commissions, trading and other operating income fell \$491 million, or 12 per cent, to \$3,769 million. Excluding the gain of \$248 million on buy back of Tier 2 notes in the first half of 2009, non interest income was \$243 million, or 6 per cent, lower as a result of softer own account performance. Net fees and commission income increased by \$463 million, or 27 per cent, to \$2,148 million. In Consumer Banking, this was driven by better Wealth Management performance on the back of improved market sentiment and an increase in sales of mutual funds and structured products. In Wholesale Banking, the increase was driven by higher Corporate Advisory fees. Net trading income fell by \$389 million, or 22 per cent, to \$1,351 million as lower volatility limited trading opportunities. Other operating income primarily comprises gains arising on sale from the investment securities portfolio, aircraft lease income and dividend income. This income fell by \$565 million, or 68 per cent, to \$270 million as 2009 included gain arising from the buy back of own debt of \$248 million, which did not repeat in the current year. Consumer Banking non interest income registered a \$121 million increase benefitting from increased Wealth Management sales as market sentiment, although cautious, turned more positive. In Wholesale Banking, Corporate Finance performed very strongly on the back of some

landmark deals and Transaction Banking benefitted from increased volumes. Own account income, however, was adversely impacted as volatility in our markets was low and offered few opportunities. The Group's income streams continue to be highly diversified with most geographies showing a positive growth. Americas UK and Europe was flat having benefitted in the first half of 2009 through the gain arising from the buy back of own debt.

Operating expenses increased by \$317 million, or 8 per cent, to \$4,344 million. Expenses in the first half of 2009 included \$170 million related to the buy back of structured notes issued by the PEM Group in Taiwan which were partially offset by a reduction in retirement obligations of \$52 million. Excluding these, costs were higher by 11 per cent. Both businesses continued to invest in specialist and front line staff and in infrastructure spend on new branches, renovations and relocations of branches, distribution channels such as ATMs and technology systems.

Operating profit before impairment losses and taxation (also referred to as "working profit") fell \$353 million, or 9 per cent, to \$3,580 million. On a constant currency basis, the decrease was 12 per cent.

Loan impairment was lower by \$651 million, or 60 per cent, at \$437 million. The challenging credit environment seen in early 2009 has continued to ease, resulting in lower delinquency trends since the second half of 2009 and consequent lower provisions, both at a specific and portfolio level. Flow rates and impairment in Consumer Banking have continued to improve in the first half of 2010 as the environment improved. Wholesale Banking has also seen an improvement in credit grade migration and early alerts with resultant lower provisions, which related mainly to incremental provisioning on a few existing problem accounts.

Profit before taxation increased by \$278 million, or 10 per cent, to \$3,116 million with Consumer Banking contributing 21 percent of the Group's first half profit, up from 12 per cent in the first half in 2009. On a geographic basis, India surpassed Hong Kong as the leading contributor.

The Group's effective tax rate ("ETR") was 30 per cent compared to 29.8 per cent in the first half of 2009. Based on the underlying profit mix of the Group, generally, the full year ETR is expected to be in the range of 28 per cent to 29 per cent. The ETR in the first half of the year is higher than this range because of profit mix and the impact on deferred tax balances of a change in corporate tax rates, principally in Taiwan.

## Consumer Banking

The following tables provide an analysis of operating profit by geography for Consumer Banking:

6 months ended 30.06.10

Asia Pacific									
	Hong Kong	Singapore	Korea	Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Europe	Consumer Banking Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Operating income.....	523	333	510	704	251	344	183	64	2,912
Operating expenses.....	(351)	(172)	(389)	(486)	(157)	(221)	(121)	(69)	(1,966)
Loan impairment.....	(22)	(15)	(60)	(59)	(41)	(87)	(12)	(3)	(299)
Other impairment.....	—	—	—	—	—	—	(2)	(2)	(4)
Operating profit/(loss).	150	146	61	159	53	36	48	(10)	643

6 months ended 30.06.09

Asia Pacific									
	Hong Kong	Singapore	Korea	Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Europe	Consumer Banking Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Operating income.....	545	302	423	612	213	337	168	85	2,685
Operating expenses.....	(265)	(140)	(318)	(557)	(115)	(196)	(105)	(84)	(1,780)
Loan impairment.....	(58)	(19)	(116)	(120)	(77)	(143)	(18)	(12)	(563)
Other impairment.....	5	—	—	—	3	—	—	(2)	6
Operating profit/(loss).	227	143	(11)	(65)	24	(2)	45	(13)	348

6 months ended 31.12.09

Asia Pacific									
	Hong Kong	Singapore	Korea	Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Europe	Consumer Banking Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Operating income.....	537	333	572	671	231	341	183	76	2,944
Operating expenses.....	(339)	(157)	(383)	(489)	(133)	(199)	(124)	(105)	(1,929)
Loan impairment.....	(46)	(15)	(69)	(120)	(70)	(142)	(10)	(17)	(489)
Other impairment.....	—	—	(1)	(2)	2	—	—	(6)	(7)
Operating profit/(loss).	152	161	119	60	30	—	49	(52)	519

An analysis of Consumer Banking income by product is set out below:

	<b>6 months ended 30.06.10</b>	<b>6 months ended 30.06.09</b>	<b>6 months ended 31.12.09</b>
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
<b>Operating income by product</b>			
Cards, Personal Loans and Unsecured Lending.....	988	954	1,038
Wealth Management and Deposits.....	1,106	1,100	1,132
Mortgages and Auto Finance.....	733	540	704
Other.....	85	91	70
Total operating income.....	<u>2,912</u>	<u>2,685</u>	<u>2,944</u>

Consumer Banking continued to make progress in executing its shift towards becoming more customer focused. Operating income grew by \$227 million or 8 per cent to \$2,912 million. On a constant currency basis, income was 3 per cent higher. Net interest income increased \$106 million, or 6 per cent, to \$1,981 million. Whilst asset and liability volumes increased, this was partially offset by lower margins. Compared to the first half of 2009, margins, on average, fell 27 basis points on deposits as the low interest rate environment persisted and 7 basis points on assets as growth was primarily in lower yielding secured products. Non interest income at \$931 million was 15 per cent higher driven by Wealth Management fees which have grown steadily, although investor confidence remains cautious as evidenced by a slowdown in momentum following the recent economic events in Europe.

Expenses increased \$186 million, or 10 per cent, to \$1,966 million. On a constant currency basis, expenses were up 4 per cent. Expenses were driven higher by investment expenditure, primarily hiring relationship managers and front office staff, new branches and ATMs, and also increased regulatory costs.

Loan impairment was lower by \$264 million, or 47 per cent, at \$299 million. Delinquency rates have continued to improve since the second half of 2009 with an easing in the economic environment and this, coupled with the de-risking of the loan portfolio, has helped impairment levels reduce across all geographies. We remain cautious in some markets such as UAE.

Operating profit increased by \$295 million, or 85 per cent, to \$643 million. On a constant currency basis, the increase in operating profit was 82 per cent.

### Product performance

Income from Cards, Personal Loans and Unsecured Lending increased by \$34 million, or 4 per cent, to \$988 million. In the face of worsening delinquency trends in late 2008 and early 2009, we de-risked our portfolios, reducing emphasis on unsecured products. With flow rates improving in the latter half of 2009, we have been selectively returning to unsecured lending with a small increase in income from this product stream.

Wealth Management and Deposits income was broadly flat. With a low interest rate environment continuing for a longer period than expected, deposit margins continued to be under pressure and this was further exacerbated by pricing competition in key markets. We continued our deposit gathering initiatives driven by product innovation and continued focus on co-operation with Wholesale Banking to source payroll accounts. We continue to strategically drive the deposit mix. In 2009, the focus was on increasing Current and Savings accounts (CASA) and reducing expensive term deposits. With rates continuing to be steady and an upward bias expected in some markets, the focus more recently has been to grow longer term deposits and encourage rollover of maturities at lower rates. Total deposits grew by \$11 billion to \$130 billion and helped partially offset margin compression. Wealth Management has shown some recovery and grew in the first few months of 2010. Our focus continued on markets in Asia, where investor appetite was higher on the back of relatively better economic and stock exchange indicators.

Mortgages and Auto Finance grew strongly against the first half of 2009, with income up \$193 million, or 36 per cent, to \$733 million driven by higher volumes and improved margins. However, compared to the second half of 2009, margins fell due to an increase in funding costs and the impact of increased competition on pricing. This was partially offset by continued good volume growth, particularly in Hong Kong.

The "Other" classification primarily includes SME related trade and transactional income and has remained at similar levels compared to the previous period.

## **Geographic performance**

### ***Hong Kong***

Income was down \$22 million, or 4 per cent, to \$523 million. Hong Kong is our most liquid market. The low interest rate environment coupled with market competition put margins under pressure and interest income fell compared to the first half of 2009. The margin impact was partially offset by an increase in volumes across both liability and asset products. We continued to gain market share in both mortgages and credit cards whilst also growing the SME trade book. Liability growth continued to be driven through innovative programs such as MaxiRewards and variants such as Renminbi (RMB) deposits in addition to on-going efforts with Wholesale Banking to grow payroll accounts. Non funded income has grown steadily since the first half of 2009 driven primarily by unit trust sales and securities brokerage. In line with the trend across the Group, investment was held back in the first half of 2009. With income momentum improving in the second half of 2009, the business invested in front office staff and enhanced internet and mobile infrastructure, resulting in higher expenses in the current period, up 32 per cent to \$351 million. Working profit was down \$108 million, or 39 per cent, to \$172 million.

Impairment was lower by \$36 million as personal bankruptcies fell by around 50 per cent in an improving economic climate and increased security related to the SME portfolio. Operating profit was down \$77 million, or 34 per cent, to \$150 million.

### ***Singapore***

Income was up \$31 million, or 10 per cent, to \$333 million. On a constant currency basis, income was up 5 per cent. Income from mortgages and cards benefitted from customer-centric innovation focused on enhancing transactional capabilities such as Breeze, Pay Any Card and the "8 minute service guarantee". Wealth Management income grew on the back of increased sales of structured notes as markets and investor appetite recovered. Low interest rates and increased competition impacted deposit margins adversely but were partially offset by increased volumes. Operating expenses increased \$32 million, or 23 per cent, to \$172 million, driven higher by investment in frontline marketing and branch relocations and refurbishments. Working profit was flat at \$161 million. Loan impairment was marginally lower at \$15 million as the economic environment improved. Operating profit was broadly flat at \$146 million.

### ***Korea***

Income was up \$87 million, or 21 per cent, to \$510 million. On a constant currency basis, growth was 3 per cent. Income grew in Mortgages, Unsecured Lending and Wealth Management, and although liability volumes were higher this was largely offset by lower deposit margins. Operating expenses were up \$71 million, or 22 per cent, to \$389 million. On a constant currency basis, expenses were 5 per cent higher. Expenses were driven higher by investment in refurbishing and renovating existing branches and the opening of 10 new branches in the first half of this year.

Working profit was up 15 percent, but 2 percent lower on a constant currency basis at \$121 million. Loan impairment was down \$56 million, or 48 per cent, to \$60 million as bankruptcies and debt restructuring reduced. This was further helped by the benefits of a de-risked portfolio flowing through. Operating profit was \$61 million, up \$72 million from the \$11 million loss in the first half of 2009.

### ***Other Asia Pacific***

Income was up \$92 million, or 15 per cent, at \$704 million. All major markets except Thailand registered positive income growth. Income in China was up 27 per cent to \$98 million driven

by strong volume growth in personal loans and mortgages, improved liability margins and increased fee income on the back of higher sales of mutual funds and structured notes. Taiwan saw a 16 per cent increase in income with strong growth in Mortgages and Wealth Management momentum, primarily unit trust and mutual fund sales. In Thailand, income reduced as the political unrest impacted business sentiment and we continued to de-risk the portfolio. Income in Malaysia was up 6 per cent to \$128 million and benefitted from growth in assets, primarily SME and Mortgages. Operating expenses in the first half of 2009 included a \$170 million charge in Taiwan for the buy back of structured notes issued by the PEM Group which were partially offset by a reduction in retirement obligations of \$52 million.

Excluding these items, expenses were up \$47 million, or 11 per cent, at \$486 million primarily driven by investments in frontline staff, branch infrastructure and ATMs. Working profit was up \$163 million to \$218 million. Loan impairment fell \$61 million, or 51 per cent, to \$59 million. Taiwan and Thailand saw a significant reduction in impairment as actions taken to de-risk the portfolios coupled with enhanced collection efforts took effect. This geography delivered an operating profit of \$159 million as compared to a loss of \$65 million in the first half of 2009.

### **India**

Income was up \$38 million, or 18 per cent, to \$251 million. On a constant currency basis, income grew 10 per cent. This was driven by the continuing momentum in focus segments such as Private Banking and Priority Banking since the second half of 2009. Mortgages and SME saw good growth in volumes and benefitted from an increase in margins. Wealth Management benefitted from a more buoyant stock market resulting in higher mutual fund sales. As in other major markets, deposits growth was driven by the focus on payroll accounts which helped CASA balances grow 2 per cent over the previous year end. Operating expenses were \$42 million, or 37 per cent, higher at \$157 million. On a constant currency basis, expenses were higher by 26 per cent. The first half of 2009 had benefitted from a service tax rebate. The underlying increase in expenses was driven by continued investments to support future growth and build the franchise including front office staff and Relationship Managers, increased brand visibility and ATM expansion. Working profit was down \$4 million, or 4 per cent, at \$94 million. On a constant currency basis, the drop in working profit was 10 per cent. Loan impairment was down \$36 million, or 47 per cent, to \$41 million as a result of the shift towards secured lending. Operating profit grew \$29 million, or 121 per cent, to \$53 million. On a constant currency basis, operating profit was 118 per cent higher.

### **MESA**

Income was up \$7 million, 2 per cent at \$344 million. Amongst the major markets in this geography, whilst UAE income grew 6 per cent, Pakistan income fell 6 per cent due to lower customer lending and compressed margins although this was partially offset by strong deposit growth. UAE income was helped by a stronger Wealth Management performance partially offset by a reduction of the high-yield personal loan portfolio in light of the economic stress and tighter underwriting criteria. Growth in focus segments such as Private Banking and Priority Banking was strong but liability margins continued to be under pressure in a low interest rate environment with increased competition. Operating expenses in MESA were higher by \$25 million, or 13 per cent, at \$221 million primarily driven by UAE where expenses were up by \$20 million, or 26 per cent, as the business continued to invest in frontline staff and realignment of distribution channels. Expenses in Pakistan were held flat as the business continued to maintain a strong cost discipline, phasing investments in line with income momentum. Working profit was down \$18 million, or 13 per cent, to \$123 million. Loan impairment was lower at \$87 million, 39 per cent down from \$143 million in the first half of 2009. Whilst the decrease was primarily in the UAE and Pakistan, all markets benefitted from an improving economic climate coupled with the shift to secured lending products. Despite a drop in income, Pakistan, through its cost discipline and lower impairment resulting from improved delinquency trends, returned to profit. MESA delivered an operating profit of \$36 million, compared to an operating loss of \$2 million in the first half of 2009.

### **Africa**

Income was up \$15 million, or 9 per cent, at \$183 million. On a constant currency basis, income grew 6 per cent with strong momentum in SME and Personal Loans. With the

exception of smaller markets, such as Tanzania and Gambia, all other markets registered positive income growth. Uganda and Zambia saw asset growth in SME and Personal Lending whilst liabilities grew across all markets. Nigeria and Kenya gained market share across asset and liability products. Operating expenses were \$16 million, or 15 per cent, higher at \$121 million. On a constant currency basis, expenses were higher by 13 per cent. Expenses were driven by investments to strengthen the distribution network. Working profit was flat at \$62 million. Loan impairment was down \$6 million, or 33 per cent, to \$12 million. Operating profit was up \$3 million, or 7 per cent, at \$48 million. On a constant currency basis operating profit was up 3 per cent.

### ***Americas, UK & Europe***

Income fell \$21 million or 25 per cent from \$85 million to \$64 million. The business in this region is primarily Private Banking in nature and continued to be impacted by low investor confidence resulting in AUM reduction with a corresponding income decline. Low interest rates resulted in a squeeze in liability margins. Operating expenses fell \$15 million, or 18 percent, as restructuring initiatives undertaken in 2009 started to show results. Impairment was lower by \$9 million or 75 percent. The operating loss reduced from \$13 million to \$10 million largely driven by cost efficiencies.



## Wholesale Banking

The following tables provide an analysis of operating profit by geography for Wholesale Banking:

6 months ended 30.06.10

Asia Pacific									
	Hong Kong	Singapore	Korea	Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Europe	Wholesale Banking Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Operating income.....	668	580	286	837	760	712	463	706	5,012
Operating expenses.....	(305)	(305)	(129)	(409)	(187)	(294)	(202)	(526)	(2,357)
Loan impairment.....	(3)	(2)	(69)	(30)	(2)	(29)	5	(8)	(138)
Other impairment.....	1	—	—	(1)	—	(25)	(3)	(18)	(46)
Operating profit.....	361	273	88	397	571	364	263	154	2,471

6 months ended 30.06.09

Asia Pacific									
	Hong Kong	Singapore	Korea	Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Europe	Wholesale Banking Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Operating income.....	678	581	282	902	691	806	390	697	5,027
Operating expenses.....	(302)	(290)	(121)	(375)	(172)	(267)	(164)	(556)	(2,247)
Loan impairment.....	(30)	(4)	(69)	(71)	(20)	(317)	(6)	(8)	(525)
Other impairment.....	5	—	—	14	3	—	—	(28)	(6)
Operating profit.....	351	287	92	470	502	222	220	105	2,249

6 months ended 31.12.09

Asia Pacific									
	Hong Kong	Singapore	Korea	Other Asia Pacific	India	Middle East & Other S Asia	Africa	Americas UK & Europe	Wholesale Banking Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
Operating income.....	610	376	277	703	678	594	348	678	4,264
Operating expenses.....	(262)	(214)	(131)	(357)	(151)	(229)	(160)	(434)	(1,938)
Loan impairment.....	(11)	1	(24)	(84)	(34)	(209)	(20)	(42)	(423)
Other impairment.....	—	(40)	—	14	11	(10)	—	(51)	(76)
Operating profit.....	337	123	122	276	504	146	168	151	1,827

	6 months ended 30.06.10	6 months ended 30.06.09	6 months ended 31.12.09
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
<b>Operating income by product</b>			
Lending and Portfolio Management.....	465	412	437
Transaction Banking.....	1,282	1,272	1,265
Global Markets <sup>1</sup>			
Financial Markets.....	1,711	2,036	1,275
Asset and Liability Management ('ALM').....	488	557	406
Corporate Finance.....	932	615	679
Principal Finance.....	134	135	202
Total Global Markets.....	3,265	3,343	2,562
Total operating income.....	5,012	5,027	4,264
	<b>6 months ended 30.06.10</b>	<b>6 months ended 30.06.09</b>	<b>6 months ended 31.12.09</b>
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
<b>Financial Markets operating income by desk</b>			
Foreign Exchange.....	646	831	518
Rates.....	512	573	306
Commodities and Equities.....	165	236	153
Capital Markets.....	233	226	183
Credit and Other.....	155	170	115
Total Financial Markets operating income.....	1,711	2,036	1,275

1 Global Markets comprises the following businesses: Financial Markets (foreign exchange, interest rate and other derivatives, commodities and equities, debt capital markets, syndications); ALM; Corporate Finance (corporate advisory, structured trade finance, structured finance and project and export finance); and Principal Finance (corporate private equity, real estate infrastructure and alternative investments).

Wholesale Banking has delivered a robust financial performance in a challenging environment. We have continued to focus on deepening client relationships, using our network capabilities as a source of differentiation, and a disciplined approach to managing the cost base and the balance sheet. Client income has grown strongly at 18 percent with broad based growth across product lines. This has largely helped offset the fall in own account income. Income was broadly flat at \$5,012 million. Net interest income was up \$349 million, or 19 per cent, to \$2,174 million with volumes in Lending and Trade helping offset lower margins in Cash. Non-interest income was lower by \$364 million, or 11 per cent, at \$2,838 million. Client income continued to be significant at over 80 per cent of total income.

Corporate Finance delivered a 52 percent increase in income compared to the first half of 2009 with a continuing stream of landmark deals, especially in India and Africa. Financial Markets performance was adversely impacted as market conditions were much less favourable than the first half of 2009. Reduced volatility and spreads coupled with increased competition offset volume gains. Volume growth was driven across product lines through our focus on strategic and transactional client opportunities. Own account income was down 40 per cent compared to the exceptional levels in the first half of last year, although it has grown 14 per cent against the second half of 2009. Interest and exchange volatility was low due to strong government and regulator interventions in most markets and a low interest rate environment offered limited trading opportunities. Asset and Liability Management (ALM), which benefitted in early 2009 from higher yielding assets, has seen a churn in early 2010 with replacements at lower yields in a falling interest rate environment.

Operating expenses were up \$110 million, or 5 per cent, to \$2,357 million. The increase was largely driven by higher regulatory costs, investments in systems and infrastructure and the flow through in staff costs arising from prior year initiatives on resourcing in specialist areas such as sales, trading and financial institutions teams. Other increases were driven off a tightly controlled prior year first half in view of the uncertain outlook at the beginning of 2009. These increases have been partially offset by lower bonus accruals reflecting lower Global Market income and increased deferral rates.

The negative jaws of 5 per cent have resulted in a drop in working profit of \$125 million, or 4 per cent, to \$2,655 million.

Impairment was significantly lower by \$387 million at \$138 million. Impairment in the first half of 2010 has related mainly to incremental provisioning on a few existing problem accounts, particularly related to the Korean shipbuilding sector. There have been no new material impairments in the first half of the year. The portfolio remains well diversified and well collateralised.

Operating profit increased \$222 million, or 10 per cent, to \$2,471 million and constitutes nearly 80 per cent of the Group's operating profit.

### **Product performance**

Lending and Portfolio Management income increased by \$53 million, or 13 per cent, to \$465 million driven by an increase in lending volumes, related fee income and improved margins through re-pricing.

Transaction Banking income was flat at \$1,282 million. Income from Trade grew 11 per cent on the back of a 26 per cent increase in volumes compensating for a squeeze in margins as competition increased. The Cash business was significantly impacted by a 43 basis point drop in margins due to the effect of aggressive interest rate cuts since the latter half of 2009 and income was 9 per cent lower than the first half of 2009. However, a 24 per cent increase in liabilities and a 25 per cent growth in transaction volumes helped gain market share and partially offset the impact of falling margins. Securities income grew 21 per cent as the increase in Assets under Administration (AUA) and related fees helped offset the drop in interest as liability balances fell 13 per cent.

Global Markets income fell by \$78 million, or 2 per cent, to \$3,265 million.

Within Global Markets, the Financial Markets (FM) business, whilst continuing to be the largest contributor, saw income falling \$325 million, or 16 per cent, to \$1,711 million. The FM business primarily comprises sales and trading of exchange and interest rate products and over the period has seen diversification of income streams, with increased contributions from commodity, equity and credit derivatives. Over 75 per cent of this income was client driven arising from client flows and their hedging requirements, which we supported through our upgraded risk management capabilities.

FM Sales and Trading income was adversely impacted in the first half of 2010 by spread compression, increased competition and less volatile market conditions providing fewer opportunities. Income in the Foreign Exchange and Rates businesses, whilst lower than the first half of 2009, was higher than the latter half of 2009 with higher volumes helping to partially offset the margin compression. The Commodities business saw a fall in income as reduced volatility resulted in a drop in customer flows. The Equities business whilst benefitting from increased flows was adversely impacted by mark downs as global equity markets fell in the second quarter of 2010.

ALM income was \$69 million, or 12 per cent, lower at \$488 million. This was primarily driven by high yielding positions maturing which have been replaced by lower yielding securities.

Corporate Finance income was up \$317 million, or 52 per cent, to \$932 million with strong income growth across all products. Much of the growth was in Corporate Advisory, driven by deals across our footprint and further client penetration in India and Africa.

Principal Finance income was broadly flat at \$134 million with higher recoveries and sales of distressed debts partially offsetting lower gains in private equity. As Asian market prices rose in the first half of 2009, our private equity business gained from both upward marks and disposals. This did not replicate to the same extent in this period.

## Geographic performance

### *Hong Kong*

Income was down \$10 million, or 1 per cent, to \$668 million. Client income was up 16 per cent driven by an increase in Lending and Trade volumes coupled with proactive re-pricing of the Lending book. Corporate Finance benefitted from advisory and structured finance deals and the Custody business also saw an increase in volumes although this was partially offset by shrinking margins in the Cash business in a low interest rate environment. The increase in Client income was offset by a decline in own account income and downward marks on convertible bonds as credit spreads widened in the second quarter of 2010. Operating expenses were up \$3 million, or 1 per cent, to \$305 million with an increase in salaries and infrastructure being offset by lower bonus accruals on the back of depressed trading performance. Working profit was down \$13 million, or 3 per cent, to \$363 million. Impairment was negligible in the current period resulting in an increase in operating profit to \$361 million, compared to \$351 million in the prior period.

### *Singapore*

Income was broadly flat at \$580 million with Client income growth offset by the drop in own account income. Client income benefitted from increased trade finance, structured corporate finance deals and increased lending volumes. Trading income was however adversely impacted due to decreased market volatility and tighter margins. Operating expenses grew \$15 million, or 5 per cent, to \$305 million driven by staff costs arising from flow through of previous year investment in specialist teams in areas such as commodities, options and interest rate derivatives. Working profit fell by \$16 million or 5 per cent, to \$275 million. Operating profit was lower by \$14 million, or 5 per cent, at \$273 million.

### *Korea*

Income was flat. On a constant currency basis, income was 15 per cent lower. Client income grew 3 per cent on a headline basis but declined on a constant currency basis due to margin compression as liquidity levels increased and competition returned to the market. Own account had record income in the first half of 2009 due to market volatility and the absence of liquidity. In contrast, the current half year was relatively stable and trading opportunities were limited. Operating expenses were higher by \$8 million, or 7 per cent, at \$129 million primarily driven by investment related to the securities business. On a constant currency basis, expenses were lower by 8 per cent. Working profit was lower by \$4 million, or 2 per cent, at \$157 million. On a constant currency basis, working profit fell 20 per cent. Loan impairment was flat at \$69 million, mainly relating to additional provisions on a small number of specific exposures primarily in the ship building sector. Operating profit was marginally lower by \$4 million, or 4 per cent, at \$88 million. On a constant currency basis, operating profit fell 23 per cent.

### *Other Asia Pacific*

Income was down \$65 million, or 7 per cent, at \$837 million. All major markets in this region were impacted by a fall in own account income due to lower volatility resulting in reduced trading opportunities. The first half of 2009 saw private equity gains in China which have not replicated in the first half of 2010. Across the region, Client income was strong through higher trade and lending volumes and structured transactions by the Corporate Finance team. Excluding the private equity gains, China delivered income growth of 9 per cent on the back of higher Trade and Lending volumes and improved Lending and Cash margins. Income in Taiwan fell with margin compression being only partially offset by higher volumes. Malaysia income was down 6 per cent to \$140 million as own account was impacted due to reduced opportunities. Operating expenses were up \$34 million, or 9 per cent, to \$409 million. Expenses were driven higher by staff and premises expenses and flow through from prior year investments. China operating expenses were up 15 per cent to \$150 million. Working profit was lower by 19 per cent at \$428 million. Impairment was down \$41 million at \$30 million. The previous period charge had been largely driven by disputes on certain foreign exchange related transactions. Operating profit was \$73 million lower at \$397 million, down 16 per cent. Operating profit in China was \$93 million.

## **India**

Income grew \$69 million, or 10 per cent, to \$760 million. On a constant currency basis income grew 2 per cent. Client income grew, primarily driven by corporate advisory leveraging on cross border financing and deal structuring capabilities. Trade and Lending margins fell but were partially offset by higher volumes. With equity markets improving, the Custody business saw an increase in volumes which more than offset the margin compression. Operating expenses were up \$15 million, or 9 per cent, driven primarily by staff costs. Working profit was up \$54 million, or 10 per cent, at \$573 million. On a constant currency basis, working profit grew 3 per cent. Loan impairment was lower by \$18 million, driven by an improving economic environment. Operating profit was up \$69 million, or 14 per cent, to \$571 million. On a constant currency basis operating profit grew 6 per cent.

## **MESA**

Income was down \$94 million, or 12 per cent, to \$712 million with increases in Client income partially offsetting the drop in own account incomes. Client income growth was broad based with Lending, Trade and Corporate Advisory reflecting increased volumes and steady margins and Islamic banking continued to be a key focus area. UAE income was lower with the growth in local corporate segment being offset by a drop in other client segments. Bahrain saw an income drop of 35 per cent as a deteriorating credit environment in the region impacted risk appetite and business flow. Income in Pakistan fell as political and economic uncertainty impacted business sentiment. Operating expenses were up \$27 million, or 10 per cent, to \$294 million driven by staff and investment expenditure. Working profit was down \$121 million, or 22 per cent, to \$418 million. Impairment in the region, which continues to be driven by a few existing problem exposures, was significantly lower than in the first half of 2009. Operating profit at \$364 million was \$142 million, or 64 per cent higher.

## **Africa**

Income was up \$73 million, or 19 per cent, to \$463 million. On a constant currency basis, income grew 14 per cent. Income was driven primarily by excellent Corporate Finance performance. Trade and Lending income also increased as a result of re-pricing. This helped offset a fall in Cash income where higher volumes only partially made up for margin compression. Corporate Finance benefitted from landmark deals as we continued to deepen client relationships and move up the value chain. South Africa, Ghana and Zambia drove income momentum through higher trade volumes, while Nigeria, Kenya and Zambia saw an increase in lending volumes. Operating expenses were up \$38 million, or 23 per cent, to \$202 million. On a constant currency basis expenses were 21 per cent higher reflecting investments in people and infrastructure. Working profit was up \$35 million, or 15 per cent, to \$261 million. Loan impairment benefitted in the current year with net recoveries of \$5 million. Operating profit was up \$43 million, or 20 per cent, to \$263 million. On a constant currency basis operating profit grew 13 per cent.

## **Americas, UK & Europe**

This region continued to support cross border business originating in other geographies and in sourcing business across the franchise. Income was marginally higher by \$9 million, or 1 per cent, at \$706 million. There was broad based Client income growth across Trade, Lending and Corporate Finance which offset the drop in own account income. Lending and Trade saw increased volumes with repricing actions, which helped offset margin compression in Cash income. In the first half of 2009, trading income benefitted from a favourable positioning of our ALM book against a declining interest rate environment. Trading opportunities were significantly lower in the current period. Foreign Exchange and Rates business was also impacted by lower spreads. Operating expenses were lower by \$30 million with staff expense increases being offset through a reduction in premises costs and other efficiencies. Working profit grew \$39 million or 28 per cent. Impairment was flat. Other impairment, which primarily relates to the asset backed securities (ABS) portfolio, was lower by \$10 million or 36 per cent, at \$18 million. Operating profit was up 47 per cent at \$154 million.

**STANDARD CHARTERED PLC – GROUP RESULTS FOR FIRST HALF OF 2010**

Set out on pages 110 to 115 of this document is the unaudited condensed consolidated interim income statement, statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement without material adjustment from the 2010 Interim Report for the six months ended 30 June 2010, announced on 4 August 2010.

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**  
For the six months ended 30 June 2010

	6 months ended 30.06.10	6 months ended 30.06.09	6 months ended 31.12.09
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
Interest income .....	6,462	6,490	6,436
Interest expense .....	(2,307)	(2,790)	(2,513)
Net interest income .....	4,155	3,700	3,923
Fees and commission income .....	2,288	1,853	1,971
Fees and commission expense .....	(140)	(168)	(286)
Net trading income .....	1,351	1,740	1,150
Other operating income .....	270	835	466
Non-interest income .....	3,769	4,260	3,301
Operating income .....	7,924	7,960	7,224
Staff costs .....	(2,808)	(2,618)	(2,294)
Premises costs .....	(381)	(314)	(384)
General administrative expenses .....	(884)	(860)	(962)
Depreciation and amortisation .....	(271)	(235)	(285)
Operating expenses .....	(4,344)	(4,027)	(3,925)
Operating profit before impairment losses and taxation....	3,580	3,933	3,299
Impairment losses on loans and advances and other credit risk provisions .....	(437)	(1,088)	(912)
Other impairment .....	(50)	(15)	(87)
Profit from associates .....	23	8	13
Profit before taxation .....	3,116	2,838	2,313
Taxation .....	(935)	(847)	(827)
Profit for the period .....	<u>2,181</u>	<u>1,991</u>	<u>1,486</u>
Profit attributable to:			
Non-controlling interests .....	33	58	39
Parent company shareholders .....	2,148	1,933	1,447
Profit for the period .....	<u>2,181</u>	<u>1,991</u>	<u>1,486</u>
	<i>cents</i>	<i>cents</i>	<i>cents</i>
Earnings per share:			
Basic earnings per ordinary share .....	103.4	98.8	69.9
Diluted earnings per ordinary share .....	101.9	98.0	69.2
Dividends per ordinary share:			
Interim dividend declared .....	23.35	—	—
Interim dividend paid .....	—	21.23	—
Final dividend paid .....	—	—	44.80
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
Total dividend:			
Total interim dividend payable <sup>1</sup> .....	481	—	—
Total interim dividend (paid 8 October 2009) .....	—	425	—
Total final dividend (paid 13 May 2010) .....	—	—	904

1 Dividend declared/payable represents the interim dividend as declared by the Board of Directors on 4 August 2010 and is expected to be paid on 5 October 2010. This dividend does not represent a liability to the Group at 30 June 2010 and is a non-adjusting event as defined by IAS 10 'Events after the reporting period'.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2010**

	6 months ended 30.06.10	6 months ended 30.06.09	6 months ended 31.12.09
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
<b>Profit for the period</b> .....	2,181	1,991	1,486
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations:			
Net (losses)/gains taken to equity .....	(291)	(38)	638
Actuarial losses on retirement benefit obligations .....	(42)	(127)	(23)
Share of other comprehensive income from associates .....	(3)	—	19
Available-for-sale investments:			
Net valuation gains/(losses) taken to equity .....	479	(30)	485
Reclassified to income .....	(73)	(380)	(200)
Cash flow hedges:			
Net (losses)/gains taken to equity .....	(36)	44	(30)
Reclassified to income .....	36	69	37
Taxation relating to components of other comprehensive income .....	(94)	105	(43)
Other comprehensive income for the period, net of taxation .....	(24)	(357)	883
<b>Total comprehensive income for the period</b> .....	<u>2,157</u>	<u>1,634</u>	<u>2,369</u>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests .....	48	65	46
Parent company shareholders .....	2,109	1,569	2,323
	<u>2,157</u>	<u>1,634</u>	<u>2,369</u>



**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
As at 30 June 2010

	30.06.10	30.06.09	31.12.09
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
<b>Assets</b>			
Cash and balances at central banks.....	29,694	12,141	18,131
Financial assets held at fair value through profit or loss.....	24,287	16,450	22,446
Derivative financial instruments .....	44,555	45,823	38,193
Loans and advances to banks .....	49,390	45,366	50,885
Loans and advances to customers.....	215,005	182,748	198,292
Investment securities .....	76,787	72,616	75,728
Other assets .....	24,771	19,653	17,201
Current tax assets.....	159	649	203
Prepayments and accrued income .....	4,072	4,274	3,241
Interests in associates.....	620	487	514
Goodwill and intangible assets.....	6,513	6,404	6,620
Property, plant and equipment .....	3,971	3,934	4,103
Deferred tax assets.....	1,003	675	1,096
<b>Total assets</b> .....	<b>480,827</b>	<b>411,220</b>	<b>436,653</b>
<b>Liabilities</b>			
Deposits by banks .....	31,903	33,634	38,461
Customer accounts.....	279,089	230,147	251,244
Financial liabilities held at fair value through profit or loss .....	18,380	16,947	14,505
Derivative financial instruments .....	43,425	43,109	36,584
Debt securities in issue .....	33,364	20,860	29,272
Other liabilities .....	23,716	20,598	16,139
Current tax liabilities .....	897	592	802
Accruals and deferred income .....	3,572	3,493	4,113
Subordinated liabilities and other borrowed funds.....	15,555	16,922	16,730
Deferred tax liabilities .....	179	176	193
Provisions for liabilities and charges .....	224	310	184
Retirement benefit obligations.....	470	542	506
<b>Total liabilities</b> .....	<b>450,774</b>	<b>387,330</b>	<b>408,733</b>
<b>Equity</b>			
Share capital.....	1,037	967	1,013
Reserves .....	28,421	22,360	26,327
Total parent company shareholders' equity .....	29,458	23,327	27,340
Non-controlling interests.....	595	563	580
<b>Total equity</b> .....	<b>30,053</b>	<b>23,890</b>	<b>27,920</b>
<b>Total equity and liabilities</b> .....	<b>480,827</b>	<b>411,220</b>	<b>436,653</b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 June 2010

	Share capital	Share premium account	Capital and capital redemption reserve <sup>1</sup>	Merger reserve	Available-for-sale reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Parent company shareholders equity	Non-controlling interests	Total
	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million	\$million
At 1 January 2009	948	4,743	18	5,617	(5)	(83)	(1,784)	12,686	22,140	555	22,695
Profit for the period	—	—	—	—	—	—	—	1,933	1,933	58	1,991
Other comprehensive income	—	—	—	—	(316)	78	(38)	(88) <sup>2</sup>	(364)	7	(357)
Distributions	—	—	—	—	—	—	—	—	—	(54)	(54)
Shares issued, net of expenses	3	39	—	—	—	—	—	—	42	—	42
Net own shares adjustment	—	—	—	—	—	—	—	(69)	(69)	—	(69)
Share option expense, net of taxation	—	—	—	—	—	—	—	117	117	—	117
Capitalised on scrip dividend	16	(16)	—	—	—	—	—	—	—	—	—
Dividends, net of scrip	—	—	—	—	—	—	—	(472)	(472)	—	(472)
Other decreases	—	—	—	—	—	—	—	—	—	(3)	(3)
At 30 June 2009	967	4,766	18	5,617	(321)	(5)	(1,822)	14,107	23,327	563	23,890
Profit for the period	—	—	—	—	—	—	—	1,447	1,447	39	1,486
Other comprehensive income	—	—	—	—	228	20	637	(9) <sup>2</sup>	876	7	883
Distributions	—	—	—	—	—	—	—	—	—	(33)	(33)
Shares issued, net of expenses	41	67	—	1,667	—	—	—	—	1,775	—	1,775
Net own shares adjustment	—	—	—	—	—	—	—	(12)	(12)	—	(12)
Share option expense, net of taxation	—	—	—	—	—	—	—	194	194	—	194
Capitalised on scrip dividend	5	(5)	—	—	—	—	—	—	—	—	—
Dividends, net of scrip	—	—	—	—	—	—	—	(267)	(267)	—	(267)
Other increases	—	—	—	—	—	—	—	—	—	4	4
At 31 December 2009	1,013	4,828	18	7,284	(93)	15	(1,185)	15,460	27,340	580	27,920
Profit for the period	—	—	—	—	—	—	—	2,148	2,148	33	2,181
Other comprehensive income	—	—	—	—	287	(1)	(288)	(37) <sup>2</sup>	(39)	15	(24)
Distributions	—	—	—	—	—	—	—	—	—	(32)	(32)
Shares issued, net of expenses	15	519	—	—	—	—	—	—	534	—	534
Net own shares adjustment	—	—	—	—	—	—	—	(163)	(163)	—	(163)
Share option expense, net of taxation	—	—	—	—	—	—	—	115	115	—	115
Capitalised on scrip dividend	9	(9)	—	—	—	—	—	—	—	—	—
Dividends, net of scrip	—	—	—	—	—	—	—	(477)	(477)	—	(477)
Other decreases	—	—	—	—	—	—	—	—	—	(1)	(1)
At 30 June 2010	1,037	5,338	18	7,284	194	14	(1,473)	17,046	29,458	595	30,053

1 Includes capital reserve of \$5 million and capital redemption reserve of \$13 million at 1 January 2009, 30 June 2009, 31 December 2009 and 30 June 2010.

2 For the period ended 30 June 2010, comprises actuarial losses, net of taxation and non-controlling interests of \$(34) million (30 June 2009: \$(88) million and 31 December 2009: \$(28) million) and share of comprehensive income from associates of \$(3) million (30 June 2009: \$nil million and 31 December 2009: \$19 million).

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT**  
**For the six months ended 30 June 2010**

	6 months ended 30.06.10	6 months ended 30.06.09 <sup>1</sup>	6 months ended 31.12.09 <sup>1</sup>
	<i>\$million</i>	<i>\$million</i>	<i>\$million</i>
<b>Cash flows from operating activities</b>			
Profit before taxation.....	3,116	2,838	2,313
Adjustments for:			
Non-cash items included within income statement .....	820	405	980
Change in operating assets .....	(57,979)	10,921	(7,959)
Change in operating liabilities.....	46,115	(24,578)	13,870
Contributions to defined benefit schemes.....	(75)	(21)	(103)
UK and overseas taxes paid, net of refund.....	(798)	(567)	(643)
	<u>(8,801)</u>	<u>(11,002)</u>	<u>8,458</u>
<b>Net cash (used in)/from operating activities .....</b>			
<b>Net cash flows from investing activities</b>			
Purchase of property, plant and equipment .....	(159)	(85)	(176)
Disposal of property, plant and equipment .....	121	52	166
Acquisition of investment in subsidiaries and associates, net of cash acquired .....	(228)	(45)	(23)
Purchase of investment securities .....	(56,589)	(58,501)	(71,238)
Disposal and maturity of investment securities .....	55,295	56,331	70,347
Dividends received from investment in associates .....	9	10	1
	<u>(1,551)</u>	<u>(2,238)</u>	<u>(923)</u>
<b>Net cash used in investing activities .....</b>			
<b>Net cash flows from financing activities</b>			
Issue of ordinary and preference share capital, net of expenses .....	534	42	1,775
Purchase of own shares .....	(178)	(82)	(21)
Exercise of share options through ESOP .....	15	13	9
Interest paid on subordinated liabilities .....	(561)	(568)	(304)
Gross proceeds from issue of subordinated liabilities.....	750	1,742	321
Repayment of subordinated liabilities .....	(1,534)	(1,757)	(683)
Dividends paid to non-controlling interests and preference shareholders, net of scrip.....	(82)	(104)	(84)
Dividends paid to ordinary shareholders, net of scrip .....	(427)	(422)	(216)
	<u>(1,483)</u>	<u>(1,136)</u>	<u>797</u>
<b>Net cash (used in)/from financing activities.....</b>			
Net (decrease)/increase in cash and cash equivalents .....	(11,835)	(14,376)	8,332
Cash and cash equivalents at beginning of the period .....	68,073	73,699	59,210
Effect of exchange rate movements on cash and cash equivalents.....	(70)	(113)	531
	<u>56,168</u>	<u>59,210</u>	<u>68,073</u>
<b>Cash and cash equivalents at end of the period .....</b>			

1 Amounts have been restated.

The financial information included herein does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for 2009 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain a statement under section 498(2) of the Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns) or section 498(3) of the Companies Act 2006 (failure to obtain necessary information and explanation).

## TAXATION

United States Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this disclosure statement or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

The comments below are of a general nature based on the Issuers' understanding of current tax law and practice in the United Kingdom, the European Union, Hong Kong and the Republic of Korea, respectively, as at the date of this document and may be subject to change, possibly with retroactive effect. They are not exhaustive. They do not address United States tax consequences because (i) in the event of any offer in reliance upon Rule 144A, an applicable final terms will discuss United States tax consequences to United States holders and (ii) non-United States holders generally will not be subject to United States tax consequences in respect of the Notes. However, a non-United States holder who is (i) engaged in a United States trade or business, (ii) present in the United States for 183 or more days during the taxable year, or (iii) otherwise subject to United States taxation generally, should consult its own tax advisor regarding United States tax consequences. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers and persons connected with the Issuer, to whom special rules may apply. They relate to the deduction from payments of interest on the Notes for or on the account of tax in the United Kingdom and to certain aspects of Hong Kong tax, the laws of the European Union and the Republic of Korea. Prospective Noteholders who may be unsure of their tax position or who may be subject to tax in any other jurisdiction should consult their own professional advisers.

### United Kingdom

#### Withholding of tax on interest

Interest paid by SCPLC or SCB on Notes which have a maturity date of less than one year from the date of issue (and are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more) may be paid without withholding or deduction for or on account of United Kingdom income tax.

Yearly interest paid by SCB (but not SCPLC) on Notes which do not conform to any of the definitions of Tier 1, 2 or 3 capital adopted by the Financial Services Authority may be paid without withholding or deduction for or on account of United Kingdom income tax provided that SCB continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 ("ITA") and provided that the interest on the Notes is paid in the ordinary course of business within the meaning of section 878 of ITA, unless HM Revenue & Customs regard the characteristics of the Notes as being primarily attributable to an intention to avoid United Kingdom tax.

Irrespective of whether interest may be paid by SCPLC or SCB without withholding or deduction for or on account of United Kingdom tax in accordance with the previous paragraphs, while Notes are listed on a "recognised stock exchange" within the meaning of section 1005 of ITA (which includes the London Stock Exchange), payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. The Notes will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Interest on the Notes may also be paid without deduction or withholding for or on account of United Kingdom tax where the Issuer reasonably believes at the time the payment is made that it is an "excepted payment" under section 930 of ITA. A payment is an excepted payment where (a) the person beneficially entitled to the income in respect of which

payment is made is (i) a UK resident company; or (ii) a non-UK resident company that carries on a trade in the UK through a permanent establishment and the payment is one that is required to be brought into account for calculating the profits chargeable to corporation tax of the non-UK resident company; or (b) the person to whom payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935 to 937 of ITA, provided that HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax in circumstances where it has reasonable grounds to believe that the payment will not be an excepted payment of interest at the time the payment is made.

In all other cases yearly interest on Notes will generally be paid under deduction of income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, the Noteholder can apply to HM Revenue & Customs to issue a notice to the Issuer to pay interest to the Noteholder without any withholding or deduction for or on account of tax (or for interest to be paid with tax withheld or deducted at the rate provided for in the relevant double tax treaty).

Noteholders should note that any persons in the United Kingdom paying interest to, or receiving interest on behalf of, another person who is an individual, may be required to provide certain information to HM Revenue & Customs (including the name and address of the beneficial owner of the interest and the amount of interest paid or received). HM Revenue & Customs also has the power to obtain information from any person in the United Kingdom who either pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of an individual. Such information may include the name and address of the beneficial owner and the amount payable on redemption. Any information obtained by HM Revenue & Customs under the powers referred to in this paragraph may, in certain circumstances, be exchanged by HM Revenue & Customs with tax authorities in certain other jurisdictions. However, in relation to amounts payable on the redemption of deeply discounted securities, HM Revenue & Customs' published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2011.

If Notes are issued at a discount to their principal amount the discount element on any such Notes will not be subject to any withholding or deduction for or on account of United Kingdom tax pursuant to the provisions mentioned above, provided that any payments on redemption in respect of the discount do not constitute payments in respect of interest. They may, however, be subject to reporting requirements as outlined in the above paragraph.

Where Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium when the Notes are redeemed may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

#### **EC Directive on the Taxation of Savings Income**

Directive 2003/48/EC provides for the tax authorities of the Member States to provide each other with details of payments of interest and other similar income paid by a person within its jurisdiction to or for the benefit of an individual resident, or to certain other persons established in another Member State but permits Austria, Belgium and Luxembourg instead to impose a withholding tax on the payments concerned for a "transitional period" (although it also provides that no such withholding tax should be levied where the beneficial owner of the payment authorises an exchange of information and/or where the beneficial owner presents a certificate from the tax authority of the Member State in which the beneficial owner is resident) unless during such period they elect otherwise. On 24 April 2009, the European Parliament approved an amended version of certain changes to these provisions proposed by the European Commission which would, if implemented, cause them to apply in

a wider range of circumstances. The Directive does not preclude Member States from levying other types of withholding tax.

## **Hong Kong**

### **1. Withholding Tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

### **2. Profits Tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, *inter alia*, a financial institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) are exempt from the payment of Hong Kong profits tax. Provided no prospectus with respect to the issue of Notes is registered under the Companies Ordinance, the issue of Notes by SCBHK is expected to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

### **3. Stamp Duty**

Stamp duty will not be payable on the issue of Bearer Notes by SCBHK, or on the issue in Hong Kong of Bearer Notes by SCPLC or SCB, provided (in either case) either:

(i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the relevant Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes.

Stamp duty may be payable on any transfer of Registered Notes issued by SCBHK or, if the relevant transfer is required to be registered in Hong Kong, by SCPLC or SCB. Stamp duty will, however, not be payable on any transfers of Registered Notes, issued by any of SCBHK, SCPLC or SCB, provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5.00 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

## **The Republic of Korea**

The taxation in the Republic of Korea of non-Korean tax resident individuals and non-Korean tax resident corporations (“Non-Residents”) depends on whether they have a “permanent establishment” (as defined under Korean law and any applicable double tax treaty) in the Republic of Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in the Republic of Korea are taxed in the manner described below. Non-Residents with permanent establishments in the Republic of Korea are taxed in accordance with different rules which are also described below.

### **1. Tax on Interest**

Interest on the Notes paid by SC First Bank to Non-Residents is exempt from Korean income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Tax Exemption and Limitation Law (“TELL”), so far as the Notes are “foreign currency denominated bonds” under the TELL. If the tax exemption under the TELL were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14 per cent. of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10 per cent. of the income tax or corporation tax (raising the total tax rate to 15.4 per cent.). The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the country of the recipient of the income. Interest on the Notes paid by SC First Bank to Korean tax resident corporations is subject to Korean corporation tax. SC First Bank or its agent should withhold tax on such interest at the rate of 14 per cent. When a Korean tax resident corporation files its corporate tax return, it can deduct this withholding tax from tax payable as prepaid tax (interest is taxed at the rate of either 11 per cent. or 24.2 per cent. as described below).

Please note that the corporate tax rates will be reduced to 22 per cent for the tax base exceeding KRW 200 million for 2012 and thereafter instead of current 11 per cent or 24.2 per cent.

### **2. Tax on Capital Gains**

Although capital gains earned by (i) Non-Residents which have a permanent establishment in the Republic of Korea and (ii) Non-Residents which do not have a permanent establishment in the Republic of Korea, in each case, from the transfer of the Notes to a (a) Korean tax resident corporation, (b) Korean tax resident individual or (c) permanent establishment of a non-Korean tax-resident individual or non-Korean tax resident company will be regarded as Korean source income, such capital gains will be exempt from Korean income taxation by virtue of the TELL, provided that (i) the issuance of the Notes is deemed to be an overseas issuance under the TELL, which is expected to be the case for this offering and (ii) the transfer of the Notes takes place outside of the Republic of Korea.

If the exemption from Korean taxation were to cease to be in effect, in the absence of an applicable tax treaty eliminating tax on capital gains, the applicable rate of tax would be the



lower of 11 per cent. of the gross realisation proceeds and (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22 per cent. of the realised gain (i.e., the excess of the gross realisation proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable.

Korean tax resident corporations should include capital gains earned from the sale of Notes in their ordinary business income and pay Korean corporation tax at the rate of 11 per cent. or 24.2 per cent. (the higher tax rate applies in the case of a tax base over KRW200 million).

Please note that the corporate tax rates will be reduced to 22 per cent for the tax base exceeding KRW 200 million for 2012 and thereafter instead of current 11 per cent or 24.2 per cent.

### **3. Stamp Duty and Securities Transaction Tax**

No stamp, issue or registration duties will be payable in the Republic of Korea by the Noteholders in connection with the issue of the Notes. No securities transaction tax will be imposed upon any transfer of the Notes.

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 10 November 2010 (as further amended and/or supplemented, the "Programme Agreement"), between, *inter alios*, the Issuers, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by each Issuer to the Permanent Dealers. However, each Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers and who agree to be bound by the restrictions below. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold outside the United States by each Issuer through the Dealers, acting as agents of such Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Each Issuer will pay each relevant Dealer a commission as agreed between such Issuer and the Dealer in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment and update of the Programme, and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("Regulation S Notes"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, except as permitted by the Programme Agreement, that it will not offer, sell or, in the case of Notes in bearer form, deliver the Notes of any identifiable Tranche (other than Registered Notes offered or sold in accordance with Rule 144A), (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part (the "Distribution Compliance Period") as determined, and certified to the relevant Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Notes during the Distribution Compliance Period (other than resales of Registered Notes pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for, the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Programme Agreement provides that the Dealers may directly or through their respective agents or affiliates which are U.S. registered broker-dealers arrange for the offer and resale of Registered Notes in the United States only to QIBs in accordance with Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the

registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This document has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons, the offer, sale and resale of Registered Notes in the United States to QIBs in reliance upon Rule 144A and for the admission of Notes to the Official List and to trading on the London Stock Exchange or the listing of the Notes on the Hong Kong Stock Exchange. The relevant Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered. This document does not constitute an offer to any person in the United States or to any U.S. person other than any QIB to whom an offer has been made directly by one of the Dealers or a U.S. broker-dealer affiliate of one of the Dealers. Distribution of this document by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the relevant Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited. It is not currently anticipated that SCBHK or SC First Bank would offer or sell any Notes in reliance on Rule 144A.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this document as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(iii) at any time to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000; and (c) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(iv) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(v) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (v) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be

offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

Each Dealer has represented and agreed that:

(i) in relation to any Notes to be issued by SCPLC, SCBHK or SC First Bank which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by SCPLC, SCBHK or SC First Bank;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of SCB would not, if it was not an authorised person, apply to the Issuers; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Each Dealer has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Japan**

Each Dealer has acknowledged that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws and regulations and guidelines of Japan.

## France

Each of the Dealers and the relevant Issuer has represented and agreed that:

### (i) Offer to the public in France

It has only made and will only make an offer of Notes to the public in France in the period beginning on the date of notification to the *Autorité des marchés financiers* (the "AMF") of approval of the prospectus in relation to those Notes, by the competent authority of a Member State of the European Economic Area, other than the AMF, which has implemented the EU Prospectus Directive 2003/71/EC, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF and ending at the latest on the date which is 12 months after the date of the approval of the Prospectus; or

### (ii) Private placement in France

It has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

This Prospectus has not been submitted to the clearance procedures of the AMF.

## The Netherlands

The Notes issued by SCBHK or SC First Bank (or any interest therein) may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, at any time, and neither this prospectus nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to professional market parties ("PMPs") within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which includes, *inter alia*, qualified investors as defined in the Prospectus Directive such as banks, insurance companies, securities firms, collective investment undertakings and pension funds), provided that these parties acquire the relevant Notes for their own account or that of another PMP. This restriction does not apply in respect of Notes having a denomination of at least €50,000 (or equivalent).

## Singapore

Each Dealer has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Note:

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

### **Republic of Korea**

The Notes have not been, and will not be, registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Market Act of Korea. Accordingly, the Notes may not be offered, sold, pledged or otherwise transferred in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transaction Act and the Foreign Exchange Transaction Regulation of Korea), or to others for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea for a period of one year from the date of issue of the Notes, except as otherwise permitted by applicable Korean law and regulations, including the Financial Investment Services and Capital Market Act, the Foreign Exchange Transaction Act and the decrees and regulations thereunder.

### **General**

These selling restrictions may be modified by the agreement of any Issuer and the Dealers, following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this document.

Other than in the United Kingdom in relation to Notes to be issued by SCPLC or SCB and listed on the Official List and admitted to trading on the Market, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this document or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge and belief, comply with all relevant securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this document or any other offering material, in all cases at its own expense.

## FORM OF FINAL TERMS

*Set out below is the Form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

**STANDARD CHARTERED PLC,  
STANDARD CHARTERED BANK,  
STANDARD CHARTERED BANK  
(HONG KONG) LIMITED**

**and**

**STANDARD CHARTERED FIRST BANK  
KOREA LIMITED**

**U.S.\$35,000,000,000**

**Debt Issuance Programme**

[Brief Description and Amount of Notes]

Issued by

[Standard Chartered PLC/  
Standard Chartered Bank/  
Standard Chartered Bank (Hong Kong) Limited/  
Standard Chartered First Bank Korea Limited]

[Publicity Name(s) of Dealer(s)]

The date of the Final Terms is [●].

**APPLICABLE FINAL TERMS FOR (1) ISSUES BY SCPLC, SCB OR SCBHK WITH A DENOMINATION OF LESS THAN €50,000 (OR EQUIVALENT) TO BE ADMITTED TO TRADING ON AN EEA REGULATED MARKET AND/OR OFFERED TO THE PUBLIC ON A NON-EXEMPT BASIS IN THE EUROPEAN ECONOMIC AREA (2) ISSUES BY SCPLC, SCB OR SCBHK WITH A DENOMINATION OF LESS THAN €50,000 (OR EQUIVALENT) TO BE LISTED ON THE STOCK EXCHANGE OF HONG KONG AND (3) ISSUES BY SC FIRST BANK WITH A DENOMINATION OF LESS THAN €50,000 (OR EQUIVALENT) TO BE LISTED ON THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED.**

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (each a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in the relevant Member State, from the requirement to publish a prospectus for offer of the Notes. Accordingly, any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 38 of Part A below, provided such person is one of the persons mentioned in Paragraph 38 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances]<sup>1</sup>.

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances]<sup>2</sup>.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States. The Notes may include notes issued in bearer form ("Bearer Notes") or in bearer form exchangeable for notes in registered form ("Exchangeable Bearer Notes") that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Bearer Notes or Exchangeable Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("Regulation S") under the Securities Act).

Notes in registered form ("Registered Notes") may be offered and sold (i) in the United States or to U.S. persons in reliance on Rule 144A under the Securities Act ("Rule 144A") only to qualified institutional buyers ("QIBs") as defined in Rule 144A and (ii) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. It is not currently anticipated that SCBHK or SC First Bank would offer or sell any Notes in reliance on Rule 144A.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, or any securities regulatory authority of any State or other jurisdiction of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

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1 Include this legend where a non-exempt offer of Notes is anticipated.

2 Include this legend where only an exempt offer of Notes is anticipated.



## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 November 2010 [and the supplemental Prospectus dated [●]]<sup>1</sup> which [together] constitute[s] (with the exception of certain sections) a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the final terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. [NON-LONDON LISTED]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated 10 November 2010 [and the supplemental Prospectus dated [●]], which [together] constitute[s] (with the exception of certain sections) a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Prospectuses dated [●] and [●]]. [The Prospectuses [and the supplemental Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. [LONDON LISTED]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated 10 November 2010 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus dated [●]], which [together] constitute[s] (with the exception of certain sections) a base prospectus for the purposes of the Prospectus Directive. [The Prospectuses [and the supplemental Prospectus] are available for viewing at [address] [and] [website] [and copies may be obtained from [address]].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs.*

*Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

- |                       |  |
|-----------------------|--|
| 1. Issuer:            | [Standard Chartered PLC/Standard Chartered Bank/Standard Chartered Bank (Hong Kong) Limited/Standard Chartered First Bank Korea Limited] |
| 2. (i) Series Number: | [●]  |
| (ii) Tranche Number:  | [●]  |

(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).

3. Currency or Currencies: [●]
4. Aggregate Nominal Amount: [●]  
(i) Series: [●]  
(ii) [Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. Denominations: [●]  
*(N.B. If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €1,000 minimum denomination is not required.)*
7. Calculation Amount: [●]
8. (i) Issue Date: [●]  
(ii) Interest Commencement Date: [●]
9. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]<sup>2</sup>
10. Interest Basis: [[●] % Fixed Rate]  
[[specify reference rate] [●] % Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (specify)]  
(further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]  
*(N.B. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive, the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)*
12. Change of Interest or Redemption/ Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]

14. (i) Status of the Notes: [Senior/[Undated/Dated/Perpetual/Lower]/Subordinated/[Term]]<sup>3</sup>
- (ii) [Date [Court/Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]  
(N.B. Only relevant where Court/Board (or similar) authorisation is required for the particular tranche of Notes)
15. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable relevant Financial Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction (Condition 4(j)): [●]  
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars or Hong Kong dollars, unless otherwise requested)
- (vi) Determination Dates: [●] in each year  
(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.)<sup>4</sup>
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Relevant Financial Centre(s) (Condition 4(j)): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Page/ other (give details)]
- (vii) Interest Period Date(s): [Not Applicable/specify dates]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest [●]

Amount(s) (if not the Calculation Agent):

- (ix) Page (Condition 4(d)(i)):
- Relevant Time: [●]
  - Interest Determination Date: [●]
  - Primary Source for Floating Rate: [Specify relevant screen page or “Reference Banks”]
  - Reference Banks (if Primary Source is “Reference Banks”): [Specify four]
  - Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not London]
  - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR or other benchmark]
  - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
  - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
  - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (x) Margin(s): [ +/- ] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction (Condition 4(j)): [●]
- (xiv) Rate Multiplier: [●]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

**18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield (Condition 5(b)): [●] per cent. per annum
- (ii) Day Count Fraction (Condition 4(j)): [●]
- (iii) Any other formula/basis of determining amount payable: [●]

**19. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [●]
- (iii) Provisions for determining Coupon where calculated by reference to [●]

Index and/or Formula and/or other variable:

- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Interest or Calculation Period(s): [●]
- (vii) Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Relevant Financial Centre(s) (Condition 4(j)): [●]
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction (Condition 4(j)): [●]

## 20. Dual Currency Note Provisions

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate of Exchange/Method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Currency(ies) is/are payable: [●]
- (v) Day Count Fraction (Condition 4(j)): [●]

## PROVISIONS RELATING TO REDEMPTION

### 21. Call Option

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period:<sup>5</sup> [●]

22. **Regulatory Capital Call** [Applicable/Not Applicable]
23. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Option Exercise Date(s): [●]
- (iv) Description of any other Noteholders' option: [●]
- (v) Notice period:<sup>5</sup> [●]
24. **Final Redemption Amount of each Note** [[●] per Calculation Amount/other/see Appendix]
- (N.B. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive, the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)*
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [●] per Calculation Amount
25. **Early Redemption Amount**
- (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or [●]

on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 5(c)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 6(f)): [Yes/No/Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### 26. Form of Notes:

[Bearer Notes/Exchangeable Bearer Notes/  
Registered Notes]  
[Delete as appropriate]

[temporary Global Note/Certificate  
exchangeable for a permanent Global Note/  
Certificate which is exchangeable for Definitive  
Notes/Certificates on [●] days' notice/at any  
time/in the limited circumstances specified in  
the permanent Global Note/Certificate]

*(The exchange upon notice/at any time options  
should not be expressed to be applicable if the  
specified Denomination of the Notes in  
paragraph 6 includes language substantially to  
the following effect: "[€50,000] and integral  
multiples of [€1,000] in excess thereof up to and  
including [€99,000]"*)

[temporary Global Note/Certificate  
exchangeable for Definitive Notes/Certificates  
on [●] days' notice]

[permanent Global Note/Certificate  
exchangeable for Definitive Notes/Certificates  
on [●] days' notice/at any time/in the limited  
circumstances specified in the permanent  
Global Note/Certificate]

[Registered Notes  
Unrestricted Global Certificates ([●] insert  
currency and aggregate nominal amount)  
registered in the name of a nominee for [DTC/a  
common depository for Euroclear and  
Clearstream, Luxembourg/a common  
safekeeper for Euroclear and Clearstream,  
Luxembourg]] [Restricted Global Certificate  
([●] insert currency and aggregate nominal  
amount) registered in the name of a nominee  
for [OTC/a common depository for Euroclear  
and Clearstream, Luxembourg/a common  
safekeeper for Euroclear and Clearstream,  
Luxembourg]]

### 27 New Global Note:<sup>6</sup>

[Yes]/[No]

### 28. Business Day Jurisdiction(s) (Condition 6(h)) or other special provisions relating to Payment Dates:

[Not Applicable/give details. Note that this  
paragraph relates to the date and place of  
payment, and not interest period end dates, to

*which sub-paragraphs 17(v) and 19(x) relate]*

29. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
30. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/*give details*]
31. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
32. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] apply]
33. Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] apply]
34. Other final terms:<sup>7</sup> [Not Applicable/*give details*]

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

[Equity Accounting/Financial Liability Accounting/Not Applicable]

## **DISTRIBUTION**

35. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
36. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
37. Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
38. U.S. Selling Restrictions [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]



39. Non-exempt Offer:

[Rule 144A: Qualified Institutional Buyers only]

[Not Applicable]/[An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported] (Public Offer Jurisdictions) during the period from [specify date] until [specify date] (Offer Period). See further paragraph 11 of Part B below.]

40. Additional selling restrictions:

[Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the countries specified in paragraph 38] [and] [admission to trading of the Notes described herein] pursuant to the U.S.\$35,000,000,000 Debt Issuance Programme of Standard Chartered PLC, Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited and Standard Chartered First Bank Korea Limited.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

*Duly authorised*

## Notes

1. Only include details of a supplemental Prospectus in which the Conditions have been amended for the purposes of all future issues under the Programme.
2. Note that for Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here. Note that for certain Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●]." For Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the Day Count Fraction and rounding the resultant figure to the nearest HK\$0.01, HK\$0.005 being rounded upwards. For the purposes of this paragraph and the Day Count Fraction referred to herein, "Calculation Date" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date."
3. Please add appropriate provisions to terms and conditions if included.
4. Only to be completed for an issue where Day Count Fraction is Actual/Actual-ICMA.
5. If setting notice periods which are different to those provided in the Terms and Conditions, Issuers are advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example as between the Issuer and its fiscal agent or trustee. Please note that Euroclear requires a minimum notice period of 5 business days in order to service the option efficiently, while Clearstream requires a minimum notice period of 5 business days for a call option and 15 business days for a put option in order to service those options efficiently.
6. You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the question in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

7. If full terms and conditions are to be used, please add the following here:  
“The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Prospectus for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.”  
The first set of bracketed words is to be deleted where there is a Permanent Global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Final Terms.

## PART B – OTHER INFORMATION\*

### 1. LISTING

(i) Listing: [Official List of the UK Listing Authority and trading on the London Stock Exchange/Hong Kong Stock Exchange/Singapore Exchange Securities Trading Limited/Other (specify)/None]

(ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) [Reasons for the offer: [●]]

*(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) [Estimated net proceeds: [●]]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]*

(iii) [Estimated total expenses: ] [Include breakdown of expenses.]

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

**5. [Fixed Rate Notes only – YIELD**

Indication of yield:

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**6. [Floating Rate Notes only – HISTORIC INTEREST RATES**

Details of historic [LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR or other benchmark] rates can be obtained from [relevant screen page].]

**7. [Index-Linked Notes only – PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.] Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

**8. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

**9. OPERATIONAL INFORMATION**

(i) Intended to be held in a manner  [Yes]  [No].  
which would allow Eurosystem  
eligibility:

*[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is held under the New Safekeeping Structure for registered global securities] [include this text for Registered Notes which are to be held under the NSS] and*

does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if "yes" selected in which case the Bearer Notes must be issued in NGN form]

- (ii) ISIN Code:
- (iii) Common Code:
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s) and address(es)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of initial Paying Agent(s):
- (vii) Names and addresses of additional Paying Agent(s) (if any):

#### 10. TERMS AND CONDITIONS OF THE OFFER

- (i) Offer Price: [Issue Price][specify]
- (ii) Conditions to which the offer is subject: [Not Applicable/give details]
- (iii) Description of the application process: [Not Applicable/give details]
- (iv) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/give details]
- (v) Details of the minimum and/or maximum amount of application: [Not Applicable/give details]
- (vi) Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/give details]
- (vii) Manner in and date on which results of the offer are to be made public: [Not Applicable/give details]
- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/give details]
- (ix) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/give details]
- (x) Process for notification to applicants of the amount allotted [Not Applicable/give details]

and the indication whether dealing may begin before notification is made:

- (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]
- (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/*give details*]

\* If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend or delete certain of the above paragraphs of Part B.

**APPLICABLE FOR FINAL TERMS FOR (1) ISSUES BY SCPLC, SCB OR SCBHK WITH A DENOMINATION OF AT LEAST €50,000 (OR EQUIVALENT) TO BE ADMITTED TO TRADING ON AN EEA REGULATED MARKET (2) ISSUES BY SCPLC, SCB OR SCBHK WITH A DENOMINATION OF AT LEAST €50,000 (OR EQUIVALENT) TO BE LISTED ON THE STOCK EXCHANGE OF HONG KONG AND (3) ISSUES BY SC FIRST BANK WITH A DENOMINATION OF AT LEAST €50,000 (OR EQUIVALENT) TO BE LISTED ON THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED.**

## **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 November 2010 [and the supplemental Prospectus dated [●]]<sup>1</sup> which [together] constitute[s] (with the exception of certain sections) a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the final terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date [NON-LONDON LISTED].*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated 10 November 2010 [and the supplemental Prospectus dated [●]], which [together] constitute[s] (with the exception of certain sections) a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Prospectuses dated [●] and [●]]. [The Prospectuses [and the supplemental Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. [LONDON LISTED]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated 10 November 2010 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus dated [●]], which [together] constitute[s] (with the exception of certain sections) a base prospectus for the purposes of the Prospectus Directive. [The Prospectuses [and the supplemental Prospectus] are available for viewing at [address] [and] [website] [and copies may be obtained from [address]].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs.*

*Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

1. Issuer: [Standard Chartered PLC/Standard Chartered Bank/Standard Chartered Bank (Hong Kong) Limited/Standard Chartered First Bank Korea Limited]
2. (i) Series Number: [●]  
(ii) Tranche Number: [●]  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
3. Currency or Currencies: [●]
4. Aggregate Nominal Amount: [●]  
(i) Series: [●]  
(ii) [Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6. Denominations: [●]
7. Calculation Amount: [●]
8. (i) Issue Date: [●]  
(ii) Interest Commencement Date: [●]
9. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]<sup>2</sup>
10. Interest Basis: [[●] % Fixed Rate]  
[[*specify reference rate*] +/- [●] % Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]  
(*N.B. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive, the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.*)
12. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]



14. (i) Status of the Notes: [Senior/[Undated/Dated/Perpetual/Lower]/Subordinated/[Term]]<sup>3</sup>
- (ii) [Date [Court/Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]  
(N.B. Only relevant where Court/Board (or similar) authorisation is required for the particular tranche of Notes)
15. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable relevant Financial Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction (Condition 4(j)): [●]  
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars or Hong Kong dollars, unless otherwise requested)
- (vi) Determination Dates: [●] in each year  
(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.)<sup>4</sup>
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other(give details)]
- (v) Relevant Financial Centre(s) (Condition 4(j)): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Page/other (give details)]
- (vii) Interest Period Dates(s): [Not Applicable/specify dates]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest [●]

Amount(s) (if not the Calculation Agent):

- (ix) Page (Condition 4(d)(i)):
- Relevant Time: [●]
  - Interest Determination Date: [●]
  - Primary Source for Floating Rate: [Specify relevant screen page or “Reference Banks”]
  - Reference Banks (if Primary Source is “Reference Banks”): [Specify four]
  - Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not London]
  - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR or other benchmark]
  - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
  - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
  - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (x) Margin(s): [ +/- ] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction (Condition 4(j)): [●]
- (xiv) Rate Multiplier: [●]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

**18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield (Condition 5(b)): [●] per cent. per annum
- (ii) Day Count Fraction (Condition 4(j)): [●]
- (iii) Any other formula/basis of determining amount payable: [●]

**19. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [●]
- (iii) Provisions for determining Coupon where calculated by reference to [●]

Index and/or Formula and/or other variable:

- (iv) Interest Determination Date(s):
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vi) Interest or Calculation Period(s):
- (vii) Interest Payment Dates:
- (viii) Business Day Convention:  [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Relevant Financial Centre(s) (Condition 4(j)):
- (x) Minimum Rate of Interest:  per cent. per annum
- (xi) Maximum Rate of Interest:  per cent. per annum
- (xii) Day Count Fraction (Condition 4(j)):

**20. Dual Currency Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate of Exchange/Method of calculating Rate of Exchange:  [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Currency(ies) is/are payable:
- (v) Day Count Fraction (Condition 4(j)):

**PROVISIONS RELATING TO REDEMPTION**

**21. Call Option**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s):
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):  per Calculation Amount
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount:  per Calculation Amount
  - (b) Maximum Redemption Amount:  per Calculation Amount
- (iv) Notice period:<sup>5</sup>

22. **Regulatory Capital Call:** [Applicable/Not Applicable]
23. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Option Exercise Date(s): [●]
- (iv) Description of any other Noteholders' option: [●]
- (iii) Notice period:<sup>5</sup> [●]
24. **Final Redemption Amount of each Note** [[●] per Calculation Amount/other/see Appendix]
- (N.B. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive, the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)*
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [●] per Calculation Amount

## 25. Early Redemption Amount

- (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 5(c)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 6(f)): [Yes/No/Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### 26. Form of Notes:

[Bearer Notes/Exchangeable Bearer Notes/Registered Notes]<sup>1</sup>

[Delete as appropriate]

[Temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note/Certificate]

*(The exchange upon notice/at any time options should not be expressed to be applicable if the specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]").*

[temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice]<sup>2</sup>

[Permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note/Certificate]

[Registered Notes  
Unrestricted Global Certificates ([●] insert currency and aggregate nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]] [Restricted Global Certificates ([●] insert currency and aggregate nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common

safekeeper for Euroclear and Clearstream, Luxembourg]]

27. **New Global Note:**<sup>6</sup> [Yes] [No]
28. Business Day Jurisdiction(s) (Condition 6(h)) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 17(v) and 19(x) relate]
29. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
30. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
31. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
32. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] apply]
33. Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] apply]
34. Other final terms:<sup>7</sup> [Not Applicable/give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*  
[Equity Accounting/Financial Liability Accounting/Not Applicable]

## DISTRIBUTION

35. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*

- (ii) Date of Subscription Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
36. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
37. Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
38. U.S. Selling Restrictions [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]  
[Rule 144A: Qualified Institutional Buyers only]
39. Additional selling restrictions: [Not Applicable/give details]

### PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the U.S.\$35,000,000,000 Debt Issuance Programme of Standard Chartered PLC, Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited and Standard Chartered First Bank Korea Limited.

### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

*Duly authorised*

### Notes:

1. Only include details of a supplemental Prospectus in which the Conditions have been amended for the purposes of all future issues under the Programme.
2. Note that for Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here. Note that for certain Hong Kong dollar denominated Fixed Rate Notes the Interest Payment Dates are subject to modification and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong and [●]." For Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Specified Denomination by the Day Count Fraction and rounding the resultant figure to the nearest HK\$0.01, HK\$0.005 being rounded upwards. For the purposes of this paragraph and the Day Count Fraction referred to herein, "Calculation Date" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date."
3. Please add appropriate provisions to terms and conditions if included.
4. Only to be completed for an issue where Day Count Fraction is Actual/Actual-ICMA.
5. If setting notice periods which are different to those provided in the terms and conditions, Issuers are advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example as between the Issuer and its fiscal agent or trustee. Please note that Euroclear requires a minimum notice period of 5 business days in order to service the option efficiently, while Clearstream requires a minimum notice period of 5 business days for a call option and 15 business days for a put option in order to service those options efficiently.
6. You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the question in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".
7. If full terms and conditions are to be used, please add the following here:  
"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Prospectus for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."  
The first set of bracketed words is to be deleted where there is a Permanent Global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Final Terms.

## PART B – OTHER INFORMATION\*

### 1. LISTING

(i) Listing: [Official List of the UK Listing Authority and trading on the London Stock Exchange/Hong Kong Stock Exchange/Singapore Exchange Securities Trading Limited/Other (specify)/None]

(ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### 2. RATINGS

The Notes to be issued have been rated:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) [Reasons for the offer: [●]]

*(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) [Estimated net proceeds: [●]]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)]*

(iii) [Estimated total expenses: [●] *[Include breakdown of expenses.]*

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive*



*Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.])*

**5. [Fixed Rate Notes only – YIELD**

Indication of yield:

[●]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**6. [Floating Rate Notes only – HISTORIC INTEREST RATES**

Details of historic [LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR or other benchmark] rates can be obtained from [relevant screen page].]

**7. [Index-Linked Notes only – PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

**8. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

**9. OPERATIONAL INFORMATION**

(i) Intended to be held in a manner [Yes] [No].  
which would allow Eurosystem  
eligibility:

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper that is held under the New Safekeeping Structure for registered global securities] *[include this text for Registered Notes which are to be held under the NSS]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either

upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if "yes" selected in which case the Bearer Notes must be issued in NGN form]

- (ii) ISIN Code:
- (iii) Common Code:
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):  [Not Applicable/*give name(s) and number(s) and address(es)*]
- (v) Delivery:  Delivery [against/free of] payment
- (vi) Names and addresses of initial Paying Agent(s):
- (vii) Names and addresses of additional Paying Agent(s) (if any):

\* If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend or delete certain of the above paragraphs of Part B.

## **CLEARING AND SETTLEMENT**

*The following is a summary of the rules and procedures of Euroclear, Clearstream, Luxembourg, the CMU Service and DTC, currently in effect, as they relate to clearing and settlement of transactions involving the Notes. The rules and procedures of these systems are subject to change at any time.*

### **The Clearing Systems**

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

#### ***CMU***

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "HKMA") for the safe custody and electronic trading between the members of this service ("CMU Members") of capital markets instruments ("CMU Instruments") which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such person. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong and any other domestic or overseas financial institutions approved from time to time by the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Service Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

## **DTC**

DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through, or maintain a custodial relationship with, a DTC direct participant, either directly or indirectly.

## **Book-Entry Ownership**

### ***Bearer Notes***

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The relevant Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. In respect of Bearer Notes in CGN form, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with a common depository for Clearstream, Luxembourg and Euroclear and/or a sub-custodian for the CMU Service. In respect of Bearer Notes in NGN form, the Global Note in bearer form without coupons will be delivered with a common safekeeper for Euroclear and Clearstream, Luxembourg. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or the CMU Service.

### ***Registered Notes***

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear or the CMU Service for acceptance in their respective book-entry systems in respect of the Unrestricted Notes to be represented by each Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN and a Common Code or a CMU Instrument Number, as the case may be.

The relevant Issuer and a relevant U.S. agent appointed for such purpose will make application to DTC for acceptance in its book-entry settlement system of the Restricted Notes represented by each Restricted Global Certificate. Each Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Certificate, as set out under “Transfer Restrictions”. In certain circumstances, as described below in “Transfers of Registered Notes”, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the Restricted Global Certificates are deposited (the “Custodian”) and DTC will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Series may hold their interests in an Unrestricted Global Certificate only through Clearstream, Luxembourg or Euroclear or the CMU Service. Investors may hold their interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC’s nominee will be to or to the order of its nominee as the registered owner of such Restricted Global Certificate. The relevant Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The relevant Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with

securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the relevant Issuer nor any Paying Agent or any Transfer Agent (each an "Agent") will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual definitive Registered Notes will only be available, in the case of Unrestricted Notes, in amounts specified in the applicable Final Terms, and, in the case of Restricted Notes, in amounts of U.S.\$100,000 (or its equivalent in another currency), or higher integral multiples of U.S.\$1,000 (or its equivalent in another currency), in certain limited circumstances described below.

### ***Individual Definitive Registered Notes***

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for the CMU Service or for DTC will not be permitted unless (i) in the case of Restricted Notes, DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Certificate, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of Unrestricted Notes, Clearstream, Luxembourg or Euroclear or the CMU Service is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so, (iii) if principal in respect of any Notes is not paid when due or (iv) the relevant Issuer provides its consent. In such circumstances, the relevant Issuer will cause sufficient individual definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the relevant Issuer and the Registrar may require to complete, execute and deliver such individual definitive Registered Notes; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

### ***Transfers of Registered Notes***

Transfers of interests in Global Certificates within DTC, Clearstream, Luxembourg, Euroclear and the CMU Service will be effected in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held only through Clearstream, Luxembourg or Euroclear or the CMU Service. Transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as defined in "Subscription and Sale") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream,

Luxembourg or the CMU Service, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear or the CMU Service by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent and receipt by the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "Transfer Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear or the CMU Service accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series of Registered Notes, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and the CMU Service and transfers of Notes of such Series between participants in DTC will generally have a settlement day three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear or the CMU Service and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear and the CMU Service, on the other, transfers of interests in the relevant Global Registered Certificates will be effected through the Issuing and Paying Agent, the Custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg or the CMU Service accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see "Transfer Restrictions".

DTC will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although DTC, Clearstream, Luxembourg, Euroclear and the CMU Service have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg,

Euroclear and the CMU Service, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg, Euroclear or the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg, Euroclear or the CMU Service.

***Pre-issue Trades Settlement for Registered Notes***

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant issue date should consult their own adviser.

## TRANSFER RESTRICTIONS

### Restricted Notes

Each purchaser of Restricted Notes within the United States pursuant to Rule 144A, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that:

(1) it is (a) a QIB, (b) acquiring such Restricted Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Restricted Notes has been advised, that the sale of such Restricted Notes to it is being made in reliance on Rule 144A;

(2) it understands that such Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States;

(3) it understands that such Restricted Notes, unless the relevant Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A;

(4) it understands that the Restricted Notes offered in reliance on Rule 144A will be represented by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(5) it acknowledges that the relevant Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Additional transfer restrictions may be set forth in the applicable Final Terms with respect to a particular Tranche of a Registered Series.

### Unrestricted Notes

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the Distribution Compliance Period (as defined in "Subscription and Sale"), by accepting delivery



of this document and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

(1) it is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate;

(2) it understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;

(3) it understands that the Unrestricted Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT;

(4) it understands that the Unrestricted Notes offered in reliance on Regulation S may be represented by an Unrestricted Global Certificate. Prior to the expiration of the Distribution Compliance Period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(5) the relevant Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Additional transfer restrictions may be set forth in the applicable Final Terms with respect to a particular Tranche of a Registered Series.

## GENERAL INFORMATION

1. The listing of the Notes on the Official List and admission to trading on the Market will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that acceptance of the Programme on the Official List will be granted on or around 15 November 2010. Each Tranche of Notes under the Programme will be listed separately, subject only to the issue of a Temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. However, unlisted Notes by SCPLC, SCB, SCBHK or SC First Bank may be issued pursuant to the Programme.

Application has been made to the Hong Kong Stock Exchange for permission to deal in and to list the Notes issued by SCPLC, SCB or SCBHK under the Programme. It is expected that permission to deal in and to list the Notes issued under the Programme will be granted on or around 16 November 2010. The listing of Notes on the Hong Kong Stock Exchange will be expressed as a percentage of their principal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes.

Application will be made to the SGX-ST for permission to deal in, and for quotation of, any Notes to be issued by SC First Bank and which are agreed at the time of issue to be listed on the SGX-ST. There can be no assurance that an application to the SGX-ST will be approved. So long as any Notes to be issued by SC First Bank are listed on the SGX-ST and the rules of the SGX-ST so require, SC First Bank shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that any of the Global Notes representing such Notes are exchanged for definitive Notes. In addition, if any of the Global Notes are exchanged for definitive Notes, announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

2. SCPLC has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes to be issued by it. SCB has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes to be issued by it. SCBHK has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the issue and performance of the Notes to be issued by it. The establishment, update and amendment of the Programme and issues of Notes thereunder by SCPLC was authorised by resolutions of SCPLC's Board of Directors passed on 30 October 2007 and of a duly authorised committee of SCPLC's Board of Directors passed on 3 November 2009, 31 August 2010 and 8 November 2010. The establishment, update and amendment of the Programme and issues of Notes thereunder by SCB was authorised by resolutions of SCB's Court of Directors passed on 4 October 2004, 11 September 2006, 28 July 2008, 14 September 2009 and of a duly appointed Committee of the Court of Directors of SCB passed on 29 October 2004, 23 September 2005, 25 September 2006, 7 September 2007, 6 November 2007, 4 November 2008, 3 November 2009, 31 August 2010 and 8 November 2010. The establishment, update and amendment of the Programme and issues of Notes thereunder by SCBHK was authorised by resolutions of SCBHK's Board of Directors passed on 6 October 2004, 13 September 2006, 25 July 2008, 6 October 2009 and of a duly appointed committee of the Board of Directors of SCBHK passed on 29 October 2004, 1 November 2004, 9 August 2005, 22 September 2006, 24 August 2007, 7 November 2007, 4 November 2008, 5 November 2008, 23 October 2009 and 5 November 2010. The establishment, update and amendment of the Programme by SC First Bank was authorised by resolutions of SC First Bank's Board of Directors passed on 22 September 2006, 22 July 2008, 24 September 2009, 9 November 2010 and of a duly authorised committee of SC First Bank's Board of Directors passed on 22 September 2006, 10 September 2007, 7 November 2007, 3 November 2008, 3 November 2009 and 10 November 2010.

3. Save in relation to SCPLC's rights issue announced on 13 October 2010, details of which are set out in the documents incorporated by reference at paragraphs 15, 16 and 17 on page 8,

there has been no significant change in the financial or trading position of SCPLC and its subsidiaries since 30 June 2010. There has been no material adverse change in the prospects of SCPLC and its subsidiaries since 31 December 2009.

4. There has been no significant change in the financial or trading position of SCB and its subsidiaries since 30 June 2010. There has been no material adverse change in the prospects of SCB and its subsidiaries since 31 December 2009.

5. There has been no significant change in the financial or trading position of SCBHK and its subsidiaries since 30 June 2010. There has been no material adverse change in the prospects of SCBHK and its subsidiaries since 31 December 2009.

6. As discussed in the "Regulatory changes and compliance" section on page 18 of the risk review in the 2010 Interim Report which is incorporated by reference into this document, HM Treasury regulations require compliance with sanctions adopted by the UK government. Similarly, US laws and regulations require compliance with US economic sanctions against designated foreign countries, nationals and others. The Group has a US dollar payments and clearing business and has policies, procedures and controls designed to ensure compliance with relevant laws and regulations. Several US agencies have investigated how a number of other financial institutions have processed US dollar payments potentially involving sanctioned parties. In light of that activity relating to other institutions, the Group initiated discussions with US authorities to discuss its past business. These discussions are continuing and the Group is conducting a review of its historical business and related activities relevant to US sanctions compliance, predominantly with respect to Iranian business. The Group cannot predict when the review and these discussions will be completed or what the outcome will be. Save in relation to the matter described above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCPLC is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCPLC and its subsidiaries nor is SCPLC aware that any such proceedings are pending or threatened.

7. Save in relation to the matter described in paragraph 6 above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCB is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCB and/or the Group and its subsidiaries nor is SCB aware that any such proceedings are pending or threatened.

8. There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCBHK is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCBHK and its subsidiaries nor is SCBHK aware that any such proceedings are pending or threatened.

9. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

10. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are entities in charge of keeping the records). The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms. The Issuers may also apply to have Notes accepted for clearance through the CMU Service. In addition, the relevant Issuer will make an application with respect to each Series of Registered Notes intended to be eligible for sale pursuant to Rule 144A for such Notes to be accepted for trading in book entry form by DTC. Acceptance of each Series and the relevant Committee on the Uniform Security Identification Procedure (CUSIP) number applicable to a Series will be set out in the relevant Final Terms.

11. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

12. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

13. Any Notes issued:

(i) prior to 20 September 2001, and any Notes issued on or after 20 September 2001 which are intended to be consolidated and form a single series with Notes issued prior to 20 September 2001, are and will be, as the case may be, constituted by the Law Debenture Trust Deed (as defined in the Trust Deed) and issued pursuant to the Citibank Agency Agreement (as defined in the Agency Agreement); and

(ii) from (and including) 20 September 2001 to 18 November 2004, and any Notes issued on or after 19 November 2004 which are intended to be consolidated and form a single series with Notes issued from (and including) 20 September 2001 to 18 November 2004, are and will be, as the case may be, constituted by the Bank of New York Trust Deed (as defined in the Trust Deed) and issued pursuant to the Bank of New York Agency Agreement (as defined in the Agency Agreement).

14. From the date of this document and for so long as any Notes are outstanding under the Programme, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuers and at the office of the Issuing and Paying Agent:

(i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

(ii) the Programme Agreement;

(iii) the Agency Agreement;

(iv) the Memorandum and Articles of Association of SCPLC, the Royal Charter, Bye-Laws and Rules of SCB, the Memorandum and Articles of Association of SCBHK and the Articles of Incorporation of SC First Bank;

(v) the audited annual consolidated accounts of SCPLC for the years ended 31 December 2008 and 31 December 2009;

(vi) the audited annual consolidated accounts of SCB for the years ended 31 December 2008 and 31 December 2009;

(vii) the audited annual accounts of SCBHK for the years ended 31 December 2008 and 31 December 2009;

(viii) the audited annual accounts of SC First Bank for the years ended 31 December 2008 and 31 December 2009; and

(ix) each set of Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);

(x) a copy of this document or any further prospectus or supplementary prospectus; and

(xi) a copy of the Subscription Agreement for Notes issued on a syndicated basis that are listed on the Official List and admitted to trading on the Market or the Hong Kong Stock Exchange.

15. Copies of the latest annual report and accounts of SCPLC, SCB, SCBHK and SC First Bank may be obtained, and copies of the Trust Deed will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

16. KPMG Audit Plc, chartered accountants (authorised and regulated by the Financial Services Authority for designated investment business), have audited, and rendered unqualified audit reports on, the accounts of both SCPLC and SCB for the two years ended 31 December 2009 and KPMG have audited and rendered unqualified audit reports on the accounts of SCBHK for the two years ended 31 December 2009. The reports of SCPLC's and SCB's auditors contained the following statements: "To the fullest extent permitted by law, we do not

accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed".

17. For the purposes of paragraph 8(2) of Appendix 1 Part C of the HKSE Rules, KPMG Audit Plc and KPMG have given and have not withdrawn their written consent to the incorporation by reference in this document of their audit reports in respect of the accounts of SCPLC, SCB and SCBHK respectively, and to the references to KPMG Audit Plc and KPMG in the form and context in which they appear in this document.

18. KPMG Samjong Accounting Corp. have audited, and rendered an unqualified audit opinion on, the non-consolidated financial statements of SC First Bank for the two years ended 31 December 2009.

19. No redemption of the Subordinated Notes for taxation reasons, no optional redemption of the Subordinated Notes pursuant to Condition 5(d) or Condition 5(e) and no purchase and cancellation of the Subordinated Notes in accordance with the Conditions of the Notes will be made by any Issuer without prior consent of or, as applicable, no objection on the part of, the FSA and by SCBHK or SC First Bank without prior consent of the HKMA or the FSS, respectively, in each case as may for the time being be required therefor.

20. SCPLC and SCB has entered or will enter into an agreement with Euroclear and Clearstream, Luxembourg (the "ICSDs") in respect of any Notes issued in NGN form that SCPLC or SCB may request be made eligible for settlement with the ICSDs (each, an "ICSD Direct Agreement"). The ICSD Direct Agreement sets out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for SCPLC's or SCB's use showing the total nominal amount of its customer holdings for such Notes as of a specified date.

21. As at 8 November 2010, the issued share capital of SCPLC consisted of:

(i) 99,250,000  $8\frac{1}{4}$  per cent. non-cumulative preference shares of £1 each with no equity voting rights.

(ii) 96,035,000  $7\frac{3}{8}$  per cent. non-cumulative irredeemable preference shares of £1 each with no equity voting rights.

(iii) 462,500 8.125 per cent. non-cumulative redeemable preference shares of U.S.\$5 each with no equity voting rights.

(iv) 15,000 American Depositary Shares representing 7,500 6.409 per cent. non-cumulative redeemable preference shares of U.S.\$5 each with no equity voting rights, and 7,500 7.014 per cent. non-cumulative redeemable preference shares of U.S.\$5 each with no equity voting rights; and

(v) 2,344,827,835 ordinary shares of U.S.\$0.50 each with voting rights of one vote for every U.S.\$2 nominal value.

SCPLC holds no shares in treasury. All of the shares listed above have been issued fully paid.

22. SCPLC's Articles of Association provide that its objects include holding shares in other companies and carrying on every kind of banking business.

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