



## STANDARD BANK Plc

*(a company incorporated with limited liability under the laws of England and Wales)*

**U.S.\$2,000,000,000**

### **Global Medium Term Note Programme**

Standard Bank Plc (the "**Issuer**"), a company incorporated with limited liability in England and Wales, may from time to time issue Global Medium Term Notes (the "**Notes**") under this programme (the "**Programme**"). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$2,000,000,000 (or its equivalent in other currencies).

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of the Notes described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for such Notes to be admitted during the period of twelve months from 12 April 2010 to listing on the Official List of the FSA and to trading on each of the Regulated Market of the London Stock Exchange plc and the Professional Securities Market of the London Stock Exchange plc (each, the "**London Stock Exchange**"). The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments. The Professional Securities Market is an unregulated market for the purposes of Directive 2004/39/EC on markets in financial instruments. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

The applicable Final Terms (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on (i) the London Stock Exchange and/or (ii) any other stock exchange or quotation system.

Each Tranche of Notes to be issued in bearer form ("**Bearer Notes**") will initially be represented by a temporary global note in bearer form, without interest coupons (each, a "**Temporary Global Note**") or a Permanent Global Note (as defined below) as specified in the relevant Final Terms, and will be sold outside the United States within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in Temporary Global Notes generally will be exchangeable for interests in permanent global notes (each, a "**Permanent Global Note**" and, together with the Temporary Global Notes, the "**Global Notes**"), or if so stated in the applicable Final Terms, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the completion of the distribution of such Tranche upon certification as to non-U.S. beneficial ownership (the "**Distribution Compliance Period**"). Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "*Forms of the Notes and Transfer Restrictions relating to U.S. Sales*". Global Notes may be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V., ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream Luxembourg**").

Each Tranche of Notes to be issued in registered form ("**Registered Notes**") and which are sold in an "**offshore transaction**" within the meaning of Regulation S ("**Regulation S**") under the Securities Act will initially be represented by a permanent registered global certificate (each, an "**Unrestricted Global Certificate**" and the Notes evidenced thereby, the "**Unrestricted Registered Notes**"), without interest coupons, which may be deposited on the issue date (i) in the case of a Tranche intended to be cleared through Euroclear and/ or Clearstream Luxembourg, with a common depository on behalf of Euroclear and Clearstream Luxembourg and (ii) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream Luxembourg or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer (as defined herein).

Registered Notes which are sold in the United States to qualified institutional buyers ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each, a "**Restricted Global Certificate**"), and the Notes evidenced thereby, the "**Restricted Registered Notes**", together with the Unrestricted Global Certificates, the "**Global Certificates**") without interest coupons, which may be deposited on the relevant issue date with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Issuer ("**DTC**"). The provisions governing the exchange of interests in the Global Certificates for individual certificates in certain limited circumstances are described in "*Forms of the Notes and Transfer Restrictions relating to U.S. Sales*".

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area 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, the minimum Specified Denomination shall be EUR50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

Restricted Notes may only be offered in a minimum denomination of U.S.\$100,000 (or its equivalent in another currency.) Any sale or transfer of such Notes after the date of issuance of such Notes may only be made in a minimum denomination of U.S.\$100,000 (or its equivalent in another currency.)

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, OR ANY APPLICABLE STATE OR FOREIGN SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD EXCEPT TO (1) PERSONS REASONABLY BELIEVED BY THE DEALER(S) TO BE QIBS OR (2) PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S.**

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil their respective obligations under the Notes are discussed under "Risk Factors" on page 11 of this Base Prospectus.*

*This Base Prospectus should be read and construed with any Final Terms (as herein defined).*

*Arranger*  
STANDARD BANK

**BofA MERRILL LYNCH  
DEUTSCHE BANK  
STANDARD BANK**

*Dealers*

**CREDIT SUISSE  
J.P. MORGAN  
THE ROYAL BANK OF SCOTLAND**

**12 April 2010**

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## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called final terms (the "**Final Terms**"). This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Forms of the Notes and Transfer Restrictions relating to U.S. Sales*". In particular, Notes have not been and will not be registered under the Securities Act, and Bearer Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act. Notes may be offered and sold outside the United States in reliance on Regulation S and in the United States to QIBs. Prospective purchasers of Notes are hereby notified that a seller of Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

**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 THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and each recipient contemplating acquiring Notes under the Programme must seek such tax or other professional advice as it considers necessary for the purpose.

This Base 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 (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 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 Base 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 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 specifies 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.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as 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 a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes 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 of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 (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 OF NEW HAMPSHIRE 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.**

## CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Base Prospectus includes forward looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, management plans and objectives for future operations, are forward looking statements. These forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward looking statements. These forward looking statements are based on numerous assumptions regarding the Issuer's and future business strategies and the environment in which it expects to operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward looking statements include, among other factors referenced in this Base Prospectus:

- worldwide economic conditions, inflation and deflation, monetary conditions and policies of central banks, interest rates, exchange rates and financial market conditions;
- changes in laws, regulations, taxation, government policies or accounting standards or practices, exposure to regulatory scrutiny, legal proceedings or complaints, changes in competition and pricing environments;
- acts of war, terrorist acts, geopolitical events, pandemic or other such events, natural and other disasters, adverse weather and similar events;
- the ability to hedge risks economically;
- borrower credit quality and the adequacy of loss reserves;
- the ability to secure new customers and develop more business from existing customers;
- the effects of competition in the geographic and business areas in which the Issuer conducts operations;
- the effects of mergers, acquisitions and divestitures involving the Issuer and/or its competitors;
- inadequate or failed internal or external processes, people and systems;
- technological changes; and
- the Issuer's success in managing the risks associated with the foregoing factors.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Forward looking statements speak only as of the date of this Base Prospectus and the Issuer expressly disclaims any obligation or undertaking to publicly update or revise any forward looking statements in this Base Prospectus to reflect any change in its expectations or any change in events, conditions or circumstances on which these forward looking statements are based. Given the uncertainties of forward looking statements, the Issuer cannot give any assurance that projected results or events will be achieved and potential investors are cautioned not to place undue reliance on these statements.

## PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

The audited consolidated and unconsolidated annual financial statements of the Issuer for the years ended 31 December 2009 and 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**") and the interpretations of the International Financial Reporting Interpretations Committee and have been audited by KPMG Audit plc., independent auditors.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Base Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "U.S.\$", "U.S. dollars" or "dollars" are to United States dollars

and references to "**EUR**" or "**euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

#### **AVAILABLE INFORMATION**

The Issuer has agreed that, for so long as any Restricted Notes are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, it will, during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder or any prospective purchaser designated by any such holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

## INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer for the financial years ended 2009 and 2008 together in each case with the audit report thereon, and the terms and conditions set out on pages 6-23 of the Base Prospectus dated 4 November 2009, which have been previously published or are published simultaneously with this Base Prospectus and which have been approved by or filed with the London Stock Exchange. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus 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, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus may be obtained without charge from the registered office of the Issuer which is 20 Gresham Street, London EC2V 7JE.

The table below sets out the relevant page references for the audited consolidated annual statements for the financial years ended 2009 and 2008 as set out in the Issuer's Annual Report. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Base Prospectus.

### **Audited consolidated annual financial statements of the Issuer for the financial year ended 2009**

#### **Standard Bank Plc Annual Report (2009)**

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### **Audited consolidated annual financial statements of the Issuer for the financial year ended 2008**

#### **Standard Bank Plc Annual Report (2008)**

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## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference.*

*Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this overview.*

<b>Issuer:</b>	Standard Bank Plc.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below.
<b>Arranger:</b>	Standard Bank Plc.
<b>Dealers:</b>	Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., Merrill Lynch International, Standard Bank Plc, The Royal Bank of Scotland plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Trustee:</b>	Deutsche Trustee Company Limited.
<b>Principal Paying Agent:</b>	Citibank N.A., London Branch.
<b>Listing and Trading:</b>	Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the Regulated Market or Professional Securities Market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg for Bearer Notes and Euroclear, Clearstream, Luxembourg and The Depository Trust Company (" <b>DTC</b> ") for Registered Notes or as may be specified in the applicable Final Terms.
<b>Initial Programme Amount:</b>	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
<b>Method of Issue:</b>	Notes will be issued in Series (each, a " <b>Series</b> "). Each Series may comprise one or more Tranches (each, a " <b>Tranche</b> ") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Forms of Notes:**

Notes may be issued as Bearer Notes or as Registered Notes.

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms.

Each Tranche of Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to hold such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "*Selling Restrictions*" below); otherwise such Tranche will be represented by a Permanent Global Note.

Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "CGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "NGN"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Each Tranche of Unrestricted Registered Notes will be represented by interests in an Unrestricted Global Certificate.

Each Unrestricted Global Certificate will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for individual note certificates in accordance with the terms of the relevant Unrestricted Global Certificate.

Each Tranche of Restricted Registered Notes will be represented by interests in one or more Restricted Global Certificates, deposited with a custodian for and registered in the name of a nominee of DTC on or about the date of issue of the relevant Tranche.

Interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositaries for Euroclear and Clearstream, Luxembourg. Individual note certificates evidencing holdings of Registered Notes evidenced by a Restricted Global Certificate will only be available in certain limited circumstances. See "*Forms of the Notes and Transfer Restrictions relating to U.S.*"

*Sales*".

- Currencies:** Notes may be denominated in U.S. dollars, euros or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated if so specified in the relevant Final Terms.
- Status of Senior Notes:** The Notes of each Series issued on an unsubordinated basis ("**Senior Notes**") will constitute direct, unconditional and unsecured obligations of the Issuer ranking *pari passu* with all other unsecured and unsubordinated obligations of the Issuer other than obligations preferred by law.
- Status of Dated Subordinated Notes:** The Notes of each Series of Dated Subordinated Notes issued by the Issuer on a subordinated basis ("**Dated Subordinated Notes**") will constitute direct and unsecured obligations of the Issuer. The rights of the holders of such Dated Subordinated Notes will, in the event of the winding up of the Issuer, be subordinated in right of payment to the claims of depositors and other unsecured and unsubordinated creditors of the Issuer, in the manner provided in "*Terms and Conditions of the Notes*" below.
- In certain circumstances, payment of principal and interest due in respect of Dated Subordinated Notes qualifying as Upper Tier 3 capital in accordance with FSA requirements may be deferred.
- Status of Undated Subordinated Notes:** The Notes of each Series of Undated Subordinated Notes issued by the Issuer on a subordinated basis ("**Undated Subordinated Notes**") will constitute unsecured obligations of the Issuer and will rank *pari passu inter se* in point of subordination with each other Series of Undated Subordinated Notes. The rights of holders of such Undated Subordinated Notes are subordinated to the claims of Senior Creditors and, accordingly, payments of principal and interest are conditional upon the Issuer being solvent at the time of payment by the Issuer, and no principal or interest shall be payable in respect of such Notes, except to the extent that the Issuer could make such payments and still be solvent immediately thereafter.
- If at any time the Issuer is in winding up in England there shall be payable in respect of the Notes such amounts (if any) as would have been payable in respect thereof as if, on the day immediately prior to the commencement of the winding up and thereafter, the Holders were the holders of a class of preference shares in the capital of the Issuer having a preferential right to return of assets in the winding up over the holders of all other classes of shares for the time being in the capital of the Issuer, all as more particularly described under "*Terms and Conditions of the Notes*" below.
- Deferral Option:** In the case of Undated Subordinated Notes, the Issuer shall have the right to elect to defer payment of interest on any Interest Payment Date by providing notice of such election to the Holders.
- Dividend Restriction:** In the event that the Issuer exercises its right to elect to defer payment of interest on any Interest Payment Date on any of the

Undated Subordinated Notes, then the Dividend Restriction shall apply from such Interest Payment Date until such time as no Arrears of Interest remains unpaid with respect to the relevant Undated Subordinated Notes.

- Issue Price:** Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
- Maturities:** Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Specified Denomination:** Notes will be in such denominations as may be specified in the applicable Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area 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, the minimum Specified Denomination shall be EUR50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), and (ii) in the case of any Notes to be sold in the United States to QIBs, the minimum specified denomination shall be U.S.\$100,000 (or equivalent in other currencies).
- Redemption:** Notes may be redeemable at par or at such other Redemption Amount (as defined in "*Terms and Conditions of the Notes*") (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.
- Optional Redemption:** Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
- Put Event:** Notes may be redeemed before their stated maturity at the option of the Noteholders in certain circumstances where an announcement is made or (in the absence of such announcement) a Change of Control occurs which results in a Rating Downgrade, all as defined in the "*Terms and Conditions of the Notes*".
- Tax Redemption:** Early redemption will be permitted for tax reasons as described in Condition 11(b) (*Redemption and Purchase – Redemption for tax reasons*).
- Capital Disqualification Event:** Early redemption will be permitted following a Capital Disqualification Event as described in Condition 11(d) (*Redemption due to Capital Disqualification Event*).
- Interest:** Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Negative Pledge:** The Senior Notes will have the benefit of a negative pledge as

described in Condition 6 (*Negative Pledge*).

**Cross Default:** The Senior Notes will have the benefit of a cross default as described in Condition 15 (*Events of Default*).

**Taxation:** All payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom, as the case may be, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 14 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

**Governing Law:** English law.

**Selling Restrictions:** For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom and Japan, see "*Subscription and Sale*" below.

The United States, the United Kingdom, and the EEA have minimum denomination requirements in certain circumstances. See "*Specified Denomination*", above.

Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act.

Bearer Notes will be issued in compliance with United States Treasury Regulations §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the applicable Final Terms state that Notes are issued in compliance with United States Treasury Regulations §1.1635(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 applicable Final Terms as a transaction to which TEFRA is not applicable.

## **RISK FACTORS**

*The 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 Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Additional factors and uncertainties that do not currently exist or that the Issuer is unaware of may also become important factors that adversely affect the Issuer and potential investors' investments.*

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent 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 Base Prospectus and in the applicable Final Terms and reach their own views prior to making any investment decision. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.*

### **General**

In addition to considering the information set out in this Base Prospectus, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in the Notes, as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the Notes. This Base Prospectus is not, and does not purport to be, investment advice. If a prospective investor does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, the investor should consult with its financial advisor prior to deciding to make an investment on the suitability of the Notes.

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as underlying securities 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.

### **Risks Relating to the Issuer**

Set out below are certain risk factors which could affect the Issuer's future results and financial position and cause them to be materially different from what is expected. The Issuer's results could also be affected by competition and other factors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties the Issuer's businesses face.

#### ***The Issuer's operations that originate transactions include activities primarily in emerging markets***

The Issuer's operations focus on emerging markets including ones in Eastern Europe, Africa, Middle East, South East Asia and Latin America and these operations expose it to risks, arising from the political and economic environment, that could adversely affect its financial conditions and results. Operations in some of these markets present various risks that do not necessarily apply to businesses in Western Europe. Some of these markets are more volatile and less developed economically and politically than markets in Western Europe. The Issuer faces significant economic and political risk in these markets, including

economic volatility, recession, inflationary pressure, exchange rate risk, interruption of business, as well as civil unrest, imposition of exchange controls, expropriation, nationalisation, renegotiation or nullification of existing contracts and changes in law or tax policy. These risks could result in an adverse impact on the Issuer's financial condition and results of operations.

Investors should also note that such emerging economies, are subject to rapid change and that some of the information set out in this Base Prospectus may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate.

The nature and impact of future changes in laws, regulations and regulatory policies are not predictable and are beyond the Issuer's control, and changes in such laws, regulations and regulatory policies may have an adverse effect on the Issuer's financial condition and results of operations.

***The Issuer's business is subject to inherent risks arising from general international economic and political conditions***

The Issuer's business is subject to inherent risks regarding general economic conditions. These conditions include changing economic cycles that affect demand for investment banking products. These cycles are also influenced by global political events such as terrorist acts, war and other hostilities, as well as market specific events, such as shifts in consumer confidence and consumer spending, rates of unemployment, industrial output, labour or social unrest and political uncertainty. Each of these can change the level of demand for, and supply of, the Issuer's products and services and could have a material adverse effect on its business, financial condition and results of operations.

***The Issuer is exposed to credit risk and may be subject to increases in credit impairment charges***

Credit risk arising from changes in credit quality and the recoverability of the Issuer's loans and other exposures to borrowers and counterparties are inherent in a wide range of its businesses. In lending transactions, credit risk arises through non-performance by a customer or market counterparty for facilities granted. These facilities are typically loans and advances, including the advancement of securities and contracts to support customer obligations such as letters of credit and guarantees. In trading activities, credit losses arise due to non-performance by a counterparty for payments linked to trading-related financial obligations. Market and credit risk overlap in traded credit products (whether traded as principal or held as collateral) including debt instruments and credit derivatives. In these circumstances, issuer concentration and default risks are managed through credit and country risk processes, and market price sensitivity through market risk processes.

A formal structure exists for the approval of credit, including delegated authority levels and a Credit Committee that meets twice weekly. As at 31 December 2009, the Issuer's most significant credit exposures were through loans and advances to customers and loans and advances to banks (U.S.\$17,219.5 million as at 31 December 2009 as opposed to U.S.\$ 17,967.7 million as at 31 December 2008). The Issuer had a relatively small exposure through financial investments. The Issuer has a relatively diverse geographic exposure to credit risk through loans and advances, with its largest exposures in Western Europe (47 per cent.), North America (16 per cent.), Eastern Europe (4 per cent.), Asia (11 per cent.), North Africa and the Middle East (5 per cent.), Sub-Saharan Africa (15 per cent.) and South America (2 per cent.). Deterioration in the credit quality of the Issuer's borrowers and counterparties could have a material adverse effect on its business, financial condition and results of operations. Adverse changes in the credit quality of the Issuer's borrowers and counterparties could reduce the value of the Issuer's assets, and require increased provisions for bad and doubtful debts. In addition, changes in economic conditions may result in deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

***The Issuer is subject to market risk***

Market risk is the risk that will impact on the Issuer's profitability as a result of movements in market parameters such as interest rates, foreign exchange rates and asset or equity prices. The Issuer's principal sources of market risk relate to credit spread risk, interest rate, currency and commodity price risk and volatility risk. The Issuer's market risks are relatively diversified across both developed and emerging market countries. The Issuer's major exposures to market risk occur in markets served by both formal exchanges and over the counter markets and exposures arise in relation to financial instruments mainly

held in foreign exchange, commodity and capital markets as well as equity markets. The Issuer's exposures arise from both customer-driven business and from proprietary positions, although the market risk positions arising from the Issuer's proprietary trading are not significant in the Bank's overall risk portfolio. Adverse effects from market risk could have an adverse effect on the Issuer's business, financial condition and results of operations. See "*Risk Management – Market Risk*".

***The Issuer is subject to foreign exchange risk***

The Issuer's foreign exchange positions arise mainly from foreign exchange trading activities, which are governed by position limits approved by the Capital Committee in accordance with the Issuer's Market Risk policy. These position limits are subject to review at least annually and foreign exchange exposures are monitored daily by the Market Risk function to ensure they remain within the approved risk appetite. The Issuer does not hedge its foreign currency exposure at all times. As a result, adverse changes in foreign exchange rates could have an adverse effect on the Issuer's business, financial condition and results of operations.

***The Issuer is subject to liquidity and interest rate risk***

Liquidity risk is the risk that the Issuer is not able to meet its payment obligations as they fall due. The Issuer manages the liquidity structure of its assets, liabilities and commitments to ensure that its operations can always meet its funding needs and the statutory liquidity ratio requirement. The Issuer relies largely on continuous access to financial markets for short and long term financing. An inability to access funds may result in an inability to finance its operations. The Issuer's Capital Committee reviews the current and prospective funding requirements for all operations on an on-going basis through regular review of the liquidity ratio, maturity mismatch, deposit base diversification and stability as well as liquidity stress testing results. In addition, standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business. The Issuer maintained a strong liquidity profile throughout the rapidly deteriorating market place that was a feature of 2008. Additionally, as a response to current market conditions, the Issuer has maintained higher levels of liquidity than that required by local regulations and internal limits. The funding base has grown over the year and comprises a combination of corporate and institutional deposits, inter-bank deposits, retail deposits and funding from Standard Bank Group sources. If the Issuer is not able to re-finance its liabilities as they become due, it could suffer an adverse effect on its business, financial condition and results of operations.

Interest rates are highly sensitive to any factors beyond the Issuer's control, including monetary policies and national and international political conditions. Changes in market interest rates may affect the interest rates the Issuer earns on its interest earning assets differently from the interest rates it pays on its interest bearing liabilities. Rising interest rates could also result in an increase in the Issuer's impairment losses on loans and advances if clients cannot meet their interest or principal payment obligations in a higher interest rate environment. This difference could reduce the Issuer's net income, despite any hedging activities the Issuer undertakes. The principal interest rate risk to which the Issuer is exposed occurs in its trading portfolio, which is managed as part of market risk. Within its non-trading portfolio, the principal risk to which the Issuer is exposed is the risk of loss from fluctuations in future cash flows because of a change in market interest rates. If the Issuer is subject to adverse changes in interest rates, it could suffer an adverse effect on its business, financial condition and results of operations.

***A downgrade in the Issuer's credit ratings could adversely affect its business***

Rating agencies may, at their discretion, change any of the credit ratings assigned to the Issuer. Any subsequent downgrade of the Issuer's credit ratings or financial strength ratings, or the announcement of a potential downgrade of any these ratings, could reduce demand for the Issuer's products and services, adversely affect its relationships with intermediaries and counterparties, weaken its competitive position, increase its borrowing costs and reduce its access to funds, which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

***The Issuer is subject to capital requirements that could limit its operations***

The Issuer is subject to the United Kingdom Financial Services Authority's capital adequacy guidelines for banks, which provide for a minimum ratio of total capital to risk adjusted assets both on a consolidated basis and on a non-consolidated basis expressed as a percentage. The Issuer's failure to



maintain its ratios may result in administrative actions or sanctions against it which may have a material adverse effect on the Issuer's business, financial condition and results of operations.

***A significant proportion of the Issuer's net income is comprised of trading revenue, which may be volatile***

The Issuer's trading revenue was U.S.\$ 464.6 million, or 66 per cent. of the Issuer's total net revenue for the year ended 31 December 2009, and U.S.\$ 411.4 million or 66 per cent. of total net revenue for the year ended 31 December 2008. The Issuer's income from such activities depends on numerous factors beyond its control, such as overall market activity, the level of interest rates, volatility in foreign exchange and interest rates, commodity price fluctuations, domestic and international economic and political conditions and general market volatility. The Issuer has limits in place for its trading portfolio for types of securities and single named issuers, which are designed to limit its portfolio risk to an acceptable level. Nevertheless, market price fluctuations may adversely affect both the volume of, and fees generated from, the Issuer's trading activities and the value of its portfolio, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

***The Issuer's fee income from investment banking activities is subject to fluctuation***

The Issuer's investment banking business generates fee income and this income can be subject to fluctuation. Such fee income is, in part, related to the number and size of transactions the Issuer completes and underlying market conditions. Fees generated by these transactions are typically not recurring and are subject to volatility and business trends. Accordingly, income from the Issuer's investment banking business tends to be volatile and any reduction in the number and size of transactions it completes will have an impact on its results of operations. Any severe decline in the Issuer's fee income from its investment banking activities could have a material adverse effect on its business, financial condition, results of operations and prospects.

***Operational risks are inherent in the Issuer's business***

Operational risks are inherent in the Issuer's business, including the risk of loss resulting from inadequate or failed internal and external processes, documentation, people and systems or from external events. The Issuer's business is dependent on its ability to process accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. The Issuer's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled, but any weakness in these systems could result in a negative impact on the Issuer's business, financial condition, results of operations and prospects.

Notwithstanding anything in the paragraph above, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FSA.

***The Issuer's business is subject to significant competition***

The Issuer's business is subject to significant competition from many other international financial institutions, including non-bank, financial institutions operating in the emerging markets described above, including competitors that may have greater financial and other resources, and, in certain emerging markets, from local banks. Local regulations in a number of jurisdictions that favour local banks by restricting the ability of international banks operating in the relevant country to enter the market and/or expand their existing operations could adversely affect the Issuer's ability to compete. Many of the international and local banks operating in the Issuer's markets compete for substantially the same customers as the Issuer. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and results of operations.

***The Issuer may be adversely affected by litigation***

From time to time the Issuer is involved in litigation, receives claims from tax authorities or claims arising from the conduct of its business. As at 31 December 2008, based upon available information and, where appropriate, legal advice, the Issuer does not believe that there are any potential proceedings, or other claims which will have a material adverse impact on the Issuer's financial position. However, the

occurrence of potential proceedings, or other claims leading to a substantial legal liability could have a material adverse effect on the Issuer's business, results, operations, reputation and financial condition.

***The Issuer may be unable to attract and retain highly qualified professional personnel***

The success of the Issuer's operations relies on its ability to attract and retain highly qualified professional personnel. The Issuer's ability to attract and retain key personnel is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. The loss of the services of key members of its senior management or inability to attract and retain qualified professional staff generally may significantly interfere with the Issuer's business and could result in a material adverse effect on the Issuer's business, results, operations, reputation or financial condition.

***The Issuer is subject to the risk of failure of its IT systems and breaches of its security systems***

Various external events beyond the Issuer's control and the control of its management, could have a major impact on the Issuer's business, results, operations, reputation or financial condition. Examples of such events are natural catastrophes, war, vandalism and terrorist attacks. The Issuer has contingency plans, intended to ensure its capacity to maintain services with, and the confidence of its clients and other counterparties should a serious situation arise. However, the Issuer's contingency plans may fail, which could result in a material adverse effect on the Issuer's business, results, operations, reputation and financial condition.

***The Standard Bank Group Limited ("SBGL") may not provide support to the Issuer***

The Issuer is the principal non-African operating subsidiary of SBGL, a leading South African banking and financial services organisation. SBGL has undertaken, by way of a statement of support, to ensure that, except in the case of political risk, the Issuer is able to meet its contractual liabilities. Noteholders should be aware that the statement of support does not constitute a legal guarantee by the Standard Bank Group and is not legally enforceable by Noteholders. There is no certainty that the Standard Bank Group would be able to assist the Issuer were the Issuer unable to pay any amounts due to Noteholders.

***The interests of SBGL may conflict with those of Noteholders***

SBGL is the Issuer's ultimate beneficial 100 per cent. shareholder. As a result, SBGL is able to exert influence over actions requiring shareholder approval. If circumstances were to arise where the interests of SBGL conflict with the interests of the Noteholders, Noteholders could be disadvantaged if SBGL seeks to take actions contrary to Noteholders' interests.

***The Issuer enters into related party transactions with other entities forming part of the Standard Bank Group***

The Issuer enters into related party transactions with other entities forming part of the Standard Bank Group. These related party transactions are entered into in the course of banking operations, including lending, acceptance of interbank deposits and corresponding banking transactions. The transactions are priced at the prevailing market rates at the time of the transactions. A significant portion of this activity involves the placement of excess liquidity by other entities with the Issuer. The Issuer also advances funds to other group entities, as part of normal activity. See "*Related Party Transactions*".

***The Issuer could be adversely affected by an order made under the Banking Act 2009***

Actions may be taken by the Treasury and the Bank of England under Part 1 of the Banking Act 2009 (the "**Act**") pursuant to the special resolution regime instituted to address a situation where a UK bank (a UK institution with permission to accept deposits under the Financial Services and Markets Act 2000) (the "**UK Bank**") is likely to encounter financial difficulties. The Act gives the Treasury and the Bank of England certain wide powers to support the implementation of the stabilisation measures contemplated by the Act.

These powers, which apply regardless of any contractual restrictions, include (a) power to issue share transfer instruments and/or orders pursuant to which there may be transferred to a commercial purchaser or a nominee of or a company wholly owned by the Treasury, all or some of the Securities issued by a UK Bank or its UK holding company. The share transfers can extend to a wide range of "Securities"

including shares and bonds issued by the UK Bank or its UK holding company and warrants for such and also deferred shares or private membership rights in a building society and (b) the power to transfer all or some of the property, rights and liabilities of a UK Bank or a building society to a commercial purchaser or Bank of England entity. In certain circumstances encumbrances and trusts can be over-reached or varied. Power also exists to override any default provisions in transactions otherwise affected by these powers. Compensation may be payable in the context of share transfer instruments and/or orders and property transfer instruments. In the case of share transfers any compensation will be paid to the person who held the security immediately before the transfer, who may not be the encumbrancer. The Act also includes provisions relating to two new insolvency procedures which may be commenced by specified UK authorities (bank insolvency and bank administration).

The Act also vests power in the Bank of England (amongst other things) to override, vary or impose contractual obligations between the UK Bank or its UK holding company and its former group undertakings (as defined in the Act), for reasonable consideration, in order to enable any transferee or successor bank of the UK Bank, or its UK holding company, to operate effectively. There is also power for the Treasury to amend the law (save for a provision made by or under the Act) by order for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

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

#### ***The Notes may not be a suitable investment for all investors***

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement or drawdown prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either along 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. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments 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 a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **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 the most common such features:

### ***Dated and Undated Subordinated Notes***

If in the case of any particular Tranche of Dated Subordinated Notes or Undated Subordinated Notes the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Dated Subordinated Notes or Undated Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Dated Subordinated Notes or Undated Subordinated Notes.

### ***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any 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 or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

### ***Index Linked Notes and Dual Currency Notes***

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the 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) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to the Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, you should consult your own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of their particular circumstances.

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

The 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 his investment.

### ***Variable rate Note 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 or 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 those 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 the Notes.

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

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rates 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 the Issuer converts from a floating rate to a fixed rate in such circumstances, 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 from their principal 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.

### **Risks related to Notes generally**

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

#### ***Modification***

The 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 conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders or Couponholders, agree to (i) any modification of, or waiver or authorisation of any breach or proposed breach of, any of the provisions of the Conditions or the Trust Deed or (ii) the substitution of another entity as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 21 (*Meetings of Noteholders; Modification and Waiver*) of the conditions of the Notes.

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

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of

information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers. If any of these proposed changes are made in relation to the Directive 2003/48/EC, they may amend or broaden the scope of the requirements above.

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

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus.

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

### **Risk related to the market generally**

Set out below is a brief description of the principal markets risk, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes issued under the Programme to be admitted to listing on the Official List of the UK Listing

Authority and to trading on the Regulated Market or Professional Securities Market of the London Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

#### ***Minimum denomination***

In relation to any issue of Notes which have a denomination consisting of the minimum denomination plus an integral multiple of another smaller amount in excess thereof, it is possible that the Notes may be traded in amounts in excess of EUR 50,000 (or its equivalent) that are not integral multiples of EUR 50,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holding amounts to the minimum denomination.

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

The Issuer will pay principal and interest on the Notes in the Specified 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 Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified 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 relating to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) 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 rate may adversely affect the value of the Fixed Rate Notes.

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

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

#### ***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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **USE OF PROCEEDS**

The Issuer will use the net proceeds from each issue of Notes for general corporate purposes, which may include repayment of debt. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



## FORMS OF THE NOTES AND TRANSFER RESTRICTIONS RELATING TO U.S. SALES

### Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in new global note ("NGN") form, as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each such Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Since January 2007 the central banking system for the Euro (the "**Eurosystem**") ceased to accept bearer debt securities in CGN form as eligible collateral for the Eurosystem's monetary policy and intra-day credit operations by the Eurosystem. The NGN form has been introduced so that Bearer Notes may continue to be issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

The relevant Final Terms will also specify whether C Rules or the D Rules are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

#### *Temporary Global Notes*

Each Temporary Global Note will be exchangeable, free of charge to the holder, on a day after the expiry of 40 days after its issue, upon certification as to non-U.S. beneficial ownership for interests in a Permanent Global Note or, if so provided in the applicable Final Terms, for Notes in definitive form.

#### *Permanent Global Notes*

Each Permanent Global Note will be exchangeable, free of charge to the holder in whole but not in part for Notes in definitive form if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other 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, or otherwise as provided in the Final Terms.

In the event that either a Temporary Global Note or a Permanent Global Note is exchanged for Notes in definitive form, such Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Note in definitive form in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### Registered Notes

Each Tranche of Unrestricted Registered Notes will be represented by interests in an Unrestricted Global Certificate and each Tranche of Restricted Registered Notes will be represented by interests in one or more Restricted Global Certificate.

Each Unrestricted Global Certificate will be registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg.

Each Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and will be deposited on or about the relevant issue date with the custodian for DTC (the "**DTC Custodian**") as custodian for DTC. The Restricted Global Certificate (and any Individual Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer as described below under "*Transfer Restrictions*".

If the relevant Final Terms specifies the form of Notes as being "Global Certificate exchangeable for Individual Certificates", then the Notes will initially be in the form of a Global Certificate which will be exchangeable in whole, but not in part, for Individual Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs.

#### *Unrestricted Global Certificates*

If the applicable Final Terms state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an alternative clearing system. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfers of the holding of Notes represented by any Unrestricted Global Certificate may only be made:

- (i) in whole but not in part, if the relevant 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 does in fact do so; or
- (ii) in whole or in part, with the Issuer's consent,

*provided that*, in the case of any transfer pursuant to (i) above, the registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the registered Noteholder's intention to effect such transfer.

#### *Restricted Global Certificates*

If the applicable Final Terms state that the Restricted Registered Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate may only be made:

- (i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC 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 Company is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) in whole or in part, with the Issuer's consent,

*provided that*, in the case of any transfer pursuant to (i) above, the relevant registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Transfer Restrictions*".

## **Transfer Restrictions**

### ***Unrestricted Registered Notes***

Each purchaser of Unrestricted Registered Notes and each subsequent purchaser of such Notes in resales prior to the expiration of the Distribution Compliance Period, by accepting delivery of this Base Prospectus and the Unrestricted Registered Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Unrestricted Registered Notes are purchased will be, the beneficial owner of such Unrestricted Registered 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 Issuer or a person acting on behalf of such an affiliate.
- (ii) It understands that such Unrestricted Registered 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 Registered Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any jurisdiction.
- (iii) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (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."
- (iv) It understands that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (v) It understands that the Notes offered in reliance on Regulation S will be represented by an Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a 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.

On or prior to the fortieth day after the relevant issue date, Unrestricted Registered Notes may be transferred to a person who wishes to hold such Notes in the form of Restricted Registered Notes only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 4 to the Agency Agreement) 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 laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Certificate.

### **Restricted Registered Notes**

Each purchaser of Restricted Registered Notes, by accepting delivery of this Prospectus and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) not an "affiliate" of the Issuer or the Dealers or a person acting on behalf of such affiliate (b) a QIB, (c) acting for its own account, or for the account of one or more QIBs, (d) not formed for the purpose of investing in the Restricted Notes or the Company and (e) aware, and each

beneficial owner of the Restricted Registered Notes has been advised, that the sale of the Restricted Registered Notes to it is being made in reliance on Rule 144A.

2. (i) The Restricted Registered 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 believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and (ii) it will, and each subsequent holder of the Restricted Registered Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Registered Notes.

3. The Restricted Registered Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend (the "**Rule 144A Legend**") in or substantially in the following form:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (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 (A "**QIB**") THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT ("**RULE 144**"), IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, 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 FOR REALES OF THE NOTES.

4. It understands that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Restricted Registered Notes is no longer accurate, it shall promptly notify the Issuer and the relevant Dealer(s). If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
5. It understands that the Restricted Registered Notes will be represented by a Restricted Global Certificate. Before any interest in a 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.

**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.**

Restricted Registered Notes may also be transferred to a person who wishes to hold such Notes in the form of Unrestricted Registered Notes, but only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 5 or 6, as appropriate, to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

*Bearer Notes*

Subject to certain exceptions, Bearer Notes are not permitted to be sold to United States persons (as defined in Section 7701(a)(30) of the Code).

The following legend will also appear on any Bearer Notes, whether global or definitive, and any Coupons appertaining thereto:

**ANY UNITED STATES PERSON (AS DEFINED IN SECTION 7701(A)(30) OF THE CODE) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO THE LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTION 165(J) AND 1287(A) OF THE CODE.**

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" above.*

### 1. Introduction

- (a) *Programme:* Standard Bank Plc (the "**Issuer**") has established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$2,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Trust Deed:* The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). The Notes are constituted by a trust deed dated on or around 12 April 2010 (the "**Trust Deed**") entered into by the Issuer and Deutsche Trustee Company 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).
- (d) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated on or around 12 April 2010 (the "**Agency Agreement**") between the Issuer, the Trustee, Citibank N.A., London Branch in its capacity as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), as calculation agent and transfer agent, Citigroup Global Markets Deutschland AG & Co. KGaA. in its capacity as registrar in relation to Notes issued pursuant to Regulation S under the United States Securities Act of 1933, as amended (the "**Registrar**", which expression includes any successor or additional registrar appointed from time to time in connection with the Notes), as exchange agent (the "**Exchange Agent**", and Citigroup Global Markets Deutschland AG & Co. KGaA in its capacity as registrar in relation to Notes issued pursuant to Rule 144A under the United States Securities Act of 1933, as amended (also a "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the transfer agents named therein (together with each Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). In these Conditions references to the "**Agents**" are to the Paying Agents, the Exchange Agent and the Transfer Agents and any reference to an "**Agent**" is to any one of them.
- (e) *The Notes:* References in these Conditions to "**Notes**" shall, where the context so requires include the temporary global Notes, the permanent global Notes, dated subordinated Notes ("**Dated Subordinated Notes**"), undated subordinated Notes ("**Undated Subordinated Notes**", and together with the Dated Subordinated Notes, the "**Subordinated Notes**"), Notes which are not subordinated ("**Senior Notes**") and such other Notes as may from time to time be issued under the Programme, as the case may be, and the terms "Notes" includes debt instruments, by whatever name called, issued under the Programme.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Trust Deed and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of

the Agency Agreement and the Trust Deed applicable to them. Copies of the Agency Agreement and the Trust Deed are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

## 2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of

months after the calendar month in which the preceding such date occurred;  
and

- (v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"**Calculation Amount**" has the meaning given in the relevant Final Terms;

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the 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);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

if "**30/360**" is so specified, 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 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;

if "30E/360" or "Eurobond Basis" is so specified, 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; and

if "30E/360 (ISDA)" is so specified, 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,

**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Indebtedness**" means and includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money whether present or future, actual or contingent;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" has the meaning given in the relevant Final Terms;

"**Interest Payment Date**" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Margin"** has the meaning given in the relevant Final Terms;

**"Maturity Date"** has the meaning given in the relevant Final Terms;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Noteholder"**, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Participating Member State"** means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Permitted Encumbrance"** means any Security Interest arising in the ordinary course of business or solely by operation of law and not by reason of default;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means Wellington;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** has the meaning given in the relevant Final Terms;

**"Register"** means the register maintained by the Registrar in respect of Registered Notes in accordance with the Agency Agreement;

**"Registered Note"** means a Note in registered form;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but

excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Final Terms;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution or to amend this definition;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms but in no case shall the Specified Denomination of any Notes which are to be admitted to trading on a regulated market within the European Economic Area 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, be less than EUR50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and/or the Specified Denomination of Restricted Notes be less than U.S.\$100,000 (or the equivalent in other currencies) and integral multiples of U.S.\$1,000 (or the equivalent in other currencies) in excess thereof;

"**Specified Office**" has the meaning given in Trust Deed;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the United Kingdom Companies Act 2006;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**Treaty**" means the Treaty establishing the European Communities, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms;

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "**outstanding**" shall have the same meaning as defined in the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement as amended and/or supplemented, as the case may be, up to and including the Issue Date of the Notes.

### 3. **Form, Denomination, Title and Transfer**

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Specified Denomination(s) shown in the relevant Final Terms. All Registered Notes shall have the same Specified Denomination.

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s), with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s).
- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) *Transfers of Registered Notes:* Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Certificates:* Within five business days of the surrender of a Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

- (k) Any Note issued in registered or bearer form, whether global or definitive, will bear a legend substantially to the following effect:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**").

- (l) Any Restricted Global Certificate will bear the following legend:

THE NOTES EVIDENCED HEREBY SHALL ONLY BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED TO OR HELD BY (A) (1) A PERSON WHO IS (I) A "**QUALIFIED INSTITUTIONAL BUYER**" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**"), AND (II) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS, AND (III) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A SO LONG AS THE NOTES EVIDENCED HEREBY ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A IN ACCORDANCE WITH RULE 144A; OR (2) A PERSON THAT IS NOT A U.S. PERSON OUTSIDE THE UNITED STATES OR ANY OF ITS TERRITORIES OR POSSESSIONS IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT; AND (B) IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES, ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

IN CONNECTION WITH ANY TRANSFER OF THE NOTES, THE PROPOSED TRANSFEREE WILL BE REQUIRED TO DELIVER SUCH CERTIFICATES, OPINIONS AND OTHER INFORMATION AS THE ISSUER (BASED ON THE WRITTEN ADVICE OF THE ISSUER'S COUNSEL) MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

- (m) The following legend will also appear on any Bearer Notes, whether global or definitive, and any Coupons appertaining thereto:

ANY UNITED STATES PERSON, AS DEFINED IN SECTION 7701(A) (30) OF THE CODE, WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO THE LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE CODE.

#### 4. **Status**

- (a) *No Set-off*: Subject to applicable law and unless the Dated Subordinated Notes or the Undated Subordinated Notes provide otherwise, no Dated Subordinated Noteholder or Undated Subordinated Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Dated Subordinated Notes or the Undated Subordinated Notes, the relative Coupons and each Dated Subordinated Noteholder and Undated Subordinated Noteholder and Couponholder shall, by virtue of being the holder of any Dated Subordinated Notes or Undated Subordinated Note or Coupon, be deemed to have waived all such rights of set-off, both before and during any winding-up, liquidation or administration of the Issuer. Notwithstanding the provision of the foregoing sentence, if any of the said rights and claims of any Subordinated Noteholder or Couponholder against the Issuer is discharged by set-off, such Dated Subordinated Noteholder or Undated Subordinated Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of winding-up of the Issuer, the liquidator of the Issuer and accordingly such discharge will be deemed not to have taken place.
- (b) *Status of the Senior Notes*: The Senior Notes and the Coupons (if any) relating to them constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (including, without limitation, obligations in respect of deposits), save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.



- (c) *Status of Dated Subordinated Notes:* The Dated Subordinated Notes (being those Notes whose status is described as such in the relevant Final Terms) and the Coupons (if any) relating to them constitute direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The claims of the Trustee, the Noteholders and the Couponholders against the Issuer in respect of the Dated Subordinated Notes and the Coupons (if any) relating to them will, in the event of the winding-up of the Issuer, be subordinated, in the manner provided in this paragraph (c) and in the Trust Deed, to the claims of all Senior Creditors (as defined below in this Condition 4(c)) but shall rank at least *pari passu* with the claims of holders of all other subordinated obligations (including guarantee obligations) of the Issuer and shall rank in priority to the claims of holders of all undated or perpetual subordinated obligations (including guarantee obligations) of the Issuer and to the claims of holders of all classes of share capital of the Issuer.

For the purposes of this Condition 4(c) "**Senior Creditors**" means creditors of the Issuer whose claims are admitted to proof in the winding up or administration of the Issuer and who are unsubordinated creditors of the Issuer.

- (d) *Status of Undated Subordinated Notes:* The Undated Subordinated Notes (being those Notes whose status is described as such in the relevant Final Terms) and the Coupons relating to them constitute unsecured obligations of the Issuer, conditional as described below, and rank *pari passu* without any preference among themselves.

The rights of the holders of the Undated Subordinated Notes and the Coupons relating to them are subordinated to the claims of Senior Creditors (as defined below) and, accordingly, payments of principal and interest are, in addition to the right of the Issuer to defer payment of interest in accordance with Condition 5, conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal or interest shall be payable in respect of the Undated Subordinated Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purpose of this Condition 4(d), the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) (other than its Liabilities to persons who are not 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 of the Issuer or, if the Issuer is in winding-up or administration in England, its liquidator, shall in the absence of manifest error be treated and accepted by the Issuer, the Trustee, the Noteholders and the Couponholders as correct and sufficient evidence thereof.

If at any time an order is made or an effective resolution is passed for the winding-up in England of the Issuer or, following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend, there shall be payable on each Undated Subordinated Note (in lieu of any other payment), but subject as provided in this Condition 4(d), 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 and thereafter, such holder of such Undated Subordinated Note were the holder of a preference share in the capital of the Issuer having a preferential right to a return of assets in the winding-up over the holders of all 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 an amount equal to the principal amount of such Undated Subordinated Note together with Arrears of Interest (as defined in Condition 5(a)(i)), if any, any interest that has not been paid as a consequence of the provisions of this Condition 4(d), if any, and any accrued interest (other than Arrears of Interest) up to, but excluding, the date of repayment in respect thereof.

For the purposes of this Condition 4(d), "**Senior Creditors**" means creditors of the Issuer (i) who are depositors or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Issuer or otherwise) to the claims of depositors and other unsubordinated creditors of the Issuer but not further or otherwise or (iii) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Undated Subordinated Notes; "**Assets**" means the unconsolidated gross assets of the Issuer; and "**Liabilities**" means the unconsolidated gross liabilities of the Issuer, in each case as shown by the latest published audited balance sheet of the Issuer, but adjusted for contingent assets

and contingent liabilities and for subsequent events, all in such manner as such Directors, the auditors or the liquidator (as the case may be) may determine.

*N.B. The obligations of the Issuer in respect of the Undated Subordinated Notes and the related Coupons are conditional upon the Issuer being solvent for the purpose of this Condition 4(d) immediately before and after payment by the Issuer. If this Condition 4(d) is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes may be used to absorb losses of the Issuer, whilst enabling the Issuer to continue its business, and any such amounts shall not be deemed to be due for the purposes of Condition 15.*

*The Issuer may defer payments of interest in respect of Undated Subordinated Notes as provided in Condition 5(a).*

5. **Deferral of Interest**

*Senior Notes and Dated Subordinated Notes which are specified in the relevant Final Terms as Tier 2 Notes have no provisions for the deferral of payments.*

(a) *Interest on Undated Subordinated Notes*

On an Interest Payment Date there may be paid (subject to Condition 4(d)) the interest accrued in the Interest Period ending on the day immediately preceding such 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. If the Issuer opts not to pay interest on an Interest Payment Date, it shall give not less than 30 days' notice of such option to the holders of the Undated Subordinated Notes in accordance with Condition 23. Any interest not paid on an Interest Payment Date together with any other interest not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest may, at the option of the Issuer, but subject to Condition 4(d), be paid in whole or in part 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 in accordance with Condition 23, but all Arrears of Interest on all Undated Subordinated Notes outstanding shall (subject to Condition 4(d)) become due in full on whichever is the earlier of: (i) the date set for any redemption pursuant to Condition 11(b) or 11(c); (ii) the commencement of a winding-up of the Issuer; or (iii) following the appointment of an administrator of the Issuer, the date on which such administrator gives notice that it intends to declare and distribute a dividend. Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or any part of Arrears of Interest in respect of the Undated Subordinated Notes, the Issuer shall be obliged (subject to Condition 4(d)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be in respect of the Arrears of Interest accrued to the relevant Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

If, on an Interest Payment Date, interest in respect of any series of Undated Subordinated Notes shall not have been paid as a result of the exercise by the Issuer of its option pursuant to this Condition 5 or the operation of Condition 4(d), then from the date of such Interest Payment Date until such time as the full amount of such Arrears of Interest has been received by the Agent or the Trustee and no other Arrears of Interest remains unpaid in respect of the Undated Subordinated Notes of the relevant Series (such period, the "**Stopped Period**"), the Dividend and Capital Restriction shall apply.

The "**Dividend and Capital Restriction**" means that, subject as provided below:

- (i) the Issuer may not declare, pay or distribute a dividend or make a payment on: (A) any ordinary shares, preference shares or any other class of its share capital or its securities (excluding any Non Deferrable Capital) or (B) make any payment on any of its Junior Obligations;
- (ii) the Issuer may not redeem, purchase or otherwise acquire any ordinary shares, preference shares or any other class of its share capital or any of its Junior Obligations (save where those shares or securities being redeemed, purchased or acquired are

replaced contemporaneously by an issue of shares or securities of the same aggregate principal amount and the same ranking on a return of assets on a winding-up or in respect of a distribution or payment of dividends and/or any other amounts thereunder to those shares or securities being redeemed, purchased or acquired); and

- (iii) the Issuer will procure that no payment is made, or any redemption, purchase or acquisition is effected, by any subsidiary undertaking (other than payments made 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, any such subsidiary or the Issuer) on any security (howsoever named or designated) benefiting from a guarantee given by the Issuer ranking *pari passu* with or below the Junior Obligations,

in each case, other than a dividend or interest payment which has been declared by the Issuer or any such subsidiary undertaking on such share capital, guarantees or security (howsoever named or designated) benefiting from any such guarantee or any such redemption, purchase or acquisition which has been effected by the Issuer or any such subsidiary undertaking, as the case may be, prior to the date on which the decision to opt to defer the interest which would otherwise be due on the Undated Subordinated Notes is notified to the Noteholders in accordance with Condition 23.

For the purposes of these Conditions:

**"Junior Obligations"** means obligations of the Issuer which rank or are expressed to rank junior to the Undated Subordinated Notes but in each case excluding any obligation the initial tranche of which was issued before the Issue Date and the terms of which do not enable the issuer to defer, pass on or eliminate a coupon, dividend or distribution during the Stepped period; and

**"Non Deferrable Capital"** means any class of the Issuer's share capital or securities, the terms of which do not enable it to defer, pass or eliminate a dividend or other distribution.

(b) *Deferral of Payments on Tier 3 Notes*

- (i) In the case of Dated Subordinated Notes which are also specified in the relevant Final Terms as being Tier 3 Notes, the Issuer shall be entitled, by giving not less than 14 days' notice in writing to the Trustee and the holders of such Notes in accordance with Condition 23 (a "**Deferral Notice**"), to defer the due date for payment of any principal or interest in respect of such Dated Subordinated Notes in the circumstances described below, and, accordingly, on the giving of such Deferral Notice the due date for payment of any such principal or interest (the "**Deferral Payment**") shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date the same would otherwise have become due and payable, and such deferral of payment shall not constitute a default by the Issuer for any purpose. Accordingly, the applicable provisions of these Conditions in relation to such Dated Subordinated Notes shall in all respects have effect subject to this Condition 5(b).
- (ii) The Issuer:
  - (A) shall give a Deferral Notice in circumstances where its Capital Resources (as defined in Condition 11(g) below) would be less than its Capital Resources Requirement (as defined in Condition 11(g) below) after payment of any such principal or interest in whole or in part; and
  - (B) may give a Deferral Notice where the FSA has required or requested the Issuer to defer payment of the relevant Deferral Payment.
- (iii) Interest will accrue on principal deferred as aforesaid in accordance with the provisions of these Conditions and the Trust Deed, save that such interest shall only become due and payable under paragraph (iv) below.

- (iv) Promptly upon being satisfied that:
- (x) (in the case of (A) above) its Capital Resources would not be less than its Capital Resources Requirement after payment of the whole or any part of any Deferral Payment; or
- (y) (in the case of (B) above) the FSA will not object to the payment of the whole or any part of any Deferral Payment,
- the Issuer shall give to the Trustee and the holders of the Tier 3 Notes written notice thereof (the "**Payment Notice**") and the relevant Deferral Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the seventh day after the date of such Payment Notice.
- (v) In addition, all Deferral Payments (or remaining part of any Deferral Payment part only of which has been made as aforesaid) which remain unpaid shall become due and payable in full on the earlier to occur of the commencement of a winding up or administration of the Issuer or the date set for redemption of the Tier 3 Notes under Conditions 11(c), 11(e) or 11(f). Where more than one Deferral Payment (or remaining part thereof) remains unpaid, payment of part thereof shall be made pro rata according to the amounts of such Deferral Payments remaining unpaid and of any accrued interest as aforesaid remaining unpaid.

*In the case of Dated Subordinated Notes which constitute Upper Tier 3 Capital, the FSA only permits payments of principal and interest to be made in respect of such Dated Subordinated Notes in circumstances where, after such payment is made, the Issuer's Capital Resources would not be less than its Capital Resources Requirement.*

6. **Negative Pledge**

***This Condition 6 applies to Senior Notes Only***

So long as any Senior Note remains outstanding, the Issuer shall not create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness other than a Permitted Encumbrance without (a) at the same time or prior thereto securing the Senior Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Senior Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interest of the Senior Noteholders or as may be approved by an Extraordinary Resolution of Senior Noteholders.

7. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Bearer Notes*) and Condition 13 (*Payments – Registered Notes*), provided, however, that interest on Undated Subordinated Notes shall (subject to Condition 4(d)) be payable only at the option of the Issuer. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Trustee or the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one

Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 8. **Floating Rate Note and Index-Linked Interest Note Provisions**

- (a) *Application:* This Condition 8 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments – Bearer Notes*) and Condition 13 (*Payments – Registered Notes*), provided, however, that interest on Undated Subordinated Notes shall (subject to Condition 4(d)) be payable only at the option of the Issuer. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Trustee or the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial

Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Calculation of other amounts*: If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s)

required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

#### 9. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Trustee or the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 10. **Dual Currency Note Provisions**

- (a) *Application:* This Condition 10 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms, provided, however, that interest on Undated Subordinated Notes shall (subject to Condition 4(d)) be payable only at the option of the Issuer.

#### 11. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes (other than Undated Subordinated Notes) will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 12 (*Payments – Bearer Notes*) and Condition 13 (*Payments – Registered Notes*). Undated Subordinated Notes have no final maturity date, and are only redeemable in accordance with the following provisions of this Condition 11.

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption and, in the case of Undated Subordinated Notes, shall also pay Arrears of Interest (if any) or in the case of Tier 3 Notes, shall also pay Deferral Payments (if any) and any accrued interest (other than Arrears of Interest and Deferral Payments) up to, but excluding, the date of redemption, if the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment is announced and becomes effective on or after the date of issue of the first Tranche of the Notes, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

OR

- (B) in the case of Undated Subordinated Notes only, on the next Interest Payment Date the payment of interest in respect of such Notes would be treated, for reasons outside the control of the Bank, as a "distribution" within the meaning of the Income and Corporation Taxes Act 1988 for the time being of the United Kingdom

**provided, however, that** no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Subject only to the obligation of the Issuer to use such reasonable measures as aforesaid, it shall be sufficient to establish the existence of the circumstances required to be established pursuant to this condition 11(b) if the Issuer shall deliver to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers or accountant of recognised standing, in a form satisfactory to the Trustee, to the effect that either such circumstances exist or that the Issuer has or will in the opinion of such lawyer or accountant become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on all Noteholders and Couponholders. Upon the expiry of any such notice as is



referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 11(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date or, in the case of Undated Subordinated Notes, together with all Arrears of Interest (if any) as provided in Condition 5(i) or, in the case of Tier 3 Notes, together with all Deferral Payments (if any) as provided in Condition 5(ii)).
- (d) *Redemption due to Capital Disqualification Event:* If Capital Disqualification Event Call is specified in the relevant Final Terms as being applicable, any Series of Dated Subordinated Notes or Undated Subordinated Notes may, subject to the provisions of Condition 11(h) and, in the case of Undated Subordinated Notes, Condition 4(d), be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of a Note other than a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) or only on an Interest Payment Date (in the case of a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 23, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that a Capital Disqualification Event has occurred and is continuing.

Upon the expiration of such notice, the Issuer shall be bound to redeem such Notes at their Early Redemption Amount together with, in the case of Undated Subordinated Notes, all Arrears of Interest as aforesaid. As used in this Condition 11(d), a “**Capital Disqualification Event**” shall be deemed to have occurred if, with respect to the Notes of any Series which comprise a certain class of Eligible Capital (as defined below) on the Issue Date of the first Tranche of Notes of that Series, the FSA has confirmed to the Issuer that the Notes are no longer of a type capable of comprising that class of Eligible Capital.

“**Eligible Capital**” means that the relevant Notes are treated on issue by the FSA as eligible for inclusion in the Upper Tier Two Capital, Lower Tier Two Capital or Upper Tier Three Capital (as each such term, or the equivalent thereto from time to time, has the meaning given to it in the Capital Regulations), as the case may be, of the Issuer on a solo and/or consolidated basis.

- (e) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying Agent approves and in such manner as the Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date (including, in the case of Undated Subordinated Notes, Arrears of Interest (if any) or, in the case of Tier 3 Notes, Deferral Payments (if any)). In order to exercise the option contained in this Condition 11(f), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so

deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(f), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 11(f), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes.

- (g) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (h) *Restrictions on Optional Redemption and Purchases:* In the case of Undated Subordinated Notes, such Notes may only be redeemed and the Issuer or any of its subsidiaries may only purchase beneficially or procure others to purchase beneficially for its account any such Notes provided that such redemption or purchase is made in accordance with the provisions of Condition 4(d).

*In the case of any Dated Subordinated Note or Undated Subordinated Note, under the practice of the FSA prevailing as at 12 April 2010, no repayment prior to the scheduled maturity date can be made by the Issuer unless, at least one month before it becomes committed to the repayment, the Issuer has given the FSA notice in writing (in the form required by the FSA) of the proposed repayment, detailing how, following such repayment, it will (1) continue to meet its Capital Resources Requirement and (2) have sufficient Overall Financial Resources including Capital Resources and liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due.*

*"Capital Regulations" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy of the FSA then in effect;*

*"Capital Resources", "Capital Resources Requirement" and "Overall Financial Adequacy Rule" have the respective meanings given to such terms in the Capital Regulations and shall include any successor terms from time to time equivalent thereto as agreed between the Issuer and the Trustee; and*

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

- (i) *Redemption prior to the 5<sup>th</sup> (or 2<sup>nd</sup>) Anniversary of Issue:* Dated Subordinated Notes and Undated Subordinated Notes may be redeemed in accordance with the provisions of this Condition 11 prior to the fifth or, in the case of Dated Subordinated Notes specified in the relevant Final Terms as Upper Tier 3 Capital, the second anniversary of their date of issue only:
  - (i) by the Issuer;
  - (ii) if the circumstance that entitles the Issuer to exercise that right of redemption is a change in law or regulation in any relevant jurisdiction or in the interpretation of such law or regulation by any court or authority entitled to do so;
  - (iii) if at the time of the exercise of the right of redemption, the Issuer complies with the FSA's main Pillar 1 rules applicable to BIPRU firms (within the meaning of the FSA's General Prudential Sourcebook) and will continue to do so after the redemption of the Notes; and

- (iv) if the Issuer has obtained the FSA's prior consent to the redemption of the Notes in question.
- (j) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 11(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (k) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. Subject to compliance with all applicable laws, rules and regulations such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.
- (l) *Cancellation:* All Notes which are redeemed and any unmatured Coupons attached to or surrendered with them shall be cancelled. All Notes so cancelled, including any Notes purchased and surrendered for cancellation pursuant to Condition 11(j) (together with all Coupons surrendered for cancellation therewith), shall be forwarded to a Paying Agent and may not be reissued or resold.
- (m) *Put Event:* If, at any time when any of the Notes remains outstanding, a Put Event occurs, then each Noteholder will, upon the giving of a Put Event Notice (as defined below) by the Issuer, have the option to require the Issuer to redeem any Notes it holds on the fifth Banking Day (as defined below) after the date of expiry of the Put Event Period (as defined below) (the "**Put Event Date**") at 100 per cent. of their principal amount, together with interest accrued up to, but excluding the Put Event Date. Promptly upon becoming aware that a Put Event has occurred, and in any event not later than 10 Banking Days after the occurrence of a Put Event, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 23 (*Notices*), specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 11(m).

To exercise the option to require the Issuer to redeem a Note under this Condition 11(m), the Noteholder must deliver such Note at the specified office of any Paying Agent within the period of 45 days after the date on which a Put Event Notice is given (the "**Put Event Period**"), accompanied by a duly signed and completed exercise notice in the form available from each office of the Paying Agents (the "**Exercise Notice**"). Payment by the Issuer in respect of any Note so delivered shall be made to the account or otherwise as specified in the Exercise Notice by transfer to that account (or otherwise as specified in the Exercise Notice) on the Put Event Date. An exercise Notice, once given, shall be irrevocable.

For the purposes of this Condition 11(m):

"**Banking Day**" means a day, other than Saturdays and Sundays, on which commercial banks are open for business in the place where the specified office of the Principal Paying Agent is located and in London and New York City.

A "**Change of Control**" will be deemed to have occurred if, after the Issue Date, Standard Bank Group Limited ceases to control, whether directly or indirectly:

- (i) the beneficial ownership of shares in the Issuer carrying (a) more than 50 per cent. of the voting or economic rights attaching to the issued share capital of the Issuer; or (b) the right to appoint a majority of the board of directors of the Issuer; or
- (ii) without limitation of (i) above, the power to direct the management and policies of the Issuer, whether through the ownership of voting capital, by contract or otherwise.

For the avoidance of doubt, the loss of control by Standard Bank Group Limited where there is no subsequent acquisition of control by any other person will not constitute a Change of Control.

"**Put Event**" means the announcement of, or (in the absence of such announcement) the occurrence of, a Change of Control which results in a Rating Downgrade;

"**Rating Agency**" means any of the following: (i) Moody's Investor Services Limited; (ii) Fitch Ratings Ltd.; or (iii) any other rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if, within the period of 180 days after a Change of Control (the "**Initial Longstop Date**"), the rating previously assigned to the Issuer by any Rating Agency is (i) withdrawn or (ii) lowered by at least one full rating notch (for example, from A2 to A3 or their respective equivalents), **provided that**, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of the Issuer, if a Rating Agency publicly announces prior to the Initial Longstop Date that it has placed its rating of the Issuer under consideration for rating review as a result of, or partly as a result of, the Change of Control, the Initial Longstop Date shall be extended to the date which falls 180 days after the day of such public announcement by such Rating Agency.

## 12. **Payments – Bearer Notes**

This Condition 12 is only applicable to Bearer Notes.

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in U.S. dollars, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the payment or receipt of interest in U.S. dollars and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

In relation to any Undated Subordinated Note, if any payment is to be made in respect of interest the Interest Payment Date for which falls on or after the date on which the winding-up of the Issuer is deemed to have commenced, such payment shall be made only against presentation of the relevant Note, and the Coupon for any such Interest Payment Date shall be void. In addition, any Undated Subordinated Note or Tier 3 Note presented for payment after an order is made or an effective resolution is passed for the winding-up in England of the Issuer must be presented together with all Coupons in respect of Arrears of Interest or Deferral Payments (whichever is applicable) relating to Interest Payment Dates falling prior to such commencement of the winding-up of the Issuer, failing which there shall be withheld from any payment otherwise due to the holder of such Undated Subordinated Note or Tier 3 Note such proportion thereof as the Arrears of Interest or Deferral Payments (whichever is applicable) due in respect of any such missing Coupon bears to the total of the principal amount of the relevant Undated Subordinated Note or Tier 3 Note, all Arrears of Interest or Deferral Payments (whichever is applicable) in respect thereof and interest (other than Arrears of Interest or Deferral Payments) accrued on such Undated Subordinated Note or Tier 3 Note in respect of the Interest Period current at the date of the commencement of the winding-up.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 12(f) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 11(b) (*Redemption for tax reasons*), Condition 11(f) (*Redemption at the option of Noteholders*), Condition 11(c) (*Redemption at the option of the Issuer*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

13. **Payments – Registered Notes**

This Condition 13 is only applicable to Registered Notes.

- (a) *Principal:* Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A)

the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 arriving after the due date for payment or being lost in the mail.

- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register by the Registrar and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

#### 14. **Taxation**

- (a) *Gross up:* All payments of principal and interest (including Arrears of Interest) in respect of the Notes and the Coupons by or on behalf of the Issuer 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 or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
  - (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
  - (iii) held by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (iv) where the relevant Note or Coupon or Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Certificate for payment on the last day of such period of 30 days.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the United Kingdom respectively, references in these Conditions to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

15. **Events of Default**

(A) ***Events of Default in relation to Senior Notes***

If any of the following events ("**Events of Default**") occur in respect of the Senior Notes:

- (a) *Non-payment*: default is made for more than 14 days in the payment on the due date of any principal or interest due and payable in respect of the Notes of the relevant Series or any of them on the due date for payment thereof; or
- (b) *Breach of other obligations*: a default is made in the performance or observance by the Issuer of any other obligation under or in respect of the Notes of the relevant Series or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days after written notice requiring such default to be remedied shall have been given to the Issuer by the Trustee; or
- (c) *Cross-default*:
  - (i) any Indebtedness of the Issuer is not paid when due (taking into account any originally applicable grace period); or
  - (ii) any Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of the occurrence of an event of default (howsoever described); or
  - (iii) the Issuer fails to pay when due any amount payable by it under any Guarantee of any Indebtedness at the expiration of any grace period originally applicable thereto;

unless the aggregate amount of Indebtedness relating to all the above events is less than U.S.\$10,000,000 (or its equivalent in any other currency);

- (d) *Enforcement proceedings*: Any expropriation, attachment, sequestration, distress or execution is carried out, enforced or executed against all or substantially all of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days; or
- (e) *Insolvency, etc*: an administrator is appointed, a resolution is passed or an order of a court of competent jurisdiction is made that the Issuer be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction in which (i) a continuing corporation effectively assumes all obligations of the Issuer under the Notes of the relevant Series or (ii) the terms whereof have previously been approved by an Extraordinary Resolution (as defined in the terms for meetings of Noteholders set forth in Schedule 4 to the Trust Deed) of the holders of Notes of the relevant Series; or
- (f) *Ceasing business*: the Issuer stops or ceases (otherwise than for the purposes of such a consolidation amalgamation, merger or reconstruction as is referred to in paragraph (e) above), or through an official action of its Board of Directors threatens to cease to carry on all or a substantial part of its business or is unable to pay its debts as and when they fall due (within the meaning of any applicable bankruptcy or insolvency law); or
- (g) *Appointment of trustee, etc.*: a trustee, receiver, liquidator, provisional liquidator, administrator or similar official is appointed of the whole or substantial part of the assets or undertaking of the Issuer; or
- (h) *Bankruptcy proceedings*: proceedings shall have been initiated against the Issuer under any applicable bankruptcy or insolvency law and such proceedings shall not have been discharged or stayed within a period of 60 days or the Issuer initiates or consents to such proceedings;
- (i) *Analogous event*: any event occurs which under the laws of the United Kingdom has an analogous effect to any of the events referred to in paragraphs (e) to (h) above; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed, then the Trustee at its discretion



may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution of the Senior Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Senior Notes are, and they shall accordingly thereby become, immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to prove in the winding-up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such case winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise under this Condition 15(A). Any such proceedings brought by any Noteholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder or Couponholder indemnifying the Trustee to its satisfaction.

**(B) *Events of Default in relation to Subordinated Notes***

**(a) *Dated Subordinated Notes:***

- (i) If default shall be made in the payment of any principal or interest due on the Dated Subordinated Notes of the relevant Series for a period of seven days or more after any date on which the payment of principal is due or 14 days or more after any date on which the payment of interest is due (as the case may be) the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer and/or prove in any winding up of the Issuer, but may take no other action in respect of such default.
- (ii) If an order is made or an effective resolution is passed for the winding-up of the Issuer, the Trustee may, and if so requested in writing by the holders of at least one quarter in nominal amount of the Dated Subordinated Notes of the relevant Series then outstanding or if so directed by an Extraordinary Resolution of the Dated Subordinated Noteholders of any Series then outstanding shall (if it shall have been indemnified to its satisfaction), give notice to the Issuer that the Dated Subordinated Notes of such Series are, and they shall accordingly immediately become, due and repayable at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in accordance with the relevant Final Terms) together with any Deferral Payments and accrued interest. (subject to Condition 4(c)).
- (iii) Without prejudice to paragraph (i) or (ii) above, if the Issuer breaches any of its obligations under the Trust Deed or the Dated Subordinated Notes or the Dated Subordinated Coupons of the relevant Series (other than any obligation for the payment of principal or interest on such Dated Subordinated Notes or Dated Subordinated Coupons) then the Trustee may, subject as provided below, at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Dated Subordinated Notes or Dated Subordinated Coupons sooner than the same would otherwise have been payable by it.
- (iv) The Trustee shall not be bound to take any of the actions referred to in paragraph (i) or (iii) above to enforce the obligations of the Issuer in respect of the Dated Subordinated Notes, and Coupons of any Series or any other action pursuant to or in connection with the Trust Deed or the Dated Subordinated Notes or Coupons of any Series unless (x) it shall have been so directed by an Extraordinary Resolution of the Dated Subordinated Noteholders of such Series or so requested in writing by the holders of at least one quarter in nominal amount of the Dated Subordinated Notes of such Series then outstanding and (y) it shall have been indemnified to its satisfaction.

- (v) No Dated Subordinated Noteholder, Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become so bound to proceed, fails to do so within a reasonable period and such failure shall be continuing and then only in the name of the Trustee and on giving an indemnity satisfactory to the Trustee, and only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so. No Dated Subordinated Noteholder or Couponholder shall be entitled to institute proceedings for the winding up of the Issuer, or to prove in such winding up, except that if the Trustee, having become bound to proceed directly against the Issuer, fails to do so, or, being able to prove, fails to do so in such winding up (in each case within a reasonable period) and such failure shall be continuing, then any Dated Subordinated Noteholder or Couponholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise) himself institute proceedings for the winding up of the Issuer and/or prove in such winding up to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

(b) *Undated Subordinated Notes*

Notwithstanding any of the provisions below in this Condition 15(B)(b), the right to institute winding-up proceedings is limited to circumstances where the relevant payment of principal or interest (as the case may be) has become due. No principal, premium, interest or any other amount will be due unless the condition to payment set out in the second paragraph of Condition 4(d) is satisfied. Also, in the case of any payment of interest, such payment will not be due if the Issuer has elected to defer that payment pursuant to Condition 5(a).

- (i) If default shall be made in the payment of any principal or interest due on the Undated Subordinated Notes of the relevant Series for a period of seven days or more after any date on which the payment of principal is due or 14 days or more after any date on which the payment of interest is due (as the case may be) the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer and/or prove in any winding up of the Issuer, but may take no other action in respect of such default.
- (ii) Without prejudice to paragraph (i) above, if the Issuer breaches any of its obligations under the Trust Deed or the Undated Subordinated Notes or Coupons of the relevant Series (other than any obligation in respect of the payment of principal or interest on such Undated Subordinated Notes or Coupons) then the Trustee may, subject as provided below, at its discretion and without further notice, bring such proceedings as it may think fit to enforce the obligation in question provided that the Issuer shall not, as a result of the bringing of any such proceedings, be obliged to pay any sum representing or measured by reference to principal or interest on such Series of Undated Subordinated Notes or Coupons sooner than the same would otherwise have been payable by it.
- (iii) The Trustee shall not be bound to take any of the actions referred to in paragraph (i) or (ii) above to enforce the obligations of the Issuer in respect of the Undated Subordinated Notes and Coupons of any Series or any other action pursuant to or in connection with the Trust Deed or the Undated Subordinated Notes or Coupons of any Series unless (x) it shall have been so directed by an Extraordinary Resolution of the Undated Subordinated Noteholders of such Series or so requested in writing by the holders of at least one quarter in nominal amount of the Undated Subordinated Notes of such Series then outstanding and (y) it shall have been indemnified to its satisfaction.
- (iv) No Undated Subordinated Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become so bound to proceed, fails to do so within a reasonable period and such failure shall be continuing and then only in the name of the Trustee and on giving an indemnity satisfactory to the Trustee, and only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so. No Undated Subordinated Noteholder or Couponholder shall be entitled to institute proceedings for the winding up of the Issuer or to prove in such winding up, except that if the Trustee, having become bound to proceed against the

Issuer as aforesaid, fails to do so, or, being able to prove, fails to do so in such a winding up (in each case, within a reasonable period) and such failure shall be continuing, then any Undated Subordinated Noteholder or Couponholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise) himself institute proceedings for the winding up of the Issuer and/or prove in such winding up to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

16. **Enforcement and Remedies**

(a) *All Notes:*

Save as otherwise provided herein and without prejudice to Conditions 15(A), 15(B)(a)(v) and 15(B)(b)(iv), only the Trustee may pursue the remedies available under the general law or under the Trust Deed to enforce the rights of holders of Notes or Coupons, and no holder of a Note or Coupon shall be entitled to take proceedings directly against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails to do so within a reasonable time and such failure is continuing.

(b) *Dated Subordinated Notes:* No remedy against the Issuer, other than as referred to in Condition 15(B)(a), shall be available to the Trustee or any Dated Subordinated Noteholder or Couponholder (i) for the recovery of amounts owing in respect of or arising under the Trust Deed, the Dated Subordinated Notes or Coupons or (ii) in respect of the breach of any other term or condition or other obligation binding on the Issuer under or in respect of the Trust Deed, the Dated Subordinated Notes or Coupons.

(c) *Undated Subordinated Notes:* No remedy against the Issuer, other than as referred to in Condition 15(B)(b), shall be available to the Trustee or any Undated Subordinated Noteholder or Couponholder (i) for the recovery of amounts owing in respect of or arising under the Trust Deed, the Undated Subordinated Notes or Coupons or (ii) in respect of the breach of any other term or condition or other obligation binding on the Issuer under or in respect of the Trust Deed, the Undated Subordinated Notes or Coupons.

17. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

18. **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/or any subsidiary and/or any holding company of the Issuer and/or any other subsidiary of any such holding company without accounting for any profit resulting therefrom.

19. **Replacement of Notes and Coupons**

If any Note, Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require.

Mutilated or defaced Notes, Certificates or Coupons must be surrendered before replacements will be issued.

20. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and, to the extent provided therein, the Trustee, and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a principal paying agent and a registrar; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

21. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any provision of these Conditions or any provision of the Notes, the Coupons or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification and Waiver:* The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of these Conditions or the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (other than in respect of a Reserved Matter), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions or 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 23.
- (c) *Substitution – Senior Notes:* The Trustee shall 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 and the Coupons being unconditionally and irrevocably guaranteed by the Issuer on an unsubordinated basis, 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 and the Coupons and as a party to the Agency Agreement.
- (d) *Substitution – Subordinated Notes:* The Trustee shall 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 and the Coupons being irrevocably guaranteed by the Issuer on a subordinated basis equivalent to that mentioned in Condition 4(c) or 4(d), as the case may be, 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 and the Coupons and as a party to the Agency Agreement and so that the claims of the Noteholders and 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 (i) in the case of Dated Subordinated Notes, depositors and other unsubordinated creditors of that holding company but not further or otherwise or (ii) in the case of Undated Subordinated Notes, Senior Creditors (as defined in Condition 4(d), but with the substitution of references to “that holding company” or to “that subsidiary” in place of references to “the Issuer” together with such consequential amendments as are appropriate).
- (e) *Change of Governing Law:* In the case of a substitution pursuant to Condition 21(c) or Condition 21(d) the Trustee may in its absolute discretion agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed and/or the Agency Agreement provided (i) that a legal opinion from legal advisers approved by the Trustee confirming that the same degree of subordination (if any) has been achieved under the law that will govern the debt as that which would be achieved under the laws of England and Wales, and (ii) that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (f) *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 resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder or Couponholder shall, in connection with any such modification, waiver, authorisation or substitution, be entitled to claim, and the Trustee shall not be entitled to require, from the Issuer any indemnification or payment in respect of any tax or other consequence of any such exercise upon individual Noteholders or Couponholders except to the extent provided for by Condition 14.

## 22. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, and in accordance with the Trust Deed create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to

time, with the consent of the Trustee, create and issue other series of Notes having the benefit of the Trust Deed.

23. **Notices**

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) *Registered Notes*: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

24. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**First currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

25. **Provision of Information**

The Issuer shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Registered Holder of a Note which is a "restricted security within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933, as amended (the "**Securities Act**") or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

26. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

27. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with them are governed by English law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes and the Trust Deed (including a dispute relating to any non-contractual obligation arising out of or in connection with the Notes and the Trust Deed).
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Condition 27(b) (*English courts*) is for the benefit of the Trustee only. As a result, nothing in this Condition 27 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

## FORM OF FINAL TERMS

Final Terms dated [•]

Standard Bank Plc

Issue of [Aggregate Nominal Amount of Tranche][Title of Notes]

under the U.S.\$2,000,000,000 Global Medium Term Note Programme

### Global Medium Term Note Programme

#### 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 12 April 2010 [and the supplemental Prospectus dated [•]] which [together] constitute[s] 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 [as so supplemented]. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [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.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") 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 [current date] [and the supplemental Prospectus dated [•]] which [together] constitute[s] 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 [website]] [and] during normal business hours at [address] [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 Bank Plc
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. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount of [•]



- Notes:
- [(i)] Series: [•]
- [(ii)] Tranche: [•]
5. Issue Price<sup>1</sup>: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [•]  
*(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*
- (ii) Calculation Amount: [•]  
*[Notes which are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive may only be issued in denominations of at least EUR50,000 (or equivalent in another currency at their issue date). If Bearer Notes are issued with a minimum denomination of EUR50,000 and multiple denominations above that, the following sample wording may be used: "EUR50,000 and integral multiples of EUR1,000 thereof, up to and including EUR99,000. No Notes in definitive form will be issued with a denomination above EUR99,000".]*
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [[•] per cent. Fixed Rate]  
 [[specify reference rate] +/- [•] per cent. Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Other (specify)]  
 (further particulars Specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]

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<sup>1</sup> Party paid Bearer Notes will require US tax disclosure and advice if introduced.

- [Other (*specify*)]
11. Change of Interest or Redemption/  
Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Capital Disqualification Event Call]  
[(further particulars specified below)]
- [*N.B. Put Option not applicable to Undated Subordinated Notes*]
13. [(i)] Status of the Notes: [Senior][Subordinated]
- [(ii)] [Date [Board] approval for issuance of Notes obtained: [•] [and [•], respectively]]  
[*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*]
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
[*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*]
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business 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: [30/360/Actual/Actual (ICMA/ISDA)/other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
[*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*]
- (i) Specified Interest Payment Dates: [•]
- (ii) First Interest Payment Date: [•]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other]

(give details)]

- (iv) Business Centre(s): [•]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•]
- (vii) Screen Rate Determination:
- Reference Rate: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
- (viii) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (ix) Margin(s): [+/-][•] per cent. per annum
- (x) Minimum Rate of Interest: [•] per cent. per annum
- (xi) Maximum Rate of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [•]
- (xiii) 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: [•]

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) [Amortisation/Accrual] Yield: [•] per cent. per annum
- (ii) Reference Price: [•]

- (iii) Any other formula/basis of determining amount payable: [•]
18. **Index-Linked Interest Note/other variable-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) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [•]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) 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) Specified 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) Business Centre(s): [•]
- (x) Minimum Rate/Amount of Interest: [•] per cent. per annum
- (xi) Maximum Rate/Amount of Interest: [•] per cent. per annum
- (xii) Day Count Fraction: [•]
19. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of [give details]

Exchange:

- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the [Agent]): [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

#### PROVISIONS RELATING TO REDEMPTION

20. **Call 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) If redeemable in part:
  - (a) Minimum Redemption Amount: [•] per Calculation Amount
  - (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]

21. **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) Notice period: [•]

22. **Final Redemption Amount of each Note** [•] per Calculation Amount

In cases where the Final Redemption

Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the [Agent]): [•]
- (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

23. **Early Redemption Amount**

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): [•]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances Specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited

circumstances Specified in the Permanent Global Note]

**Registered Notes:**

[Global Certificate exchangeable for Individual Certificates on [•] days' notice/at any time/in the limited circumstances Specified in the Global Certificate]

*[Note: The exchange upon notice/at any time options as Specified above and in the Conditions should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language to the following effect:*

*["EUR50,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR99,000]."*

25. New Global Note: [Yes] [No]
26. Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(v) and 18(ix) relates]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. 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]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [•]] apply]
31. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)*

**DISTRIBUTION**

32. (i) If syndicated, names of Managers: [Not Applicable/give details]

- (ii) Stabilising Manager(s) (if any): [Not Applicable/*give details*]
- 33. If non-syndicated, name of Dealer: [Not Applicable/*give details*]
- 34. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]
- 35. Additional selling restrictions: [Not Applicable/*give details*]

**[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the [*specify relevant regulated market*] of the Notes described herein pursuant to the U.S.\$2,000,000,000 Global Medium Term Note Programme of Standard Bank Plc.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). 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 (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of  
Standard Bank Plc:

By: .....  
Duly authorised



## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* 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 *[specify relevant regulated market]* with effect from [•].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S&P: [•]]  
[Moody's: [•]]  
[[Fitch: [•]]  
[[Other]: [•]]

*(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.)*

The Programme has been rated:

[S&P: [•]]  
[Moody's: [•]]  
[[Fitch: [•]]  
[[Other]: [•]]

### 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."

*[(When adding any other description, 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.)]*

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: [•]  
*([If the Notes are derivative securities for 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: [•]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Index-Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE 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. 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.]\**

*[(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.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].\*

7. **[Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]\**

*[(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.)]*

8. **OPERATIONAL INFORMATION**

ISIN Code:

Common Code:

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)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]

Names and addresses of additional Paying Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No] [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 does not necessarily mean that the Notes will be recognized 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[include this text if "yes" selected in which case the Notes must be issued in NGN form]*

## BUSINESS DESCRIPTION

### Overview

Standard Bank Plc (the "**Issuer**") is an international investment banking business specialising in emerging markets and natural resources. The Issuer is the principal non-African operating subsidiary of the Standard Bank Group Limited ("**SBGL**", and together with its subsidiaries, the "**Standard Bank Group**" or the "**Group**"), a leading South African banking and financial services organisation in terms of financial position size and activity. The Issuer is the focal point for the international corporate and investment business ("**CIB International**") of the Standard Bank Group.

The Issuer is a fully authorised bank under the UK Financial Services and Markets Act 2000 and is authorised and regulated by the UK Financial Services Authority. The Issuer concentrates on providing banking services in connection with trade, investment and business activities with an emerging markets and natural resources emphasis. Accordingly, the businesses of the Issuer focus on the provision of debt financing and currency, interest rate and commodity risk management services to customers in the emerging markets.

The Issuer provides corporate finance advisory services, trade finance, project finance, syndicated loans and debt capital markets products. The Issuer is also involved in the trading of debt securities, both on its own account and for the accounts of its customers, particularly in relation to debt securities of emerging markets' sovereign, bank and corporate issuers. In addition, the Issuer provides a broad range of foreign exchange, money market and interest rate products in connection with all major currencies as well as in connection with certain emerging markets currencies, and provides banking capabilities and expertise in connection with the precious metals, base metals and energy sectors, ranging from advising, financing and trading to risk management services. The Issuer's operations focus on emerging markets including ones in Eastern Europe, Africa, South East Asia and Latin America. The Issuer's client base comprises clients domiciled in the emerging markets or clients whose cross border business covers the emerging markets. These clients mainly comprise companies or institutions in the Issuer's core industry sectors of mining and metals; oil, gas and renewables, telecoms and media, power and infrastructure, and financial institutions.

The Issuer's businesses comprise two core divisions: Global Markets and Investment Banking (which includes Principal Investment Management, Private Client Services and Client Coverage & Distribution).

- *Global Markets Division.* The Global Markets division comprises all customer-driven market-making and sales activities across the full spectrum of traded financial and commodity risk, together with the funding and liquidity management activities of the Group. The division seeks to originate exposures directly from clients or market-making activities which are repackaged and traded with market participants, asset managers and other clients through the group's distribution network. A comprehensive range of foreign exchange, money markets, interest rate, credit, equity and commodity products are provided, ranging from simple risk management tools to sophisticated investment structures. The division's expertise extends to the management and financing of physical commodity inventories across the base, precious and energy spectrum, and to the provision of foreign exchange and access products on all major African, Asian, CEEMECA and Latin American currencies.
- *Investment Banking Division*
- *Investment Banking* The Investment Banking division focuses on providing both advisory services, mainly centred around M&A and financial advice, as well as bespoke client financing solutions primarily in debt related products, both on balance sheet as well as by providing access to the international and domestic capital markets where the Issuer can access the domestic capital markets.

Investment Banking is mainly focussed around servicing the Issuer's clients' needs its core industry sectors of mining and metals; oil, gas, and renewables; power and infrastructure; telecoms and media; and financial institutions.

- *Principal Investment Management.* Principal Investment Management ("**PIM**") comprises the Issuer's Private Equity, Distressed Debt and Debt Funds activities. The Private Equity division is

focused on establishing a leading emerging markets private equity franchise by building a successful track record in PIM's core markets, South Africa, Brazil, Turkey and Nigeria. The Private Equity business unit typically seeks strategic minority shareholdings in investee companies, establishes private equity funds and fund managers through joint ventures with third party institutions, each with a specific sector and / or geographic focus.. The Issuer is also a leading participant in the distressed debt market in South East Asia and Turkey. Investments are typically in non performing loan portfolios, debt, equity or hybrid investments in single name stressed entities or relatively illiquid high yielding bonds. The Debt Funds area of PIM focuses on raising and managing third party funds in the infrastructure and debt capital markets space, with a particular emphasis on Sub- Saharan Africa and developing emerging markets.

- *Private Client Services.* The Issuer seeks to leverage its experience in emerging markets and high yield assets into investment products that can be distributed to individual investors on a wholesale basis. Private Clients Services ("PCS") aims to address the financial and wealth planning needs of high net worth clients in the emerging markets (based primarily in Russia/CEE, Middle East and Africa) being a relationship driven business that operates on both sides of a clients' balance sheet. PCS is closely aligned with the wholesale banking teams, giving the Group the ability to provide a holistic client service. PCS also compliments the established private banking, investment services and fiduciary activities in the Standard Bank Offshore Group.
- *Client Coverage.* The Client Coverage business unit was established in 2008 to focus the Issuer's efforts on entrenching a client centric, holistic banking model where the Issuer has industry expertise, and where the clients are domiciled in the emerging markets or whose cross border business covers the emerging markets. The business unit is responsible for the strategic relationships with its core clients, with an objective of delivering to the clients the full range of the Issuer's financial products and services.

As part of the Standard Bank Group, the Issuer benefits from a network of offices located in the major international financial centres as well as in key developing economies. In addition to its London headquarters, the Issuer has branches in, Singapore, the United Arab Emirates (Dubai), a non-banking branch in Japan (Tokyo) and representative offices in Brazil (São Paulo), China (Shanghai), Iran (Teheran), Turkey (Istanbul) and United Arab Emirates (Dubai). The Issuer's activities are carried out in close liaison with the Standard Bank Group's other international operating subsidiaries, see "– *Standard Bank Group*".

The following table sets forth the Issuer's net income, profit for the period, total assets and qualifying regulatory capital as at and for the periods indicated.

	<b>As at and for the year ended 31 December 2009</b>	<b>As at and for the year ended 31 December 2008</b>
	<i>(U.S.\$ millions)</i>	
Net income.....	707.3	624.4
Profit for the period.....	64.3	58.0
Total assets .....	31,417.2	35,176.9
Qualifying regulatory capital resources.....	2,891.5	2,040.7

## History

The Issuer established its London office in 1992 as Standard Bank London Ltd, serving as the base for the Standard Bank Group Corporate & Investment Banking ("CIB") division's expansion into emerging markets outside South Africa. In June 2005, the name was changed to Standard Bank Plc. The Issuer has grown from its African roots to being a player in emerging markets commodity related financial services, and is a member of the London Stock Exchange plc, the London Bullion Market Association, the London Metal Exchange and the London Platinum and Palladium Market. The Issuer also chairs the London Platinum and Palladium Fixing. The Issuer is authorised and regulated by the UK Financial Services Authority.

## Key Strengths

The Issuer believes that it has a number of key strengths upon which it intends to continue to build its strategy, including the following:

- Strong franchise with strong competitive position;
- Strong basis for growth (significant investment in people and infrastructure over the past number of years);
- Disciplined and experienced management team;
- Conservative and effective risk management;
- Diversified funding base and strong liquidity;
- Diversification of income streams and asset portfolios across businesses and locations; and
- Strong support from SBGL.

The Issuer's ability to absorb and distribute risk are invaluable assets when dealing with investors and issuers alike. The Issuer's focus on emerging markets is a key differentiating factor assisted by its model of maintaining on-shore, localised market teams backed up by risk management and distribution housed within the major hubs (London, New York and Hong Kong).

## Competition

The financial services industry and the Issuer's principal business areas are subject to competition and the Issuer expects them to remain so. The Issuer's competitors vary according to business area and geographic region and include other brokers, investment banks, asset managers and commercial banks and range in size from the large global investment banking houses, traditional emerging market specialist banks to smaller local banks. The Issuer competes on the basis of a number of factors, including quality of transaction execution, quality of its products and services, extent of its products and services offering, innovation and reputation.

## Strategy

CIB International's strategy is focused on (i) emerging markets, with primary concentration on debt, interest rate and currency products and (ii) the commodity sector. The goal of CIB International is to develop a substantial emerging market corporate and investment banking franchise. CIB International seeks to achieve these goals by operating a client-centric and distribution-focused business model, supported by a culture that prioritises client relationships and economic returns, and a business structure that enables an integrated, multi-product service offering to clients. In particular CIB International continues to focus on the following:

- Being the leader in connecting the emerging markets and Africa in particular with the rest of the world and the rest of the world with the emerging markets.
- Originating transactions in emerging markets, distributing into major capital markets.
- Core clients, products and geographic regions.
- Targeting business opportunities and trade flows in and from Brazil, Russia, India and China, especially through leveraging the strategic partnership with Industrial and Commercial Bank of China ("ICBC").
- Maintaining focus on effective risk management and constraining risk profile.
- Continuing to increase scale and optimise capital efficiencies between the Standard Bank Group as a whole and CIB International.
- Retaining and employing the right people.

The Standard Bank Group has invested significantly in growing CIB International capacity in strategically important countries and regions, while also strengthening its specialist product teams and global distribution capability. The Issuer through its London based teams and through its growing network of branches and representative offices is able to provide clients with relevant experience and deep insight into local commercial and regulatory environments in markets with different levels of sophistication. Client relationship managers develop close relationships with clients and link in the Issuer's specialist product and global distribution teams to deliver innovatively and appropriately on individual requirements.

The Standard Bank Group's growing global presence allows it to take advantage of the increasing movement of capital between emerging markets, and to facilitate trade flows. This presence has been strengthened and consolidated over the past number of years with Standard Bank Group concluding a number of key acquisitions in Argentina, Nigeria and Turkey. The strategic partnership of the two largest banks in Africa and China, the Standard Bank Group and ICBC respectively, following ICBC taking a 20 percent equity investment in the group, has started to generate significant cooperation benefits and is intended to provide new capacity for growth in the years ahead.

In the third quarter of 2009, Standard Bank Group concluded the acquisition of significant investment in Troika Dialog Group Limited ("**TDGL**") of Russia. Standard Bank Group contributed cash and its banking operation in Russia to acquire a 36.4% stake in TDGL. This creates a strategic partnership to take advantage and capitalize on the existing opportunities to consolidate the financial industry in Russia. A key goal is the creation of a leading financial services provider in Russia, offering both a strong domestic platform as well as an international platform with global sector experience and the ability to connect Russian clients to cross border investors and other corporations.

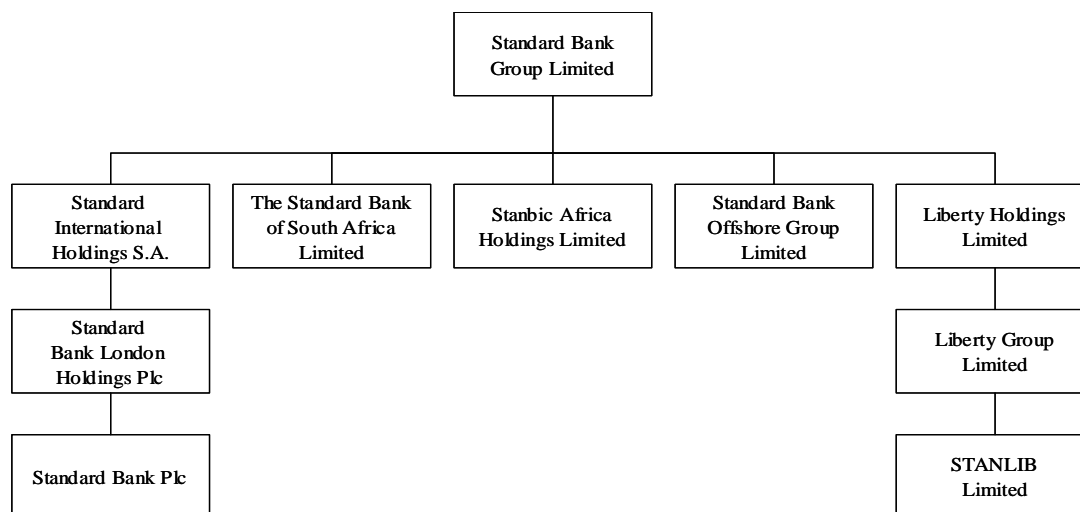
### **Standard Bank Group**

The Issuer is ultimately a wholly owned subsidiary of SBGL (based in Johannesburg, South Africa) which is the ultimate holding company for the global activities of the Standard Bank Group (holding, directly and indirectly, all 1,070,919,134 issued ordinary shares in the Issuer). Although there are no direct measures to ensure the Issuer's independence from SBGL, over 50 percent of SBGL's board comprise independent non-executive directors. As at 31 December 2009 (at an exchange rate of ZAR7.37 to U.S.\$1), the Standard Bank Group had ordinary shareholders funds of approximately U.S.\$11.9 billion and total assets of approximately U.S.\$182 billion, and approximately 50,000 employees worldwide. The Standard Bank Group is focused on emerging markets globally, is the largest banking group in Africa (by market capitalisation) and operates in 33 countries worldwide.

Apart from Standard International Holdings S.A. ("**Standard International Holdings**") (of which the Issuer is a subsidiary), the other main operating subsidiaries within the Standard Bank Group are: The Standard Bank of South Africa Limited ("**SBSA**"), which offers a full range of retail and investment banking services in South Africa; Stanbic Africa which is the holding company for the Group's African subsidiaries, who provide banking services throughout sub-Saharan Africa; Standard Bank Offshore Group Limited ("**SBOG**"), which is the holding company for the Standard Bank Group's offshore stockbroking, trust and other private banking services in Jersey, the Isle of Man and Mauritius and Liberty Group Limited, which provides a comprehensive range of investment and life assurance products as well as offering wealth and asset management services through STANLIB Limited.

Standard Bank Group's CIB division serves a wide range of client requirements around the world for banking, finance, trading, investment, risk management and advisory services. Having developed in line with globalising capital markets and the growing sophistication in financing requirements in emerging markets, the division has built a deep understanding of the market dynamics in countries with rapidly developing economies. Together with its specialist product expertise, local capacity and global distribution reach, this understanding allows Standard Bank Group to provide clients with appropriate solutions.

The position of the Issuer within the structure of the Standard Bank Group is set out in the following diagram:



### The Issuer

The Issuer was incorporated for an unlimited duration in May 1987 as a limited company in England and Wales under the Companies Act 1985 with registered number 2130447. In June 2005, the Issuer became a public limited company and changed its name from Standard Bank London Ltd. to Standard Bank Plc. The Issuer's registered office is at 20 Gresham Street, London EC2V 7JE, United Kingdom and the telephone number is +44 (0)20 3145 5000.

The following table sets forth the Issuer's subsidiaries, the field of activity and country of incorporation of each subsidiary and the ownership interest of the Issuer in each subsidiary.

<b>Company</b>	<b>Activity</b>	<b>Country of incorporation</b>	<b>Ownership interest (%)</b>
Standard Resources (China) Limited.....	Trading company	China	100.0

The Issuer does not believe that a material amount of its business is carried out through its subsidiary.

During 2009 the Issuer's wholly owned subsidiaries Standard Capital Japan Co Limited and Standard Commodities (Asia) Limited were liquidated.

The Issuer sponsors the formation of special purpose entities primarily for the purpose of allowing clients to hold investments for asset securitisation transactions and for buying or selling credit protection. The group makes investments in portfolios of non-performing loans and other distressed debt, primarily in the Asia region. The portfolios are acquired by special purpose entities specifically set up in each jurisdiction to acquire these loans. The Group is exposed to the risks in these portfolios and a substantial portion of economic benefit and so accordingly it consolidates the entities.

The Issuer has branches in the United Arab Emirates (Dubai), Singapore, and a non-banking branch in Japan (Tokyo) and representative offices in Brazil (São Paulo), China (Shanghai), Iran (Teheran), Turkey (Istanbul) and the United Arab Emirates (Dubai).

### Statement of Support

SBGL has undertaken (by way of a statement of support, the text of which is set out in Annexure A to the annual financial statements of SBGL for the year ended 31 December 2009) to ensure that, except in the case of political risk, the Issuer is able to meet its contractual liabilities.



## Business Areas

The Issuer's business areas include corporate advisory services and financing solutions across the debt and equity capital markets, and the Issuer has particular experience in syndicated lending, project finance and structured trade and commodity finance. The Issuer also provides a comprehensive range of trading and risk management solutions to clients in relation to foreign exchange, interest rates, credit, equities, commodities and money markets. In addition, the Issuer's private client services division offers a range of solutions to high net worth individuals.

The Issuer's and the broader international investment banking operations of the Standard Bank Group are structured through five divisions and business units: Global Markets, Investment Banking, Principal Investment Management, Private Client Services and Client Coverage.

The Issuer offers clients a wide range of financial products and services across a broad range of industry sectors including oil, gas and renewables; telecoms and media; financial institutions; mining and metals; and power and infrastructure. The Issuer supports its divisions through its risk and capital management systems to ensure that products and services are delivered efficiently and effectively to the client and prudently use the Issuer's capital in doing so. Dedicated client relationship managers provide a single point of access to Standard Bank Group's full range of financial products and services.

The following table breaks down the Issuer's net income by business unit:

	Year ended 31 December 2009		Year ended 31 December 2008	
	(U.S.\$ millions)	(%)	(U.S.\$ millions)	(%)
Global Markets .....	413.3	58	379.8	61
Investment Banking .....	240.9	34	220.6	35
Principal Investment Management.....	20.2	3	(17.5)	(3)
Private Client Services.....	32.9	5	41.5	7
	<b>707.3</b>	<b>100</b>	<b>624.4</b>	<b>100</b>

Note:

<sup>(1)</sup> Net income is presented after allocation of a notional interest charged to the various business areas for utilising the Issuer's own capital resources.

### Global Markets

The Global Markets division comprises the Issuer's customer driven trading activities, encompassing both the cash products and derivatives markets, and the bank's funding operations. In the year to 31 December 2009 the Global Markets division generated net income of U.S.\$413 million, which represented 58 percent of the Issuer's total net income during the year compared to net income of U.S.\$380 million in the year to 31 December 2008, which represented 61 percent of the Issuer's total net income during the year.

The Global Markets division comprises 6 key teams, namely:

#### Foreign Exchange

The Foreign Exchange team provides a range of foreign exchange related products and services, including spot, forward and currency options in the major international currencies and the Rand.

#### Money Markets

The Money Markets team is responsible for the Issuer's funding requirements including execution of the ALM, capital investment and balance sheet hedging strategies and Liquidity Management.

#### Local Markets

The Local Markets team is focused on fixed income and derivatives in local emerging markets currencies. This business offers structured hedging solutions to the Issuer's emerging market client base and access to exotic currency exposure for hedge funds and asset managers.

### *Credit Trading*

The Credit Trading team provides credit hedging and investment products in both cash and derivative form for investment grade and emerging market reference assets. This activity includes both a customer facing and a principal trading business. Product is distributed to investors in the form of bonds, credit default swaps, total return swaps and credit linked notes. The Issuer also has a strong focus on repo services providing leverage to its investor clients.

### *Equities*

The Issuer provides equity product access to the CEEMEA and Asia regions, in cash and derivative form. Specific areas of focus include access, via swaps and notes, to African equity markets and derivatives including warrants, single stock options and convertibles in Asian stocks.

### *Commodities Trading*

The Commodities Trading team acts as a market-maker in base, and precious metals, to its customers in gold, silver, all platinum group metals and all London Metal Exchange metals (copper, aluminium, lead, zinc, tin and secondary aluminium) and also trades in the steel bulk complex, comprising iron ore, coal and newly listed steel on the LME. Clients' commodity price risk is mitigated through hedging structures and, when appropriate, country risk is mitigated by using offshore proceeds account structures and political risk insurance. Commodities Trading also includes the Energy Trading team that focuses primarily on oil and gas power, and renewable energy in both listed and over-the-counter form. A strong focus is placed on financing structures collateralised by commodity deliveries and the business is increasingly focused on handling physical metal, coal and crude.

### ***Investment Banking***

#### *Investment Banking*

The Investment Banking division focuses on providing both advisory services, mainly centred around M&A and financial advice, as well as bespoke client financing solutions primarily in debt related products, both on balance sheet as well as by providing access to the international and domestic capital markets where the Issuer has an on the ground presence. The division is mainly focussed around servicing the Issuer's needs in its core industry sectors of mining and metals; oil, gas, and renewables; power and infrastructure; telecoms and media; and financial institutions. Over the past few years the Issuer's investment banking operations have grown substantially and the division has evolved into a specialist advisor in the emerging markets with what the Issuer believes to be strong regional teams, cross-border capabilities and sector knowledge. In the year to 31 December 2009 the Investment Banking division generated net income of U.S.\$241 million, which represented 34 percent of the Issuer's total net income during the year compared to net income of U.S.\$221 million in the year to 31 December 2008, which represented 35 percent of the Issuer's total net income during the year.

The Investment Banking division comprises the following Investment Banking business units:

**Advisory:** Operates as a global team with staff on the ground in Latin America, London, Turkey, Asia and Africa. Focuses mainly on providing strategic advice to clients on mergers, acquisitions and disposals as well as on the execution of primary and secondary equity capital offerings and equity derivatives in South Africa, Nigeria, Kenya, Turkey and Zambia. The Issuer is exploring opportunities to expand its equity capital and derivative markets execution capability in Brazil and Russia. The team services predominantly clients active in its core industry sectors.

**Structured Solutions Group:** Comprises the structured finance, acquisition finance, hybrid finance and commodity solutions group, giving the Issuer's clients an integrated structured finance to their debt or hybrid equity requirements

**Project Finance:** This group primarily supports the long term financing requirements of the Issuer's oil and gas, mining and metals, and power & infrastructure client base, and houses specific industry expertise for each of these sectors.

Securitisation: Provides the Issuer's clients with structured financing alternatives accessing the capital markets whether they be asset backed, secured against diversified payment rights, or in sharia complaint format.

Structured Trade and Commodity Finance: provides the Issuer's clients with financing alternatives centred around the sale and purchase of goods and services, from their manufacture through to their sale to the end user. Key markets for these products are Africa, China, Russia and Brazil. A particular focus is the ongoing co-operation with ICBC in transactions involving China – Africa trade flows. The business unit is active in both the primary and secondary markets.

Debt Capital Markets: Provides arrangement and underwriting services for debt securities issued by emerging markets' issuers, and accessing both international investors as well as domestic investors where applicable. The key markets for the team are central and eastern Europe, the Middle East, Russia, the Americas and Africa.

#### *Principal Investment Management*

The Principal Investment Management ("PIM") comprises the Issuer's Private Equity, Distressed Debt and Debt Funds activities. The Private Equity division is focused on establishing a leading emerging markets private equity franchise by building a successful track record in PIM's core markets, South Africa, Brazil, Turkey and Nigeria. The Private Equity group typically seeks strategic minority shareholdings in investee companies. In addition, in markets where the Issuer does not have a significant presence, the Private Equity group establishes private equity funds and fund managers through joint ventures with third party institutions, each with a specific sector and/or geographic focus. The funds typically seek strategic minority shareholdings in investee companies and have a specific sector and/or geographic focus with management teams employed in each joint venture management entity, usually located in the target region.

The Issuer is also a leading participant in the distressed debt market in South East Asia and Turkey. Investments are typically in non performing loan portfolios, debt, equity or hybrid investments in single name stressed entities or relatively illiquid high yielding bonds. The investment philosophy is to utilise the Issuer's relationship and internal networks to build and maintain substantial deal flow, seek opportunities where the team can positively influence the deal outcome, control the investment process from origination (asset identification/pricing) to servicing (recovery/restructure) and balance risk through geographic diversification, recourse to collateral (generally over-collateralized) and hedging of investment returns. The strategic aim of the distressed debt business is to build a branded, leading emerging markets distressed debt franchise.

The Debt Funds area of PIM focuses on raising and managing third party funds in covering infrastructure and debt capital markets, with a particular emphasis on Sub-Saharan Africa and developing emerging markets. Funds currently managed represent uniquely successful public private partnership structures established with development financial institutions which balance both development objectives with commercial operations. In the year to 31 December 2009 the Principal Investment Management division generated net profit of U.S.\$20 million, which represented 3 percent of the Issuer's total net income during the year compared to a net loss of U.S.\$17 million in the year to 31 December 2008, which represented 3 percent of the Issuer's total net income during the year.

#### *Private Client Services*

Private Clients comprises of Private Client Services ("PCS") and the SBOG. PCS aims to address the financial and wealth planning needs of high net worth clients in the emerging markets (based primarily in Russia/CEE, Middle East and Africa). PCS is closely aligned with the Issuer's wholesale banking teams, giving the Issuer the ability to provide an holistic client service and also compliments the established private banking, investment services and fiduciary activities in the SBOG based in Jersey and the Isle of Man. In the year to 31 December 2009 PCS generated net income of U.S.\$33 million, which represented 5 percent of the Issuer's total net income during the year compared to net income of U.S.\$41 million in the year to 31 December 2008, which represented 7 percent of the Issuer's total net income during the year.

## *Client Coverage*

The Client Coverage business unit entrenches client centricity into the business operating model of the Group. It is responsible for the servicing of the Group's core client relationships by operating at strategic level with the client and by delivering the Issuer's full range of financial products and services in a solutions based approach. The business unit works closely with clients across the globe to help clients exploit relevant market opportunities and ideas across the emerging markets. The business unit centres on client interaction and advice but will provide solutions on financing structures as well as the hedging of market exposures.

The business unit is set up along industry lines with experienced industry professionals in each industry sector group. These industry sectors were chosen as being closely aligned to the Issuer's heritage and expertise and to the development of the emerging markets that are core to the CIB International strategy. By maintaining a market leading position in these sectors the Issuer believes it can make a significant contribution to development in its key markets, and with it drive growth to its business. To leverage this position the Issuer has developed a number of focussed global coverage teams.

On the corporate side, the Issuer has created four industry groups (mining and metals, oil, gas and renewables and telecoms and media) that align with the overall strategy of connecting emerging markets with each other and the rest of the world, whilst remaining a strong player in the Group's domestic markets. The business unit is resourced with personnel who enjoy specialist skills within these industries, whose objective is to create strategic relationships with core clients within these industry sectors.

On the institutional client side, the Issuer compliments the industry sector teams with Global Coverage Groups within financial institutions, investor coverage, and international development groups, which focus on predominantly donor agencies, multilaterals, and developmental financial institutions and their activities primarily in Africa.

## **Intellectual Property**

Other than for the purposes of brand recognition and value, the Issuer's operations are not, to a significant extent dependent on any specific intellectual property right. The Standard Bank Group seeks to protect the trademarks and trade names that it deems necessary for its operations, and it believes that these rights are sufficiently protected.

## **Insurance**

The Issuer believes that its business premises, including its property and equipment, are insured in a manner consistent with local market practices. The Issuer's insurance policies comprise, among others, third-party liability provisions, property insurance and customary insurance policies, including accident and travel insurances, covering its employees. The Issuer also maintains Bankers Blanket Bond, Professional Indemnity and Directors' and Officers' liability insurance. The Issuer has not experienced any material disputes with its insurance companies in respect of insurance claims made by it.

## **Employees**

In line with general market conditions and overall focus on cost management, the Issuer has seen a reduction in headcount during 2009.

The following table sets out the breakdown of the numbers of CIB International employees by business division:

	<b>As at 31 December 2009</b>	<b>As at 31 December 2008</b>
Global Markets .....	313	321
Investment Banking .....	218	252
Principal Investment Management.....	65	69
Private Client Services.....	322	324
Coverage and Distribution .....	97	119
General Management.....	59	54

	<b>As at 31 December 2009</b>	<b>As at 31 December 2008</b>
Risk, Compliance, Internal Audit and Legal .....	259	278
Support and other.....	1 169	1 278
<b>Total.....</b>	<b>2 502</b>	<b>2 695</b>

The Issuer follows the Standard Bank Group's policy to ensure that all employees and job applicants are given equal opportunities and that they do not face discrimination on the grounds of ethnic origin, colour, religion, sex or disability. Should an employee become disabled during his or her career with the Issuer, every effort is made to ensure continued employment, with appropriate retraining, if necessary. Employee involvement in the Issuer's business is encouraged and information is disseminated to employees through communication meetings and internal staff publications. The Issuer recognises its responsibilities to provide a safe working environment for all its staff and measures are in place to ensure that the Issuer's health and safety regulations are observed.

### ***Employee Incentive Schemes***

The Standard Bank Group has a number of long-term incentives schemes. In 2007, a new long-term incentive scheme was introduced termed the Standard Bank Group Quanto Stock Unit scheme. In terms of this scheme, qualifying employees are awarded a number of Quanto Stock units denominated in U.S. dollars, the value of which moves in parallel to the change in price of the SBG shares listed on the Johannesburg Stock Exchange. The awards vest over three years dependent on the employee being in service for the period and the employee may call for payment, termed 'exercise' at any point up until the 10 year maturity of the units (except for US taxpayers where it is an automatic settlement date). The scheme includes a discretionary option for an incremental amount to be paid if the employee is in service for four years and has not exercised the units. The cost of the award is accrued over the vesting period, normally commencing in the following year to which the awards relate.

The Issuer's intermediate holding company, Standard International Holdings S.A. has a long-term incentive scheme whereby certain employees, including certain executive directors of the Issuer, are granted notional 'shadow' shares options. The scheme provides for eligible employees to be rewarded in cash, the value of which is derived from the current and future performance of Standard International Holdings. The scheme closed in respect of new awards in 2007.

Awards are also made of options over SBGL shares. Throughout the life of the scheme, the obligation is valued at the end of each period based on a valuation of the option.

Further information with respect to the Issuer's employee incentive schemes is included in note 23.7 of the Annual Financial Statements for the year ended 31 December 2009.

### **Legal Proceedings**

From time to time the Issuer is involved in litigation, receives claims from tax authorities or claims arising from the conduct of its business. The Issuer is not aware of any potential proceedings, or other claims which would have a material adverse impact on the Issuer's financial position.

## RISK MANAGEMENT

### Introduction

The Issuer applies a sophisticated and integrated approach to all aspects of the Issuer's risk management activities. This encompasses the Issuer's monitoring and control of, *inter alia*, country, credit, market and operational risk.

Overall responsibility for risk management rests with the Board of Directors of the Issuer. Day-to-day responsibility is delegated to the Executive Committee of the Issuer and its sub-committees which review, *inter alia*, summaries of country, credit, market, liquidity and operational risks. The Capital Management Committee is responsible for market and liquidity risk and for monitoring capital utilisation. The Portfolio Risk Management Committee is responsible for the consolidated risk profile and includes as sub-committees: the Credit Committee and the Country Risk Committee. The Capital Commitments Committee is responsible for approving all investment activities. The Business Infrastructure Committee is responsible for overseeing the management and control of operational risk. The Regulatory Compliance Committee is responsible for regulatory risk, particularly anti-money laundering controls. The Executive Committee retains responsibility for reputational risk.

The Issuer's Risk Management Department is independent of the front office and reports directly to the Issuer's Chief Executive.

Management believes that the risk profile of the Issuer is well diversified in terms of the businesses and markets in which the Issuer is involved as well as the breadth of its counterparty and customer base.

### Country Risk

The Issuer's Country Risk Committee meets on a monthly basis to approve country risk threshold and tenor limits for countries other than sub-Saharan Africa. Limits for sub-Saharan Africa are approved by The Standard Bank of South Africa Limited Country Risk Committee based in Johannesburg. Aggregate country risk limits are set for both primary and trading activities, and are reviewed on an ongoing basis taking into account changing country and market circumstances. This process ensures that the Issuer's country risks are suitably diversified. As reflected in the table below, the largest country exposures are to obligors in European Union Member States. The dominance of low risk countries in the Issuer's overall risk profile occurs naturally and is a consequence of the Issuer's management of its own liquidity, which is deployed in high quality liquid or bank assets, as well as to the Issuer's asset distribution and risk mitigation policies, where the majority of client risks are distributed to or hedged with Western counterparts.

The following table shows the percentage composition of the Issuer's country risk by region 2009:

	31 December 2009	31 December 2008
	(%)	
Western Europe .....	47	38
North America .....	16	16
Eastern Europe.....	4	5
Asia.....	11	10
North Africa and Middle East.....	5	9
South America.....	2	4
Sub-Saharan Africa.....	15	18
	<b>100</b>	<b>100</b>

### Credit Risk

A formal structure exists for the approval of credit, including delegated authority levels and a Credit Committee that meets twice weekly. The Issuer's policy concerning the extension of credit aims to make efficient use of its capital resources. Lending and credit limit decisions are based on an analysis of the creditworthiness of each potential borrower, which takes into account both the counterparty specific risk and the extent to which collateral or other forms of credit support are available. The Issuer operates a formal risk rating system which is used for portfolio analysis, risk-adjusted return on capital analysis, economic capital measurement and establishing the limits of credit delegated authority. Economic

capital, incurred and expected losses as well as unexpected losses are monitored using internally developed models and systems which are congruent with the Basel II IRB framework.

The Issuer aggregates credit risk of all types in managing its portfolio risks, principally comprising primary, pre-settlement and issuer risk. The Issuer's methodology for measuring and monitoring credit risk reflects the Issuer's assessment of the relative volatility, liquidity and peak potential exposure of both the Issuer's own financial assets and those held as collateral. Through this process, relative liquidity levels are reflected in the weighting of credit exposures.

Recognising that many of the risks to which the Issuer is exposed are not the subject of a formal external credit rating, the Issuer has expressed its internal rating of these risks by reference to its calculation of an equivalent Standard and Poor's foreign currency long-term debt rating, illustrated in the table below:

Group master rating scale	Credit quality steps	Moody's	Standard and poors	Fitch	Group grading category
1 - 4	1	Aaa to Aa3	AAA to AA-	AAA to AA-	Normal monitoring
5 - 7	2	A1 to A3	A+ to A-	A+ to A-	
8 - 13	3	Baa1 to Ba3	BBB+ to BB-	BBB+ to BB-	
14 - 16	4	B1 to B3	B+ to B-	B+ to B-	
17 - 21	5	Caa to C	CCC+ to C-	CCC+ to C-	Close monitoring
Default	6	D	D	D	Default

The following table sets out the percentage composition of the Issuer's weighted credit risk on the basis of its internal rating as at 31 December 2009 and 31 December 2008.

	31 December 2009	31 December 2008
	(%)	
Normal monitoring .....	89	95
Close monitoring .....	5	4
Past due but not impaired .....	2	—
Impaired .....	4	1
	<b>100</b>	<b>100</b>

## Market Risk

The Issuer's main market risks relate to credit spread risk, interest rate, currency and commodity price risk and volatility risk. In addition, liquidity is recognised as a key risk in a number of markets and the Issuer has an integrated approach to risk measurement that combines liquidity, market and credit risks.

The Issuer utilises measurement methodologies to assess market risk, in line with market practice, including CAD2 model recognition for its principal trading books. Value at Risk is used in the trading areas, supplemented by traditional risk management techniques such as cash portfolio limits and limits on option parameters, interest rate gaps, basis point values and limits on various stress tests. These risk measures are supported by further stress testing and scenario analysis. Risks are measured, monitored and controlled by independent processes and risk limits are overseen by the Market Risk Department and reported to the Capital Management Committee.

## Operational Risk

The Issuer has established an operational risk management framework which ensures that an integrated and effective risk management approach is applied consistently across its activities. This framework facilitates the identification and assessment of risks, the control of those risks and the ongoing monitoring and reporting of the operational risk profile and incident experience.

The prime responsibility for the management of operational risks is embedded within the day-to-day business management of the Issuer's operations.

An independent Operational Risk Department performs central control and oversight, including the setting of appropriate policies and the provision of standard operational risk management tools. These tools provide the basis for performing risk identification and self assessment programmes in each business unit, analysing key risk indicators, tracking operational incidents and undertaking root cause analysis. The operational risk profile is reported to the Business Infrastructure Committee.

The adequacy of the systems and controls are reviewed by Internal Audit. The Internal Audit unit is independent of line management and reports directly to the Board Audit Committee.

### **Compliance and Legal Risk**

The Compliance department oversees the regulatory environment in which the Issuer operates. Monitoring and other programmes are performed to assess compliance with prescribed policies and procedures which are established internally in response to the current legal and regulatory environment.

Legal risk is managed through a combination of internal legal counsel, external legal advisers and through use of standardised or customised legal documentation (depending upon the relevant transaction) and internal documentation policies.

### **Information Systems**

The Issuer places significant emphasis on the appropriateness and quality of its information systems and on the use of information technology in monitoring and managing the Issuer's business activities and risks. The Issuer's strategic approach to software has been to utilise package solutions purchased from major international software vendors. The packages have been integrated across the organisation by using application middleware and various updating projects are taking place.

The Issuer has a business recovery plan which is tested annually, the last test having been carried out in May 2009.

### **Accounting Policies**

The Issuer has prepared its company and consolidated annual financial statements for the year ended 31 December 2009 under International Financial Reporting Standards ("**IFRS**") as adopted by the European Union and the interpretations of the International Financial Reporting Interpretations Committee. The accounting policies are consistent with those adopted in the previous year except for the following amendments to IFRS and interpretations:

- Revised IAS 1 – Presentation of Financial Statements;
- IFRS7 Amendment – Reclassification of Financial Assets; and
- IAS 40 – Investment Property.

The amendments and subsequent adoption of the above resulted in a change in presentation with no impact on the reported profits. For a detailed explanation of the impact refer to the Accounting Policy one in the 2009 Annual Financial Statements.

### **Composition of Assets**

#### ***Trading Assets***

As at 31 December 2009, the Issuer's total trading assets amounted to U.S.\$7,108.0 million (31 December 2008: U.S.\$4,904.1 million). The trading portfolio comprises government, municipality, utility and corporate bonds classified as held for trading purposes, which amounted to U.S.\$3,510.5 million as at 31 December 2009 (31 December 2008: U.S.\$2,353.8 million). As at 31 December 2009, the Issuer also held U.S.\$3,259.7 million in commodity stocks (31 December 2008: U.S.\$1,774.1 million), U.S.\$177.0 million in equities (31 December 2008: U.S.\$159.7 million), and U.S.\$160.8 million in other unlisted instruments (31 December 2008: U.S.\$616.5 million).



## Derivative Assets

In the normal course of business, the Issuer enters into a variety of derivative transactions for both trading and hedging purposes. Derivative instruments used by the Issuer in both trading and hedging activities include swaps, options, forwards, futures, and other similar types of instruments based on foreign exchange rates, interest rates, credit risk and the prices of commodities and equities.

The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

The fair value of all derivatives is recognised on the balance sheet and is only netted to the extent that a legal right of set-off exists and there is an intention to settle on a net basis.

As at 31 December 2009, the fair value of the Issuer's derivative assets amounted to U.S.\$6,363.1 million (31 December 2008: U.S.\$11,162.9 million) and the fair value of its derivative liabilities amounted to U.S.\$7,593.1 million (31 December 2008: U.S.\$11,024.2 million).

Further information on the Issuer's derivative instruments as at 31 December 2009 and 31 December 2008 is set out in note 3 to the Issuer's financial statements for the year ended 31 December 2009.

## Lending

### Loan Portfolio

As at 31 December 2009, The Issuer's aggregate loan portfolio amounted to U.S.\$17,219.5 million (31 December 2008: U.S.\$ 17,967.7 million).

The following table shows the breakdown of the Issuer's aggregate loan portfolio by nature of loan as at 31 December 2009 and 31 December 2008:

	<b>As at 31 December 2009</b>	<b>As at 31 December 2008</b>
	<i>(U.S.\$ millions)</i>	
Loans and advances to customers .....	7,312.3	8,155.4
Loans and advances to banks .....	5,271.9	6,331.2
Loans granted under purchase and resale agreements to banks and customers .....	4,830.1	3,575.7
Credit impairment .....	(194.8)	(94.6)
<b>Total .....</b>	<b>17,219.5</b>	<b>17,967.7</b>

The Issuer's customer lending is generated primarily by its Investment Banking activities and is focused on clients with which the Issuer has a wider banking relationship. The Issuer's deposits with banks are disclosed as part of loans and advances, in accordance with IFRS 7 Financial Instruments: Disclosures, even though such deposits represent the short-term placement by the Issuer of its excess liquidity.

The following table shows the breakdown of the Issuer's aggregate loan portfolio by industry sector as at 31 December 2009 and 31 December 2008:

	<b>As at 31 December 2009</b>		<b>As at 31 December 2008</b>	
	<i>(U.S.\$ millions)</i>	<i>(%)</i>	<i>(U.S.\$ millions)</i>	<i>(%)</i>
Agriculture.....	210.1	1	373.5	2
Construction.....	78.7	0	69.5	0
Electricity .....	143.5	1	149.4	1
Finance - Banks .....	8,283.0	47	8,040.5	45
Finance - Other financial services.....	3,460.7	20	3,366.3	19
Individuals .....	629.7	4	699.8	4
Leisure .....	300.5	2	249.0	1
Manufacturing.....	835.4	5	951.8	5
Mining .....	1,328.1	8	1,699.3	9
Other services .....	714.7	4	902.1	5
Telecommunications.....	535.5	3	887.4	5
Transport.....	696.1	4	378.3	2

	<u>As at 31 December 2009</u>		<u>As at 31 December 2008</u>	
	<i>(U.S.\$ millions)</i>	<i>(%)</i>	<i>(U.S.\$ millions)</i>	<i>(%)</i>
Wholesale .....	198.3	1	295.4	2
<b>Total</b> .....	<b>17,414.3</b>	<b>100</b>	<b>18,062.3</b>	<b>100</b>

The following table shows the breakdown of the Issuer's aggregate loan portfolio by the remaining periods to contractual maturity as at 31 December 2009 and 31 December 2008:

	<u>As at 31 December 2009</u>		<u>As at 31 December 2008</u>	
	<i>(U.S.\$ millions)</i>	<i>(%)</i>	<i>(U.S.\$ millions)</i>	<i>(%)</i>
Redeemable on demand .....	2,853.6	16	1,862.5	10
Maturing within one month .....	5,847.4	34	5,872.4	33
Maturing after one month but within six months .....	2,147.5	12	3,166.9	18
Maturing within 6 and 12 months .....	2,458.5	14	1,356.0	7
Maturing after 12 months .....	4,107.3	24	5,804.5	32
<b>Total</b> .....	<b>17,414.3</b>	<b>100</b>	<b>18,062.3</b>	<b>100</b>

### Bad Debts and Provisions

The Issuer has a policy of impairing assets, in accordance with International Financial Reporting Standards, for losses on its banking portfolio and a conservative valuation approach to its trading portfolio. Impairments of performing and non-performing loans are made for credit exposures whilst valuation provisions for spread, uncertainty and liquidity are maintained against assets held within the trading books.

The Issuer identifies impaired doubtful debts during periodic evaluations of advances. The impairment to non-performing loans takes account of past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Corporate loans are analysed on a case-by-case basis taking into account breaches of key loan conditions in assessing whether loans are non-performing. Impairment of performing loans can only be accounted for if there is objective evidence that a loss event has occurred after the initial recognition of the financial asset but before the reporting date. In order to provide for latent losses in a portfolio of loans that have not yet been individually identified as impaired, a credit impairment for incurred but not reported losses is created. The Issuer uses statistical modelling of historical trends of the probability of default and the emergence period of losses, adjusted for management's judgement as to whether current economic or credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling.

For the year ended 31 December 2009, the Issuer reported a credit impairment charge of U.S.\$131.8 million (31 December 2008: U.S.\$61.2 million). Credit impairment provisions amounted to U.S.\$194.8 million as at 31 December 2009 (31 December 2008: U.S.\$94.6 million).

### Funding Sources

The Issuer maintains a high level of liquidity, both in terms of the Issuer's own funding base and in managing the asset side of its balance sheet. As at 31 December 2009, the Issuer's aggregate funding amounted to U.S.\$18,053.7 million (U.S.\$19,321.1 million as at 31 December 2008).

The following table shows the breakdown of the Issuer's aggregate funding, by source of funds, as at 31 December 2009 and 31 December 2008:

	<u>As at 31 December 2009</u>		<u>As at 31 December 2008</u>	
	<i>(U.S.\$ millions)</i>	<i>(%)</i>	<i>(U.S.\$ millions)</i>	<i>(%)</i>
Deposits from banks .....	12,764.8	71	13,869.4	72
Call and term deposits from customers .....	3,926.6	22	4,395.4	23
Customer deposits received under repurchase agreements .....	87.8	0	341.7	2
Deposits from banks under repurchase agreements .....	1,158.1	6	647.6	3

	<u>As at 31 December 2009</u>		<u>As at 31 December 2008</u>	
	<i>(U.S.\$ millions)</i>	<i>(%)</i>	<i>(U.S.\$ millions)</i>	<i>(%)</i>
Negotiable certificates of deposit.....	116.4	1	67.0	0
	<u>18,053.7</u>	<u>100</u>	<u>19,321.1</u>	<u>100</u>

Deposits include, amongst other items, cash and metal placements from banks and central banks, and deposits received from other Standard Bank Group undertakings. Certain deposits from other Standard Bank Group undertakings arise from the Issuer's role in acting on behalf of the broader Standard Bank Group to deploy its short-dated liquidity. Such deposits, all of which are placed with the Issuer on an arm's-length basis, are not considered by the Issuer to comprise part of its core funding. The Issuer's policy is to place such deposits on a short-term basis in the interbank or repo markets.

The table below shows the breakdown of the Issuer's funding by remaining periods to contractual maturity as at 31 December 2009 and 31 December 2008.

	<u>As at 31 December 2009</u>		<u>As at 31 December 2008</u>	
	<i>(U.S.\$ millions)</i>	<i>(%)</i>	<i>(U.S.\$ millions)</i>	<i>(%)</i>
Redeemable on demand.....	6,309.0	35	7,352.3	38
Maturing within one month.....	3,713.1	21	3,752.6	20
Maturing after one month but within six months.....	4,351.2	24	4,262.1	22
Maturing within 6 and 12 months.....	1,638.8	9	2,383.0	12
Maturing after 12 months.....	2,041.6	11	1,571.1	8
	<u>18,053.7</u>	<u>100</u>	<u>19,321.1</u>	<u>100</u>

### Capital Adequacy

SBGL's responsibility as the ultimate parent company controlling the Issuer has been, and continues to be, to ensure that the Issuer is adequately capitalised to operate effectively within the international environment.

The following table sets out an analysis of the capital adequacy of the Issuer as at 31 December 2009 and 31 December 2008:

	<u>As at 31 December 2009</u>	<u>As at 31 December 2008</u>
	<i>(U.S.\$ millions)</i>	
<b>Tier 1 Capital</b>		
Share capital.....	1,071.0	1,038.7
Share premium.....	274.3	256.6
Profit and loss account.....	327.8	178.8
Less: Regulatory deductions.....	(96.6)	(73.0)
<b>Total Tier 1 Capital.....</b>	<u>1,576.5</u>	<u>1,401.1</u>
<b>Tier 2 Capital</b>		
Credit impairments against performing loans.....	46.6	14.8
Subordinated debt instruments.....	1,198.4	400.5
Tier 2 excess.....	(268.4)	0
<b>Total Tier 2 Capital.....</b>	<u>976.6</u>	<u>415.3</u>
Less deductions from Tier 1 and Tier 2.....	(74)	(0.3)
<b>Tier 3 Capital</b>		
Short term subordinated debt.....	144.0	224.6
Tier 2 excess.....	268.4	0.0
<b>Total Tier 3 Capital.....</b>	<u>412.4</u>	<u>224.6</u>

	<b>As at 31 December 2009</b>	<b>As at 31 December 2008</b>
	<i>(U.S.\$ millions)</i>	
<b>Total Tier 1, Tier 2 and Tier 3 Capital .....</b>	<b><u>2,891.5</u></b>	<b><u>2,040.7</u></b>
<b>Total risk weighted assets .....</b>	16,340	14,595
<b>Tier 1 capital to risk weighted assets .....</b>	9.6%	9.6%
<b>Total capital to risk weighted assets .....</b>	17.7%	14.0%

## MANAGEMENT

### *Board of Directors*

The current members of the Board of Directors of the Issuer are as follows:

<u>Name</u>	<u>Title</u>
B J Kruger .....	Chairman Standard Bank Plc and Deputy Chief Executive Standard Bank Group Limited
J H Maree .....	Chief Executive Standard Bank Group Limited
R A G Leith .....	Executive Director and Chief Executive – CIB
D J Duffy .....	Executive Director, Chief Executive Standard Bank Plc, Chief Executive CIB International
J K Knott .....	Executive Director and Chief Financial Officer – CIB International
M E Austen.....	Non-Executive Director
D P H Burgess .....	Non-Executive Director
D E Cooper.....	Non-Executive Director and Chairman Standard Bank Group Limited
C J Sheridan .....	Non-Executive Director
H E Staunton .....	Non-Executive Director
R Vardanian.....	Non-Executive Director

While overall responsibility for the management of the Issuer rests with the Board of Directors, day to-day responsibility is delegated to the Executive Committee of the Issuer and its sub-committees.

The business address of the members of the Board of Directors is 20 Gresham Street, London EC2V 7JE, United Kingdom. None of the Directors holds any beneficial interest in the ordinary share capital of the Issuer.

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or duties.

### *Committees*

The Board delegates certain functions and responsibilities to the following committees:

#### *Executive Committee*

This Committee is responsible for the day-to-day management of the group. Subject to the overall authority of the Board, it meets regularly, to develop business strategy, initiate and review strategic initiatives, review and approve annual business plans, monitor financial performance against budget, approve the introduction of new products, authorise/approve appointment of staff to senior managerial positions and review the activities of executive sub-committees.

Membership: The Committee comprises executive directors and certain senior executives, currently David Duffy (Chairman), Jenny Knott, Simone MacLeod-Nairn, Ros Renel, Wim de Bruyn, Gert Vogel, Grant Joyce and Mark Gheerbrant.

The major executive sub-committees, supporting the Executive Committee in fulfilling its responsibilities, are the Credit Committee, the Capital Management Committee, the Portfolio Risk Management Committee and the Business Infrastructure Committee.

#### *Board Audit Committee*

The non-executive Board Audit Committee monitors the process for identifying, evaluating and managing risks and controls. In particular, this includes the quality, integrity and reliability of compliance, financial and accounting control systems. Its other responsibilities are to review the scope of external and internal audit, to receive regular reports from Internal Audit and KPMG Audit Plc, and to review the financial statements focusing in particular on accounting policies, areas of management judgement and estimates. The Committee meets quarterly.

The Committee comprises the non-executive directors, namely Henry Staunton (Committee Chairman), Mark Austen, Patrick Burgess, Derek Cooper and Christopher Sheridan.

#### *Board Risk Management Committee*

The objective of this Board Committee is to provide an independent review and challenge to the group's risk policies and the composition of the risk portfolio, its concentrations and the risk-taking decisions of the group, covering all aspects of risk - market, credit, country, liquidity and operational. It complements the Audit Committee which also studies, inter alia, risk controls and their operation, but from a different perspective. The Committee meets quarterly.

The Committee comprises Ben Kruger (Committee Chairman), Mark Austen, Patrick Burgess, Derek Cooper, Jacko Maree, Christopher Sheridan and Henry Staunton.

#### *Board Remuneration Committee*

This non-executive Committee approves remuneration policy and long-term incentive schemes for staff, sets the remuneration of executive directors and other senior executives and approves guidelines for the company's annual salary and incentive reviews.

The Committee comprises Christopher Sheridan (Committee Chairman), Derek Cooper, Ben Kruger, Jacko Maree and Henry Staunton.

## CAPITALISATION & INDEBTEDNESS

The following table sets forth, on an IFRS basis, the Issuer's consolidated capitalisation as of 31 December 2009. This information should be read together with the Issuer's audited consolidated financial statements, which are incorporated by reference.

	<b>31 December 2009</b>	<b>31 December 2008</b>
	<i>(U.S.\$ millions)</i>	<i>(U.S.\$ millions)</i>
Deposits and current accounts <sup>(1)</sup> .....	2,041.6	1,571.1
Subordinated debt .....	1,328.9	636.1
Less: Accrued interest .....	11.0	11.0
Net subordinated debt .....	1,317.9	625.1
Ordinary share capital .....	1,071.0	1,038.7
Ordinary share premium .....	274.3	256.6
Reserves .....	326.7	204.6
Equity attributable to ordinary shareholders .....	1,672.0	1,499.9
<b>Total</b> .....	<b>5,031.5</b>	<b>3,696.1</b>

Note:

<sup>(1)</sup> Deposits and current accounts maturing after more than one year.

## SELECTED FINANCIAL INFORMATION RELATING TO STANDARD BANK PLC

The following tables set out in summary form statement of financial position and income statement information relating to the Issuer. Such information is derived from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2009 and 31 December 2008. The Issuer's financial statements included in this Base Prospectus have been presented in accordance with International Financial Reporting Standards. Such financial statements, together with the reports of the Issuer's auditors KPMG Audit plc, independent auditors ("**KPMG**") and the accompanying notes, are incorporated by reference into this Base Prospectus. The financial information presented below should be read in conjunction with such financial statements, reports and the notes thereto.

The consolidated financial statements should not be viewed as a likely indicator of future financial performance, particularly in light of ongoing difficulties in the financial markets. See "*Risk Factors*".

### Summary Consolidated Income Statement Data

	For the years ended 31 December	
	2009	2008
	<i>(U.S.\$ millions)</i>	
<b>Net interest income</b> .....	260.1	210.1
Interest income.....	590.9	989.4
Interest expense .....	(330.8)	(779.3)
<b>Non-interest revenue</b> .....	447.2	414.3
<b>Net fees and commission</b> .....	(32.6)	(35.4)
Fees and commission revenue.....	138.9	147.4
Fees and commission expenses.....	(171.5)	(182.8)
<b>Trading revenue</b> .....	464.6	411.4
<b>Other revenue</b> .....	15.2	38.3
	707.3	624.4
<b>Net income</b> .....	707.3	624.4
Credit impairment charges .....	(131.8)	(61.2)
	575.5	563.2
<b>Net income after impairment charges</b> .....	575.5	563.2
<b>Operating expenses</b> .....	(488.2)	(453.3)
Staff costs .....	(290.5)	(261.6)
Other operating expenses.....	(197.7)	(191.7)
	87.3	109.9
<b>Profit before income tax</b> .....	87.3	109.9
Income tax expense.....	(23.0)	(51.9)
	64.3	58.0
<b>Profit for the period</b> .....	64.3	58.0
<b>Profit attributable to minorities</b> .....	0	(0.2)
	64.3	57.8
<b>Profit attributable to equity shareholders</b> .....	64.3	57.8



## Summary Consolidated Statement of Financial Position

	As at 31 December	
	2009	2008
	<i>(U.S.\$ millions)</i>	
<b>Assets</b>		
Derivative assets .....	6,363.1	11,162.9
Trading assets .....	7,108.0	4,904.1
Pledged assets .....	79.2	81.0
Financial investments .....	251.1	207.4
Loans and advances .....	17,219.5	17,967.7
Loans and advances to banks .....	8,230.2	8,036.6
Loans and advances to customers .....	8,989.3	9,931.1
Other assets .....	239.2	744.5
Deferred tax asset .....	13.2	27.7
Intangible assets .....	96.6	73.0
Property and equipment .....	47.3	8.6
<b>Total assets</b> .....	<b>31,417.2</b>	<b>35,176.9</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Derivative liabilities .....	29,741.0	33,670.1
Trading liabilities .....	7,593.1	11,024.2
Deposit and current accounts .....	2,135.4	2,012.1
Deposits from banks .....	18,053.7	19,321.1
Deposits from customers .....	14,024.9	14,584.0
Other liabilities .....	4,028.8	4,737.1
Current tax liability .....	568.9	623.3
Deferred tax liability .....	43.8	50.7
Subordinated debt .....	17.2	2.6
	1,328.9	636.1
<b>Equity</b> .....	1,676.2	1,506.8
Equity attributable to ordinary shareholders .....	1,672.0	1,499.9
Ordinary share capital .....	1,071.0	1,038.7
Ordinary share premium .....	274.3	256.6
Reserves .....	326.7	204.6
Minority interest .....	4.2	6.9
<b>Total liabilities and equity</b> .....	<b>31,417.2</b>	<b>35,176.9</b>

## Other Financial Data

	For the years ended 31 December	
	2009	2008
<b>Operating ratios</b>		
Return on average assets .....	0.26%	0.21%
Return on average equity .....	4.1%	5.1%
Cost-income ratio .....	69.0%	72.6%
Net interest margin .....	1.54%	1.17%
<b>Liquidity ratios</b>		
Liquid assets to total assets .....	28%	11%
Leverage <sup>1</sup> .....	14%	9%
<b>Capital Ratios</b>		
Tier 1 ratio .....	9.6%	9.6%
Total capital adequacy ratio .....	17.7%	14.0%
<b>Asset quality ratios</b>		
Credit impairment provisions (U.S.\$ millions) .....	194.8	94.6

<sup>1</sup> Calculated as total capital to funding liabilities

## RELATED PARTY TRANSACTIONS

The Issuer enters into transactions with other entities forming part of the Standard Bank Group.

The transactions are entered into in the course of banking operations, including lending, acceptance or interbank deposits and correspondent banking transactions. The transactions are priced at the prevailing market rates at the time of the transactions.

A significant portion of this activity involves the placement of excess liquidity by other entities with the Issuer. The following table sets out the Issuer's deposits and current accounts from related parties as at and for the years ended 31 December

	As at 31 December	
	2009	2008
	<i>(U.S.\$ millions)</i>	
Deposits from banks .....	8,919.1	9,145.2
Other deposits and loan accounts .....	102.2	405.7
<b>Total</b> .....	<b>9,021.3</b>	<b>9,550.9</b>
Minimum amount during the year .....	8,684.4	8,677.5
Maximum amount during the year .....	10,942.4	12,309.1

The Issuer also advances funds to other group entities, as part of normal activity. The following table sets out the Issuer's amounts due from related parties as at and for the years ended 31 December.

	As at 31 December	
	2009	2008
	<i>(U.S.\$ millions)</i>	
Loans and advances to banks .....	516.0	1,749.1
Loans granted under resale agreements .....	581.4	221.4
Loans and advances to customers .....	0	277.8
<b>Total</b> .....	<b>1,097.4</b>	<b>2,248.3</b>
Minimum amount during the year .....	697.5	768.6
Maximum amount during the year .....	2,435.2	2,248.3

The Issuer also has other asset and liability balances with other entities forming part of the Standard Bank Group.

The following table sets out the Issuer's derivative assets and liabilities with related parties as at 31 December

	As at 31 December	
	2009	2008
	<i>(U.S.\$ millions)</i>	
Net fair value .....	(1,637.8)	(1,221.7)
Fair value of assets .....	411.4	529.3
Fair value of liabilities .....	(2,049.2)	(1,751.0)

The following table sets out the Issuer's other assets (comprising unsettled dealing balances and other receivables) owed to the Issuer by related parties as at and for the years ended 31 December

	As at 31 December	
	2009	2008
	<i>(U.S.\$ millions)</i>	
Other assets .....	29.6	36.0
Minimum amount during the year .....	29.6	20.4
Maximum amount during the year .....	355.2	234.0

The following table sets out the Issuer's trading liabilities (comprising government, municipality and utility bonds, corporate bonds, equities and other unlisted instruments) with related parties as at and for the years ended 31 December

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
	<i>(U.S.\$ millions)</i>	
Trading liabilities .....	0	53.3
Minimum amount during the year .....	0	53.3
Maximum amount during the year .....	70.1	195.0

The following table sets out the Issuer's other liabilities (comprising unsettled dealing balances and other liabilities) owed by the Issuer to related parties as at and for the years ended 31 December

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
	<i>(U.S.\$ millions)</i>	
Other liabilities .....	116.7	52.6
Minimum amount during the year .....	52.5	52.6
Maximum amount during the year .....	234.0	260.7

The following table sets out the Issuer's subordinated debt held by related parties as at and for the years ended 31 December

	<b>As at 31 December</b>	
	<b>2009</b>	<b>2008</b>
	<i>(U.S.\$ millions)</i>	
Subordinated debt .....	321.1	22.5
Minimum amount during the year .....	20.1	19.2
Maximum amount during the year .....	321.1	181.9

The following table sets out income statement amounts arising from transactions with related parties for the years ended 31 December

	<b>Year ended 31 December</b>	
	<b>2009</b>	<b>2008</b>
	<i>(U.S.\$ millions)</i>	
Interest income .....	16.4	12.9
Interest expense .....	175.6	539.1
Net fee and commission revenue .....	(155.6)	(140.5)

## TAXATION

### United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date of this Base Prospectus in relation to payments of principal and interest in respect of the Notes. It is based on the current law and practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes or United Kingdom stamp duties. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement or Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### UK Withholding Tax On United Kingdom Source Interest

Where the Issuer remains a "bank", as defined in section 991 of the Income Tax Act 2007, and interest paid by the Issuer is paid "in the ordinary course of its business", for the purposes of section 878 of the Income Tax Act 2007, interest may be paid without withholding or deduction for or on account of United Kingdom income tax. In accordance with the published practice of HMRC, such payments will be accepted as being made by a bank in the ordinary course of its business unless: (a) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be "listed on a recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007. Whilst the Notes are and continue to be "quoted Eurobonds", payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Notes will be "listed on a recognised stock exchange" if (and only if) they are (1) admitted to trading on an exchange designated as a recognised stock exchange by an order made by HMRC and (2) either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange and accordingly the Notes will be "listed on a recognised stock exchange" provided they are and continue to be included in the Official List of the UK Listing Authority and admitted to trading on the Regulated Market or Professional Securities Market of the London Stock Exchange.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double tax treaty or to any other exemption that may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity of less than one year from the date of issue and which 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.

### ***Provision of Information***

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "paying agent"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments of amounts due on the redemption of Notes that constitute "deeply discounted securities" (as defined in the Income Tax (Trading and Other Income) Act 2005). However, HMRC's published practice indicates that no such information will be required in relation to redemption amounts where they are paid before 5 April 2010.

Reference is made to the "EU Directive on the Taxation of Savings Income" at the end of this section. The United Kingdom is required to provide to the tax authorities of other Member States (and certain non-EU countries and territories referred to in that directive) the details of payments of interest or similar income paid by a person within the United Kingdom to an individual (and certain other non-corporate entities) resident in that country or territory.

### ***Other Rules Relating to United Kingdom Withholding Tax***

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as set out in this Taxation section.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as set out in this Taxation section.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood under United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer of the Notes and does not consider the tax consequences of any such substitution.

### ***EU Directive On The Taxation Of Savings Income***

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of

information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers. If any of these proposed changes are made in relation to the Directive 2003/48/EC, they may amend or broaden the scope of the requirements above.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Merrill Lynch International, J.P. Morgan Securities Ltd., Standard Bank Plc and The Royal Bank of Scotland plc (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers as set out in a Dealership Agreement dated on or around 12 April 2010 (the "**Dealership Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

### **United States of America**

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.

Each Dealer has acknowledged and agreed that it will offer and sell the Notes only in accordance with Rule 903 of Regulation S or pursuant to Rule 144A or another exemption from the registration requirements under the Securities Act.

Each Dealer will agree that it will not, acting either as principal or agent, offer or sell any Notes in the United States, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Notes in the United States (or approve the resale of any such Notes):

- (i) expect (A) through a U.S. broker dealer that is registered under the Exchange Act to institutional investors, each of which such Dealer reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A thereunder), or a fiduciary or agent purchasing Notes for the account of one or more qualified institutional buyers or (B) otherwise in accordance with the restrictions on transfer set forth in such Notes; or
- (ii) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast of television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Each Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Dealer may rely upon the exemption provided by Rule 144A under the Securities Act. 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.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons (other than Notes sold pursuant to Rule 144A), and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer is made otherwise than in accordance with Rule 144A.

The Bearer Notes 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 United States Internal Revenue Code and regulations thereunder.

#### **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, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 the Prospectus 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:

- (a) 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;
- (b) 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;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, all as shown in its last annual or consolidated accounts; or
- (d) 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
- (e) at any time if the denomination per Note being offered amounts to at least €50,000; or
- (f) 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 (b) to (f) 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.

## **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) 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
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) 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 the Issuer;
- (b) **Financial promotion:** 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 apply to the Issuer; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

Each Dealer understands that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **General**

Each Dealer has represented, warranted and agreed that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## CLEARANCE AND SETTLEMENT

### **Initial Issue of Notes**

Upon the initial deposit of a Temporary Global Note or a Permanent Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the Common Depositary) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the applicable 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.

### **Clearing System Accountholders**

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of a NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### **Book-Entry Ownership**

#### ***Bearer Notes***

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note in bearer form without Coupons may be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or an alternative clearing system as agreed between the Issuer and the Dealer. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the alternative clearing system.

#### ***Registered Notes***

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate. Each such 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 Global 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 may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the custodian with whom the Restricted Global Certificates are deposited and DTC will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial 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 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 nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The 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. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in any Restricted Global Certificate 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 Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.\$100,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

#### ***Payments through DTC***

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the relevant Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The relevant Paying Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

#### ***Transfers of Registered Notes***

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg and DTC will be 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 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 only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, 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 a 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 Regulation S) relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written Certificate from Euroclear or Clearstream, Luxembourg, 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 who the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to 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 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, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

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 Euroclear or Clearstream, Luxembourg 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, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date 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 Euroclear or Clearstream, Luxembourg 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 Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Issuing and Paying Agent, the Custodian, the relevant Registrar and any applicable Transfer Agent 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 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 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 has advised the Issuer that it 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 nominal 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 Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A). DTC has advised the Issuer as follows: 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.

Although Euroclear, Clearstream, Luxembourg and DTC 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 and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC 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 of the same Series represented by individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

#### ***Individual Certificates***

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only in limited circumstances set out in "*Forms of the Notes and Transfer Restrictions relating to U.S. Sales*". In such circumstances, the Issuer will cause sufficient individual Certificates 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 Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; 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 Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

#### ***Pre-issue Trades Settlement***

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 Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative 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, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised pursuant to the Issuer's general resolutions authorising certain corporate activities, which were issued on 5 November 2003. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or Profitability of the Issuer or the Issuer and its Subsidiaries.

### Significant/Material Change

3. Since 31 December 2009, there has been no material adverse change in the prospects of the Issuer or any significant change in the financial or trading position of the Issuer.

### Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification for the years ended 31 December 2009 and 31 December 2008 by KPMG Audit PLC, who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included. KPMG Audit PLC are members of the Institute of Chartered Accountants of England and Wales. KPMG Audit Plc's address is 8 Salisbury Square, London EC4Y 8BB.

### Documents on Display

5. Copies of the following documents may be inspected during normal business hours at the offices of the Principal Paying Agent at Citibank N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB for 12 months from the date of this Base Prospectus:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2009, which are set out in the Issuer's annual report for the year 2009; and the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2008, which are set out in the Issuer's annual report for the year 2008.
  - (c) the Agency Agreement;
  - (d) the Trust Deed (which contains the forms of the Notes in global and definitive form);
  - (e) the Programme Manual; and
  - (f) the Issuer – ICSDs Agreement.

### Clearing of the Notes

6. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and/or DTC. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.



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