

Prospectus dated 17 June 2020



## Standard Chartered PLC

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

## Standard Chartered Bank

(Incorporated with limited liability in England by Royal Charter with reference number ZC18)

# U.S. \$77,500,000,000 Debt Issuance Programme

Under the Debt Issuance Programme described in this Prospectus (as defined below) (the "Programme") (which supersedes and replaces the Prospectus dated 18 June 2019 and each supplement thereto), Standard Chartered PLC ("SCPLC") and Standard Chartered Bank ("SCB") (each of SCPLC and SCB in such capacity an "Issuer" and together, the "Issuers"), subject to compliance with all relevant laws, regulations and directives, may each from time to time issue debt securities (the "Notes"). The Notes may rank as senior obligations of the relevant Issuer ("Senior Notes") or subordinated obligations of the relevant Issuer ("Dated Subordinated Notes"). The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$77,500,000,000 (or the equivalent in other currencies and subject to increase as provided herein).

This Prospectus has been approved as a base prospectus by the United Kingdom Financial Conduct Authority (the "FCA") as competent authority under Regulation (EU) 2017/1129 (the "Prospectus Regulation"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuers or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

The FCA has neither approved nor reviewed any information contained in this base prospectus in connection with PR Exempt Notes (as defined below).

Application has been made to the FCA under Part VI (Official Listing) of the Financial Services and Markets Act 2000 ("FSMA") for Notes issued by SCPLC or SCB under the Programme (other than PR Exempt Notes (as defined below)) within 12 months of the date of this Prospectus to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the Main Market of the London Stock Exchange (the "Market"). The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council (as amended or superseded, "MiFID II").

The relevant Final Terms (as defined below) or Pricing Supplement (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or listed on any other stock exchange).

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

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

In relation to any Tranche (as defined in "Overview of the Programme"), the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and any other terms and conditions not contained herein which are applicable to such Tranche will be set out in a final terms document ("Final Terms") which, with respect to Notes to be listed on the Market, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of the Notes of such Tranche. References in this Prospectus to "PR Exempt Notes" are to Notes for which no prospectus is required to be published pursuant to the Prospectus Regulation. Information contained in this Prospectus regarding PR Exempt Notes shall not be deemed to form part of this Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of PR Exempt Notes. In the case of PR Exempt Notes, notice of the aforesaid information which is applicable to each Tranche will be set out in a pricing supplement document ("Pricing Supplement"). Accordingly, in the case of PR Exempt Notes, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement unless the context requires otherwise.

As at the date of this Prospectus, i) SCPLC's long term senior debt ratings are A2 by Moody's Investors Service Singapore Pte. Ltd ("Moody's Singapore"), BBB+ by S&P Global Ratings Hong Kong Limited ("S&P") and A by Fitch Ratings Ltd ("Fitch"); and ii) SCB's long term senior debt ratings are A1 by Moody's Singapore, A by S&P and A+ by Fitch. Moody's Singapore is not established in the United Kingdom or the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the "CRA Regulation"). Moody's Singapore is affiliated to Moody's Investors Service Ltd ("Moody's") which is established in the European Union and is registered under the CRA Regulation. In accordance with the CRA Regulation, Moody's Investors Service Ltd may endorse credit ratings issued by Moody's Singapore. S&P is not established in the United Kingdom or the European Union and has not applied for registration under the CRA Regulation. Fitch is established in the European Union and is registered under the CRA Regulation.

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

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

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Prospectus and in the applicable Final Terms and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes.

**INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO AND SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERTISE TO EVALUATE THE EFFECT OF OR THE LIKELIHOOD OF THE OCCURRENCE OF THE FACTORS DESCRIBED UNDER THE SECTION HEADED "RISK FACTORS" IN THIS PROSPECTUS, WHICH INCLUDES THE RISK THAT THE NOTES MAY BE CONVERTED INTO ORDINARY SHARES AND/OR MAY BE SUBJECT TO STATUTORY WRITE-DOWN OR BAIL-IN, WHICH MAY RESULT IN LOSS ABSORPTION BY INVESTORS.**

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

Joint Arrangers

J.P. Morgan Cazenove

BofA Securities

Credit Suisse

J.P. Morgan Cazenove

Standard Chartered Bank (Hong Kong) Limited

Dealers

Barclays

Deutsche Bank

Lloyds Bank Corporate Markets

UBS Investment Bank

Standard Chartered Bank

BNP PARIBAS

Goldman Sachs International

Standard Chartered Bank

## IMPORTANT

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

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

1. the SCPLC Prospectus comprises this document with the exception of the documents incorporated by reference in paragraphs 1 and 2 on page 9 of the section entitled "*Documents Incorporated by Reference*", the information contained in the sections entitled "*Standard Chartered Bank*" and "*Capitalisation and Indebtedness of Standard Chartered Bank*" and paragraphs 4 and 6 in the section entitled "*General Information*"; and
2. the SCB Prospectus comprises this document with the exception of the information contained in the sections entitled "*Standard Chartered PLC*" and "*Capitalisation and Indebtedness of Standard Chartered PLC*".

References in this document to the "**Prospectus**" mean (i) in relation to SCPLC, the SCPLC Prospectus, and (ii) in relation to SCB, the SCB Prospectus.

This Prospectus constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

This Prospectus (supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area ("**EEA**") or in the United Kingdom (the "**United Kingdom**" or the "**UK**") and/or offered to the public in the EEA or in the UK other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation. Each Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes in compliance with Article 23 of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA or the United Kingdom (each, a "**Relevant State**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the relevant Issuer or any Dealer (as defined in "*Overview of the Programme*") to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. None of the Issuers, the Arrangers (as defined in "*Overview of the Programme*") nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for either Issuer, the Arrangers or any Dealer to publish or supplement a prospectus for such offer.

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

SCPLC accepts responsibility for the information contained in the SCPLC Prospectus and any applicable Final Terms in relation to Notes issued by it. To the best of its knowledge the information contained in the SCPLC Prospectus is in accordance with the facts and the SCPLC Prospectus makes no omission likely to affect its import.

SCB accepts responsibility for the information contained in the SCB Prospectus and any applicable Final Terms in relation to Notes issued by it. To the best of its knowledge the information contained in the SCB Prospectus is in accordance with the facts and the SCB Prospectus makes no omission likely to affect its import.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus in connection with the issue or sale of the Notes and, if given or

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

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

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

**THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S AND IN THE CASE OF REGISTERED NOTES, IF PROVIDED IN THE RELEVANT FINAL TERMS, WITHIN THE UNITED STATES TO QIBs IN RELIANCE ON RULE 144A. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF REGISTERED NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND THE DISTRIBUTION OF THIS PROSPECTUS, SEE "SUBSCRIPTION AND SALE" AND "TRANSFER RESTRICTIONS".**

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

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II PRODUCT GOVERNANCE/TARGET MARKET** – The applicable Final Terms in respect of any Notes will include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms or Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmarks Regulation. Not every reference rate will fall within the scope of the Benchmarks Regulation. An administrator of a particular benchmark may not be required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms or Pricing Supplement due to: (i) transitional provisions in the Benchmarks Regulation; or (ii) where such administrator is located outside the European Union or the UK, it has (a) been recognised or endorsed under Article 32 or Article 33 of the Benchmarks Regulation, or (b) received an equivalence decision from the European Commission under Article 30. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, neither Issuer intends to update the relevant Final Terms or Pricing Supplement to reflect any change in the registration status of the administrator.

**NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA") AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018")** – In connection with Section 309(B) of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, each Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

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

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

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

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

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 and other advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. See also *"Risk Factors - Risks related to the Notes generally - Implementation of and/or changes to the capital adequacy framework may result in changes to the risk-weighting of the Notes and/or loss absorption by Noteholders in certain circumstances"* below.

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

**In connection with the issue of any Tranche (as defined in "Overview of the Programme"), the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation 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, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents (or sections of documents) which have been previously published or are published simultaneously with this Prospectus and which have been filed with the FCA:

1. the audited annual accounts of SCB for the year ended 31 December 2018 (including the audit report thereon);
2. the audited annual accounts of SCB for the year ended 31 December 2019 (including the audit report thereon) (the "**SCB 2019 Accounts**");
3. the Annual Report and audited accounts of SCPLC, its subsidiaries and subsidiary undertakings (the "**Group**") for the year ended 31 December 2018 (the "**2018 Annual Report**");
4. the Annual Report and audited accounts of the Group for the year ended 31 December 2019 (the "**2019 Annual Report**");
5. the "*Standard Chartered PLC statement on the Bank of England 2019 stress test results*" released by SCPLC on 17 December 2019 (the "**2019 BoE Stress Test Results**");
6. the document entitled "*Pillar 3 Disclosures 2019*" released by SCPLC on 27 February 2020;
7. the announcement by SCPLC on 31 March 2020 regarding dividends, buy-backs and new commitments in light of the COVID-19 pandemic;
8. the document entitled "*Pillar 3 Disclosures 31 March 2020*" released by SCPLC on 29 April 2020;
9. the interim management statement for the first quarter of 2020 announced by SCPLC on 29 April 2020 (the "**Interim Management Statement**");
10. the section headed "*Terms and Conditions of the Notes*" on pages 27 to 54 of the prospectus dated 5 November 2009 prepared in connection with the U.S.\$27,500,000,000 Debt Issuance Programme established by SCPLC, SCB, SCBHK and SC First Bank;
11. the section headed "*Terms and Conditions of the Notes*" on pages 35 to 57 of the prospectus dated 11 November 2011 prepared in connection with the U.S.\$42,500,000,000 Debt Issuance Programme established by SCPLC, SCB, SCBHK and SC First Bank;
12. the section headed "*Terms and Conditions of the Notes*" on pages 39 to 59 of the prospectus dated 10 October 2012 prepared in connection with the U.S.\$50,000,000,000 Debt Issuance Programme established by SCPLC, SCB and SCBHK;
13. the section headed "*Terms and Conditions of the Notes*" on pages 42 to 62 of the prospectus dated 10 October 2013 prepared in connection with the U.S.\$57,500,000,000 Debt Issuance Programme established by SCPLC, SCB and SCBHK;
14. the section headed "*Terms and Conditions of the Notes*" on pages 43 to 66 of the prospectus dated 10 October 2014 prepared in connection with the U.S.\$70,000,000,000 Debt Issuance Programme established by SCPLC, SCB and SCBHK;



15. the section headed "Terms and Conditions of the Notes" on pages 43 to 66 of the prospectus dated 9 October 2015 prepared in connection with the U.S.\$77,500,000,000 Debt Issuance Programme established by SCPLC, SCB and SCBHK;
16. the section headed "Terms and Conditions of the Notes" on pages 43 to 67 of the prospectus dated 14 June 2017 prepared in connection with the U.S.\$77,500,000,000 Debt Issuance Programme established by SCPLC and SCB;
17. the section headed "Terms and Conditions of the Notes" on pages 43 to 70 of the prospectus dated 19 June 2018 prepared in connection with the U.S.\$77,500,00,000 Debt Issuance Programme established by SCPLC and SCB; and
18. the section headed "Terms and Conditions of the Notes" on pages 47 to 74 of the prospectus dated 18 June 2019 prepared in connection with the U.S.\$77,500,000,000 Debt Issuance Programme established by SCPLC and SCB.

The above documents may be inspected as described in paragraph 13 of "*General Information*" at <https://www.sc.com/en/investors/>.

Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, approved by the FCA for the purpose of the Prospectus Regulation, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this 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 be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The financial statements for SCPLC and SCB as detailed in paragraphs 1, 2, 3 and 4 listed above were prepared in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

The parts of the above mentioned documents which are not incorporated by reference into the SCPLC Prospectus or the SCB Prospectus (as detailed at paragraphs 1 and 2 on page 2 of this Prospectus respectively) are either not relevant for investors or are covered elsewhere within the SCPLC Prospectus or the SCB Prospectus respectively.

### **ALTERNATIVE PERFORMANCE MEASURES**

Certain alternative performance measures ("**APMs**") are included or referred to in this Prospectus. APMs are financial measures of historical or future financial performance, financial position, or cash flows used by SCPLC and SCB within their financial publications to supplement disclosures prepared in accordance with IFRS. SCPLC and SCB consider that these measures provide useful information to enhance the understanding of financial performance. An explanation of each APM's components and calculation method as they are used by SCPLC and SCB in each of their financial publications generally can be found on page 64 (incorporated by reference herein) of the 2019 Annual Report and page 26 (incorporated by reference herein) of the 2019 SCB Accounts.

## **SUPPLEMENTARY PROSPECTUS**

If at any time SCPLC or SCB shall be required to prepare a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation such Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market shall constitute a supplementary prospectus as required by Article 23 of the Prospectus Regulation.

Each Issuer has given an undertaking to the Dealers that if a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in this Prospectus which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and/or of the rights attaching to the Notes issued by it and/or the reasons for the issuance and its impact on the Issuer, it shall prepare and deliver an amendment or supplement to, or replacement of, this Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## **AVAILABLE INFORMATION**

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

## **ENFORCEABILITY OF JUDGMENTS**

SCPLC is a company incorporated as a public limited company in England and Wales with registered number 966425 and SCB is a company incorporated with limited liability in England by Royal Charter with reference number ZC18. Most of the directors of the Issuers are not residents of the United States, and all or a substantial portion of the assets of the Issuers are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

## **FORWARD-LOOKING STATEMENTS**

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

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

## OVERVIEW OF THE PROGRAMME

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

*This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980.*

<b>Issuers</b>	Standard Chartered PLC and Standard Chartered Bank.
<b>Legal Entity Identifier of the Issuers</b>	SCPLC: U4LOSYZ7YG4W3S5F2G91 SCB: RILFO74KP1CM8P6PCT96
<b>Description of Issuers</b>	SCPLC and SCB are companies within the Group, an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. SCPLC was incorporated in England and Wales as a public limited company in 1969. SCB was incorporated in England with limited liability by Royal Charter in 1853.
<b>Risk Factors</b>	There are certain factors which may affect the Issuers' ability to fulfil their obligations under the Notes issued under the Programme. These are set out under the section entitled " <i>Risk Factors</i> " and include (i) business, macroeconomic and geopolitical risks, (ii) macro-prudential, regulatory and legal risks, and (iii) operational risks. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see the section entitled " <i>Risk Factors</i> ").
<b>Description</b>	Debt Issuance Programme.
<b>Programme Limit</b>	Up to U.S.\$77,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuers may increase this amount in accordance with the Programme Agreement.
<b>Joint Arrangers</b>	J.P. Morgan Securities plc and SCB (each an " <b>Arranger</b> " and together the " <b>Arrangers</b> ").
<b>Dealers</b>	Barclays Bank PLC BNP Paribas Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc Merrill Lynch International SCB Standard Chartered Bank (Hong Kong) Limited UBS AG London Branch
	The Issuers may from time to time terminate the appointment of any dealer or appoint additional dealers

either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of the Programme, a syndicated issue or one or more Tranches.

<b>Trustee</b>	BNY Mellon Corporate Trustee Services Limited.
<b>Issuing and Paying Agent</b>	The Bank of New York Mellon, London Branch.
<b>CMU Paying Agent and CMU Lodging Agent</b>	The Bank of New York Mellon, Hong Kong Branch.
<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer and the relevant Dealers.
<b>Denomination</b>	Definitive Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that (i) the minimum denomination of each Note admitted to trading on a EEA exchange and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation will be at least €100,000 (or the equivalent amount in another currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency and (ii) unless otherwise permitted by then current laws and regulations, Notes issued by SCPLC which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by SCPLC in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.\$200,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, in each case subject to compliance with all legal and/or regulatory requirements applicable to the relevant jurisdiction.
<b>Form of Notes</b>	The Notes may be issued in bearer form only (" <b>Bearer Notes</b> "), in bearer form exchangeable for Registered Notes (" <b>Exchangeable Bearer Notes</b> ") or in registered form only (" <b>Registered Notes</b> ") and Bearer Notes may be issued in NGN form. Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in

compliance with the D Rules (as defined in "Overview of the Programme – Selling Restrictions"), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be evidenced by Certificates without coupons. Certificates evidencing Registered Notes that are registered in the name of a nominee or common depository for one or more clearing systems are referred to as "**Global Certificates**".

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

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, Senior Notes may have any maturity that is one month or greater and Dated Subordinated Notes will have a minimum maturity of five years and one day.

**Issue Price**

Notes may be issued at their principal amount or at a discount or premium to their principal amount.

**Method of Issue**

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

other Tranches of the same Series and will be set out in a set of Final Terms.

**Fixed Rate Notes**

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

**Reset Notes**

Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the applicable Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to a Mid-Swap Rate, a Benchmark Gilt Rate, a Reference Bond Rate or a U.S. Treasury Rate and for a period equal to the reset period, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms. Interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest by reference to LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR, SIBOR, SOFR, SONIA or SORA as adjusted for any applicable margin for the duration specified in the Final Terms.

Interest periods will be specified in the relevant Final Terms.

**Zero Coupon Notes**

Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest, other than in the case of late payment.

**Remedies for Non-Payment**

In respect of (i) any Dated Subordinated Notes or (ii) any Senior Notes for which Restrictive Events of Default are specified in the Final Terms, the remedies available to the Trustee (on behalf of the holders of such Notes) for non-payment will be limited. In particular, other than upon certain events of a winding-up, the Trustee (on behalf of the holders of such Notes) will not have the right to give notice to an Issuer that such Notes are due and payable at their Early Redemption Amount plus accrued interest, as described under "*Terms and Conditions of the Notes, 9(b)*" and "*Terms and Conditions of the Notes, 9(c)*".

**Redemption**

The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes issued by SCPLC which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by SCPLC in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Optional Redemption**

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders and if so, the terms applicable to such redemption.

<b>Early Redemption</b>	Except as provided in " <i>Optional Redemption</i> " above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons or, if specified in the relevant Final Terms in relation to Dated Subordinated Notes, upon the occurrence of a Regulatory Capital Event or, if specified in the relevant Final Terms in relation to Senior Notes, in certain circumstances upon the occurrence of Loss Absorption Disqualification Event. See " <i>Terms and Conditions of the Notes – Redemption, Purchase and Options</i> ".
<b>Withholding Tax</b>	All payments of principal and interest in respect of the Notes and the Coupons will be made free and clear of withholding taxes of the United Kingdom unless required by law. In that event (save in respect of the payment of principal on the Dated Subordinated Notes), the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders or Couponholders (after the withholding or deduction) of such amount as would have been received by them in the absence of the withholding or deduction, subject to customary exceptions, all as described in " <i>Terms and Conditions of the Notes – Taxation</i> ".
<b>Status of Notes</b>	The Senior Notes will constitute direct, unsubordinated and unsecured obligations of the relevant Issuer and the Dated Subordinated Notes will constitute direct, subordinated and unsecured obligations of the relevant Issuer, all as described in " <i>Terms and Conditions of the Notes – Status</i> ".
<b>Negative Pledge</b>	None.
<b>Cross Default</b>	None.
<b>Listing</b>	<p>Application has been made for Notes (other than PR Exempt Notes) issued by SCPLC or SCB under the Programme to be listed on the Official List and to be admitted to trading on the Market.</p> <p>PR Exempt Notes may be unlisted and/or may be admitted to trading on another market or stock exchange, as set out in the applicable Pricing Supplement.</p>
<b>Ratings</b>	<p>As at the date of this Prospectus, i) SCPLC's long term senior debt ratings are A2 by Moody's Singapore, BBB+ by S&amp;P and A by Fitch; and ii) SCB's long term senior debt ratings are A1 by Moody's Singapore, A by S&amp;P and A+ by Fitch.</p> <p>Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>



<b>Governing Law</b>	The Notes will be governed by and construed in accordance with English law.
<b>Agreement with respect to the exercise of UK Bail-In Power</b>	Applicable
<b>Selling Restrictions</b>	<p>The United States, the EEA, the United Kingdom, Hong Kong, Japan, PRC, France, Italy, The Netherlands, Singapore and such other restrictions as may be required in connection with a particular issue of Notes. See "<i>Subscription and Sale</i>" and "<i>Transfer Restrictions</i>".</p> <p>The Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "<b>Code</b>") (the "<b>D Rules</b>"), unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "<b>C Rules</b>") 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 ("<b>TEFRA</b>"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable. In the case of a distribution under Rule 144A, Notes will be issued in registered form, as defined in U.S. Temp. Treas. Reg. §5f.103-1(c).</p>
<b>PRIIPs Regulation</b>	No PRIIPs Regulation key information document has been prepared as the Notes are not available to retail investors in the EEA.
<b>Transfer Restrictions</b>	There are restrictions on the transfer of Notes sold pursuant to Rule 144A. See " <i>Terms and Conditions of the Notes</i> ", " <i>Transfer Restrictions</i> " and " <i>Subscription and Sale</i> ".

## RISK FACTORS

*Each Issuer believes that the following factors, which are specific to the Issuers, may affect its ability to fulfil its obligations under Notes issued pursuant to the Programme. All of these factors are contingencies which may or may not occur.*

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

*Each Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, with the most material risk factor under each category being presented first. Notwithstanding this, either Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes issued by it for other reasons and neither Issuer represents that the statements below regarding the risks of holding any Notes are exhaustive.*

**PROSPECTIVE INVESTORS SHOULD HAVE REGARD TO AND SHOULD HAVE SUFFICIENT KNOWLEDGE AND EXPERTISE TO EVALUATE THE EFFECT OF OR THE LIKELIHOOD OF THE OCCURRENCE OF THE FACTORS DESCRIBED IN THE SECTIONS BELOW, WHICH INCLUDE THE RISK THAT THE NOTES MAY BE CONVERTED INTO ORDINARY SHARES AND/OR MAY BE SUBJECT TO STATUTORY WRITE-DOWN OR BAIL-IN, WHICH MAY RESULT IN LOSS ABSORPTION BY INVESTORS.** *Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **1. Risks relating to the Group and its business operations**

#### **1.1 The Group is exposed to macroeconomic risks**

The Group operates across more than 59 markets and is affected by the prevailing economic conditions in each of these markets. Macroeconomic factors have an impact on personal expenditure and consumption, demand for business products and services, the debt service burden of consumers and businesses, the general availability of credit for retail and corporate borrowers and the availability of capital and liquidity for the Group. All these factors have impacted and may continue to impact the Group's financial condition and results of operations.

Asia remains the main driver of global growth supported by internal drivers, led by China. In particular, Greater China, North Asia and South East Asian economies remain key strategic regions for the Group. The emergence of the novel strain of the coronavirus identified in China in late 2019 ("**COVID-19**") has impacted the Group's overall macroeconomic and operating environment; see the risk factor titled "*Risks relating to the Group and its business operations - The novel coronavirus outbreak, and the emergence of new diseases, could materially and adversely affect the business, results of operations and financial condition of the Issuers and of the Group*" for further disclosure on the impact of the COVID-19 pandemic on the Group. The COVID-19 pandemic coincides with a period of slowdown in China's economy. Prior to the pandemic, China's GDP growth had slowed to 6 per cent. in each of Q3 and Q4 in 2019, the weakest pace in almost 30 years. Highly trade oriented economies such as Hong Kong and Singapore with close ties to China are especially vulnerable. In Q1 2020, GDP shrank by 8.9 per cent. and 2.2 per cent. year-on-year for Hong Kong and Singapore respectively. Regional supply chain economies such as Korea, Taiwan and Malaysia are being impacted from a fall in economic activity.

The occurrence or continuance of any of the above risks could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

*1.2 The novel coronavirus outbreak, and the emergence of new diseases, could materially and adversely affect the business, results of operations and financial condition of the Issuers and of the Group*

COVID-19 has spread throughout the world. On 11 March 2020, the World Health Organisation confirmed that its spread and severity had escalated to the point of pandemic. The outbreak of COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, curfews, quarantines and shut downs, and has led to increased volatility and declines in financial markets and severe economic downturn in many countries.

The spread of COVID-19 has led the Group to modify its business practices, including the imposition of restrictions on employee travel, changes to working locations and the cancellation of physical participation in meetings. The Group may take further actions required by authorities or that it determines are in the best interests of its employees, customers, partners or suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the COVID-19 pandemic, and the implementation of such measures (or their insufficiency) could harm the Group's ability to perform critical functions. The unavailability of staff could adversely impact the quality and continuity of service to customers and the reputation of the Group.

The further economic impact of the COVID-19 pandemic will depend on the continuing development of the virus and the responses of the authorities and the global community. The degree to which the COVID-19 pandemic continues to impact the Group's results will depend on future developments, which, as at the date of this Prospectus, are highly uncertain and cannot be predicted. These developments may include, but are not limited to, the duration and spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, the extent and effectiveness of economic stimulus packages and how quickly and to what extent normal economic and operating conditions can resume. In the medium- to long-term, if the spread of COVID-19 is prolonged, or further diseases emerge that give rise to similar macroeconomic effects, macroeconomic conditions will be adversely affected and could lead to further economic downturn in countries where the Group operates and the global economy more broadly (which could be widespread, severe and long lasting). The ability of the Group's customers to serve their contractual obligations, including to the Group, may also be materially adversely affected. The factors described above could, together or individually, have a material and adverse impact on the business, results of operations and financial condition of the Issuers and of the Group, which could be severe.

*1.3 The Group is exposed to geopolitical risks*

The Group faces risks associated with geopolitical uncertainty. Geopolitical tensions or conflicts in areas where the Group operates could impact: (i) trade flows; (ii) economic activity and related levels of financial transactions; (iii) the ability of the Group's customers to serve their contractual obligations; and (iv) the Group's ability to manage capital, liquidity or operations across borders.

In particular:

- The Group derives significant revenues from supporting cross-border trade and material offshore support operations. The adoption of protectionist policies driven by nationalist agendas could disrupt established supply chains and invoke retaliatory actions. Countries could introduce tariffs on goods and services available domestically or from other economies. Such actions would impact global trade. In

addition, several authorities in the Group's footprint continue to adopt stringent standards on outsourcing or offshoring activities and there is an increased focus on priority sector lending requirements. The adoption of such policies and standards could have a material adverse impact on the Group's revenues from affected operations.

- Tensions between the U.S. and China, driven by trade imbalance and geopolitical tensions, continue to rise. The situation is rapidly changing and remains fragile, particularly given the backdrop of actions taken by the U.S. and China in relation to trade tariffs imposed on respective imports since 2018, the U.S. 2020 presidential election, the politics evolving around the COVID-19 pandemic, and China's protest over the U.S. Senate's passing of the Hong Kong Human Rights and Democracy Act which threatens Hong Kong's special trade status. Extended U.S.-China trade tensions could destabilise the world economy.
- Hong Kong remains the largest profit contributor to the Group. The combined effect of various factors, including: (i) the uncertainty over U.S.-China trade relations; (ii) ongoing social unrest (in particular that seen in the second half of 2019 following the proposal by the Hong Kong government of the Fugitive Offenders and Mutual Legal Assistance in Criminal Matters Legislation (Amendment) Bill (the "**Extradition Bill**")); and (iii) the COVID-19 pandemic, has led to a notable slowdown in Hong Kong's economy, which shrank by 8.9% in Q1 2020 year-on-year. In addition, China's move to impose national security laws in Hong Kong resulted in the U.S. announcing intentions to withdraw privileges granted to Hong Kong under the U.S.-Hong Kong Policy Act of 1992. Hong Kong's standing as an international financial centre could be at risk if there is a resulting loss in confidence in the convertibility of HK\$ and the freedom of capital movement. U.S. tariffs on China and restrictions on technology transfer and investment could also become applicable to Hong Kong. Until full details of the actions proposed by the U.S. are revealed it will not be possible to assess their impact on Hong Kong, which could be significant.
- The Group has a material presence across the Middle East. The last 12 months have seen an increase in political and military volatility across the Middle East with Iran, Saudi Arabia, the UAE and the U.S. as the key actors. Continued or worsening volatility could destabilise the region's economy or disrupt the Group's operations in the Middle East.
- Following the UK's exit from the European Union (the "**EU**") ("**Brexit**") on 31 January 2020, the UK entered an implementation period that will remain in place until 31 December 2020 (subject to any extension which may be agreed between the UK and the EU) (the "**Implementation Period**"). In the event the UK and the EU fail to agree on a post Brexit trade framework for the financial services sector by the end of the Implementation Period, a 'hard' Brexit will occur effective from 1 January 2021 unless an alternative approach is agreed, or the Implementation Period is extended. Brexit could have implications on the economic outlook for the Eurozone and the UK which might in turn have global implications because of changes in policy direction. The uncertainties linked to Brexit negotiations could delay corporate investment decisions until there is more clarity.
- As the Japan-South Korea dispute over wartime labour compensation escalated, Japan imposed export restrictions on South Korea on important raw materials for semiconductors and Organic Light Emitting Diode ("**OLED**") displays, with effect from 4 July 2019. On 21 February 2020 a preparatory meeting was held where both sides agreed to hold the Eighth Japan-Korea Export Control Policy Dialogue in Seoul on 10 March 2020. At the meeting both sides discussed issues including further updates to the status of export control systems and their implementation in order to contribute to exploring resolution of issues of concern. South Korean chip manufacturers rely on these imports. Although this supply shortage is expected to have minimal

immediate impact because the use of these raw materials is limited to high-end products, the adoption of these advanced technologies is critical for retaining technological leadership and is expected to accelerate in the medium term. These are important markets for the Group.

The occurrence or continuance of any of the above risks could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

#### 1.4 *Climate related physical risks and transition risks*

The Group is exposed to the potential for financial loss and further non-financial detriments arising from climate change and society's response to it. This risk consists principally of:

- physical risk, being the risks arising from increasing frequency and severity of acute weather-related events and longer-term chronic shifts in climate patterns; and
- transition risk, being the risks arising from the process of adjustment to a low-carbon economy, in order to limit global temperature rise.

(together referred to as "**Climate Risk**").

The Bank of England ("**BoE**") published its Supervisory Statement SS 3/19 ("**SS 3/19**") in April 2019, setting out significant measures to be taken by banks and insurers in managing Climate Risk.

The Group has set out a Climate Risk workplan, with oversight from the Group Risk Committee, to meet the expectations of SS 3/19. This includes developing tools and methodologies for Climate Risk assessments and integrating these into risk management practices. The Group's central Enterprise Risk Management Framework recognises Climate Risk as a material cross-cutting risk type, manifesting through other principal risks and the SCPLC Board has approved a Risk Appetite Statement for Climate Risk.

The Group has an existing commitment to measure, monitor and ultimately reduce the emissions associated with the financing of its clients, and to align lending portfolios to the Paris Agreement. In December 2019, the BoE published a Discussion Paper setting out its proposal for the 2021 Biennial Exploratory Scenario ("**BES**") on Climate Risks. The objective is to test the resilience of the largest banks' and insurers' exposure to Climate Risks, as well as that of the financial system more generally. The BoE expects to publish its final BES in the second half of 2020, and the results in 2021. The Group also anticipates regulatory guidance and expectation in respect of Climate Risks in many of the Group's other markets to increase.

Such regulatory developments, together with existing guidance and expectations, may have significant impacts, for example, on energy infrastructure developed in the Group's markets, and thus present 'transition' risks for the Group's clients, and may affect demand for financial products and services. Conversely, if governments fail to enact policies which limit global warming, many of the Group's markets will be particularly susceptible to the 'physical' risks of climate change such as droughts, floods, sea level change and average temperature change.

Climate Risk may impact the loss profile of the Group's loan portfolio and may reduce demand for financial products and services. The occurrence or continuance of any of the abovementioned risks could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

1.5 *The Group is exposed to risks relating to the integrity and continued existence of reference rates*

In July 2017, the CEO of the FCA announced that beyond 2021 the FCA would no longer seek to persuade or compel panel banks to submit quotes to the London Interbank Offered Rate (“**LIBOR**”). The BoE and FCA Working Group on Sterling Risk-Free Rates (the “**RFRWG**”) have been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) across sterling bond, loan and derivative markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Whilst SCB does not submit to LIBOR, LIBOR is heavily relied upon by the Group as a reference rate.

In a public letter dated 16 January 2020, in which the PRA and the FCA set out their initial expectations for transition from GBP LIBOR to SONIA during 2020, the PRA and the FCA referred to a series of targets set for 2020 by the RFRWG. Those targets include, for instance, that firms should cease issuance of GBP LIBOR-based cash products maturing beyond 2021 by the end of Q3 2020. Accordingly, the continuation of LIBOR in its current form will not be guaranteed after 2021, and it is likely that several panel banks will cease contributing to LIBOR from 2022, leading to LIBOR’s cessation. Given this, the FCA called for the industry to start preparing for LIBOR cessation, by transitioning from Interbank offered rates (“**IBORs**”) to risk-free rates (“**RFRs**”), such as SONIA.

On 26 February 2020, the BoE published a market notice (the “**Market Notice**”) relating to: (i) haircut add-ons that will be applied to LIBOR linked collateral; and (ii) the eligibility of LIBOR linked collateral for the purposes of the Sterling Monetary Framework (“**SMF**”). For these purposes, the phrase ‘LIBOR linked collateral’ means: (a) LIBOR linked loan portfolios, (b) collateral securities where the coupon pays a rate of interest calculated by reference to LIBOR; (c) collateral securities where embedded swap payments are calculated by reference to LIBOR; and (d) collateral securities backed by loans where one or more loans in the portfolio is a LIBOR linked loan. Under the terms of the Market Notice, the haircut add-on to LIBOR linked collateral will be 10 percentage points from 1 October 2020, 40 percentage points from 1 June 2021 and 100 percentage points from 31 December 2021. The Market Notice also provides that: (x) from 1 October 2020, all LIBOR linked collateral securities issued on or after that date and maturing after 31 December 2021, where LIBOR is the applicable reference rate, will be ineligible for use in the SMF; and (y) from 31 December 2021, all LIBOR linked collateral, regardless of the issuance or origination date, will be ineligible for use in the SMF. Throughout the Market Notice LIBOR refers to GBP LIBOR, USD LIBOR, EUR LIBOR, JPY LIBOR and CHF LIBOR. The measures proposed by the BoE in relation to LIBOR linked collateral may have an adverse financial impact on the Group to the extent that any member of the Group has an exposure to, or has posted, such collateral.

Transition from LIBOR to RFRs presents several risks: (i) there are fundamental differences between LIBOR and RFRs and value transfer may arise in transitioning contracts from one to the other; (ii) the market may transition at different paces in different regions and across different products, presenting various sources of basis risk and posing major challenges on hedging strategies; (iii) clients may allege that they have not been treated fairly throughout the transition or may not be aware of the options available to them and the implications of decisions taken, leading them to claim unfair financial detriment; (iv) changes in processes, systems and vendor arrangements associated with the transition may not be within appropriate tolerance levels; (v) legal risk in relation to the fall-back risks associated with the transition; and (vi) accounting and financial reporting risk in that the changes in underlying rates, and their impact on matters such as cashflows and valuations, may not be incorporated correctly.

The occurrence or continuance of any of the above risks could have a material adverse effect on the Group’s financial condition, results of operations and, its prospects.

1.6 *New technologies and digitisation (including disruption risk, responsible use of Artificial Intelligence (“AI”) and obsolescence risk)*

New technologies have continued to gather speed with a growing number of use cases that address evolving customer expectations.

The banking landscape for retail banking, for example, is witnessing significant shifts in customer value propositions as markets deepen. Companies using financial technology (commonly referred to as “**Fintechs**”) are delivering digital-only banking offerings with a differentiated user experience, value propositions and product pricing. There is growing usage of machine learning (“**ML**”) to deliver highly personalised services, e.g. virtual chatbots to provide digital financial advice and predictive analytics to cross-sell products.

In Corporate Banking, the Group observes an increasing focus on process digitisation to streamline processes and provide scalable and personalised solutions for corporate clients. There are a growing number of use cases for blockchain technologies, e.g. streamline cross-border payments and automated key documentation. AI and ML have also been increasingly used in predictive risk modelling, e.g. loan default forecast. Failure to expediently adapt and harness such technologies would place the Group at a competitive disadvantage.

There is an increasing usage of partnerships and alliances by banks to respond to a rapidly changing banking landscape and disruption from existing players and new entrants. This is making partnerships and alliances an integral part of banks’ emerging business models and value propositions to clients, including those models used within the Group.

As these new technologies grow in sophistication and become further embedded across the banking and financial services industry, banks, including SCB, may become more susceptible to technology-related risks. For example, the growing usage of big data and cloud computing solutions has heightened cyber security risks in banks. Banks may also face increased risks of business model disruption as new products and technologies continue to emerge.

Regulators increasingly emphasise the importance of resilient technology infrastructure in terms of eliminating cyber risk and improving reliability. The challenge is in both renewing, and increasing investment into, the Group’s technology estate to reduce the risks presented by obsolescence and to meet the demand for its required performance levels, which continue to rise significantly.

The occurrence or continuance of any of the above risks could have a material adverse effect on the Group’s financial condition, results of operations and, if severe or prolonged, its prospects.

1.7 *The Group is exposed to competition in the markets in which it operates*

The Group is subject to significant competition from local banks and other international banks carrying on business in the markets in which it operates, including competitors that may have greater financial and other resources. In addition, the Group may experience increased competition from new entrants in the relevant product or geographic markets and existing competitors may combine to increase their existing market presence or market share.

Many of the international and local banks operating in the Group’s markets compete for substantially the same customers as the Group and competition may increase in some or all of the Group’s principal markets. In order to remain competitive, the Group may not realise the margins in certain markets which it would otherwise have expected or desired. In addition, certain competitors may have access to lower cost funding and be able to

offer loans on more favourable terms than the Group. Furthermore, in certain of the Group's markets, it competes against financial institutions that are supported or controlled by governments or governmental bodies and the Group might be required to satisfy certain lending thresholds and other identified targets. Regulations may also favour local banks by restricting the ability of international banks, such as the Group, to enter the market and/or expand their existing operations. Such restrictions could adversely affect the Group's ability to compete in these markets.

In addition, the wider banking industry is witnessing several significant technology related trends, which is increasingly leading to competition from non-bank technology companies, primarily in areas such as peer-to-peer lending, payments and cross-border remittances. See the risk factor entitled "*Risks relating to the Group and its business operations - New technologies and digitisation (including disruption risk, responsible use of artificial intelligence ("AI") and obsolescence risk)*".

The above matters, individually or in combination, may have a material adverse effect on the Group's financial condition, results of operations and prospects.

#### **1.8 Regulatory and enforcement reviews, investigations and legal proceedings**

Regulatory and enforcement reviews and investigations and internal practice and process reviews may result in adverse consequences for the Group.

Since the global financial crisis, the banking industry has been subject to increased regulatory scrutiny. There has been an unprecedented volume of regulatory changes and requirements, as well as a more intensive approach to supervision, oversight and conduct. Banking sector entities, including the Group, have been and continue to be subjected to an increasing number of regulatory and enforcement reviews, requests for information (including subpoenas and requests for documents) and investigations across the markets in which the Group operates, often with enforcement consequences.

The Group is also party to legal proceedings from time to time, which may give rise to financial losses or adversely impact the Group's reputation in the eyes of its customers, investors and other stakeholders.

Regulatory and enforcement authorities have broad discretion to pursue prosecutions and impose a wide range of penalties for non-compliance with laws and regulations. Penalties imposed by authorities have included substantial monetary penalties, additional compliance and remediation requirements and additional business restrictions. In recent years, authorities have exercised their discretion to impose increasingly severe penalties on financial institutions in connection with violations of laws and regulations, and there can be no assurance that future penalties will not be of increased severity. As a result, the outcome of regulatory and enforcement reviews, requests for information and investigations may, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group has in recent years been subject to a number of proceedings with various authorities and other parties, the resolution of which has in certain cases included substantial monetary penalties, additional compliance and remediation requirements and additional business restrictions. These proceedings have included:

- In April 2019, the Group resolved investigations by various U.S. authorities (concerning historical violations of U.S. sanctions laws and regulations) and the FCA (concerning the effectiveness and governance of certain historical financial crime controls) (the "**2019 Resolutions**"), paying U.S.\$947 million in monetary penalties to the U.S. authorities and £102 million to the FCA. Deferred Prosecution Agreements ("**DPAs**") previously entered with each of the Department of Justice ("**DOJ**") and the New York County District Attorney's Office ("**DANY**") were also extended to 9 April



2021. The monitorship previously imposed by the DOJ expired on 31 March 2019. As of 31 December 2019, the term of the independent consultant appointed by the New York Department of Financial Services (“**NYDFS**”) terminated and the business restrictions previously imposed by the NYDFS are no longer in effect.

- In January 2020, a shareholder derivative complaint was filed by the City of Philadelphia in the New York State Court against 45 current and former directors and senior officers of the Group. It is alleged that the individuals breached their duties to the Group and caused a waste of corporate assets by permitting the conduct that gave rise to the costs and losses to the Group of the 2019 Resolutions. Each of the Issuers and Standard Chartered Holdings Limited are named as "nominal defendants" in the complaint.
- The Group is also a defendant in a number of lawsuits that have been filed since 2014 in the United States District Courts for the Southern and Eastern Districts of New York against a number of banks (including SCB) on behalf of plaintiffs who are, or are relatives of, victims of various terrorist attacks in Iraq. The plaintiffs allege that the defendant banks aided and abetted the unlawful conduct of U.S. sanctioned parties in breach of the U.S. Anti-Terrorism Act. Based on the facts currently known, it is not possible for the Group to predict the outcome of these lawsuits.

The Group’s compliance with historical, current and future sanctions, as well as financial crime control, anti-money laundering and the U.S. Bank Secrecy Act 1970 (the “**Bank Secrecy Act**”) requirements and customer due diligence practices are, and will remain, a focus of relevant authorities.

Any breach of law, regulation, settlement agreement (including DPAs) or order, or non-compliance with or weakness in, the Group’s policies, procedures, systems, controls and assurance for its anti-money laundering, Bank Secrecy Act, sanctions, compliance, corruption and tax crime prevention efforts may give rise to the adverse consequences described above, any of which could have a material adverse impact on the Group, including its reputation, business, results of operations, financial condition and prospects.

#### *1.9 Increased data privacy and security risks from strategic and wider use of data*

As digital technologies grow in sophistication and become further embedded across the banking and financial services industry, the potential impact profile with regards to data risk is changing. Banks may become more susceptible to technology-related data security risks as well as customer privacy risks. The growing use of big data for analysis purposes and cloud computing solutions are examples of this.

In addition, these risks represent an emerging and topical theme both from a regulatory and compliance perspective (i.e. the EU General Data Protection Regulation raises the profile of data protection compliance). Similarly, increasing the use of AI and ML technology within the Group requires additional data protection considerations and assumptions, including in respect of the algorithms used in the underlying analysis as well as the resulting data produced. Regulatory controls on the resulting data produced from such tools also need to be considered.

The Group’s move towards cloud computing solutions and increasing use of big data for analysis purposes leads to increased susceptibility to data security and customer privacy risks, which in turn may, individually or in combination, have a material adverse effect on the Group’s financial condition, results of operations and prospects.

## 2. Credit and traded risk

### 2.1 *The Group is exposed to risks associated with changes in the credit quality and the recoverability of loans and amounts due from counterparties*

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses.

Although the Group's continued focus on high-quality origination within a more granular risk appetite has enabled sustained improvements in the credit quality of its corporate portfolios, the Group remains alert to broader geopolitical uncertainties that continue to affect sentiment.

Principal uncertainties include the emergence of COVID-19 and its impact on the Group's operating environment and the overall macroeconomic outlook. See the risk factor titled "*Risks relating to the Group and its business operations - The novel coronavirus outbreak, and the emergence of new diseases, could materially and adversely affect the business, results of operations and financial condition of the Issuers and of the Group*". Uncertainties also include macroeconomic conditions, in particular, the economic slowdown in China, Hong Kong and the U.S. and the potential impact on regional economies with close ties to China, and emerging market risks. Any change in global or country-specific economic conditions or asset values, adverse changes in the credit quality of the Group's borrowers and counterparties, and adverse changes arising from a deterioration in economic conditions or asset values (including a prolonged or severe deterioration) could reduce the recoverability and value of the Group's assets and require an increase in the Group level provisions for bad and doubtful debts or write-downs experienced by the Group. The Group may also experience these effects if a systemic failure in one or more financial systems were to occur (see the risk factor titled "*Credit and traded risk - The Group is exposed to systemic risk resulting from failures by banks, other financial institutions and corporates*").

Direct or indirect regulatory interventions may also adversely impact the operating environment. These interventions could be based on fundamental policies such as household debt levels, money supply control etc. but could also at times be influenced by populist measures. Industry wide forbearances, capping of debts to overleveraged customers, capping unsecured debt limits and controlling property prices are some examples of measures which can impact a customer's ability and intention to serve debt obligations.

Credit impairment rose significantly in Q1 2020 as against Q1 2019, with approximately half of this increase attributable to two Corporate and Institutional Banking clients in unrelated markets and sectors. The impact of the COVID-19 pandemic is expected to lead to higher Stage 3 impairments from Q2 2020 onwards.

The occurrence of any of the above, or a failure by the Group to manage these risks effectively, could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

### 2.2 *The Group is exposed to systemic risk resulting from failures by banks, other financial institutions and corporates*

Within the financial services industry the default of any institution or corporate could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions as the commercial soundness of many financial institutions may be closely correlated as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk", and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, other financial institutions and

exchanges with whom the Group interacts on a daily basis. In turn, the soundness of these institutions could have an adverse effect on the Group's ability to raise new funding and could have a material impact on the Group's business, financial condition, results of operations and prospects.

**2.3** *The Group is exposed to risks associated with changes in interest rates, exchange rates, commodity prices, and credit spreads and other market risks*

The primary categories of market risk for the Group are:

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

The occurrence or continuance of unexpected events resulting in significant market dislocation could have a material adverse effect on the Group's financial condition and results of operations and, if severe or prolonged, its prospects. Failure to manage these risks effectively may also have a material adverse effect on the Group's financial condition and results of operations and, if such failure is significant or prolonged, its prospects.

**2.4** *The Group is exposed to the risks associated with volatility and dislocation affecting financial markets and asset classes*

Volatility and dislocation affecting certain financial markets and asset classes, whether unexpected, prolonged or elevated, are factors that have had and may continue to have a material adverse effect on the Group's assets, financial condition and results of operations. In particular, these factors have had, and may continue to have, a negative impact on the mark-to-market valuations of assets in the Group's Fair Value through Other Comprehensive Income ("**FVOCI**") and trading portfolios. As at the close of business on 19 May 2020, Treasury Markets held approximately U.S.\$126 billion of High Quality Liquid Assets for regulatory purposes under IFRS9/FVOCI accounting rules. Under Regulation (EU) 575/2013 (as amended by Regulation (EU) 2019/876) (the "**CRR**"), any profit or loss under FVOCI impacts the Group's Common Equity Tier 1 Capital ("**CET1 Capital**" or "**CET1**") position directly. In addition, if such volatility or dislocation were to be severe or prolonged, this may also adversely affect the Group's prospects.

Market volatility may also negatively impact certain customers exposed to derivative contracts. While the Group seeks to manage customer exposure and risk, the potential losses incurred by certain customers as a result of derivative contracts could lead to an increase in customer disputes and corporate defaults and result in further write-downs or impairments. Failure to manage such risks therefore may have a material adverse effect on the Group's financial condition, results of operations and, if such failure is significant or prolonged, its prospects.

**2.5** *The Group is subject to the risk of exchange rate fluctuations and risks associated with exposure to cross-border or foreign currency obligations, in each case arising from the geographical diversity of its businesses*

As the Group's business is conducted in a number of jurisdictions and in a number of currencies (including, for example, U.S. dollars, Pounds sterling, Korean won, Hong Kong dollars, Singapore dollars, Taiwan dollars, Chinese yuan, Indian rupees and a number of African currencies), the Group's business is subject to the risk of exchange rate fluctuations. The results of operations of Group companies are initially reported in the local currencies in which they are domiciled, and these results are then translated into U.S. dollars at the applicable foreign currency exchange rates for inclusion in the Group's consolidated financial statements. The exchange rates between local currencies and the U.S. dollar have been, and may continue to be, volatile. The Group is therefore exposed to movements in exchange rates in relation to non-U.S. dollar currency receipts and payments, dividend and other income from its subsidiaries and branches, reported profits of subsidiaries and branches and the net asset carrying value of non-U.S. dollar investments and Risk Weighted Assets ("**RWA**") attributable to non-U.S. dollar currency operations.

Although the Group monitors adverse exchange rate movements (and, in some cases, may seek to hedge against such movements), it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on the Group and the translation effect against the U.S. dollar of such fluctuations in the exchange rates of the currencies of those countries in which the Group operates.

In addition, the Group's exposure to cross-border or foreign currency obligations gives rise to transfer and convertibility risks, which arise from the possibility that a government is unable or unwilling to make foreign currency available for remittance out of the country, thereby preventing, amongst other things, its use in settlement of cross-border arrangements. Unless suitable mitigation is in place to transfer the exposure to an alternative country of risk (e.g. parental support, offshore cash collateral, comprehensive credit insurance), transfer and convertibility risks could result in counterparties being unable to discharge their obligations to the Group when due. They could also adversely affect the ability of one member of the Group to make remittances to other members of the Group.

Any such changes in the economic and market conditions, or a failure by the Group to manage such risks effectively, could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

## **2.6** *The Group is exposed to counterparty credit risk*

Counterparty credit risk is the risk that a counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative or repurchase contract defaults either on, or prior to, the maturity date of the relevant contract, and that the Group at the time has a claim on the counterparty. This risk arises predominantly in the trading book, but also arises in the non-trading book when hedging with external counterparties is undertaken.

Changes in the credit quality of the counterparties, and adverse changes arising from a deterioration (including a prolonged or severe deterioration) in global or country-specific economic conditions or asset values can impact the counterparty's ability to meet its payment, margin call and collateral posting requirements. The Group may also experience these effects if a systemic failure in one or more financial systems were to occur.

In the broad range of trading products and services, the Group also faces settlement risk when there is an exchange of value that is not made simultaneously between the counterparties (i.e. where the Group delivers value prior to receipt of payment from the counterparty); foreign exchange products are primary contributors to the Group's settlement risk profile. There are a broad range of settlement techniques adopted such as Continuous Linked Settlement ("**CLS**"), settlement via Central Counterparties

("CCPs"), settlement on a netter basis and Delivery-Versus-Payment ("DVP") mechanisms, to reduce, mitigate and monitor settlement risk.

The occurrence of any of the above or a failure by the Group to manage these risks effectively, could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

## 2.7 *The Group is exposed to issuer risk*

The Group is exposed to the risk of an issuer of marketable securities defaulting, including risks in respect of its underwriting commitments from time to time. Market participants raise capital and funding for their needs through the issuance of bonds, notes, debentures, loans and other forms of negotiable instruments or securities from investors through public or private issuances. Risk arises from the change in value to the investors in such instruments or their derivatives.

The risk has two key components:

- the market price risk, which is the potential change in the value of the instrument resulting from changes in the underlying market risk factors, predominantly interest rates and credit spreads; and
- the risk arising from a potential Jump-to-Default ("JTD") of the issuer on its obligation, resulting in the value of the instrument falling to the expected value of the instrument at default.

(together, "**Issuer Risk**")

The Group has appropriate mechanisms in place to monitor and manage Issuer Risk; sensitivities to the market risk factors and concentration limits across multiple dimensions are monitored on a daily basis. Any failure in these mechanisms, or losses occurring as a result of the occurrence of an event of default in relation to an issuer or issuers (in each case, whether arising from a JTD or otherwise) could have a material adverse effect on the Group's financial condition, results of operations and prospects.

## 2.8 *The Group is exposed to pension risk*

Pension risk is the potential for loss due to requirements on having to meet an actuarially assessed shortfall in the Group's pension schemes. In the event of a shortfall, the Group may be required or may choose to make additional payments to the Group's pension schemes which, depending on the amount, could have a material adverse effect on the Group's financial condition, results of operations and prospects.

## 3. **Capital and liquidity risk**

### 3.1 *The Group's business is exposed to risks resulting from restrictions on, and decisions relating to, the management of its balance sheet and capital resources*

The Group must ensure the effective management of its capital position in order to operate its business, to grow organically and to pursue its strategy. Future changes that limit the Group's ability to manage its balance sheet and capital resources effectively, or capital, strategic, operational or financial decisions taken by the Group, could have a material adverse effect on the Group's regulatory capital position, financial condition, results of operations and prospects.

### 3.2 *The Group is exposed to risks associated with any downgrade to the Group's credit ratings*

The Group's ability to access the capital markets, and the cost of borrowing in these markets, is significantly influenced by the Group's credit ratings. A reference to the Group's credit ratings includes (a) all ratings provided by the agencies including, but not limited to, long term and short term ratings, counterparty ratings and instrument ratings and (b) any outlooks assigned to those ratings from time to time.

There is no guarantee that the Group will not be subject to downgrades to its credit ratings and/or negative changes in the outlook on such ratings. Factors leading to any such downgrade or change in outlook may not be within the control of the Group (for example, the deterioration of macroeconomic assessments, including as a result of the COVID-19 pandemic, the exercise of subjective judgement, a change in the methodology or a change in approach used by the rating agencies to rate the Group or its securities).

Since November 2015, certain of the Group's ratings have been downgraded by Fitch, Moody's and S&P for various reasons. The impact of these changes has not, to date been considered significant by the Group; however, the impact of any future changes to the Group's ratings may be material. The ratings agencies each rely on their own methodologies to assess the Group's ratings. Common drivers include operating environment, profitability, capital, liquidity, asset risk, government/affiliate support and debt buffers. Changes in these methodologies or drivers and/or any changes in the rating agencies' subjective assessments of the Group could adversely impact the Group's ratings. Notwithstanding the rating agency methodologies, rating agencies have also specifically identified a number of factors based on their most recent assessment of the Group that could result in a negative change to the Group's ratings in the near future, some of which may be referred to in the ratings agencies' public statements on the Group's ratings from time to time.

These factors include, but are not limited to, the Group's financial performance or balance sheet metrics of the Group on which elements of the ratings are based, reduction in the Group's debt buffers, external events affecting the Group or the broader banking sector, deterioration in the macro-economic assessments of the Group's markets and/or the potential for deterioration in the Group's operating environment. If any of these factors materialise or other events occur (for example, a change in the methodology or approach used by any applicable agency that rates the Group or its securities) or any other factors not yet identified emerge, they could lead to negative change in the Group's ratings.

Although the Group currently has a liquid and well-funded balance sheet, a negative change in the Group's credit ratings in the future could impact the volume, price and source of its funding, or adversely impact the Group's competitive position, all of which could have a material adverse effect on the Group's financial condition, results of its operations and/or prospects.

### **3.3 *The Group is exposed to liquidity and funding risks***

Liquidity and funding risks are a potential cause of loss where the Group may not have sufficiently stable or diverse sources of funding or financial resources to meet the Group's obligations as they fall due.

Although the Group currently has a liquid and well-funded balance sheet, liquidity and funding risk is inherent in banking operations and can be heightened by a number of factors, including: (i) an over-reliance on, or inability to, access a particular source of funding (including, for example, reliance on inter-bank funding); (ii) the extent of mobility of intra-Group funding; (iii) changes in credit ratings or market-wide phenomena such as financial market instability; and (iv) natural disasters.

As the Group operates in markets which have been and may continue to be affected by illiquidity and extreme price volatility, either directly or indirectly through exposures to securities, loans, derivatives and other commitments, its policy is to manage its liquidity

prudently in all geographic locations so as to ensure each country operates within predefined liquidity limits and remains in compliance with Group liquidity policies and practices, as well as local regulatory requirements.

However, any reoccurrence or prolonged continuation of such conditions could have an adverse effect on the Group's financial condition and results of operations and, if severe, its prospects. In addition, any significant increase in the cost of acquiring deposits, inability to further increase deposits or significant outflow of deposits from the Group, particularly if it occurs over a short period of time, could have a material adverse impact on the Group's financial condition and liquidity position.

**3.4** *The Group is exposed to the risk of regulators imposing new prudential standards, including increased capital, leverage, loss-absorbing capacity and liquidity requirements*

Currently, the Group meets the minimum regulatory capital standards under Directive 2013/36/EU (as amended by Directive (EU) 2019/873) (the "**CRD IV Directive**"), the CRR and associated implementing measures (collectively "**CRD IV**"). However, the Group is exposed to the risk that the PRA or BoE could:

- increase the minimum regulatory requirements or additional capital, liquidity or leverage buffers set for the Group or any of its UK regulated firms;
- introduce changes to the basis on which capital, liquidity, leverage and RWA are computed; and/or
- change the manner in which it applies existing requirements to or impose new regulatory requirements on the Group or any of its UK regulated firms.

As a result, the Group may be required to raise capital and/or liquidity to meet any of the foregoing requirements (or to meet any changes, or changes to the application of, such requirements) or take other actions to ensure compliance, which could have a material adverse impact on the Group's financial condition, results of operations and prospects.

The Group's ability to maintain its regulatory capital and leverage ratios in the longer term could also be affected by a number of factors, including its RWA and exposures, post-tax profit, exchange rate movements and fair value adjustments. Capital levels and requirements are more sensitive to market and economic conditions under the Basel III prudential framework, as adopted by the BSBC in 2017 ("**Basel III**"), than under previous regimes and effective capital requirements could increase if economic or financial market conditions worsen.

The Group remains a Global Systemically Important Bank ("**G-SIB**") with a 1.0 per cent. G-SIB CET1 Capital buffer which was fully implemented on 1 January 2019. If the Group were categorised as a G-SIB with a greater than 1 per cent. requirement, the Group's minimum CET1 Capital requirement would increase. Certain of the Group's non-UK entities have been, and others may be, designated domestic systemically-important banks (referred to in the EU as other systemically-important institutions, or "**O-SIIs**") in the markets in which they operate in accordance with the approach developed by the BCBS and the Financial Stability Board (the "**FSB**"), which may in the future result in higher capital requirements for them.

From time to time, the Group may also be subject to a PRA buffer, intended to ensure the Group remains well capitalised during periods of stress. It is understood that to set the PRA buffer, the PRA considers results from various stress tests as well as other relevant information. The PRA buffer is additional to the existing capital conservation buffer, and is applied if and to the extent that the PRA considers existing capital buffers do not adequately address the Group risk profile. The PRA buffer is not disclosed.

UK banks (including SCB) are subject to a minimum leverage ratio of 3.25 per cent., and in certain cases a supplementary leverage ratio buffer is applicable. The Group is also required to ensure that the amount of stable sources of funding to which it has access (i.e. liquidity) meets a ratio prescribed by the CRR.

Institutions for which bail-in is the appropriate resolution strategy, such as the Group, are also required to hold certain amounts of loss-absorbing capital (i.e. minimum requirements for own funds and eligible liabilities ("**MREL**")).

If the regulatory capital, leverage, loss-absorbing capacity, liquidity or other requirements applied to the Group are increased in the future, this may have an adverse effect on the Group's financial condition, results of operations and prospects. In addition, any failure by the Group to satisfy such increased requirements could result in regulatory intervention or sanctions (including loss or suspension of a banking license) or significant reputational harm, which in turn may have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group may also be impacted by the implementation of further regulations which are currently under consultation or yet to be finalised or transposed (where applicable) into domestic law. Such changes in regulation, if implemented and/or when finalised may, directly or indirectly, give rise to increased regulatory capital requirements for the Group and could materially adversely affect the Group's business, financial condition, results of operations and prospects.

#### **4. Risks associated with regulatory resolution measures**

##### **4.1** *The business and operations of the Group may be affected by resolution measures developed by its regulators, including those introduced in accordance with the Directive (EU) 2014/59 ("**BRRD**") (as amended) and the Banking Act 2009*

The wide-ranging powers introduced and to be introduced by the Group's regulators to enable them to intervene and alter the business and operations as well as the capital and debt structure of an unsound or failing bank could have significant consequences for the Group's profitability, its financing costs and the implementation of its global strategy. The exercise or prospective exercise of resolution powers may have a material adverse effect on the Group's financial condition, results of operations and prospects.

Moreover, in order to prepare for the possibility of a bank entering financial difficulty, recovery and resolution planning regimes provide the Group's regulators with powers to require the Group to make changes to its legal, capital or operational structures, alter or cease to carry on certain specified activities, or satisfy MREL requirements. If the Group's regulators ultimately decide that any such changes are necessary or desirable to increase the resolvability and recoverability of the Group, the impact of any changes required may have a material effect on capital, liquidity and leverage ratios or on the overall profitability of the Group.

##### **(A) Regulatory Capital Write-Down, Bail-in and other Resolution Powers**

The BRRD requires EU Member States ("**Member States**") to give powers to their regulators and other bodies responsible for resolution activities ("**Resolution Authorities**") to recapitalise institutions and/or their EEA parent holding companies if those entities, or the groups of which they form part, are in severe financial difficulty or at the point of non-viability by permanently writing-down certain capital instruments (such as the Notes) issued by such institutions and/or their EEA or UK parent holding companies (or converting capital instruments into shares) ("**Regulatory Capital Write-Down Powers**").



The BoE, HM Treasury, the PRA and the FCA have additional powers under the Banking Act 2009 (as amended) to deal with, among others, banks and other deposit-taking institutions which are failing or likely to fail to satisfy certain threshold conditions (the “**SRR**”). The SRR is comprised of, amongst others, a bank insolvency procedure, a bank administration procedure, and five stabilisation options, including transfer of the business and the power to 'bail-in' certain unsecured liabilities (such as the Notes) of an institution and/or certain of its parent holding companies (among others) in a resolution scenario (“**Bail-in Powers**”). Other powers under provided by the Banking Act 2009 include powers to amend or alter the maturity of debt instruments issued by an institution or amend the amount of interest payable or the date on which interest becomes payable under such instruments, to delist shares, to relist any debt instruments which have been written down and to transfer assets, rights and liabilities of an institution, among others.

(B) Early intervention powers and powers to remove barriers to resolvability

The BRRD also extends the existing powers of regulators to intervene at an appropriate early stage to facilitate the recovery of viable institutions, including powers to remove and replace board members, implement measures identified in the institution's recovery plan, require changes to the legal or operational structure of the institution or appoint special managers to restore the financial health of the institution.

(C) Contractual recognition of Bail-in

The PRA requires UK banks (such as SCB) to ensure that contracts which are governed by the law of a non-EEA country contain a term whereby the creditor or party to the agreement creating the liability recognises that the liability may be subject to the write-down and conversion powers, and agrees to be bound by any reduction of the principal or outstanding amount due, conversion or cancellation that is effected by the exercise of those powers (the “**Article 55 Requirement**”). Failure to include such a contractual term shall not prevent the Resolution Authority from exercising its Regulatory Capital Write-Down Powers in respect of the relevant liability. Whilst the PRA have not historically challenged SCB's compliance with the Article 55 Requirement, it remains open to the PRA to comment on this, which could require SCB to renegotiate relevant contracts in the future, incurring additional costs to the Group in doing so.

There is a risk that the Article 55 Requirement could affect the ability of the Group's non-UK branches to raise and maintain funding and deposits in their local markets, increase the cost of such funding, give rise to a competitive disadvantage for the Group relative to its non-UK competitors, impact funding in periods of stress and give rise to additional operational requirements.

(D) Ongoing requirements

The Group is required to produce and keep up-to-date recovery plans to withstand a significant deterioration in its financial position, and to provide detailed information about its businesses and entities. The preparation and maintenance of recovery plans and resolution plan-related information, and the need to undertake work to improve the resolvability of the Group, represents a significant operational burden for the Group.

(E) Resolution funds

Banks (such as SCB) are required to make ex ante contributions (the **UK bank levy**) to a resolution fund designed to ensure the effective application of

resolution powers by the BoE. The cost of the UK bank levy could represent a material cost to SCB or the Group. Institutions, including the Group, may also be required to make an extraordinary ex-post contribution if the amounts raised by the ex-ante contributions are insufficient to cover the losses, costs or other expenses involved in the resolution of an institution or institutions.

The specific interaction of the resolution recovery mechanics discussed herein with the Notes is outlined in the risk factor entitled “*Risk Factors – Risks related to the Notes generally – Notes issued under the Programme may be subject to statutory write-down or bail-in*” below.

## **5. Operational, reputational, compliance (including legal) and conduct risks**

### *5.1 The Group is exposed to operational risks*

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from the impact of external events (including legal risks). Operational losses may result from:

- deficient execution capability (the failure to execute client facing transactions appropriately, and failure to design and/or meet product management standards and product-related regulatory requirements);
- challenges in the Group’s operational resilience (failure to maintain and test business continuity plans, failure to maintain systems, failure to meet appropriate data standards, failure to appropriately manage vendor services and meet related regulatory requirements, failure to manage change projects, failure to meet standards for people management including relevant regulations);
- non-compliance with laws and regulations on corporate governance and exchange listing rules;
- inadequate maintenance of financial books and records, financial reporting, or failure to comply with tax laws and regulations;
- erroneous design or inappropriate use of models;
- failure to create a safe, secure, and healthy environment for staff and clients; and/or
- inability to enforce the Group’s contractual risks.

In the majority of cases, the Group adopts straight through processing to deliver internal or external client requests. In certain situations, processes are dependent on manual interventions (for example, when a bespoke transaction is supported) which expose the Group to execution related risks. The Group continues to invest in and prioritise process and system enhancements to curtail and limit these risks.

The BoE, PRA and FCA jointly released a discussion paper on an approach to improve the operational resilience of firms and financial markets infrastructures (“**FMI**s”) in July 2018. On 5 December 2019 the BoE, PRA and FCA published consultation papers in line with the concepts introduced in the July 2018 discussion paper. The latest proposals expect firms and FMI to identify important business services that, if disrupted, could cause harm to consumers or market integrity, threaten the viability of firms or cause instability in the financial system. Firms and FMI will also be expected to identify and document the people, processes, technology, facilities and information that support their important business services. The proposed policies will comprise new rules (for the FCA and PRA), principles and guidance, and will be implemented through the authorities’ respective supervisory areas. The consultations closed on 3 April 2020 and the PRA has

indicated that, subject to the feedback received, it will work to develop final Operational Resilience Parts for publication in the second half of 2020.

These reforms have highlighted the importance of maintaining client services on an end to end basis and proposed the adoption of thresholds to inform resilience. Resilience risks are heightened for the Group in the following areas:

- The Group continues to enhance its product (hardware and software) lifecycle, however the Group may be exposed to obsolescence risk if product refreshes are not carried out in a timely manner before vendor end of support dates. The Group continues to run targeted programs to review its product support and to inform on investment requirements to maintain products.
- The appropriate management, maintenance and use of data supports many of the Group's decisions and interactions with clients and regulators. Inaccurate or erroneous use of data may lead to financial, regulatory, or reputational impact. The Group has adopted a number of key processes and standards to apply and oversee adherence to the BCBS principles for effective risk data aggregation and risk reporting (BCBS239).
- The Group selectively engages third party vendors to support its business strategy and operating model. These vendors may expose the Group to further operational challenges ranging from non-delivery of services to reputational or regulatory impact. The Group manages vendor service risk under the Third Party Risk Management Process supported by the Group's control assessment standards.
- In support of its strategy, the Group continues to invest in its people, processes, and infrastructure through material change programmes which expose the Group to delivery risk. The Group maintains standard business and technology protocols to deliver such programmes supported by second line oversight.

Although the Group seeks to manage operational risks in a timely and effective manner through a framework of policies and procedures, the occurrence or continuation of one or more of the foregoing risks which are inherent in banking activities, or any failure to manage one or more of such risks effectively, may have a material adverse effect on the Group's financial condition, results of operations and prospects.

## 5.2 *The Group's business is subject to reputational risk*

Reputational risk is the potential for damage to the franchise, resulting in loss of earnings or adverse impact on market capitalisation, as a result of stakeholders taking a negative view of the organisation, its actions or inactions, leading stakeholders to change their behaviour.

Risk drivers with negative impact on the Group are frequently linked with Environmental, Social, and Governance ("**ESG**") risks including, increasing regulatory and Non-Governmental Organisation focus on climate risk and decisions taken around thresholds for financing sectors which contribute to climate change (e.g. coal, oil and gas, and plastics), the social impact of the businesses the Group finances in alignment with responsible corporate lending, and ongoing regulatory investigations related to financial crime management, trading activities and other governance related risks.

Additionally, a potential failure in the Group's other principal risks may also result in reputational impact to the Group if not managed effectively (i.e. secondary reputational risk).

Material damage to the Group's reputation could have a material impact on the future earning capacity of the Group through the loss of current and prospective customers, or

through damage to key governmental or regulatory relationships. As such, a failure to manage reputational risk effectively could materially affect the Group's business, results of operations and prospects.

*5.3 The Group is exposed to risks associated with operating in some markets that have relatively less developed judicial and dispute resolution systems*

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

*5.4 The Group is exposed to penalties or loss through a failure to comply with laws or regulations*

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

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

Failure to manage legal and regulatory risks properly has, in some cases, resulted (and may, in some cases, continue to result) in a variety of adverse consequences for the Group that, individually or in combination, could have an adverse impact on the Group's business, financial condition, results of operations and prospects. For example:

- the Group has been, and continues to be, subject to regulatory actions, reviews, requests for information and investigations relating to compliance with applicable

laws and regulations (see further the risk factor entitled “*Risks relating to the Group and its business operations - Regulatory and enforcement reviews, investigations and legal proceedings*”);

- the Group may incur costs and expenses in connection with proceedings resulting from non-compliance by the Group (or its employees, representatives, agents or third party service providers) with applicable laws and regulations, or a suspicion or perception of such non-compliance (including costs associated with the conduct of such proceedings and any associated liability for damages) and such non-compliance may also give rise to reputational damage; and
- a failure by the Group to comply with applicable laws or regulations may result in the Group deciding to implement restrictions on its businesses or the markets in which it operates (or offering to relevant regulators to implement such restrictions or accepting proposed restrictions or being required by relevant regulators to do so). These restrictions may be accompanied by a requirement on the Group to make periodical attestations to the relevant regulators as to its compliance with the relevant restrictions (and, if the Group does not comply with such restrictions, or is unable to give any required attestations, this may give rise to the adverse consequences described above).

#### 5.5 *The Group is exposed to the risks of operating in a highly regulated industry and changes to banking and financial services laws and regulations*

The Group’s businesses are subject to a complex framework of banking and financial services laws and regulations which give rise to associated legal and regulatory risks, including the effects of changes in laws, regulations, policies, regulatory interpretations and voluntary codes of practice. Legislative and regulatory changes, and changes to governmental or regulatory policy, that could adversely impact the Group’s business include:

- the monetary and other policies of central banks and regulatory authorities;
- general changes in governmental or regulatory policy, or changes in regulatory regimes that may significantly influence investor decisions in particular markets in which the Group operates, may change the structure of those markets and the products offered, or may increase the costs of doing business in those markets;
- changes to other regulatory requirements such as rules on consumer protection and prudential rules relating to capital adequacy and/or liquidity and/or loss-absorbing capacity instruments, charging special levies to fund governmental intervention in response to crises (which may not be tax-deductible for the Group), separation of certain businesses from deposit-taking and the breaking-up of financial institutions that are perceived to be too large for regulators to take the risk of their failure;
- over-the-counter (“**OTC**”) derivatives reforms across the Group’s markets, designed to contain systemic risk (central clearing, margin requirements, capital) and increase market transparency (real-time reporting, exchange or swap execution facility trading, disclosure and record retention);
- changes in competition and pricing environments; and
- further developments in relation to financial reporting, including changes in accounting and auditing standards, corporate governance, conduct of business and employee compensation.

In recent years there has been a substantial increase in the regulation and supervision of the financial services industry in order to seek to prevent future crises and otherwise

ensure the stability of institutions, including the imposition of higher capital and liquidity requirements (including pursuant to Basel III and CRD IV, as defined above), increased levies and taxes, requirements to centrally clear certain transactions, heightened disclosure standards, further development of corporate governance and employee compensation regimes and restrictions on certain types of transaction structures.

While there is growing international regulatory co-operation on supervision and regulation of international and EU and UK banking groups, the Group is, and will continue to be, subject to the complexity of complying with existing and new regulatory requirements in each of the jurisdictions in which it operates. Where changes in regulation are implemented they may not be co-ordinated, potentially resulting in the Group having to comply with different and possibly conflicting requirements.

Brexit is likely to lead to significant changes to the UK's legislative and regulatory framework. It is also expected that regulatory amendments will be introduced in the jurisdictions in which the Group operates that are designed to ensure banks can continue to support the economy through the COVID-19 pandemic. As an early example, the European Commission published the "Quick Fix to CRR II" on 28 April 2020, which proposed certain changes to the prudential framework in light of the ongoing COVID-19 pandemic, addressing areas such as leverage ratios, IFRS 9, backstops for non-performing exposures, software deduction, pension-salary backed loans and SME and infrastructure exposures.

The foregoing matters may adversely impact any number of areas of the Group's operations and activities which in turn may have a material adverse effect on its financial condition, results of operations and prospects.

**5.6** *Changes in law or regulation applicable to derivatives may adversely affect the Group's business and the Group may face increased costs and/or reduced revenues*

The business of the Group is subject to increased regulation and regulatory changes at both a local and global level which may increase the costs of, and/or reduce the revenue from, its business. The Group is subject to financial services laws, regulations, administrative actions and policies in each location in which the Group operates.

In July 2010, the United States passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"). The Dodd-Frank Act established wide-ranging reform of the U.S. regulatory system designed to contain systemic risk (central clearing, margin requirements, capital) and increase market transparency (real-time reporting, exchange or swap execution facility trading, disclosure and record retention). The legislation also introduced registration and oversight of key entities engaging in swaps. The Group is not a U.S. Person and it is registered with the Commodity Futures Trading Commission ("**CFTC**") as a Non-U.S. Person Swap Dealer. Relevant federal regulatory agencies have been issuing new rules, implementing regulations, and instructing the relevant regulatory agencies to examine specific issues before taking any action. The Group therefore continues to track and assess the impact of the reforms.

On 16 August 2012, the European Market Infrastructure Regulation ("**EMIR**") (formally known as Regulation (EU) No 648/2012 of the European Parliament and the Council on Over-The-Counter Derivatives, Central Counterparties and Trade Repositories) came into force. EMIR imposes requirements to report all derivative transactions to authorised or recognised trade repositories and the obligation to clear on authorised or recognised central clearing counterparties certain OTC derivative transactions ("**Transactions**") executed with financial counterparties and non-financial counterparties who exceed certain clearing thresholds. EMIR also introduces a stringent risk mitigation regime for all uncleared Transactions including a requirement to exchange collateral or margin.

The regulatory changes and resulting requirements of the Dodd-Frank Act, EMIR and similar international reform efforts may increase the costs of, and/or reduce the revenue from, engaging in Transactions and related activities for the Group. Provisions of the Dodd-Frank Act have also caused or required certain market participants (including SCB) to transfer some of their derivatives activities to separate entities. For example, in the CFTC swap dealer space, SCB currently prohibits any subsidiary from transacting in-scope derivatives with U.S. persons (specifically to prevent any subsidiary from having to register as a swap dealer). In cases where these counterparties are not able (or unwilling) to face SCB, this activity and associated client revenue may be lost at a Group level. Accordingly, the ability to enter into and perform transactions or engage in future transactions may be affected in both predictable and unpredictable ways, including increasing the costs of or reducing the incentives for engaging in such activities. New regulations may also put restraints on the way the Group can conduct its business with regard to derivatives, if those derivatives are not cleared through a central clearing house (or otherwise give rise to new compliance requirements depending on the type of regulation).

**5.7** *Changes in the Group's accounting policies or in accounting standards could affect its capital ratios and how it reports its financial condition and results of operations*

The Group prepares its financial statements under IFRS. From time to time, the International Accounting Standards Board and/or the EU change IFRS, which can affect the Group's capital ratios or how it reports its financial position and performance. In some cases, the Issuer could be required to apply a new or revised standard retroactively, or voluntarily elect to change its accounting policies, resulting in restating prior period financial statements.

On 1 January 2019, the Group adopted IFRS 16 Leases, replacing IAS 17 Leases. IFRS 16 introduced a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This resulted in an equal increase in assets and liabilities of U.S.\$1,421 million on the adoption date, with no adjustment to retained earnings. The asset is presented in 'Property, plant and equipment' and the liability is presented in 'Other liabilities'. The impact on the CET1 ratio was a reduction of approximately 8 basis points due to the right-of-use asset being 100 per cent. risk-weighted.

Further information on the Group's accounting policies and accounting standards in issue but not yet effective may be found on pages 262 to 264 of the Annual Report 2019. However, any other changes to IFRS, to the extent applicable, that may be proposed in the future, could materially adversely affect the Group's reported results of operations and financial position.

**5.8** *The Group is exposed to conduct risk*

Conduct risk is the risk of detriment to the Group's clients, investors, shareholders, market integrity, competition and counter-parties, or from the inappropriate supply of financial services, including instances of wilful or negligent misconduct. Failure to deliver fair outcomes and to protect the integrity of the markets may lead to regulatory sanctions, financial loss and reputational damage. The effective management of conduct risk takes into consideration the Group's culture, its strategy, business model, and the implementation of the three lines of defence model across the Group.

Conduct risk may also arise in respect to the Group's behaviour towards its employees. The Group believes that everyone is entitled to a fair and safe working environment that is free from discrimination, exploitation, bullying, harassment or inappropriate language.

Although the Group seeks to manage conduct risk in a timely and effective manner through the Group's Conduct Risk Type Framework, the occurrence or continuation of

one or more of the abovementioned risks, or any failure to manage one or more of such risks effectively, may have a material adverse effect on clients and the Group's financial position and operations.

## **6. Information and cyber security risk, financial crime risk and model risk**

### *6.1 The Group is exposed to information and cyber security ("ICS") risk*

Cybercrime is rising and becoming more globally coordinated. The Group's business depends on its ability to protect client data and process large volumes of transactions efficiently and with integrity. The Group is increasingly reliant on ICS to be effectively managed for digital technologies, computer and email services, software and networks. The dependency on secure processing, storage and transmission of sensitive information in its systems and networks increases the Group's risk to cybercrime including risks related to fraud, vandalism and damage to critical infrastructure.

In 2019, the Group consolidated its ICS efforts to seek to withstand cyber threats, eliminate duplication and improve clarity of roles. However if the Group fails to effectively manage its ICS risks, the impact could be significant and may include harm to the Group's reputation and may make the Group liable for the payment of customer compensation, regulatory penalties and fines. Factors such as failing to apply critical security patches from its technology providers, to manage out obsolete technology or to update the Group's processes in response to new threats could give rise to these consequences, which, if they occur, could have a material adverse effect on the Group's operations, financial condition and prospects.

### *6.2 The Group is exposed to financial crime risk*

The Group, through its size and strategic intent, continues to be exposed to money laundering and sanctions risks. These risks are inherent in the Group's operations and may arise from, among other things, the Group offering different banking products via multiple channels across regions to diverse customer types; the Group's defences being overcome by criminals; and/or regulators assessing deficiencies in the Group's design and/or governance over controls operating across the Group's client or counterparty due diligence and surveillance. The Group seeks continuously to enhance its approach to money laundering prevention, combating terrorist financing and compliance with sanctions.

The Group has reclassified the Fraud Risk sub-type from Operational Risk to financial Crime Risk, thus providing a more holistic view of Financial Crime threats.

The Group is exposed to internal and external fraud risk.

- External fraud risk is predominantly focused on the misappropriation of Group or client funds with the largest risk also in the Group's corporate and commercial client segments.
- Internal fraud risk involves internal staff who seek to circumvent the Group's internal controls for personal benefit, and, in limited cases, collude with other staff or vendors.

Fraud risk in the Retail segment is an elevated risk that manifests itself in three ways:

- application fraud, mainly through falsification of identity and income documents to increase limits (in 2018, some isolated instances of fabricating financial documents were observed);
- digital banking fraud incidents via phishing, brute attacks etc.; and



- internal frauds, due to non-systemic staff misconduct.

The occurrence or continuation of one or more of the abovementioned risks, or any failure to manage one or more of such risks effectively, may have a material adverse effect on the Group's financial condition, results of operations and prospects.

### 6.3 *The Group is exposed to model risk*

Model risk is defined as potential loss that may occur as a consequence of either a decision, or mis-estimation, based on the output of models due to errors in the development, implementation or use of such models.

Regulatory focus on model risk has intensified with: (i) the growing importance of models for business decisions, and (ii) recognition of financial losses due to inadequate models or wrong use. Additionally, new areas such as machine-learning and artificial intelligence also generate model risk.

The Group's model risk results in part from both the number and complexity of the models used, and the extent of their use within the Group. The Group uses approximately 900 in-use models across 13 model families under the scope of the Group Model Risk Policy ("**GMRP**"). Material models are concentrated in the Credit Risk IRB model family in relation to its role in regulatory capital calculation. IFRS9 models are largely assessed as having high uncertainty with respect to their model performance and data availability aspects. Financial crime compliance scorecard-based models are used to flag high-risk customers to aid the prioritisation of investigation work. Operational risk models are mainly used in capital adequacy assessments to project operational losses under stress conditions. Algorithmic, artificial intelligence and machine learning models, while not currency in scope of the GMRP, are recognised as emerging model use cases.

Models are used across the Group for various important processes (such as capital calculation, stress testing and business decisions). Examples of existing and emerging model uses include, but are not limited to:

- financial, public and regulatory reporting and disclosures;
- stress testing, financial and economic forecasting and internal capital adequacy assessments;
- product pricing, hedging, valuations, portfolio allocations, automated trading strategies and execution, economic and market research;
- counterparty and credit risk management and client credit decisions;
- fraud detection, trade and communication surveillance and anti-money laundering controls; and
- algorithms, artificial intelligence and machine learning.

The occurrence or continuation of model risk, or any failure to manage such risk effectively, may have a material adverse effect on the Group's financial condition, results of operations and prospects.

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

### 1. Risks related to the structure of a particular issue of Notes

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

#### 1.1 Notes subject to optional redemption by the Issuer

Dated Subordinated Notes may, in the circumstances set out, and subject as provided in Conditions 5(c), 5(d) and 5(e) be redeemed at the option of the Issuer at their Early Redemption Amount or Call Option Redemption Amount (as the case may be) together with any interest accrued to the date fixed for redemption. Senior Notes may, in the circumstances set out, and subject as provided in Condition 5(c), 5(d) and 5(f), be redeemed at the option of the Issuer at their Early Redemption Amount or Call Option Redemption Amount (subject to any Maximum Call Option Redemption Amount or Minimum Call Option Redemption Amount) (as the case may be) together with any interest accrued to the date fixed for redemption. In addition, Notes may be redeemed at the option of the Issuer in circumstances set out, and subject as provided, in the Terms and Conditions of the Notes.

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

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

#### 1.2 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. Such conversion may affect the secondary market and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. If the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

#### 1.3 Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of (i) the applicable Mid-Swap Rate, Benchmark Gilt Rate or Reference Bond Rate and (ii) the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a “**Subsequent Reset Rate**”). The Subsequent Reset Rate for any Reset Period could be less than the

Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

*1.4 Notes issued at a substantial discount or premium*

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

*1.5 The Issuers' obligations under Dated Subordinated Notes are subordinated*

An Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors (as defined in "*Terms and Conditions of the Notes*" herein). Although Dated Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Dated Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

*1.6 Notes where denominations involve integral multiples*

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

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

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

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

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

1.8 *The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks” are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a “benchmark”. The Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and the UK. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

1.9 *The Group is subject to risks relating to the structure of particular Notes linked to LIBOR, the Secured Overnight Funding Rate (“SOFR”), SONIA, the Singapore Overnight Rate Average (“SORA”), the Singapore Interbank Offered Rate (“SIBOR”) or any other benchmark*

On 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA’s intention to cease sustaining LIBOR from the end of 2021. In a further speech on 12 July 2018, Andrew Bailey emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. The FCA has indicated that the current panel of banks will voluntarily sustain LIBOR until this point, but the FCA will no longer persuade or compel the panel of banks to do so thereafter. The survival of LIBOR in its current form, or at all, after 2021 is therefore not guaranteed. The potential discontinuation of LIBOR or changes to the manner in which LIBOR is administered could lead to adverse consequences in respect of any Floating Rate Notes or Reset Notes where the interest rate applicable to such Notes is determined by reference to LIBOR. This could have a material adverse effect on the market value of an investment in, and the amount payable under, affected Notes.

Investors should be aware that if LIBOR, SOFR, SONIA, SORA, SIBOR or any other benchmark, were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes and Reset Notes which are linked to or which reference such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions of the Notes provide for certain fallback arrangements where a relevant Benchmark Event occurs (as defined in Condition 4(k)) or a Benchmark Transition Event and its related Benchmark Replacement Date have occurred (as defined in Condition 4(f)(ii)(F)) (which, in each case, amongst other events, includes (i) the permanent discontinuation of the relevant benchmark, (ii) a prohibition against using the relevant benchmark in respect of the Notes, or (iii) the relevant benchmark being deemed no longer representative of its underlying market). These fallback arrangements may require or result in adjustments to the interest calculation provisions of the Terms and Conditions of the Notes. Even prior to the implementation of any changes to any benchmark, or to the interest calculation provisions based on such benchmark, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect the operation of such benchmark during the term of the relevant Notes, as well as potentially adversely affecting both the return on any Notes which are linked to or which reference such benchmark and the trading market for such Notes.

In certain situations in relation to Floating Rate Notes and/or Reset Notes, including the relevant benchmark (or the relevant component part(s) thereof) ceasing to be administered, where (in the case of Floating Rate Notes) the Primary Source for the Floating Rate is a Page or (in the case of Reset Notes) Mid-Swap Rate or Swap Rate is specified to apply (any such Notes being “**Relevant Notes**”), the fallback arrangements referenced in the preceding paragraph will include the possibility that:

- (A) the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser appointed by the Issuer or, if the Issuer is unable to appoint an Independent Adviser (having used reasonable endeavours) or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- (B) where Benchmark Discontinuation (General) is specified as applicable in the relevant Final Terms, an Adjustment Spread may be applied as determined by the relevant Independent Adviser or the Issuer (as applicable),

in each such case, with the Independent Adviser or Issuer (as applicable) acting in good faith and in a commercially reasonable manner, as more fully described in the Terms and Conditions of the Notes.

No consent of the Noteholders shall be required in connection with effecting any successor rate or alternative rate (as applicable). In addition, no consent of the Noteholders shall be required in connection with any other related adjustments and/or amendments to the Terms and Conditions of the Notes (or any other document) which are made in order to effect any successor rate or alternative rate (as applicable).

In certain circumstances, the ultimate fallback for a particular Interest Period or Reset Period (as applicable), including where no successor or alternative rate (as applicable) is determined, may be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period) or the rate of interest last displayed on the relevant screen rate page or website prior to the relevant Interest Period or Reset Period (as applicable) (though substituting where a different Margin or Maximum Interest Rate or Minimum Interest Rate is specified to be applied to the relevant Interest Period or Reset Period (as applicable) from that which applied to the last preceding Interest Accrual Period

or Reset Period (as applicable), the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the relevant Interest Accrual Period or Reset Period (as applicable) in place of the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the last preceding Interest Accrual Period or Reset Period (as applicable)). In addition, no successor or alternative rate (as applicable) will be adopted if and to the extent that, in the sole determination of the Issuer, the same (i) prejudices, or could reasonably be expected to prejudice, the qualification of the Notes to form part of the Capital Resources of the Issuer or of the Group or the eligibility of the Notes to count towards the Issuer's or the Group's minimum requirements for own fund and eligible liabilities, or (ii) results, or could reasonably be expected to result, in the relevant regulator treating the next Interest Payment Date or Reset Date (as applicable) as the effective maturity date of the Notes, rather than the relevant Maturity Date of the Notes. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable). In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Notes. Investors should note that, in the case of relevant Notes, the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder. An Independent Adviser will be required to act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer in such circumstances.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Notes.

- 1.10 *SOFR, SONIA and SORA are relatively new market indices that may be used as reference rates for Floating Rate Notes and, as the related market continues to develop, there may be an adverse effect on the return on or value of Notes linked to RFRs.*

The New York Federal Reserve (the "**NY Federal Reserve**") began to publish SOFR in April 2018. Although the NY Federal Reserve has published historical indicative SOFR information going back to 2014, such prepublication historical data inherently involves assumptions, estimates and approximations. Investors should not rely on any historical changes or trends in SOFR as an indicator of future performance of SOFR. Since the publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates. As a result, the return on and value of SOFR-linked Notes may fluctuate more than floating rate debt securities that are linked to less volatile rates.

On 29 November 2017, the BoE and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates had been mandated with implementing a broad-based transition to SONIA over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Similarly, on 30 August 2019, the Monetary Authority of Singapore announced the establishment of a steering committee to oversee an industry-wide benchmark transition from the Singapore dollar Swap Offer Rate (“**SOR**”) to SORA. In addition, The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee released a consultation report identifying SORA as the alternative interest rate benchmark to SOR, envisaging a phased transition over two years.

Investors should be aware that the market continues to develop in relation to RFRs, such as SONIA, SOFR and SORA, as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates.

In addition, market participants and relevant working groups are exploring alternative RFRs, including term SONIA and term SORA (which seek to measure the market’s forward expectation of an average SONIA or SORA over a designated term). See the risk factor titled “*Risks relating to the Group and its business operations - The Group is exposed to risks relating to the integrity and continued existence of reference rates*” in relation to the anticipated market transition from LIBOR to SONIA in 2020.

The market or a significant part thereof may adopt an application of RFRs that differs significantly from that set out in the Terms and Conditions and used in relation to any Notes that reference RFRs issued under the Programme. Each Issuer may in the future also issue Notes referencing RFRs that differ materially in terms of interest determination when compared with any previous Notes referencing the same RFR issued by it, or the other Issuer, under the Programme. The development of RFRs as interest rates for Floating Rate Notes in the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which reference any such RFR from time to time.

Furthermore, the basis of deriving certain RFRs such as SONIA, SOFR and SORA, may mean that interest on Notes which reference any such RFR will only be capable of being determined after the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference any such RFR to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-linked Notes, if Notes referencing Compounded Daily SONIA or Compounded Daily SORA become due and payable as a result of an event of default under Condition 9(a), the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined on the date which the Notes become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of RFRs in the Eurobond markets may differ materially compared with the application and adoption of such RFRs in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of RFRs across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such RFRs.

Since RFRs are relatively new market indices, Notes linked to any such RFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing any RFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any RFR to which a series of Notes refers does not prove to be widely used in securities like the Notes, the trading price of such Notes referencing an RFR may be lower than those of Notes which reference indices that are

more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any RFR to which a series of Notes refers will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes referencing the relevant RFR. If the manner in which such RFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

## 2. Risks related to Notes denominated in Renminbi

There are certain special risks associated with investing in any Notes denominated in Renminbi ("**RMB Notes**"). The Issuers believe that the factors described below represent the principal risks inherent in investing in RMB Notes issued, but the inability of an Issuer to pay interest, principal or other amounts on or in connection with RMB Notes may occur for other reasons and the Issuers do not represent that the statements below regarding the risks of holding RMB Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

### 2.1 *The Renminbi is not completely freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of RMB Notes*

The Renminbi is not completely freely convertible at present. The government of the PRC (the "**PRC government**") continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction of control over the years by the PRC government over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Subject to the prior receipt of all necessary governmental approvals, an Issuer may remit the net proceeds from the offering of RMB Notes into the PRC. There is no assurance that such approvals will be granted and, if granted, will not be revoked or amended in the future. Although the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("**PBOC**") in 2018, there is no assurance that the PRC government will continue to gradually liberalise the control over cross-border RMB remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which would have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. An Issuer may need to source Renminbi offshore to finance its obligations under RMB Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC which may be affected in the event that funds cannot be repatriated outside the PRC in Renminbi. For further details in respect of the remittance of Renminbi into and outside the PRC, see the section titled "*PRC Currency Controls – Remittance of Renminbi into and outside the PRC*" on pages 222 to 225 of this Prospectus.



2.2 *There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and an Issuer's ability to source Renminbi outside China to service RMB Notes*

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the "**Settlement Agreement**") between PBOC and Bank of China (Hong Kong) Limited (the "**RMB Clearing Bank**") to further expand the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong. In addition, PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a "**RMB Clearing Bank**"), including London, Frankfurt and Singapore to further internationalise the Renminbi.

However, the current size of Renminbi-denominated financial assets outside China is limited. There are restrictions imposed by POBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. RMB Clearing Banks will only have access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of RMB Notes. To the extent an Issuer is required to source Renminbi in the offshore market to service RMB Notes, there is no assurance that such Issuer will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described under "*Terms and Conditions of the Notes – Payments and Talons – Inconvertibility, Non-transferability or Illiquidity*", the relevant Issuer can make payments under the Renminbi Notes in a currency other than Renminbi.

2.3 *Investment in RMB Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar, the Hong Kong dollar and other currencies fluctuates and is affected by changes in the PRC and international, political and economic conditions and by many other factors. In August 2015, PBOC implemented changes to the way it calculates the midpoint of the Renminbi against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. An Issuer will make all payments of interest and principal with respect to RMB Notes in Renminbi. As a result, the value of these Renminbi payments in foreign currency may vary with the prevailing exchange rates in the marketplace. For example, when an investor buys RMB Notes, such investor may need

to convert foreign currency to Renminbi at the exchange rate available at that time. If the value of Renminbi depreciates against the relevant foreign currency between then and the time that the Issuer pays back the principal of RMB Notes in Renminbi at maturity, the value of the investment in the relevant foreign currency will have declined. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from an investment in the RMB Notes.

**2.4** *Payments in respect of RMB Notes will only be made to investors in the manner specified in RMB Notes*

All payments to investors in respect of RMB Notes will be made solely (i) for so long as RMB Notes are represented by a Global Note or Global Certificate, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) for so long as RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The relevant Issuer cannot be required to make payment by any other means (including in any other currency (unless this is specified in the Final Terms of the RMB Notes) or by transfer to a bank account in the PRC).

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

**3.1** *Holding company structure and the structural subordination of Notes*

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

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

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

The remedies against an Issuer available to the Trustee on behalf of the holders of (i) Dated Subordinated Notes or (ii) any Series of Senior Notes for which Restrictive Events of Default are specified in the Final Terms will be limited. Subject to certain conditions, as described under Condition 9(d), including a requirement that the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction, in most circumstances the sole remedy available to the Trustee to recover any amounts owing in respect of the principal of or interest on such Notes will be to institute proceedings for the winding-up of the relevant Issuer in its jurisdiction of incorporation. See "*Terms and Conditions of the Notes, Condition 9(b)*" and "*Terms and Conditions of the Notes, Condition 9(c)*".

**3.3** *Modification, waivers and substitution*

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

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

3.4 *Implementation of and/or changes to the capital adequacy framework may result in changes to the risk-weighting of the Notes and/or loss absorption by Noteholders in certain circumstances*

The Basel III framework adopted by the BCBS introduced, amongst other things, new definitions of instruments eligible as regulatory capital, measures to strengthen the capital requirements for counterparty credit risk exposures arising from certain transactions, a leverage ratio and liquidity metrics.

Basel III was implemented in the EU through CRD IV. Agreement on CRD IV was reached on 16 April 2013 and the final texts were published in the Official Journal of the EU on 26 June 2013. Member States were required to apply the new requirements (with certain exceptions and subject to transitional arrangements) from 1 January 2014. As a Directive, the CRD IV Directive had to be implemented in national law, whereas the CRR is directly applicable in each Member State and does not require national implementing measures. On 14 May 2019 the Council of the EU adopted a directive and a regulation that will amend the CRD IV Directive and the CRR as part of the Risk Reduction Measures Package, in part to reflect amendments made by the BCBS to the Basel III standards. This package of reforms to the CRD IV Directive and CRR is commonly referred to as “**CRD V**”. The changes in requirements that will be introduced through CRD V may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

Any of the foregoing could affect the risk-weighting of the Notes for investors who are subject to capital adequacy requirements that follow, or are based on, Basel I (being the International Convergence of Capital Measurement and Capital Standards published by the BCBS in July 1988 together with the Amendment to the Capital Accord to Incorporate Market Risks published by the BCBS in January 1996, in each case as amended by the BCBS), Basel II or Basel III (including, in the EU/EEA, banks and investment firms), or the ability of such investors to hold the Notes. This could, in turn, affect the liquidity and/or value of the Notes.

Furthermore, the Notes may be subject to Regulatory Capital Write-Down Powers and/or Bail-In Powers (see “*Risks related to the structure of a particular issue of Notes – Notes issued under the Programme may be subject to statutory write-down or bail-in*” below and the paragraph entitled “*Risks associated with regulatory resolution measures - the business and operations of the Group may be affected by resolution measures developed by its regulators, including those introduced in accordance with the Directive (EU) 2014/59 (“**BRD**”) (as amended) and the Banking Act 2009*” above).

The application of write-down, conversion to equity or bail-in to the Notes may have an adverse effect on the position of holders of Senior Notes and/or Dated Subordinated Notes and, as a result, may affect the liquidity and/or value of the Notes. See “ *Capital and liquidity risk - The Group is exposed to the risk of regulators imposing new prudential standards, including increased capital, leverage, loss-absorbing capacity and liquidity requirements*” above.

In all other respects, the Issuers cannot predict the precise effects of potential changes that might result from the requirements on investors’ own financial performance or the impact on the market value of the Notes. Prospective investors in the Notes should consult their own advisers as to the potential consequences to and effect on them of the changes described above.

### 3.5 *Notes issued under the Programme may be subject to statutory write-down or bail-in*

Under the Regulatory Capital Write-Down Powers in the BRRD, Resolution Authorities have the power (and are obliged when specified conditions are determined by the relevant Resolution Authority or competent authority to have been met) to write-down, or convert into CET1 Capital instruments (e.g. ordinary shares) Tier 1 and Tier 2 capital instruments issued by institutions (including the Group) in certain specific cases, including before determining that the relevant institution and/or the Group has reached a point of non-viability (“**PONV**”) and, upon such determination, may take any form of resolution action or apply any resolution power set out in the BRRD. These measures applied to Tier 1 and/or Tier 2 capital instruments in issue when they took effect and, consequently, no transitional rules apply. This power will be extended to include external eligible liabilities (such as the Senior Notes) if used in combination with a resolution power, and internal eligible liabilities (in which case, it may be used independently of, or in combination with, a resolution power), once Directive (EU) 2019/879 is implemented (the national implementation deadline is 28 December 2020).

Resolution Authorities are also able to exercise Bail-In Powers to write-down certain unsecured liabilities of institutions that meet the conditions for resolution (which include a determination that a PONV has been reached or is likely to be reached) or to convert such unsecured liabilities into equity, either to recapitalise the relevant institution (subject to appropriate restructuring of that institution’s business) or to provide capital for any bridge institution that the Resolution Authorities establish in connection with the resolution of the institution. Subject to certain exemptions set out in the BRRD (including secured liabilities, bank deposits guaranteed under a Member State’s deposit guarantee scheme, liabilities arising by virtue of the holding of client money, liabilities to other non-group banks or investment firms that have an original maturity of fewer than seven days and certain other exceptions), it is intended that all liabilities of institutions should potentially be ‘bail-in-able’ (“**Eligible Liabilities**”). Resolution Authorities will apply the Bail-In Powers to the shares and other Eligible Liabilities of a failing institution and/or EEA parent holding company in accordance with a hierarchy prescribed by the BRRD, pursuant to which, for example, subordinated debt instruments are to be written-down or converted ahead of senior unsecured debt. The Bail-In Powers that have been given to Resolution Authorities include the ability to write-down or convert certain unsecured debt instruments into shares of the institution or other instruments of ownership, to reduce the outstanding amount due under such debt instruments (including reducing such amounts to zero), to cancel such debt instruments or to vary the terms of such debt instruments (e.g. the variation of maturity of a debt instrument). Any financial public support available to support Institutions is only to be used as a last resort, after the resolution tools (including the Bail-in Powers) have been exploited to the maximum extent practicable. Bail-in Powers have been in force in the UK since 31 December 2014.

Accordingly, Dated Subordinated Notes issued under the Programme fall within the pool of regulatory capital instruments that could be subject to the exercise of the Regulatory Capital Write-Down Powers. Senior Notes and Dated Subordinated Notes issued under

the Programme (insofar as they have not already been written-down or converted under the Regulatory Capital Write-Down Powers referred to above) also fall within the scope of the Bail-In Powers set out in the BRRD (which the UK has implemented through the Financial Services (Banking Reform) Act 2013 and secondary legislation, which introduced bail-in as a fourth stabilisation option which may be exercised by the BoE under the Banking Act 2009 in addition to the three previously existing stabilisation options provided under the Banking Act 2009). The determination that all or part of the principal amount of the Notes will be subject to the Regulatory Capital Write-Down Powers or the Bail-In Powers may be unpredictable and may be outside of the Issuers' control. Accordingly, trading behaviour in respect of the Notes which are subject to such write-down or conversion powers is not necessarily expected to follow trading behaviour associated with other types of securities. Any final determination, or actual or perceived increase in the likelihood, that the Notes will become subject to the Regulatory Capital Write-Down Powers or Bail-In Powers set out in the BRRD could have an adverse effect on the market price of the relevant Notes.

Potential investors should also consider the risk that a Noteholder may lose all of its investment in such Notes and claims to unpaid interest. Any amounts written-off as a result of the application of either the Regulatory Capital Write-Down Powers or the Bail-in Powers would be irrevocably lost and holders of such Notes would cease to have any claims for (i) the written-off principal amount of the Notes and (ii) any unaccrued obligations or claims arising in relation to such amounts where the full principal amount of a Note is written-off. In circumstances where UK Resolution Authorities use their Bail-In Powers to reduce part of the principal amount of the Notes, the terms of the Notes would continue to apply in relation to the residual principal amount, subject to any modification to the amount of interest payable to reflect the reduction of the principal amount. Furthermore there is a risk that the Resolution Authorities could use other resolution tools at their disposal if SCB were in resolution, either individually or in combination, to sell all or part of the business, including shares or other instruments of ownership issued by an institution, any assets, rights or liabilities, to another firm or to a bridge institution, and/or to transfer assets, rights or liabilities to a bridge institution and/or one or more asset management vehicles.

Where UK Resolution Authorities use their Bail-In Powers, they must ensure that creditors do not incur greater losses than they would have incurred had the institution been wound up under normal insolvency proceedings immediately before the exercise of the resolution power, however there can be no guarantee that the application of this requirement will mean that a Noteholder will not lose all of its investment in the Notes in the event that the UK Resolution Authorities use their Bail-in Powers in this way.

### **3.6 *Holders agree to be bound by the exercise of any UK Bail-in Power by the Resolution Authority***

In recognition of the resolution powers granted by law to the Resolution Authority (as defined in Condition 4(k)), by acquiring any Series of Notes, each Noteholder acknowledges and accepts that the amounts due under the Notes may be subject to the exercise of the UK Bail-in Power (as defined in the Terms and Conditions) and acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of any UK Bail-in Power by the Resolution Authority that may result in (i) the reduction of all, or a portion of, the amounts due under the Notes; (ii) the conversion of all, or a portion of, the amounts due under the Notes into shares or other securities or other obligations of the relevant Issuer or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable of the Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period. Each Noteholder further acknowledges, accepts, consents and agrees to be bound by the variation of the terms of the Notes, if

necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

Accordingly, the UK Bail-in Power may be exercised in such a manner as to result in Noteholders losing all or part of the value of their investment in the Notes or receiving a different security from the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Resolution Authority may exercise the UK Bail-in Power without providing any advance notice to, or requiring the consent of, the Noteholders. In addition, under the Terms and Conditions, the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes is not an Event of Default (as defined in the Trust Deed). See also, generally, the "*Regulatory Capital Write-Down, Bail-in and other Resolution Powers*" and "*Contractual recognition of Bail-in*" paragraphs in the risk factor entitled "*Risks associated with regulatory resolution measures - The business and operations of the Group may be affected by resolution measures developed by its regulators, including those introduced in accordance with the Directive (EU) 2014/59 ("BRRD") (as amended) and the Banking Act 2009*" above.

### 3.7 *Change of law*

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or any administrative practice after the date of issue of the relevant Notes.

### 3.8 *The use of proceeds of the Notes may not meet investor expectations or requirements.*

In respect of each Series of Notes which are specified in the relevant Final Terms as being "Sustainability Bonds", "Green Bonds" or "Social Bonds", the Issuer will exercise its judgement and sole discretion in determining the businesses and projects that will constitute Eligible Projects (as defined in the section entitled "*Use of Proceeds*") in respect of such Series of Notes, as described under "*Use of Proceeds*" below, and will be financed by the net proceeds of the issuance of such Notes. If the use of such proceeds is a factor in an investor's decision to invest in the Notes, they should consider the disclosure in "*Use of Proceeds*" below and/or in the Final Terms relating to such Notes, and consult with their legal or other advisers before making an investment in the Notes. There can be no assurance that any of the businesses and projects funded with the net proceeds of the issuance of the Notes will meet a specific framework or an investor's expectations or requirements.

Furthermore, there is no contractual obligation to allocate any proceeds of the issuance of the Notes to finance Eligible Projects or to provide annual progress reports as described in "*Use of Proceeds*" below and/or in the relevant Final Terms. The Issuer's failure to so allocate or report, the failure of any Eligible Projects funded with the proceeds of the issuance of the Notes to meet a specific framework or the failure of external assurance providers to opine on the relevant Eligible Projects' conformity with a specific framework, will not constitute an Event of Default with respect to the Notes and may affect the value of the Notes and/or have adverse consequences for certain investors with portfolio mandates to invest in green, social and/or sustainable assets. None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social", "sustainable" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green", "social", "sustainable" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to

investors that any projects or uses the subject of, or related to, any of the businesses and projects funded with the net proceeds of the issuance of the Notes will meet any or all investor expectations regarding such "green", "social", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the businesses and projects funded with the net proceeds of the issuance of the Notes.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or report (including, without limitation, the Sustainalytics reports and opinions referred to in "*Use of Proceeds*" below) of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Notes and in particular as to whether any of the businesses and projects to be funded with the net proceeds of the issuance of the Notes fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or report is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or report is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any Notes. Any such opinion or report is only current as at the date that opinion or report was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or report and/or the information contained therein and/or the provider of such opinion or report for the purpose of any investment in the Notes. The providers of such opinions and reports are not currently subject to any specific regulatory or other regime or oversight.

If a Series of Notes is at any time listed in, admitted to or included in any dedicated "green", "environmental", "social", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer or the Dealers makes any representation as to (i) whether the Notes will meet investor criteria and expectations regarding environmental or social impact and sustainability performance for any investors, (ii) whether the net proceeds of the issuance of the Notes will be used to finance and/or refinance relevant Eligible Projects, or (iii) the characteristics of relevant Eligible Projects, including their green, social and/or sustainability criteria, as applicable. Each potential purchaser of the Notes should have regard to the Eligible Project categories and criteria described in "*Use of Proceeds*" and/or in the relevant Final Terms and determine for itself the relevance of the information contained in this Base Prospectus regarding the use of proceeds, and its purchase of any Notes should be based upon such investigation as it deems necessary.

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

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

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

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

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

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

##### *4.3 Interest rate risks*

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

##### *4.4 Credit ratings assigned to Notes issued under the Programme*

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time. Each rating should be evaluated independently of any other rating. The suspension, reduction or withdrawal of a credit rating assigned to the Notes, or assignment of an unsolicited rating, might affect the trading behaviour of the relevant Notes and could have an adverse effect on their market price.



## TERMS AND CONDITIONS OF THE NOTES

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

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

The Notes are constituted by an Amended and Restated Trust Deed dated 17 June 2020, which amends and restates an Amended and Restated Trust Deed dated 18 June 2019, and as further amended and/or supplemented as at the date of issue of the Notes (the “**Issue Date**”) (the “**Trust Deed**”) between SCPLC, SCB and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Amended and Restated Agency Agreement dated 17 June 2020, which amends and restates an Amended and Restated Agency Agreement dated 14 June 2017 (and as amended and/or supplemented as at the Issue Date (the “**Agency Agreement**”)), was entered into in relation to the Notes between SCPLC, SCB, the Trustee and The Bank of New York Mellon, London Branch as issuing and paying agent, paying agent, transfer agent and calculation agent, The Bank of New York Mellon SA/NV Luxembourg Branch as paying agent, registrar and transfer agent, The Bank of New York Mellon, Hong Kong Branch as CMU Paying Agent and CMU Lodging Agent (the “**CMU Lodging Agent**”, which expression shall include any successor CMU lodging agents), and The Bank of New York Mellon as exchange agent, paying agent and registrar and the other agents named therein. The issuing and paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CMU Lodging Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement referred to above are available for inspection free of charge during usual business hours at the registered office of the Trustee (presently at One Canada Square, London E14 5AL) and at the specified offices of the Paying Agents and the Transfer Agents (the Trust Deed and Agency Agreement are also available at the website of the Issuer at <https://www.sc.com/en/investors/>), save that, if any Series of Notes is neither admitted to trading on a regulated market within the European Economic Area (“**EEA**”) (or the United Kingdom) nor offered in the EEA (or the United Kingdom) in circumstances where a prospectus is required to be published pursuant to Regulation (EU) 2017/1129, as amended or superseded and to the extent that such amendments have been implemented in the relevant member state of the EEA (or the United Kingdom) (the “**Prospectus Regulation**”), the applicable pricing supplement will only be available for inspection by a Noteholder holding one or more Notes of the Series and such Noteholder must produce evidence satisfactory to the relevant Issuer and the Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. For the purposes of these Conditions, all references (other than in relation to the

determination of interest and other amounts payable in respect of the Notes) to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the Hong Kong Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU Service**”), be deemed to be a reference to the CMU Lodging Agent and all such references shall be construed accordingly.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”), are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the applicable Final Terms or Pricing Supplement and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

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

As used in these Conditions, “**Tranche**” means Notes of a Series which are identical in all respects.

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

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Denomination(s) specified hereon save that the minimum denomination of each Note admitted to trading on a European Economic Area (or a United Kingdom) exchange and/or offered to the public in a Member State of the European Economic Area (or in the United Kingdom) in circumstances which require the publication of a prospectus under the Prospectus Regulation will be at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Relevant Currency.

*All Registered Notes shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable Bearer Notes. Unless otherwise permitted by the then current laws and regulations, Notes issued by SCPLC which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by SCPLC in the United Kingdom or whose issue would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) will have a minimum Denomination of £100,000 (or its equivalent in other currencies). Notes sold in reliance on Rule 144A will be in minimum Denominations of U.S.\$200,000 (or its equivalent in another currency) and integral multiples of U.S.\$1,000 (or its equivalent in another currency) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant jurisdiction.*

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

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

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). The Issuer may appoint a registrar (the “**Alternative Registrar**”) in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series comprising Registered Notes. In these Conditions, “**Registrar**” includes, if applicable, in relation to any Series comprising Registered Notes, the Registrar or, as the case may be, the Alternative Registrar. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

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

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

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

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

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

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

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

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

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

(d) **Delivery of New Certificates**

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

(e) **Exchange Free of Charge**

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

(f) **Closed Periods**

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

**3. Status**

(a) **Status of Senior Notes**

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

(b) **Status of Dated Subordinated Notes**

The Dated Subordinated Notes (being those Notes that specify their Status as Dated Subordinated) and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves.

The rights and claims of Noteholders and Couponholders against the Issuer to payment in respect of the Dated Subordinated Notes (including, without limitation, any payments in respect of damages awarded for breach of any obligations) are, in the event of the winding-up of the Issuer or in an administration of the Issuer following notice by the administrator of an intention to declare and distribute a dividend, subordinated in right of payment in the manner provided in the Trust Deed to the claims of all Senior Creditors (as defined below). Accordingly, amounts (whether principal, interest or otherwise) in respect of the Notes and Coupons shall be payable in such winding-up or such administration following notice by the administrator of an intention to declare and distribute a dividend, only if and to the extent that the Issuer could be considered solvent at the time of payment thereof and still be considered solvent immediately thereafter. For this purpose, the Issuer shall be considered solvent if both (i) it is able to pay its debts to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities to Senior Creditors.

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

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

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

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

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

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

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

**“Senior Creditor”** means any creditor of the Issuer (and, for the purposes of Condition 10(c) only, any creditor of a Holding Company of the Issuer that is substituted for such Issuer in which case references in (i) and (ii) below to the Issuer shall be construed as referring to such Holding Company) whose claims have been accepted by the liquidator in the winding-up of the Issuer, not being a creditor:

- (i) whose right to repayment ranks or is expressed to rank postponed to or subordinate to that of unsubordinated creditors of the Issuer; or
- (ii) whose right to repayment is made subject to a condition or is restricted (whether by operation of law or otherwise) or is expressed to be restricted in each case such that the amount which may be claimed for his own retention by such creditor in the event that the Issuer is not solvent is less than in the event that the Issuer is solvent; or
- (iii) whose debt is irrecoverable or expressed to be irrecoverable unless the persons entitled to payment of principal and interest in respect of the Dated Subordinated Notes recover the amounts of such principal and interest which such persons would be entitled to recover if payment of such principal and interest to such persons were not subject to any condition.

#### **4. Interest and other Calculations**

##### **(a) *Interest Rate and Accrual***

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date.

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

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

##### **(b) *Business Day Convention***

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

##### **(c) *Interest Rate on Floating Rate Notes***

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

- (i) *Floating Rate Notes other than Floating Rate Notes referencing SOFR, SONIA or SORA*
  - (A) Subject to Condition 4(f)(i) or Condition 4(f)(ii) (as appropriate), if the Primary Source for the Floating Rate is a Page which does not reference

SOFR, SONIA or SORA as the Benchmark, subject as provided below, the Interest Rate shall be:

- a. the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
- b. the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date, plus or minus (as specified hereon) the Margin (if any) in accordance with Condition 4(g), all as determined by the Calculation Agent.

- (B) Subject to Condition 4(f)(i) or Condition 4(f)(ii) (as appropriate), if the Primary Source for the Floating Rate is Reference Banks or if subparagraph (i)(A)a. applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if subparagraph (i)(A)b. above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent.
- (C) If paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Calculation Agent will determine the arithmetic mean of the rates per annum (expressed as a percentage) that the Issuer acting in good faith determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Issuer acting in good faith in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is euro, in the Eurozone (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Issuer acting in good faith determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre, and the Interest Rate shall be the sum of the Margin and the arithmetic mean so determined; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(ii) *Floating Rate Notes referencing SOFR*

If the Primary Source for the Floating Rate is a Page which references SOFR as the Benchmark, the Interest Rate for each Interest Accrual Period shall, subject to Condition 4(f)(iii) and as provided below, be equal to the relevant SOFR Benchmark, plus or minus (as specified hereon) the Margin (if any) in accordance with Condition 4(g), all as determined by the Calculation Agent.

The “**SOFR Benchmark**” will be determined based on SOFR Arithmetic Mean, SOFR Compound or SOFR Index Average, as follows (subject in each case to Condition 4(f)(iii)):

- (A) If SOFR Arithmetic Mean (“**SOFR Arithmetic Mean**”) is specified as applicable hereon, the SOFR Benchmark for each Interest Accrual Period shall be the arithmetic mean of the SOFR rates for each day during the period, as calculated by the Calculation Agent, where, if applicable (as specified hereon), the SOFR rate on the SOFR Rate Cut-Off Date shall be used for the days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date.
- (B) If SOFR Compound (“**SOFR Compound**”) is specified as applicable hereon, the SOFR Benchmark for each Interest Accrual Period shall be equal to the value of the SOFR rates for each day during the relevant Interest Accrual Period (where SOFR Compound with Lookback or SOFR Compound with Payment Delay is specified hereon to determine SOFR Compound) or SOFR Observation Period (where SOFR Compound with SOFR Observation Period Shift is specified hereon to determine SOFR Compound).

SOFR Compound shall be calculated in accordance with one of the formulas referenced below depending upon which is specified as applicable hereon:

- a. *SOFR Compound with Lookback:*

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

“**d**” means the number of calendar days in the relevant Interest Accrual Period;

“**d<sub>o</sub>**” for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

“**i**” means a series of whole numbers from one to d<sub>o</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

“**Lookback Days**” means the number of U.S. Government Securities Business Days specified hereon;

“**n<sub>i</sub>**” for any U.S. Government Securities Business Day “**i**” in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities



Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day (“i+1”); and

“**SOFR<sub>i-xUSBD</sub>**” for any U.S. Government Securities Business Day “i” in the relevant Interest Accrual Period, is equal to the SOFR in respect of the U.S. Government Securities Business Days falling a number of U.S. Government Securities Business Days prior to that day “i” equal to the number of Lookback Days.

b. *SOFR Compound with SOFR Observation Period Shift:*

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

“**d**” means the number of calendar days in the relevant SOFR Observation Period;

“**d<sub>o</sub>**” for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“**i**” means a series of whole numbers from one to d<sub>o</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

“**n<sub>i</sub>**” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day (“i+1”);

“**SOFR Observation Period**” means, in respect of each Interest Accrual Period, the period from (and including) the date falling a number of U.S. Government Securities Business Days equal to the SOFR Observation Shift Days preceding the first date in such Interest Accrual Period to (but excluding) the date falling a number of U.S. Government Securities Business Days equal to the number of SOFR Observation Shift Days preceding the Interest Period Date for such Interest Accrual Period;

“**SOFR Observation Shift Days**” means the number of U.S. Government Securities Business Days specified hereon; and

“**SOFR<sub>i</sub>**” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, is equal to SOFR in respect of that day “i”.

c. *SOFR Compound with Payment Delay:*

$$\left( \prod_{i=1}^{d_o} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

“**d**” means the number of calendar days in the relevant Interest Accrual Period;

“**d<sub>o</sub>**” for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

“**i**” means a series of whole numbers from one to d<sub>o</sub>, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

“**Interest Payment Dates**” shall be the number of Business Days equal to the Interest Payment Delay following each Interest Period Date; provided that the Interest Payment Date with respect to the final Interest Accrual Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the redemption date;

“**Interest Payment Delay**” means the number of U.S. Government Securities Business Days specified hereon;

“**Interest Payment Determination Dates**” means the Interest Period Date at the end of each Interest Accrual Period; provided that the Interest Payment Determination Date with respect to the final Interest Accrual Period will be the SOFR Rate Cut-Off Date;

“**n<sub>i</sub>**” for any U.S. Government Securities Business Day “**i**” in the relevant Interest Accrual Period, means the number of calendar days from (and including) such U.S. Government Securities Business Day “**i**” up to (but excluding) the following U.S. Government Securities Business Day (“**i+1**”); and

“**SOFR<sub>i</sub>**” for any U.S. Government Securities Business Day “**i**” in the relevant Interest Accrual Period, is equal to SOFR in respect of that day “**i**”.

For the purposes of calculating SOFR Compound with respect to the final Interest Accrual Period, the level of SOFR for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the redemption date, as applicable, shall be the level of SOFR in respect of such SOFR Rate Cut-Off Date.

- (C) If SOFR Index Average (“**SOFR Index Average**”) is specified as applicable hereon, the SOFR Benchmark for each Interest Accrual Period shall be equal to the value of the SOFR rates for each day during the relevant Interest Accrual Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards,

where:

“**d<sub>c</sub>**” means the number of calendar days from (and including) the SOFR Index<sub>Start</sub> to (but excluding) the SOFR Index<sub>End</sub>;

“**SOFR Index**” means the SOFR Index in relation to any U.S. Government Securities Business Day as published by the NY Federal Reserve on the NY Federal Reserve’s Website at the SOFR Determination Time and appearing on the Page;

“**SOFR Index<sub>End</sub>**” means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon preceding the Interest Period Date relating to such Interest Accrual Period (or in the final Interest Accrual Period, the Maturity Date); and

“**SOFR Index<sub>Start</sub>**” means the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified hereon preceding the first date of the relevant Interest Accrual Period (a “**SOFR Index Determination Date**”).

Subject to Condition 4(f)(iii), if the SOFR Index is not published on any relevant SOFR Index Determination Date and a SOFR Benchmark Transition Event and related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index Average” shall be calculated on any Interest Determination Date with respect to an Interest Accrual Period, in accordance with the SOFR Compound formula described above in “b. SOFR Compound with SOFR Observation Period Shift” and the term “SOFR Observation Shift Days” shall mean two U.S. Government Securities Business Days. If a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 4(f)(iii) shall apply.

In connection with the SOFR provisions above, the following definitions apply:

“**Bloomberg Screen SOFRRATE Page**” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“**NY Federal Reserve**” means the Federal Reserve Bank of New York;

“**NY Federal Reserve’s Website**” means the website of the NY Federal Reserve, currently at [www.newyorkfed.org](http://www.newyorkfed.org), or any successor website of the NY Federal Reserve or the website of any successor administrator of SOFR;

**“Reuters Page USDSOFR=”** means the Reuters page designated “USDSOFR=” or any successor page or service;

**“SOFR”** means, with respect to any U.S. Government Securities Business Day, the rate determined by the Calculation Agent or the Independent Adviser, as the case may be, in accordance with the following provision:

- a. the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Bloomberg Screen SOFRRATE Page, then the Secured Overnight Financing Rate published at the SOFR Determination Time, as such rate is reported on the Reuters Page USDSOFR=, then the Secured Overnight Financing Rate that appears at the SOFR Determination Time on the NY Federal Reserve’s Website; or
- b. if the rate specified in a. above does not appear, the SOFR published on the NY Federal Reserve’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the NY Federal Reserve’s Website;

**“SOFR Determination Time”** means approximately 3:00 p.m. (New York City time) on the NY Federal Reserve’s Website on the immediately following U.S. Government Securities Business Day;

**“SOFR Benchmark Replacement Date”** means the date of occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

**“SOFR Benchmark Transition Event”** means the occurrence of a Benchmark Event with respect to the then-current SOFR Benchmark;

**“SOFR Rate Cut-Off Date”** means the date that is a number of U.S. Government Securities Business Days prior to the end of each Interest Accrual Period, the Maturity Date or the redemption date, as applicable, as specified hereon; and

**“U.S. Government Securities Business Day”** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iii) *Floating Rate Notes referencing SONIA*

- (A) If the Primary Source for the Floating Rate is a Page which references SONIA as the Benchmark, the Interest Rate for each Interest Accrual Period shall, subject to Condition 4(f)(i) and as provided below, be Compounded Daily SONIA, plus or minus (as specified hereon) the Margin (if any) in accordance with Condition 4(g), all as determined by the Calculation Agent.

**“Compounded Daily SONIA”** means with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment during the SONIA Observation Period corresponding to such Interest Accrual Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Interest

Rate, as specified hereon) as at the relevant Interest Determination Date, as follows:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“**d**” is the number of calendar days in:

- a. where “Lag” is specified as the SONIA Observation Method hereon, the relevant Interest Accrual Period; or
- b. where “SONIA Observation Shift” is specified as the SONIA Observation Method hereon, the relevant SONIA Observation Period;

“**d<sub>o</sub>**” means:

- a. where “Lag” is specified as the SONIA Observation Method hereon, the number of London Banking Days in the relevant Interest Accrual Period; or
- b. where “SONIA Observation Shift” is specified as the SONIA Observation Method hereon, the number of London Banking Days in the relevant SONIA Observation Period;

“**i**” is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including:

- a. where “Lag” is specified as the SONIA Observation Method hereon, the first London Banking Day in the relevant Interest Accrual Period to, and including, the last London Banking Day in the relevant Interest Accrual Period; or
- b. where “SONIA Observation Shift” is specified as the SONIA Observation Method hereon, the first London Banking Day in the relevant SONIA Observation Period to, and including, the last London Banking Day in the relevant SONIA Observation Period;

“**London Banking Day**” or “**LBD**” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“**n<sub>i</sub>**” for any London Banking Day “**i**”, means the number of calendar days from and including such London Banking Day “**i**” up to but excluding the following London Banking Day;

“**p**” means:

- a. where “Lag” is specified as the SONIA Observation Method hereon, five London Banking Days (or such other number of London Banking Days in the SONIA Observation Look-Back Period as agreed in advance by the Issuer and the Calculation Agent and specified hereon); or

- b. where “SONIA Observation Shift” is specified as the SONIA Observation Method hereon, five London Banking Days (or such other number of London Banking Days included in the SONIA Observation Shift Period as agreed in advance by the Issuer and the Calculation Agent and specified hereon);

“**SONIA Observation Period**” means the period from and including the date falling “p” London Banking Days prior to the first day of the relevant Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” London Banking Days prior to the Interest Period Date for such Interest Accrual Period (or the date falling “p” London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

“**SONIA reference rate**” in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Page or, if the Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

“**SONIA<sub>i-pLBD</sub>**” means:

- a. where “Lag” is specified as the SONIA Observation Method hereon, in respect of any London Banking Day “i”, the SONIA reference rate for the London Banking Day falling “p” London Banking Days prior to such London Banking Day “i”; or
  - b. where “SONIA Observation Shift” is specified as the SONIA Observation Method hereon, in respect of any London Banking Day “i”, the SONIA reference rate for that day.
- (B) If, in respect of any London Banking Day, and subject to Condition 4(f)(i), the Calculation Agent (or such other party responsible for the calculation of the Interest Rate, as specified hereon) determines that the SONIA reference rate is not available on the Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Banking Day, plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).
- (C) In the event that the Interest Rate cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Interest Rate, as specified hereon), the Interest Rate shall, subject to Condition 4(f)(i), be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Interest Rate or Minimum Interest Rate specified hereon is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the relevant Interest Accrual Period in



Business Days specified hereon) prior to such earlier date, if any, on which the Notes become due and payable);

“**d**” is the number of calendar days in the relevant Interest Accrual Period;

“**d<sub>0</sub>**”, for any Interest Accrual Period, is the number of Singapore Business Days in the relevant Interest Accrual Period;

“**i**”, for the relevant Interest Accrual Period, is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Accrual Period to, but excluding, the last Singapore Business Day in such Interest Accrual Period;

“**n<sub>i</sub>**”, for any day “**i**”, is the number of calendar days from and including such day “**i**” up to but excluding the following Singapore Business Day;

“**Singapore Business Days**” or “**SBD**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**SORA**” means, in respect of any Singapore Business Day “**i**”, a reference rate equal to the daily Singapore Overnight Rate Average provided by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at <http://www.mas.gov.sg>, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such day “**i**”; and

“**SORA<sub>i-x SBD</sub>**” means, in respect of any Singapore Business Day falling in the relevant Interest Accrual Period, the reference rate equal to SORA in respect of the Singapore Business Day falling five Singapore Business Days (or, if higher, such other number of Singapore Business Days specified hereon) prior to the relevant Singapore Business Day “**i**”.

- (B) If, subject to Condition 4(f)(i), by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such day “**i**”, SORA in respect of such day “**i**” has not been published and a Benchmark Event has not occurred, then SORA for that day “**i**” will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.
- (C) In the event that the Interest Rate cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Interest Rate, as specified hereon), subject to Condition 4(f)(i), the Interest Rate shall be:
  - a. that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Interest Rate or Minimum Interest Rate specified hereon is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Interest Rate or Minimum Interest Rate (as specified hereon) relating to the relevant Interest Accrual Period in place of the Margin or Maximum Interest Rate or Minimum Interest Rate relating to that last preceding Interest Accrual Period); or



b. if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Interest Rate or Minimum Interest Rate applicable to the first Interest Accrual Period).

(D) If the relevant Series of Notes become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified hereon, be deemed to be the date on which such Notes became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SORA formula) and the Interest Rate on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

(v) *Linear interpolation*

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Interest Rate for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the Relevant Rate, one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then an Independent Adviser shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

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

(e) ***Interest Rate on Reset Notes***

(i) If Notes are specified as being Reset Notes (each a “**Reset Note**”), each Reset Note shall bear interest:

(A) from (and including) the Interest Commencement Date specified hereon until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(B) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified hereon, the Maturity Date, at the rate per annum equal to the First Reset Rate of Interest; and

(C) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

in each case, payable in arrear on each Interest Payment Date. The first payment of interest will be made on the first Interest Payment Date following the Interest Commencement Date.

- (ii) Subject to Condition 4(f)(i), if Mid-Swap Rate is specified hereon and on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Relevant Currency on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be determined to be the sum (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of (x) the last observable mid-swap rate for swaps in the Relevant Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (y) the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

- (iii) For the purposes of this Condition 4(e):

**“Benchmark Gilt”** means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as an Independent Adviser, with the advice of the Reference Banks, may determine to be appropriate;

**“Benchmark Gilt Rate”** means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by an Independent Adviser in its sole discretion following consultation with the Issuer;

**“dealing day”** means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

**“First Margin”** means the margin specified hereon;

**“First Reset Date”** means the date specified hereon;

**“First Reset Period”** means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified hereon, the Maturity Date;

**“First Reset Rate of Interest”** means, in respect of the First Reset Period and subject to Condition 4(e)(ii) (where applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin;

**“Initial Rate of Interest”** has the meaning specified hereon;

**“Interest Rate”** means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

**“Mid-Market Swap Rate”** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Relevant Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Relevant Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (calculated on the day count basis customary for floating rate payments in the Relevant Currency as determined by the Calculation Agent);

**“Mid-Market Swap Rate Quotation”** means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

**“Mid-Swap Floating Leg Benchmark Rate”** means (i) the Mid-Swap Floating Leg Benchmark specified hereon, or (ii) if no such Mid-Swap Floating Leg Benchmark is specified, EURIBOR if the Relevant Currency is euro or LIBOR for the Relevant Currency if the Relevant Currency is not euro;

**“Mid-Swap Maturity”** has the meaning specified hereon;

**“Mid-Swap Rate”** means, in relation to a Reset Determination Date and subject to Condition 4(e)(ii), either:

- (A) if Single Mid-Swap Rate is specified hereon, the rate for swaps in the Relevant Currency:
  - a. with a term equal to the relevant Reset Period; and
  - b. commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (B) if Mean Mid-Swap Rate is specified hereon, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards))

of the bid and offered swap rate quotations for swaps in the Relevant Currency:

- a. with a term equal to the relevant Reset Period; and
- b. commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Relevant Currency on such Reset Determination Date, all as determined by the Calculation Agent provided, however, that if there is no such rate appearing on the Relevant Screen Page for a term equal to the relevant Reset Period, then the Mid-Swap Rate shall be determined through the use of straight-line interpolation by reference to two rates, one of which shall be determined in accordance with the above provision, but as if the relevant Reset Period were the period of time for which rates are available next shorter than the length of the actual Reset Period and the other of which shall be determined in accordance with the above provision, but as if the relevant Reset Period were the period of time for which rates are available next longer than the length of the actual Reset Period;

**“Reference Banks”** means:

- (A) for the purposes of Condition 4(e)(ii), five leading swap dealers in the principal interbank market relating to the Relevant Currency selected by the Calculation Agent in its discretion after consultation with the Issuer; or
- (B) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Calculation Agent in its discretion after consultation with the Issuer;

**“Reference Bond”** means for any Reset Period:

- (A) a government security or securities issued by the government of the state responsible for issuing the Relevant Currency (which, if the Relevant Currency is euro, shall be Germany); or
- (B) in the event paragraph (B) of the definition of U.S. Treasury Rate applies, a U.S. Treasury security,

in each case, selected by an Independent Adviser as having an actual or interpolated maturity date on or about the relevant last day of such Reset Period and that (in the opinion of an Independent Adviser after consultation with the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Relevant Currency and of a comparable maturity to the relevant Reset Period;

**“Reference Bond Dealer”** means each of five banks which are primary government securities dealers or market makers in pricing corporate bond issuances, as selected by an Independent Adviser in its discretion after consultation with the Issuer;

**“Reference Bond Dealer Quotations”** means, with respect to each Reference Bond Dealer and the Reset Determination Date, the arithmetic mean, as

determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) as at approximately 11.00 a.m. in the principal financial centre of the Relevant Currency on the Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

**“Reference Bond Price”** means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations or (c) except for if U.S. Treasury Rate is specified hereon, if the Calculation Agent obtains only one Reference Bond Dealer Quotation or if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest;

**“Reference Bond Rate”** means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price;

**“Relevant Screen Page”** means the page, section, column or other part of a particular information service (including, but not limited to, the Reuters Markets 3000) specified hereon, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service;

**“Reset Date”** means the First Reset Date, the Second Reset Date (if any) and each Subsequent Reset Date (if any), as applicable, in each case as adjusted (if so specified hereon) in accordance with Condition 4(b) as if the relevant Reset Date was an Interest Payment Date;

**“Reset Determination Date”** means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

**“Reset Period”** means the First Reset Period or a Subsequent Reset Period, as the case may be;

**“Reset Rate”** means:

- (A) if Mid-Swap Rate is specified hereon, the relevant Mid-Swap Rate;
- (B) if Benchmark Gilt Rate is specified hereon, the relevant Benchmark Gilt Rate;
- (C) if Reference Bond is specified hereon, the relevant Reference Bond Rate;  
or
- (D) if U.S. Treasury Rate is specified hereon, the relevant U.S. Treasury Rate;

**“Second Reset Date”** means the date specified hereon;

**“Subsequent Margin”** means the margin specified hereon;

**“Subsequent Reset Date”** means the date or dates specified hereon;

**“Subsequent Reset Period”** means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date;

**“Subsequent Reset Rate of Interest”** means, in respect of any Subsequent Reset Period and subject to Condition 4(e)(ii) (where applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin; and

**“U.S. Treasury Rate”** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate per annum determined by the Calculation Agent and expressed as a percentage equal to:

- (A) the average of the yields on actively traded U.S. Treasury securities adjusted to “constant maturity” for the relevant U.S. Treasury Rate Maturity, for the five business days immediately prior to the applicable Reset Determination Date and appearing under the caption “Treasury constant maturities (Nominal)”, at 5:00 p.m. (New York City time) on the Reset Determination Date in the most recently published U.S. Treasury Rate Screen Page;
- (B) if such release is not published during the week immediately prior to such Reset Determination Date or does not contain the yields referred to in paragraph (A) above, provided that the Calculation Agent shall have received more than one Reference Bond Dealer Quotation, the rate per annum equal to the semi-annual equivalent of the yield to maturity calculated by the Calculation Agent based on the Reference Bond Price at approximately 5:00 p.m. (New York City time) on such Reset Determination Date;
- (C) if the yield referred to in paragraph (B) above is not or cannot be so calculated by the Calculation Agent by 5:00 p.m. (New York City time) on such Reset Determination Date, the yield for U.S. Treasury securities at “constant maturity” for a designated maturity equal to the applicable U.S. Treasury Rate Maturity as published in the most recently published U.S. Treasury Rate Screen Page under the caption “Treasury constant maturities (Nominal)” for such Reset Determination Date; or
- (D) if the yield referred to in paragraph (C) above is not published by 5:00 p.m. (New York City time) on such Reset Determination Date, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest;

**“U.S. Treasury Rate Maturity”** means the designated maturity for the U.S. Treasury Rate to be used for the determination of the Reset Rate, as specified hereon; and

**“U.S. Treasury Rate Screen Page”** means the published statistical release designated “H.15 Daily Update” or any successor publication that is published by the Board of Governors of the Federal Reserve System that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity, under the caption “Treasury constant maturities”.

(f) **Benchmark Discontinuation**

(i) **Benchmark Discontinuation (General)**

(A) If:

- a. Benchmark Discontinuation (General) is specified hereon; and
- b. a Benchmark Event occurs in relation to any Original Reference Rate when any Interest Rate (or component thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply.

(B) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Relevant Rate or, if such Independent Adviser is unable to determine a Successor Relevant Rate, an Alternative Relevant Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4(f)(i) during any other future Interest Period(s)). An Independent Adviser appointed pursuant to this Condition 4(f)(i) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(f)(i).

(C) Subject to paragraph (D) of this Condition 4(f)(i), if:

- a. the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date or Reset Determination Date relating to the next Interest Accrual Period or Reset Period, in each case as applicable (the "**IA Determination Cut-off Date**"), determines a Successor Relevant Rate or, if such Independent Adviser fails to determine a Successor Relevant Rate, an Alternative Relevant Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods or Reset Periods, as applicable, subject to the subsequent operation of this Condition 4(f)(i) during any other future Interest Accrual Period(s) or Reset Period(s) as applicable); or
- b. the Issuer is unable to appoint an Independent Adviser having used reasonable endeavours, or the Independent Adviser appointed by the Issuer in accordance with paragraph (B) of this Condition 4(f)(i) fails to determine a Successor Relevant Rate or an Alternative Relevant Rate prior to the relevant IA Determination Cut-off Date and the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date or Reset Determination Date, as applicable, relating to the next Interest

Period (the “**Issuer Determination Cut-off Date**”), determines a Successor Relevant Rate or, if the Issuer fails to determine a Successor Relevant Rate, an Alternative Relevant Rate (as applicable) and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(i) during any other future Interest Accrual Period(s) or Reset Period(s), as applicable),

then:

- (x) such Successor Relevant Rate or Alternative Relevant Rate (as applicable), in each case as adjusted in accordance with paragraph (y) below shall be the Original Reference Rate for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(i) during any other future Interest Accrual Period(s) or Reset Period(s), as applicable).

Without prejudice to the definition thereof, for the purposes of determining an Alternative Relevant Rate, the Independent Adviser or the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Independent Adviser or the Issuer, as the case may be, in its sole discretion, considers appropriate; and

- (y) if the relevant Independent Adviser or the Issuer (as applicable):
  - i. determines that an Adjustment Spread is required to be applied to the Successor Relevant Rate or Alternative Relevant Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Relevant Rate or Alternative Relevant Rate (as applicable) for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(i)); or
  - ii. is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Relevant Rate or Alternative Relevant Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(i)).

(D) Notwithstanding paragraph (C) of this Condition 4(f)(i), if:

- a. the Independent Adviser appointed by the Issuer in accordance with paragraph (B) of this Condition 4(f)(i) notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that



no Successor Relevant Rate or Alternative Relevant Rate exists;  
or

- b. the Independent Adviser appointed by the Issuer in accordance with paragraph (B) of this Condition 4(f)(i) fails to determine a Successor Relevant Rate or an Alternative Relevant Rate prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (D)a. of this Condition 4(f)(i), and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Determination Cut-off Date that no Successor Relevant Rate or Alternative Relevant Rate exists; or
- c. neither a Successor Relevant Rate nor an Alternative Relevant Rate is otherwise determined in accordance with paragraph (C) of this Condition 4(f)(i) prior to the Issuer Determination Cut-off Date,

then the relevant Interest Rate shall be determined using the Original Reference Rate last displayed on the Page, Relevant Screen Page or website of the Relevant Nominating Body (as applicable) prior to the relevant Interest Determination Date or Reset Determination Date, as applicable (though substituting, where a different Margin or Maximum Interest Rate or Minimum Interest Rate specified hereon is to be applied to the relevant Interest Accrual Period or Reset Period (as applicable) from that which applied to the last preceding Interest Accrual Period or Reset Period (as applicable), the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the relevant Interest Accrual Period or Reset Period (as applicable)) in place of the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the last preceding Interest Accrual Period or Reset Period (as applicable). This paragraph (D) shall apply to the relevant Interest Accrual Period or Reset Period, as applicable, only. Any subsequent Interest Accrual Period(s) or Reset Period(s) shall be subject to the subsequent operation of, and adjustment as provided in, this Condition 4(f)(i).

- (E) Promptly following the determination of any Successor Relevant Rate or Alternative Relevant Rate (as applicable) as described in this Condition 4(f)(i), the Issuer shall give notice thereof and of any Adjustment Spread (and the effective date(s) thereof) pursuant to this Condition 4(f)(i) to the Trustee, the Calculation Agent, the Paying Agent and the Noteholders.
- (F) No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer confirming;
  - a. that a Benchmark Event has occurred;
  - b. the Successor Relevant Rate or, as the case may be, the Alternative Relevant Rate;
  - c. where applicable, any Adjustment Spread; and
  - d. where applicable, that the Issuer has determined that the waivers and consequential amendments to be effected pursuant to Condition 4(f)(i)(G) below are required to give effect to this Condition 4(f)(i),

in each case as determined in accordance with the provisions of this Condition 4(f)(i). The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Relevant Rate or Alternative Reference Rate and the Adjustment Spread (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Relevant Rate or Alternative Reference Rate and the Adjustment Spread (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents, the Noteholders and the Couponholders.

- (G) Subject to receipt by the Trustee of a certificate signed by two directors of the Issuer pursuant to Condition 4(f)(i)(F) above, the Trustee, the Calculation Agent, the Registrars, the Transfer Agents, the Exchange Agent and the Paying Agents shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as the Issuer, following consultation with the Independent Adviser and acting in good faith, determines may be required to give effect to any application of this Condition 4(f)(i), including, but not limited to:
- a. changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Relevant Rate or Alternative Relevant Rate (as applicable), including, but not limited to (A) the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reset Determination Date, Reference Banks, Relevant Financial Centre, Page and/or Relevant Time applicable to the Notes and (B) the method for determining the fallback to the Interest Rate in relation to the Notes if such Successor Relevant Rate or Alternative Relevant Rate (as applicable) is not available; and
  - b. any other changes which the relevant Independent Adviser or the Issuer in consultation with the Independent Adviser (as applicable) determines acting in good faith are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Relevant Rate or Alternative Relevant Rate (as applicable),

which changes shall apply to the Notes for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(i)). None of the Trustee, the Calculation Agent, the Paying Agents, the Registrars, the Exchange Agent or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its Independent Adviser with respect to any waivers or consequential amendments to be effected pursuant to this Condition 4(f)(i)(G) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

- (H) Subject to receipt by the Trustee of a certificate signed by two directors of the Issuer pursuant to Condition 4(f)(i)(F) above, no consent of the Noteholders shall be required in connection with effecting the relevant Successor Relevant Rate or Alternative Relevant Rate as described in

this Condition 4(f)(i) or such other relevant adjustments pursuant to this Condition 4(f)(i), or any Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

(I) Notwithstanding any other provision of this Condition 4(f)(i), no Successor Relevant Rate or Alternative Relevant Rate will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4(f)(i), if and to the extent that, in the sole determination of the Issuer, the same (i) prejudices, or could reasonably be expected to prejudice, the qualification of the Notes to form part of the Capital Resources of the Issuer or of the Group or the eligibility of the Notes to count towards the Issuer's or the Group's minimum requirements for own fund and eligible liabilities, or (ii) results, or could reasonably be expected to result, in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity date of the Notes, rather than the relevant Maturity Date of the Notes.

(J) As used in this Condition 4(f)(i):

**"Adjustment Spread"** means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, in each case to be applied to a Successor Relevant Rate or an Alternative Relevant Rate (as applicable) and is the spread, formula or methodology which:

- a. in the case of a Successor Relevant Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Relevant Rate by any Relevant Nominating Body; or
- b. in the case of a Successor Relevant Rate for which no such recommendation has been made or, in the case of an Alternative Relevant Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Relevant Rate or Alternative Relevant Rate (as applicable); or
- c. if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Relevant Rate or Alternative Relevant Rate (as applicable);

**"Alternative Relevant Rate"** means the rate which the Independent Adviser or Issuer (as the case may be) determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of notes denominated in the Relevant Currency, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other

rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate;

**“Relevant Nominating Body”** means, in respect of any Original Reference Rate (or the relevant component part(s) thereof):

- a. the central bank for the currency to which such Original Reference Rate (or the relevant component part(s) thereof) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate (or the relevant component part(s) thereof); or
- b. any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Original Reference Rate (or the relevant component part(s) thereof) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate (or the relevant component part(s) thereof), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof; and

**“Successor Relevant Rate”** means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the Original Reference Rate by any Relevant Nominating Body.

(ii) *Benchmark Discontinuation (ARRC)*

*This Condition 4(f)(ii) shall only apply to U.S. dollar-denominated Notes and where so specified hereon. This Condition 4(f)(ii) relates to the benchmark discontinuation provisions published by The Alternative Reference Rates Committee in relation to the transition from U.S. dollar LIBOR to SOFR.*

If Benchmark Discontinuation (ARRC) is specified hereon:

- (A) If the Issuer or its Independent Adviser determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Relevant Benchmark on any date, the Benchmark Replacement will replace the then-current Relevant Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (B) In connection with the implementation of a Benchmark Replacement, the Issuer or its Independent Adviser will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee, the Calculation Agent, the Registrars, the Transfer Agents, the Exchange Agent and the Paying Agents shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 4(f)(ii). Noteholders’ consent shall not be required in connection with the effecting of any such changes, including the execution of any documents or any steps by the Trustee or the Issuing and Paying Agent (if required). Further, none of the Trustee, the Calculation Agent, the Paying Agents,

the Registrars, the Exchange Agent or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its Independent Adviser with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

- (C) Any determination, decision or election that may be made by the Issuer or its Independent Adviser pursuant to this Condition 4(f)(ii), including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer or its Independent Adviser's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.
- (D) Notwithstanding any other provision of this Condition 4(f)(ii), if the Issuer or its Independent Adviser cannot determine the Benchmark Replacement, including being unable or unwilling to make such determination under limb i.e. of the definition of "Benchmark Replacement", the relevant Interest Rate shall be determined using the Relevant Benchmark last displayed on the Page prior to the relevant Interest Determination Date or Reset Determination Date, as applicable (though substituting, where a different Margin or Maximum Interest Rate or Minimum Interest Rate specified hereon is to be applied to the relevant Interest Accrual Period or Reset Period (as applicable) from that which applied to the last preceding Interest Accrual Period or Reset Period (as applicable), the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the relevant Interest Accrual Period or Reset Period (as applicable) in place of the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the last preceding Interest Accrual Period or Reset Period (as applicable)).

This paragraph (D) shall apply to the relevant Interest Accrual Period or Reset Period, as applicable, only. Any subsequent Interest Accrual Period(s) or Reset Period(s) shall be subject to the subsequent operation of, and adjustment as provided in, this Condition 4(f)(ii).

- (E) Notwithstanding any other provision of this Condition 4(f)(ii), no Benchmark Replacement will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4(f)(ii), if and to the extent that, in the sole determination of the Issuer, the same (i) prejudices, or could reasonably be expected to prejudice, the qualification of the Notes to form part of the Capital Resources of the Issuer or of the Group or the eligibility of the Notes to count towards the Issuer's or the Group's minimum requirements for own fund and eligible liabilities, or (ii) results, or could reasonably be expected to result, in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity date of the Notes, rather than the relevant Maturity Date of the Notes.
- (F) As used in this Condition 4(f)(ii):

**"Benchmark Replacement"** means the Interpolated Benchmark plus the Benchmark Replacement Adjustment for such Relevant Benchmark; provided that if the Issuer or its Independent Adviser cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then "Benchmark Replacement" means the first alternative set forth in the

order below that can be determined by the Issuer or its Independent Adviser as of the Benchmark Replacement Date:

- a. the sum of:
  - i. Term SOFR; and
  - ii. the Benchmark Replacement Adjustment;
- b. the sum of:
  - i. Compounded SOFR; and
  - ii. the Benchmark Replacement Adjustment;
- c. the sum of:
  - i. the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Relevant Benchmark for the applicable Corresponding Tenor; and
  - ii. the Benchmark Replacement Adjustment;
- d. the sum of:
  - i. the ISDA Fallback Rate; and
  - ii. the Benchmark Replacement Adjustment; or
- e. the sum of:
  - i. the alternate rate of interest that has been selected by the Issuer or its Independent Adviser as the replacement for the then-current Relevant Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Relevant Benchmark for U.S. dollar denominated floating rate notes at such time; and
  - ii. the Benchmark Replacement Adjustment;

**“Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by the Issuer or its Independent Adviser as of the Benchmark Replacement Date:

- a. the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- b. if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

- c. the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its Independent Adviser giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Relevant Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period” or “Interest Accrual Period”, timing and frequency of determining rates and making payments of interest, changes to the definition of “Corresponding Tenor” solely when such tenor is longer than the Interest Accrual Period and other administrative matters) that the Issuer or its Independent Adviser decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its Independent Adviser decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its Independent Adviser determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its Independent Adviser determines is reasonably necessary);

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the then-current Relevant Benchmark:

- a. in the case of sub-clauses a. or b. of the definition of “Benchmark Transition Event”, the later of:
  - i. the date of the public statement or publication of information referenced therein; and
  - ii. the date on which the administrator of the Relevant Benchmark permanently or indefinitely ceases to provide the Relevant Benchmark; or
- b. in the case of sub-clause c. of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**“Benchmark Transition Event”** means the occurrence of one or more of the following events with respect to the then-current Relevant Benchmark:

- a. a public statement or publication of information by or on behalf of the administrator of the Relevant Benchmark announcing that such administrator has ceased or will cease to provide the Relevant Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor

administrator that will continue to provide the Relevant Benchmark;

- b. a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark, the central bank for the currency of the Relevant Benchmark, an insolvency official with jurisdiction over the administrator for the Relevant Benchmark, a resolution authority with jurisdiction over the administrator for the Relevant Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Relevant Benchmark, which states that the administrator of the Relevant Benchmark has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark; or
- c. a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**“Compounded SOFR”** means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Accrual Period) being established by the Issuer or its Independent Adviser in accordance with:

- a. the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- b. if, and to the extent that, the Issuer or its Independent Adviser determines that Compounded SOFR cannot be determined in accordance with sub-clause a. of this definition of “Compounded SOFR”, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its Independent Adviser giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

Notwithstanding the foregoing, Compounded SOFR will include such lookback and/or suspension period as specified hereon as a mechanism to determine the interest amount payable prior to the end of each Interest Period or Interest Accrual Period;

**“Corresponding Tenor”**, with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Relevant Benchmark;

**“Federal Reserve Bank of New York’s Website”** means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org> or any successor source;



**“Interpolated Benchmark”**, with respect to the Relevant Benchmark, means the rate determined for the Corresponding Tenor by interpolating on a linear basis between:

- a. the Relevant Benchmark for the longest period (for which the Relevant Benchmark is available) that is shorter than the Corresponding Tenor; and
- b. the Relevant Benchmark for the shortest period (for which the Relevant Benchmark is available) that is longer than the Corresponding Tenor;

**“ISDA Fallback Adjustment”** means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Relevant Benchmark for the applicable tenor;

**“ISDA Fallback Rate”** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Relevant Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**“LIBOR”** means the London Interbank Offered Rate;

**“Reference Time”**, with respect to any determination of the Relevant Benchmark, means:

- a. if the Relevant Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London Business Days preceding the date of such determination; and
- b. if the Relevant Benchmark is not LIBOR, the time determined by the Issuer or its Independent Adviser in accordance with the Benchmark Replacement Conforming Changes;

**“Relevant Benchmark”** means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Relevant Benchmark, then “Relevant Benchmark” means the applicable Benchmark Replacement;

**“SOFR”**, with respect to any day, means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website;

**“Term SOFR”** means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body; and

**“Unadjusted Benchmark Replacement”** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(iii) *Benchmark Discontinuation (SOFR)*

*This Condition 4(f)(iii) shall only apply to U.S. dollar-denominated Notes and where so specified hereon.*

If Benchmark Discontinuation (SOFR) is specified hereon:

- (A) If:
- a. Benchmark Discontinuation (SOFR) is specified hereon; and
  - b. a Benchmark Event occurs in relation to any Original Reference Rate when any Interest Rate (or component thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply.

- (B) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine the SOFR Benchmark Replacement (acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4(f)(iii) during any other future Interest Period(s)). An Independent Adviser appointed pursuant to this Condition 4(f)(iii) shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(f)(iii).

- (C) Subject to paragraph (D) of this Condition 4(f)(iii), if:
- a. the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date or Reset Determination Date relating to the next Interest Accrual Period or Reset Period, in each case as applicable (the "**IA Determination Cut-off Date**"), determines the SOFR Benchmark Replacement (acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest Rate applicable to the Notes for all future Interest Periods or Reset Periods, as applicable, subject to the subsequent operation of this Condition 4(f)(iii) during any other future Interest Accrual Period(s) or Reset Period(s) as applicable); or
  - b. the Issuer is unable to appoint an Independent Adviser having used reasonable endeavours, or the Independent Adviser appointed by the Issuer in accordance with paragraph (B) of this Condition 4(f)(iii) fails to determine the SOFR Benchmark Replacement prior to the relevant IA Determination Cut-off Date and the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date or Reset Determination Date, as applicable, relating to the next Interest Period (the "**Issuer Determination Cut-off Date**") determines the SOFR Benchmark Replacement (acting in good faith and in a commercially reasonable manner) for the purposes of determining the Interest

Rate applicable to the Notes for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(iii) during any other future Interest Accrual Period(s) or Reset Period(s), as applicable),

then such SOFR Benchmark Replacement shall be the Original Reference Rate for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(iii) during any other future Interest Accrual Period(s) or Reset Period(s), as applicable).

Without prejudice to the definition thereof, for the purposes of determining the SOFR Benchmark Replacement, the Independent Adviser or the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Independent Adviser or the Issuer, as the case may be, in its sole discretion, considers appropriate.

- (D) Notwithstanding paragraph (C) of this Condition 4(f)(iii), if:
- a. the Independent Adviser appointed by the Issuer in accordance with paragraph (B) of this Condition 4(f)(iii) notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no SOFR Benchmark Replacement exists; or
  - b. the Independent Adviser appointed by the Issuer in accordance with paragraph (B) of this Condition 4(f)(iii) fails to determine the SOFR Benchmark Replacement prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (D)a. of this Condition 4(f)(iii), and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Determination Cut-off Date that no SOFR Benchmark Replacement exists; or
  - c. the SOFR Benchmark Replacement is not otherwise determined in accordance with paragraph (C) of this Condition 4(f)(iii) prior to the Issuer Determination Cut-off Date,

then the relevant Interest Rate shall be determined using the SOFR Benchmark last displayed on the relevant Page prior to the relevant Interest Determination Date or Reset Determination Date, as applicable (though substituting, where a different Margin or Maximum Interest Rate or Minimum Interest Rate specified hereon is to be applied to the relevant Interest Accrual Period or Reset Period (as applicable) from that which applied to the last preceding Interest Accrual Period or Reset Period (as applicable), the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the relevant Interest Accrual Period or Reset Period (as applicable) in place of the Margin or Maximum Interest Rate or Minimum Interest Rate relating to the last preceding Interest Accrual Period or Reset Period (as applicable)).

This paragraph (D) shall apply to the relevant Interest Accrual Period or Reset Period, as applicable, only. Any subsequent Interest Accrual Period(s) or Reset Period(s) shall be subject to the subsequent operation of, and adjustment as provided in, this Condition 4(f)(iii).

- (E) Promptly following the determination of the SOFR Benchmark Replacement as described in this Condition 4(f)(iii), the Issuer shall give notice thereof pursuant to this Condition 4(f)(iii) to the Trustee, the Calculation Agent, the Paying Agent and the Noteholders.
- (F) No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer confirming;
  - a. that a Benchmark Event has occurred;
  - b. the SOFR Benchmark Replacement; and
  - c. where applicable, that the Issuer has determined that the waivers and consequential amendments to be effected pursuant to Condition 4(f)(iii)(G) below are required to give effect to this Condition 4(f)(iii),

in each case as determined in accordance with the provisions of this Condition 4(f)(iii). The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The SOFR Benchmark Replacement specified in such certificate will (in the absence of manifest error or bad faith in the determination of the SOFR Benchmark Replacement and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents, the Noteholders and the Couponholders.

- (G) Subject to receipt by the Trustee of a certificate signed by two directors of the Issuer pursuant to Condition 4(f)(iii)(F) above, the Trustee, the Calculation Agent, the Registrars, the Transfer Agents, the Exchange Agent, and the Paying Agents shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as the Issuer, following consultation with the Independent Adviser and acting in good faith, determines may be required to give effect to any application of this Condition 4(f)(iii), including, but not limited to:
  - a. changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such SOFR Benchmark Replacement, including, but not limited to (A) the Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reset Determination Date, Reference Banks, Relevant Financial Centre, Page and/or Relevant Time applicable to the Notes and (B) the method for determining the fallback to the Interest Rate in relation to the Notes if such SOFR Benchmark Replacement is not available; and
  - b. any other changes which the relevant Independent Adviser or the Issuer in consultation with the Independent Adviser (as applicable) determines acting in good faith are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such SOFR Benchmark Replacement,

which changes shall apply to the Notes for all future Interest Periods or Reset Periods, as applicable (subject to the subsequent operation of this Condition 4(f)(iii)). None of the Trustee, the Calculation Agent, the Paying Agents, the Registrars, the Exchange Agent or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its Independent Adviser with respect to any waivers or consequential amendments to be effected pursuant to this Condition 4(f)(iii)(G) or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

- (H) Subject to receipt by the Trustee of a certificate signed by two directors of the Issuer pursuant to Condition 4(f)(iii)(F) above, no consent of the Noteholders shall be required in connection with effecting the relevant SOFR Benchmark Replacement as described in this Condition 4(f)(iii) or such other relevant adjustments pursuant to this Condition 4(f)(iii), including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).
- (I) Notwithstanding any other provision of this Condition 4(f)(iii), no SOFR Benchmark Replacement will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4(f)(iii), if and to the extent that, in the sole determination of the Issuer, the same (i) prejudices, or could reasonably be expected to prejudice, the qualification of the Notes to form part of the Capital Resources of the Issuer or of the Group or the eligibility of the Notes to count towards the Issuer's or the Group's minimum requirements for own fund and eligible liabilities, or (ii) results, or could reasonably be expected to result, in the Relevant Regulator treating the next Interest Payment Date or Reset Date, as applicable, as the effective maturity date of the Notes, rather than the relevant Maturity Date of the Notes.
- (J) As used in this Condition 4(f)(iii):

**“Corresponding Tenor”** with respect to a SOFR Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current SOFR Benchmark;

**“ISDA Fallback Rate”** means the rate to be effective upon the occurrence of a SOFR Index Cessation Event according to (and as defined in) the ISDA Definitions, where such rate may have been adjusted for an overnight tenor, but without giving effect to any additional spread adjustment to be applied according to such ISDA Definitions;

**“ISDA Spread Adjustment”** means the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that shall have been selected by ISDA as the spread adjustment that would apply to the ISDA Fallback Rate;

**“SOFR Benchmark”** has the meaning given to that term in Condition 4(c)(ii);

**“SOFR Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by the Independent Adviser:

- a. the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the

applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment;

- b. the sum of: (a) the ISDA Fallback Rate and (b) the SOFR Benchmark Replacement Adjustment; or
- c. the sum of: (a) the alternate rate that has been selected by the Independent Adviser as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate as a replacement for the then-current SOFR Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the SOFR Benchmark Replacement Adjustment;

**“SOFR Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by the Independent Adviser:

- a. the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Benchmark Replacement;
- b. if the applicable Unadjusted SOFR Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Spread Adjustment;
- c. the spread adjustment (which may be a positive or negative value or zero) determined by the Independent Adviser giving due consideration to any industry accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR Benchmark with the applicable Unadjusted SOFR Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time; and

**“Unadjusted SOFR Benchmark Replacement”** means the SOFR Benchmark Replacement excluding the applicable SOFR Benchmark Replacement Adjustment.

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

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum Interest Rate or Minimum Interest Rate is specified hereon, then any Interest Rate shall be subject to such maximum or minimum, as the case may be.
- (iii) If any Maximum Call Option Redemption Amount or Minimum Call Option Redemption Amount is specified hereon, then any Call Option Redemption Amount shall be subject to such maximum or minimum, as the case may be.

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

(h) **Calculations**

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

(i) **Determination and Publication of Interest Rates and Redemption Amounts**

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

The determination of each Interest Rate, Interest Amount and Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

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

(k) **Definitions**

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

[any reference to “**administration**” in respect of the Issuer shall be deemed to include a bank administration of the Issuer pursuant to the Banking Act 2009 or the Investment Bank Special Administration Regulations 2011 SI 2011/245 and any reference to an “administrator” shall be deemed to include a bank administrator appointed pursuant to the Banking Act 2009 or an administrator appointed pursuant to the Investment Bank Special Administration Regulations 2011 SI 2011/245;]<sup>1</sup>

“**Amortised Face Amount**” means an amount calculated in accordance with Condition 5(b);

“**Applicable Maturity**” means the period of time designated in the Relevant Rate;

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for at least five consecutive Business Days or ceasing to exist;
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing such rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such rate);
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that such rate has been or will be permanently or indefinitely discontinued;
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that such rate will be prohibited from being used, either generally or in respect of the Notes, or that such use will be subject to restrictions or adverse consequences;
- (v) an official announcement by the regulatory supervisor of the administrator of the Original Reference Rate that such rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for any Paying Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate,

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<sup>1</sup> Include for Notes issued by SCB.



provided that in the case of (ii), (iii), (iv) or (v) above the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, the prohibition of use of the Original Reference Rate or the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public announcement and, in each case, not the date of the relevant public statement or official announcement;

“**BRRD**” means Directive 2014/59/EU establishing an EU-wide framework for the recovery and resolution of credit institutions and investment firms, as may be amended or replaced from time to time (including, without limitation, by Directive (EU) 2019/879);

“**Business Day**” means:

- (i) in the case of a specified currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; or
- (iv) in the case of a specified currency and one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified;

“**Call Option Redemption Amount**” means the Call Option Redemption Amount specified hereon or, if not specified hereon, the principal amount of the relevant Note or Notes, subject to any maximum or minimum specified hereon;

“**Capital Regulations**” means at any time the laws, regulations, requirements, standards, guidelines and policies (including, without limitation, any delegated or implementing acts such as regulatory technical standards) relating to capital adequacy (including, without limitation, as to leverage) and/or minimum requirement for own funds and eligible liabilities, in each case for credit institutions, of or otherwise applied by either (i) the Relevant Regulator, or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organised or domiciled) and applicable to the Issuer or the Group, including, as at the date hereof, CRD IV, BRRD and related regulatory technical standards;

“**Capital Resources**” means capital instruments qualifying as Tier 2 instruments within the meaning of the applicable Capital Regulations;

“**CRD IV**” means the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, each as may be amended or replaced from time to time including, without limitation, by Directive (EU) 2019/879 and by Regulation (EU) 2019/876, respectively, or, in each case, similar laws then in effect in the United Kingdom;

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

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

where:

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

**“Determination Period”** means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to such date and ending on the first Determination Date after such date);

**“Early Redemption Amount”** means:

- (i) in respect of any Note that does not bear interest prior to the Maturity Date, the amount calculated in accordance with Condition 5(b): and
- (ii) in respect of any other Note, the Early Redemption Amount specified hereon or, if not specified hereon, the principal amount of the relevant Note or Notes;

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

**“Eurozone”** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union;

**“Final Redemption Amount”** means the Final Redemption Amount specified hereon or, if not specified hereon, the principal amount of the relevant Note or Notes;

**“Group”** means SCPLC and its Subsidiaries;

**“Holding Company”** means a holding company within the meaning of s1159 of the Companies Act 2006;

**“Independent Adviser”** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets appointed by the Issuer at its own expense;

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

**“Interest Amount”** means:

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

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

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

Benchmark referenced is not SONIA) Sterling or (ii) (only if the relevant Benchmark referenced is SONIA) the second London Banking Day prior to the last day of each Interest Period if the Relevant Currency is Sterling or (iii) the day falling one Singapore Business Day after the end of each SORA Observation Period if the Benchmark referenced is SORA or (iv) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is euro or (v) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Relevant Currency is not Sterling, euro, Hong Kong dollars or Renminbi and if the Benchmark referenced is not SONIA or SORA;

**“Interest Payment Date”** means each of the dates specified hereon on which interest is payable;

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

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon;

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

**“ISDA”** means the International Swaps and Derivatives Association, Inc.;

**“ISDA Definitions”** means the 2006 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

**“Loss Absorption Disqualification Event”** shall be deemed to have occurred in relation to any Series of Senior Notes if as a result of any:

- (i) Loss Absorption Regulation becoming effective on or after the date on which agreement is reached to issue the first Tranche of such Series of Senior Notes; or
- (ii) amendment to, or change in, any Loss Absorption Regulation, or any change in the application or official interpretation thereof, in any such case becoming effective on or after the date on which agreement is reached to issue the first Tranche of such Series of Senior Notes,

the outstanding principal amount of such Series of Senior Notes is or (in the opinion of the Issuer or the Relevant Regulator) is likely to become fully or partially ineligible to count towards the Issuer's or the Group's minimum requirements for own funds and eligible liabilities, in each case as determined in accordance with and pursuant to the relevant Loss Absorption Regulations (save where such failure to be so eligible is solely (A) a result of any applicable limitation on the amount of such own funds and eligible liabilities, or (B) in accordance with any requirement that recognition of such Series of Senior Notes as eligible to count towards the Issuer's or the Group's minimum requirements for own funds and eligible liabilities be amortised, in either (A) or (B) in accordance with applicable Loss Absorption Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Senior Notes);

**“Loss Absorption Regulation”** means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies from time to time relating to minimum requirements for own funds and eligible liabilities in effect in the United Kingdom, including, without limitation, any delegated or implementing acts (such as implementing or regulatory technical standards) adopted by the European Commission and applicable to the Issuer from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer or to the Issuer and any Holding Company or Subsidiary of the Issuer or any Subsidiary of any such Holding Company);

**“Original Reference Rate”** means the originally-specified Benchmark or screen rate (as applicable) used to determine the Interest Rate (or any component part thereof) (including, but not limited to, the Relevant Rate, the Mid-Swap Rate, the Mid-Swap Floating Leg Benchmark Rate and the Swap Rate) or, if applicable, any other SOFR Benchmark Replacement, Successor Relevant Rate or Alternative Relevant Rate (or any component part thereof) determined and applicable pursuant to the operation of Condition 4(f)(i) or Condition 4(f)(iii);

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

**“PRA”** means the Bank of England, in its capacity as the Prudential Regulation Authority, and/or any governmental authority in the United Kingdom or elsewhere (i) (in the case of Dated Subordinated Notes) having primary bank supervisory authority with respect to Standard Chartered Bank or the Group, as the case may be, or (ii) (in the case of Senior Notes) tasked with matters relating to the qualification of securities of the Issuer or the Group, as the case may be, under the Loss Absorption Regulations;

**“Put Option Redemption Amount”** means the Put Option Redemption Amount specified hereon or, if not specified hereon, the principal amount of the relevant Note or Notes;

**“Redemption Amount”** means the applicable Early Redemption Amount, Final Redemption Amount, Call Option Redemption Amount, Put Option Redemption Amount or Amortised Face Amount payable in respect of the Notes, as the context may require;

**“Reference Banks”** means the institutions specified as such hereon or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Issuer acting in good faith in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark which, if EURIBOR is the relevant Benchmark, shall be the Eurozone;

**“Regulatory Capital Event”** shall be deemed to have occurred in relation to any Series of Dated Subordinated Notes if, as a result of a change in law or regulation, or official interpretation thereof, applicable to such Series of Dated Subordinated Notes occurring on or after the date on which agreement is reached to issue the first Tranche of such Series of Dated Subordinated Notes, the whole or any part of the outstanding principal amount of such Series of Dated Subordinated Notes would not be eligible to form part of the Capital Resources of the Issuer or the Group under applicable Capital Regulations (save where such failure to be so eligible is solely (A) a result of any applicable limitation on the amount of such capital, or (B) in accordance with any requirement that recognition of such Series of Dated Subordinated Notes as part of the Issuer’s Capital Resources be amortised in the five years prior to maturity of such Notes, in either (A) or (B) in accordance with applicable Capital Regulations in force as at the date on which agreement is reached to issue the first Tranche of such Series of Dated Subordinated Notes);

**“Relevant Currency”** means the currency specified hereon or, if none is specified, the currency in which the Notes are denominated;

**“Relevant Date”** has the meaning given to such term in Condition 7;

**“Relevant Financial Centre”** means, with respect to any Floating Rate, First Reset Rate of Interest or Subsequent Reset Rate of Interest to be determined on an Interest Determination Date or Reset Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR shall be the Eurozone) or, if none is so connected, London;

**“Relevant Governmental Body”** means the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve, or any successor;

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

**“Relevant Regulator”** means the Resolution Authority, in the case of the Senior Notes, or the PRA and/or the Resolution Authority, in the case of the Dated Subordinated Notes;

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

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

**“Resolution Authority”** means the Bank of England or any successor or replacement thereto and/or such other authority in the United Kingdom with the ability to exercise the UK Bail-in Power;

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

**“Swap Rate”** means the Singapore dollar swap offer rate for a maturity of five years appearing on the Screen Page under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask”.

**“Subsidiary”** means a subsidiary within the meaning of s1159 of the Companies Act 2006;

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

**“UK Bail-in Power”** means any write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Issuer or other members of the Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any applicable European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, and/or within the context of a resolution regime in the United Kingdom under the Banking Act 2009, as the same has been or may be amended from time to time (whether pursuant to the Financial Services (Banking Reform) Act 2013, secondary legislation or otherwise), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person.

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

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

**5. Redemption, Purchase and Options**

(a) **Final Redemption**

Unless previously redeemed or purchased and cancelled (with the permission of, or waiver from, the PRA if required), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount.

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

- (i) The Early Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified hereon (or, if not specified hereon, such rate as would produce an Amortised Face Amount equal to the issue price of such Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified hereon.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c), 5(e) or 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in paragraph (ii) above, except that such paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).



(c) **Redemption for Taxation Reasons**

- (i) Subject to paragraph (iii) below, the Issuer may (with the permission of, or waiver from, the PRA if required), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem the Notes in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time at the Early Redemption Amount (together with any interest accrued to the date fixed for redemption) if:
- (A) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 7 and/or any undertaking given in addition thereto or in substitution thereof under the terms of the Trust Deed as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any taxing authority of any taxing jurisdiction to which the Issuer is or has become subject and in respect of which it has given such undertaking as referred to above in this Condition 5(c), including any treaty to which the United Kingdom is a party, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the applicable Series of Notes, and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

- (ii) Before the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that (a) the obligation referred to in sub-paragraph (i)(A) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) in the case of Dated Subordinated Notes, the conditions set out in (iii) below have been satisfied, and the Trustee shall accept such certificate as sufficient evidence of the satisfaction of the conditions set out in (i) above and (iii) below and such certificate shall be conclusive and binding on the Trustee, Noteholders and Couponholders.
- (iii) In the case of Dated Subordinated Notes, the Issuer may only redeem such Notes pursuant to this Condition 5(c) if (and to the extent then required under the Capital Regulations) the Issuer demonstrates to the satisfaction of the PRA that the circumstance that entitles it to redeem such Notes pursuant to this Condition 5(c) is a material change to the tax treatment of such Notes and was not reasonably foreseeable to it on the date on which agreement is reached to issue the first Tranche of the applicable Series of Notes and to the extent that such redemption is not prohibited by CRD IV.

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

- (i) If Issuer Call is provided hereon, the Issuer may (with the permission of, or waiver from, the PRA if required), on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at

their Call Option Redemption Amount (together with any interest accrued to the date fixed for redemption).

- (ii) All Notes in respect of which any notice of redemption pursuant to this Condition 5(d) is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.
- (iii) In the case of a partial redemption or a partial exercise of an Issuer's option pursuant to this Condition 5(d), the notice referred to in (i) above shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as the Trustee deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

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

- (i) If Regulatory Capital Call is provided hereon and immediately prior to the giving of the notice referred to below a Regulatory Capital Event has occurred, then the Issuer may (with the permission of, or waiver from, the PRA if required) redeem the Dated Subordinated Notes in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount (together with any interest accrued to the date fixed for redemption).
- (ii) Before the publication of any notice of redemption pursuant to this Condition 5(e) the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that (a) a Regulatory Capital Event has occurred and (b) the conditions set out in (iii) below have been satisfied, and the Trustee shall accept such certificate as sufficient evidence of the occurrence of a Regulatory Capital Event and of the satisfaction of the conditions set out in (iii) below and such certificate shall be conclusive and binding on the Trustee, Noteholders and Couponholders.
- (iii) Upon expiry of such notice the Issuer shall redeem the Dated Subordinated Notes, provided that the Issuer may only redeem Dated Subordinated Notes pursuant to this Condition 5(e) if (and to the extent then required under the Capital Regulations) the Issuer demonstrates to the satisfaction of the PRA that the circumstance that entitles it to redeem the Dated Subordinated Notes pursuant to this Condition 5(e) was not reasonably foreseeable to it on the date on which agreement is reached to issue the first Tranche of the applicable Series of Dated Subordinated Notes and to the extent that such redemption of the Dated Subordinated Notes is not prohibited by CRD IV.

(f) ***Redemption of Senior Notes at the option of the Issuer due to Loss Absorption Disqualification Event***

- (i) If Loss Absorption Disqualification Event Call is provided hereon and immediately prior to the giving of the notice referred to below a Loss Absorption Disqualification Event has occurred and is continuing, then the Issuer may (with the permission of, or waiver from, the PRA if required) redeem the Senior Notes in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount (together with any interest accrued to the date fixed for redemption).

(ii) Before the publication of any notice of redemption pursuant to this Condition 5(f) the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that such a Loss Absorption Disqualification Event has occurred and is continuing, and the Trustee shall accept such certificate as sufficient evidence of such a Loss Absorption Disqualification Event having occurred and continuing, in which event it shall be conclusive and binding on the Trustee, Noteholders and Couponholders.

(iii) Upon expiry of such notice the Issuer shall redeem the Senior Notes.

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

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

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) ***Purchases***

The Issuer or any of its Subsidiaries or any Holding Company of the Issuer or any other Subsidiary of such Holding Company (with the permission of, or waiver from, the PRA if required and to the extent that such purchase is not prohibited by CRD IV) may purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, subject to the requirements (if any) of any stock exchange on which any Note is listed.

*The rules under CRD IV provide that the PRA may permit the Issuer to repurchase the Dated Subordinated Notes during the five years following the date of issuance of the relevant Dated Subordinated Notes if:*

(i) *before or at the same time as such repurchase of the relevant Dated Subordinated Notes, the Issuer replaces the Dated Subordinated Notes with own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity and the PRA has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or*

(ii) *the Dated Subordinated Notes are repurchased for market making purposes.*

*The rules under the CRD IV may be modified from time to time after the date of this Base Prospectus.*

(i) ***Cancellation***

All Notes purchased by or on behalf of the Issuer may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith

(together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## **6. Payments and Talons**

### **(a) Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be: (i) in the case of a currency other than Renminbi and euro, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on; or (ii) in the case of a currency other than Renminbi and euro, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; or (iii) in the case of euro, at the option of the holder, by transfer to or cheque drawn on a euro account (or any other account to which euro may be transferred) specified by the holder; or (iv) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong.

### **(b) Registered Notes**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on (in the case of Renminbi) the fifth day and (in the case of a currency other than Renminbi) the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made (a) in the case of a currency other than Renminbi and euro, in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned, or (b) if euro is the currency concerned, by cheque drawn on a euro account and mailed (uninsured and at the risk of the holder) to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register, or (c) if Renminbi is the currency concerned, by transfer to the registered account of the holder. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency or, if euro is the relevant currency, to a euro account (or any other account to which euro may be transferred) specified by the holder.

For the purposes of this Condition 6(b), "registered account" means the Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong, details of which appear in the Register at the close of business on the fifth business day before the due date for payment.

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

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by

exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

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

All payments will be subject in all cases to: (i) any fiscal or other laws, regulations and directives applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 7; and (ii) any withholding or deduction required pursuant to an agreement described in or entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (a “**FATCA Withholding Tax**”), and the Issuer will not be required to pay any additional amounts on account of any FATCA Withholding Tax. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

Without prejudice to the provisions of Condition 7, if any payment made by the Issuer is subject to any deduction or withholding in any jurisdiction, the Issuer shall not be required to pay any additional amount in respect of such deduction or withholding and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such deduction or withholding as if such sum had been actually paid.

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

The Issuing and Paying Agent, the Paying Agents, the CMU Lodging Agent, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this document. The Issuing and Paying Agent, the CMU Lodging Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent, to appoint additional or other Paying Agents or Transfer Agents and to approve any change in the specified office through which any Paying Agent acts, provided that the Issuer shall at all times maintain, in each case as approved by the Trustee, (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) Paying Agents having specified offices in at least two major cities that are situated in a Member State of the European Union (including London) so long as the Notes are admitted to the Official List of the Financial Conduct Authority and admitted to trading on the Main Market of the London Stock Exchange and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

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

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

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

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid

bears to the total principal due) shall be deducted from the Redemption Amount due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**

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

(h) **Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 9(h), "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation and in such other jurisdictions as shall be specified as "**Business Day Jurisdictions**" hereon (if any) and:

- (i) (in the case of a payment in a currency other than euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

(i) ***Inconvertibility, Non-transferability or Illiquidity***

Notwithstanding any other provision in these Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the relevant Issuer is not able, or it would be impracticable for it, to satisfy any payment due under the Notes or the Coupons in Renminbi, the relevant Issuer shall, on giving not less than five and not more than 30 days' irrevocable notice to the Noteholders prior to the due date for the relevant payment, settle such payment in the Relevant Currency on the due date at the Relevant Currency Equivalent of the relevant Renminbi denominated amount.

In such event, payment of the Relevant Currency Equivalent of the relevant amounts due under the Notes or the Coupons shall be made in accordance with Condition 6(a) or 6(b)(ii), as applicable.

In this Condition 6(i):

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of Hong Kong (including the HKMA);

**"Illiquidity"** means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the relevant Issuer cannot obtain a sufficient amount of Renminbi in order to satisfy in full its obligation to make any payment due under the Notes or the Coupons;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the relevant Issuer to convert any amount due in respect of the Notes or the Coupons in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the relevant Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted on or after the date on which agreement is reached to issue the first Tranche of the applicable Series of Notes and it is impossible for the relevant Issuer due to an event beyond its control, to comply with such law, rule or regulation);

**"Non-transferability"** means the occurrence of any event that makes it impossible for the relevant Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the relevant Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted on or after the date on which agreement is reached to issue the first Tranche of the applicable Series of Notes and it is impossible for the relevant Issuer due to an event beyond its control, to comply with such law, rule or regulation);

**"Rate Calculation Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and the principal financial centre of the Relevant Currency;

**"Rate Calculation Date"** means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Conditions;

**"Relevant Currency"** means United States dollars or such other currency as may be specified hereon;

**"Relevant Currency Equivalent"** means the Renminbi amount converted into the Relevant Currency using the Spot Rate for the relevant Rate Calculation Date; and

**"Spot Rate"**, for a Rate Calculation Date, means the spot rate between Renminbi and the Relevant Currency as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent may determine the rate taking into consideration all

available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the People's Republic of China domestic foreign exchange market.

## 7. Taxation

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

- (a) to, or to a third party on behalf of, a holder of such Note or Coupon who is liable to such taxes, duties, assessments or governmental charges by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amounts on presenting their Note or Coupon for payment on the thirtieth day after the Relevant Date; or
- (c) if such withholding or deduction may be avoided by the holder complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such holder proves that he is not entitled so to comply or to make such declaration or claim.

In addition, any amounts to be paid on the Notes or the Coupons will be paid net of any deduction or withholding imposed or required pursuant to any FATCA Withholding Tax, and no additional amounts will be required to be paid by the Issuer on account of any FATCA Withholding Tax.

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

## 8. Prescription

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



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

## **9. Events of Default**

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

In the case of any Series of Senior Notes for which Non-Restrictive Events of Default are specified hereon, if any of the following events occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount plus any accrued interest as provided in the Trust Deed:

- (i) **Non-Payment:** default is made for more than 14 days in the payment on the due date of interest or principal in respect of any of the Notes. The Issuer shall not be in default, however, if during the 14 days' grace period, it satisfies the Trustee that such sums ("**Withheld Amounts**") were not paid (A) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, the relevant Paying Agent, Transfer Agent, or the holder of any Note or Coupon or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee; or
- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Notes or the Trust Deed, which default has not been remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee (except where such default is not, in the reasonable opinion of the Trustee after consultation with the Issuer, capable of remedy, in which case no such notice as is mentioned above will be required); or
- (iii) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a material (in the opinion of the Trustee) part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days; or
- (iv) **Insolvency:** the Issuer is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts (within the meaning of section 123(1) or (2) of the Insolvency Act 1986) as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material (in the opinion of the Trustee) part of its debts, makes a general assignment or an arrangement or composition with or for the benefit of all its creditors or a moratorium is agreed or declared in respect of all or a material (in the opinion of the Trustee) part of the debts of the Issuer; or
- (v) **Winding-up:** an administrator is appointed in relation to the Issuer, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens through an official action of its board of directors to cease to carry on all or a substantial (in the opinion of the Trustee) part of its business or operations, in each case except

for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders,

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

(b) ***Events of Default in respect of Dated Subordinated Notes and Restrictive Events of Default in respect of Senior Notes***

In the case of Dated Subordinated Notes or any Series of Senior Notes for which Restrictive Events of Default are specified hereon:

- (i) if, otherwise than for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer, the Trustee may, subject as provided below, at its discretion, give notice to the Issuer that such Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount, plus any accrued interest as provided in the Trust Deed; and
- (ii) if default is made in the payment of principal or interest due in respect of such Notes and such default continues for a period of 14 days, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings in England (but not elsewhere) for the winding-up of the Issuer provided that the Issuer shall not be in default if during the 14 days' grace period, it satisfies the Trustee that Withheld Amounts were not paid (A) in order to comply with any fiscal or other law, regulation or order of any court or competent jurisdiction, in each case applicable to such payment, the Issuer, the relevant Paying Agent, Transfer Agent or the holder of any Note or Coupon or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said 14 days' grace period by independent legal advisers acceptable to the Trustee.

(c) ***Remedies***

- (i) In the case of Dated Subordinated Notes or any Series of Senior Notes for which Restrictive Events of Default are specified hereon, without prejudice to Condition 9(b), if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to such Notes binding on it under these Conditions (other than any payment obligations of the Issuer arising from the Notes, the Coupons or the Trust Deed including, without limitation, payment of principal, premium or interest in respect of the Notes or the Coupons and any damages awarded for breach of obligations) the Trustee may, subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce such obligation, condition or provision provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (ii) In the case of Dated Subordinated Notes or any Series of Senior Notes for which Restrictive Events of Default are specified hereon, subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 9(b) and paragraph (i) above or submitting a claim in the winding-up of the Issuer will be available to the Trustee or the holders of Notes and/or Coupons.

(d) **Enforcement**

The Trustee need not take any such action or proceedings as referred to in Condition 9(a), Condition 9(b), and/or Condition 9(c)(i) above unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or submit a claim in the winding-up of the Issuer unless the Trustee having become bound so to proceed or being able to submit such a claim, fails to do so in each case within a reasonable time and such failure is continuing. In such a case the relevant Noteholder or Couponholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings against the Issuer and/or submit a claim in the winding-up of the Issuer, but only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so in respect of his Notes and/or Coupons.

(e) **Withheld Amounts**

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

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

(a) **Meetings of Noteholders**

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

following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. 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 of the Trust Deed***

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

(c) ***Substitution***

The Trustee (if it is satisfied that to do so would not be materially prejudicial to the interests of Noteholders or Couponholders) may agree, if requested by the Issuer and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution of a Subsidiary of the Issuer or a Holding Company of the Issuer or another Subsidiary of any such Holding Company in place of the Issuer as principal debtor under the Trust Deed, the Notes, the Coupons and the Talons and as a party to the Agency Agreement and so that, in the case of the Dated Subordinated Notes, the claims of the Noteholders or the Couponholders may, in the case of the substitution of a Holding Company of the Issuer in the place of the Issuer, also be subordinated to the rights of Senior Creditors of that Holding Company but not further or otherwise.

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

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

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

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

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

## **12. Further Issues**

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

## **13. Notices**

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

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

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

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

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

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

## 16. **Governing Law and Jurisdiction**

- (a) The Trust Deed, the Notes, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.
- (b) The Courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, Coupons or Talons may be brought in such courts.

## 17. **Recognition of UK Bail-in Power**

### (a) ***Agreement and acknowledgement with respect to the exercise***

Notwithstanding and to the exclusion of any other term of any Series of Notes or any other agreements, arrangements or understandings between the Issuer and any Noteholder (or the Trustee on behalf of the Noteholders), by its acquisition of the Notes, each Noteholder acknowledges and accepts that the Amounts Due arising under the Notes may be subject to the exercise of the UK Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents, and agrees to be bound by:

- (i) the effect of the exercise of the UK Bail-in Power by the Resolution Authority, that may include and result in any of the following, or some combination thereof:
  - (A) the reduction of all, or a portion, of the Amounts Due;
  - (B) the conversion of all, or a portion, of the Amounts Due in respect of the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;
  - (C) the cancellation of the Notes; or
  - (D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period;
- (ii) the variation of the terms of the Notes, as determined by the Resolution Authority, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

### (b) ***Definitions***

For the purposes of this Condition 17:

**"Amounts Due"** means the principal amount of, and any accrued but unpaid interest on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the UK Bail-in Power by the Resolution Authority.

(c) ***Payments of interest and other outstanding Amounts Due***

No repayment or payment of Amounts Due in relation to the Notes will become due and payable or be paid after the exercise of any UK Bail-in Power by the Resolution Authority if and to the extent such amounts have been reduced, converted, written-down, cancelled, amended or altered as a result of such exercise.

(d) ***Event of Default***

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Issuer, nor the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes will constitute an event of default under Condition 9.

(e) ***Notice***

Upon the exercise of the UK Bail-in Power by the Resolution Authority with respect to any Notes, the Issuer shall immediately notify the Trustee and the Issuing and Paying Agent in writing of such exercise and give notice of the same to Holders in accordance with Condition 13. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 17(e) shall not affect the validity and enforceability of the UK Bail-in Power.

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

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

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

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

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

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

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

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the



underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of such Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

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

## **Exchange**

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

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

- 1.1 if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme - Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- 1.2 otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes, provided that the CMU Service may require that any such exchange for interests in a Permanent Global Note is made in whole and not in part and, in such event, no such exchange will be effected until all relevant accountholders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

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

If the relevant Final Terms indicates that the Temporary Global Note may be exchanged for Definitive Notes, trading of such Notes in Euroclear and Clearstream, Luxembourg will only be permitted in amounts which are an integral multiple of the minimum Specified Denomination.

## **2. Permanent Global Notes**

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

- 2.1 unless principal in respect of any Notes is not paid when due, by the relevant Issuer giving notice to the Noteholders and the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU Service ("**CMU Notes**"), the CMU Lodging Agent) of its intention to effect such exchange (save that no such exchange shall be possible where the Notes have a minimum Denomination plus a higher integral multiple of a smaller amount);
- 2.2 if the Permanent Global Note was issued in respect of a D Rules Note or if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange (save that no such exchange shall be possible where the Notes have a minimum Denomination plus a higher integral multiple of a smaller amount);
- 2.3 if the Permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- 2.4 if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, by the holder giving notice to the Issuing and Paying Agent (or, in the case of CMU Notes, the CMU Lodging Agent) of its election for such exchange.

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

In the event that a Permanent Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

## **3. Permanent Global Certificates**

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

- 3.1 if in the case of Restricted Notes, DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and such Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- 3.2 if in the case of Unrestricted Notes, Euroclear or Clearstream, Luxembourg or the CMU Service is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- 3.3 if principal in respect of any Notes is not paid when due; or
- 3.4 with the consent of the relevant Issuer,

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

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

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes.

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

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

#### **6. Exchange Date**

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

#### **Amendment to Conditions**

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

##### **1. Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in

respect of CGNs represented by a Global Note (except in respect of a Global Note held through the CMU service) will be made, if in CGN form, against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

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

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

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

## **2. Prescription**

Claims against the relevant Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

## **3. Meetings**

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

## **4. Cancellation**

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

## **5. Purchase**

Notes represented by a Permanent Global Note may only be purchased by the relevant Issuer or any of its subsidiaries or any holding company (within the meaning of section 1159 of the

Companies Act 2006) or any other subsidiary of such holding company if they are purchased together with the rights to receive all future payments of interest thereon.

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

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

## **7. Noteholders' Options**

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

## **8. NGN Nominal Amount**

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

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

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

## **10. Notices**

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

## **11. Eurosystem eligibility**

Where the Global Notes issued in respect of any Tranche are in NGN form or are intended to be held under the NSS, the relevant Issuer will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon the European Central Bank (the "**ECB**") being satisfied that the Eurosystem eligibility criteria have been met. Furthermore, any indication that the Global Notes are not intended to be so held may be the case at the date of the applicable Final Terms. However, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper and, in the case of Registered Notes, registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Similarly, this would not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

## **12. Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- 12.1 approval of a resolution proposed by the relevant Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "Electronic Consent" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution (as defined in the Trust Deed) to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- 12.2 where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the relevant Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuers and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the relevant Issuer and the Trustee

shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuers nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## USE OF PROCEEDS

Unless (i) otherwise specified in the relevant Final Terms or (ii) the relevant Final Terms specifies the relevant Series of Notes as being "Sustainability Bonds", "Green Bonds" or "Social Bonds", the net proceeds of the issuance of each Series of Notes will be applied by the Issuer for general corporate purposes.

### The Framework

The Group has established its sustainability bond framework (the "Framework"). The Framework, which maps Eligible Projects (as defined below) to specific Sustainable Development Goals set by the United Nations on 25 September 2015 (the "SDGs"), is a step towards contributing capital towards the accomplishment of the SDGs. Under the Framework, the Issuer may issue green, social or sustainability bonds, in public or private transactions, to finance and/or refinance Eligible Projects. The Group may, in the future, update the Framework in line with developments in the market.

The Issuer believes that the Framework is aligned with the International Capital Market Association's Green Bond Principles ("GBPs"), Social Bond Principles ("SBPs") and Sustainability Bond Guidelines. The Framework is presented in accordance with the four core components of the GBPs and the SBPs, namely:

1. Use of proceeds;
2. Process for project evaluation and selection;
3. Management of proceeds; and
4. Reporting.

This conclusion is confirmed by the second party opinion obtained by the Issuer from Sustainalytics, an external assurance provider, which confirms the alignment of the Framework with the aforementioned principles and guidelines. The Framework and the opinion are available on the Issuer's website.

Financings provided to any Eligible Projects under the Framework may mature or be sold before or after the Maturity Date of the relevant Notes. Where any such projects mature or are sold before the Maturity Date of the relevant Notes, the Issuer expects to reallocate funds with respect to that project to new Eligible Projects. Where any financings for any Eligible Project remains outstanding after the Maturity Date of the Notes, there will be no requirement to terminate the financing of such project on or prior to the Maturity Date of the Notes.

Payment of principal and interest on the Notes will be made from the Issuer's general funds and will not be directly linked to the performance of any Eligible Project. Noteholders shall have recourse to the Issuer only.

Investors in the Notes should have regard to the risk factors described in the section headed "Risk Factors – The use of proceeds of the Notes may not meet investor expectations or requirements".

### Eligible Projects

#### Green Bonds

If the relevant Final Terms specifies that a Series of Notes are "Green Bonds", then, unless otherwise specified in the relevant Final Terms, the Issuer will apply the net proceeds of the issuance of such Notes in accordance with the Framework to finance and/or refinance new and existing businesses and projects whose activities fall into one or more of the following categories



and which also meet the Eligibility Criteria detailed below. Such businesses and projects shall constitute "Eligible Projects" in respect of that Series of Notes:

**Renewable Energy (SDG7: Affordable and Clean Energy):** Activities including the generation of energy from renewable sources, the manufacture of components of renewable energy technology, the construction, maintenance and expansion of associated distribution networks, the development of products or technology and their implementation that reduces the energy consumption of the underlying asset, technology, product or system(s), the development and/or manufacture of renewable energy technologies, including equipment for renewable energy generation and energy storage (examples could include wind turbines, solar panels and battery storage), and the development, manufacture and/or installation of energy efficiency technologies and products such as efficient appliances, lighting, etc. Eligible Projects include financings of wind power, solar energy, hydropower (< 25MW), waste to energy and geothermal energy.

**Energy Efficiency (SDG9: Industry, Innovation and Infrastructure):** Eligible Projects include, amongst others, the financing of refurbishment of residential and commercial buildings to make them more energy efficient.

**Water Management (including Sustainable Water and Waste) (SDG 6: Clean Water and Sanitation):** Activities that improve water quality and increase water-use efficiency through water recycling, treatment and reuse (including the treatment of wastewater). Eligible Projects include the financing of water treatment facilities, upgrades to wastewater treatment plants, wastewater discharge infrastructure and water saving systems, technologies and water metering.

**Clean Transportation (SDG 11: Sustainable Cities and Communities):** Activities including the upgrading and retrofitting of infrastructure to make them sustainable, with increased resource-use efficiency. Eligible Projects include, amongst others, the financing of rail transportation, vehicle or rail fleet retrofits.

## **Social Bonds**

If the relevant Final Terms specifies that a Series of Notes are "Social Bonds", then, unless otherwise specified in the relevant Final Terms, the Issuer will apply the net proceeds of the issuance of such Notes in accordance with the Framework to finance and/or refinance new and existing businesses and projects whose activities fall into one or more of the following categories and which also meet the Eligibility Criteria detailed below. Such businesses and projects shall constitute "**Eligible Projects**" in respect of that Series of Notes:

**Access to Financing and Financial Services and Employment generation including through the potential effect of SME financing and microfinance (SDG8: Decent Work and Economic Growth and SDG9: Industry, Innovation and Infrastructure):** Investments that contribute to expanding access to affordable and responsible financial products and services for poor and vulnerable populations. This includes financing microfinance institutions as well as directly financing organisations that are often unable to gain access to financial products and services such as small- and medium-sized enterprises. Eligible Projects include loans to microfinance institutions, and the direct financing of smaller businesses in populations in least developed, low income and lower middle income Development Assistance Countries as referenced by the Organisation for Economic Co-operation and Development (OECD).

**Affordable Basic Infrastructure (SDG 6: Clean Water and Sanitation and SDG 11: Sustainable Cities and Communities):** Activities that expand public access to safe and affordable drinking water, provide access to adequate sanitation facilities. Eligible Projects include the financing of water treatment facilities, upgrades to wastewater treatment plants, wastewater discharge infrastructure and water saving systems, technologies and water metering. Investments into development of roads in least developed, low income and lower middle income Development Assistance Countries.

**Access to Health Services (SDG3: Good Health and Well-Being):** Activities that strengthen the capacity of all countries, in particular developing countries, for provisions of free or subsidised healthcare, and early warning, risk reduction and management of health crises, improved sustainable and efficient long-term solutions for eye health, access to healthcare for people in poverty, children, youth, people with disabilities, and activities that drive sustainable health solutions and health interventions. Eligible Projects include financing to construct, equip and operate (a) hospitals, clinics and health care centres for the provision of public/free/subsidised health services and (b) infrastructure and equipment for the provision of emergency medical response and disease control services with the overall objectives of improving access to public services for the wider population and promoting inclusiveness.

**Access to Education and Vocational Training (SDG4: Quality Education):** Activities that expand access to primary, secondary, adult and vocational education aimed to achieve women and minority inclusion in education and to improve the rate of student attendance. Eligible Projects include, amongst others, financings of the construction of public schools and universities and the construction of campuses for public schools and universities.

### **Sustainability Bonds**

If the relevant Final Terms specifies that a Series of Notes are "Sustainability Bonds", then, unless otherwise specified in the relevant Final Terms, the Issuer will apply the net proceeds of the issuance of such Notes in accordance with the Framework to finance and/or refinance new and existing businesses and projects whose activities fall into a combination of the categories listed above under the headings "Green Bonds" and "Social Bonds", and which also meet the Eligibility Criteria detailed below. Such businesses and projects shall constitute "**Eligible Projects**" in respect of that Series of Notes.

### **Project Evaluation and Selection**

#### **Governance**

Eligible Projects are subject to three levels of review under the Framework:

1. *The Sustainable Finance Working Group* – This group of business and functional representatives from across the Group is mandated with reviewing and promoting the Group's sustainable, green and social finance activities. This group will identify transactions that are consistent with the Framework.
2. *Environmental and Social Risk Management* – This team selects the projects which are most appropriate for financing pursuant to the Framework.
3. *The Sustainability, Green and Social Bond Committee* – The Group has established an internal Sustainability, Green and Social Bond Committee (the "**Committee**") to manage the process for project evaluation and selection, and the Committee is responsible for the final review of Eligible Projects.

The Committee consists of one representative from each of the following departments: Group Treasury, Sustainability, Sustainable Finance, Environmental and Social Risk Management and Debt Capital Markets. In addition, the Committee includes a representative of the business unit for the relevant exposures. For example, in the case of the financing of a renewable energy project, the Committee would include a representative from the Group's Project and Export Finance team.

The Group's Global Head of Sustainable Finance acts as the chair of the Committee. The Committee is responsible for the content and implementation of the Framework, including the criteria for and the selection of Eligible Projects, the management of proceeds, reporting and external review.

The Committee will identify projects from the pool of Eligible Projects that will be financed or refinanced, in whole or in part, with the net proceeds of the issuance of a Series of Notes whose Final Terms specify that the relevant Series of Notes are "Green Bonds", "Social Bonds" or "Sustainability Bonds", and will assign an aggregate notional amount of at least the net proceeds of the issuance of the relevant Series of Notes to such Eligible Projects (the "**Assigned Projects**"). Details of the Assigned Projects will be compiled and kept up to date by the Committee.

If, during the term of a Series of Notes, any Assigned Projects are redeemed or no longer comply with the Eligibility Criteria (as described below), such projects will be replaced by other Eligible Projects in respect of that Series of Notes ("Replacement Projects") to ensure that the net proceeds of the issuance of the Notes are always fully used to finance and/or refinance a portfolio of Eligible Projects in respect of that Series of Notes. The Committee will review the portfolio of Assigned Projects on a biannual basis. The Committee will take minutes on the identification of Eligible Projects, the allocation of the net proceeds of the issuance of that Series of Notes to Assigned Projects and any changes to the portfolio of Assigned Projects over the term of the Notes. The chair of the Committee will share the minutes of the Committee with senior management in Group Treasury, Group Communications and Investor Relations and in the business unit responsible for each Assigned Project.

### **Eligibility Criteria**

All loans and investments must comply with the Group's standard credit process and with all applicable regulatory requirements, with the Group's overall and sustainability strategy and with the Group's environmental and social risk management policies and exclusion lists in order to constitute Eligible Projects.

In addition, to qualify as Eligible Projects for financing and/or refinancing using the net proceeds of the issuance of the relevant Notes, each project must:

1. be aligned with the Framework;
2. fit into one of the Eligible Project categories;
3. not be a loan refinanced by third parties;
4. not be a non-performing loan; and
5. not be an uncommitted transaction.

Businesses and projects that pertain to activities listed in the 'Exclusions' column of the Use of Proceeds section of the Framework will not be Eligible Projects.

### **Management and Tracking of Proceeds**

The net proceeds of the issuance of each Series of Notes and the Assigned Projects will not be segregated into a separate sub-portfolio, but will be tracked separately, and the Assigned Projects and any Replacement Projects will be recorded and monitored regularly by the Committee.

The proceeds of bonds issued under the Framework, including Notes issued under the Programme, will be managed by the Group on a portfolio basis and will be allocated to Eligible Projects. Assigned Projects and any Replacement Projects will be recorded and monitored regularly by the Committee.

If for any reason the Group is not able to invest the net proceeds of the issuance of the relevant Notes in Eligible Projects in respect of that Series of Notes or to fully replace Assigned Projects that are repaid or no longer qualify with the Eligibility Criteria and as a consequence the net proceeds of issuance of the relevant Notes are not fully assigned to relevant Eligible Projects, the

Issuer intends to temporarily invest the balance in line with the Group's liquidity investment guidelines until such balance is fully reinvested into relevant Eligible Projects.

### **Reporting**

On at least an annual basis, the Issuer will prepare a progress report to update investors on the allocation of the net proceeds of the issuance of Notes to Eligible Projects. Such reports will provide information such as:

- the total amount of proceeds allocated to relevant Eligible Projects;
- the amounts allocated to Eligible Projects in each relevant Eligible Project category; and
- the remaining balance of unallocated net proceeds at the end of the relevant reporting period and where these have been invested.

If the Issuer obtains a pre-issuance verification report in respect of a Series of Notes, such report will be made available on its website.

The Issuer intends to engage an independent reviewer to independently review each progress report and opine on its continued conformity with the Framework. The Issuer intends to make each progress report and the related opinions available on its website.

## STANDARD CHARTERED PLC

SCPLC is the ultimate holding company of SCB and was incorporated and registered in England and Wales on 18 November 1969 as a public limited company. Its ordinary shares and preference shares are listed on the Official List and traded on the London Stock Exchange. SCPLC's ordinary shares are also listed on The Stock Exchange of Hong Kong Limited, and through Indian Depository Receipts on the Bombay Stock Exchange and the National Stock Exchange of India. SCPLC operates under the Companies Act 2006 and its registered number is 966425. SCPLC's registered office and principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V 5DD. SCPLC's telephone number is +44 (0)20 7885 8888. SCPLC adopted new articles of association on 6 May 2020.

The Group is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. As at 31 December 2019, the Group had a total workforce of approximately 90,000 employees across 59 diverse markets.

### Client segment reviews

The Group is a client-centric bank focused on providing its clients with investment expertise and innovative products and solutions. The Group has four client segments: Corporate & Institutional Banking and Private Banking are run globally, with clients in those segments supported by relationship managers with global oversight; Commercial and Retail Banking are run regionally with global oversight of segment strategy, systems and products. Clients are served by country-level relationship managers with specific knowledge of the local market.

#### *Corporate & Institutional Banking*

Corporate & Institutional Banking supports clients with their transaction banking, corporate finance, financial markets and borrowing needs across more than 50 markets, providing solutions to over 5,000 clients in some of the world's fastest-growing economies and most active trade corridors.

Clients include large corporations, governments, banks and investors operating or investing in Asia, Africa and the Middle East, Europe and Americas. Strong and deep local presence across these markets enables the Group to connect its clients multilaterally to investors, suppliers, buyers and sellers and enable them to move capital, manage risk, invest to create wealth, and co-create to provide bespoke financing solutions.

The Group collaborates increasingly with other segments, introducing Commercial Banking services to clients' ecosystem partners – their networks of buyers, suppliers, customers and service providers – and offering clients' employees banking services through Retail Banking.

The Group is committed to sustainable finance, delivering on its ambitions to increase support and funding for financial products and services that have a positive impact on communities and the environment.

#### *Retail Banking*

Retail Banking serves over nine million individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest growing cities. The Group provides digital banking services with a human touch to its clients with services spanning across deposits, payments, financing products and wealth management, as well as supporting their business banking needs.

Retail Banking generates approximately one-third of the Group's operating income and one-quarter of the Group's operating profit. Retail Banking is closely integrated with the Group's other client segments, for example offering employee banking services to Corporate & Institutional Banking clients, and Retail Banking provides a high-quality liquidity for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support Retail Banking's opportunity to grow the business sustainably. The Group aims to improve productivity and client experience by driving digitisation and cost efficiencies and simplifying processes.

### *Commercial Banking*

Commercial Banking serves over 45,000 local corporations and medium-sized enterprises in 26 markets across Asia, Africa and the Middle East. It aims to be these clients' main international bank, providing a full range of international financial solutions in areas such as trade finance, cash management, financial markets and corporate finance.

Through its close linkages with Retail Banking and Private Banking, clients can access additional services they value including employee banking services and personal wealth solutions. Commercial Banking also collaborates with Corporate & Institutional Banking to service their clients' end-to-end supply chains.

Clients represent a large and important portion of the economies it serves and are potential future multinational corporates. Commercial Banking is at the heart of the Group's purpose to drive commerce and prosperity through the Group's unique diversity.

### *Private Banking*

Private Banking offers a full suite of investment, credit and wealth planning solutions to grow and protect the wealth of high-net worth individuals across the Group's footprint.

Private Banking's investment advisory capabilities and product platform are independent from research houses and product providers, allowing it to put client interests at the centre of its business. This is coupled with an extensive network across Europe, Asia, Africa and the Middle East, which provides clients with relevant market insights and cross-border investment and financing opportunities.

As part of the Group's universal banking proposition, clients can also leverage the Group's global Commercial Banking and Corporate & Institutional Banking capabilities to support their business needs. Private Banking services can be accessed from six leading financial centres: Hong Kong, Singapore, London, Jersey, Dubai and India.

## **The Group's regions**

The Group's geographical structure includes four regional businesses:

- Greater China & North Asia, including Hong Kong, Korea, Mainland China, Taiwan, Japan and Macau.
- ASEAN & South Asia, which includes Singapore, Malaysia, Indonesia, India and Bangladesh.
- Africa & Middle East, which includes Southern, West and East Africa, Pakistan and the UAE.
- Europe & Americas, including the UK and the U.S.

The client and regional businesses are supported by centralised global functions.

## **Subsidiaries**

As at 29 April 2020, the principal subsidiary undertakings of SCPLC engaged in the business of banking and provision of other financial services, were as follows: SCB, Standard Chartered Bank (Hong Kong) Limited ("**SCBHK**"), Standard Chartered Bank Korea Limited, Standard Chartered

Bank (Singapore) Limited, Standard Chartered Bank Malaysia Berhad, Standard Chartered Bank (Thai) Public Company Limited, Standard Chartered Bank (China) Limited, Standard Chartered Bank (Taiwan) Limited, Standard Chartered Bank (Pakistan) Limited, Standard Chartered Bank Nigeria Limited, Standard Chartered Bank Kenya Limited, and Standard Chartered Private Equity Limited.

As at 29 April 2020, all the above were directly or indirectly wholly owned subsidiaries of SCPLC, except Standard Chartered Bank (Thai) Public Company Limited, which was 99.87 per cent. indirectly owned by SCPLC, Standard Chartered Bank (Pakistan) Limited, which was 98.99 per cent. indirectly owned by SCPLC, and Standard Chartered Bank Kenya Limited, which was 74.30 per cent. indirectly owned by SCPLC.

## **Directors**

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

### **J M I Viñals** *Group Chairman*<sup>1</sup>

*Board Member of Social Progress Imperative, Advisory Board of HM Treasury's Belt and Road Expert Board, Board Member of Institute of International Finance, Member of Advisory Group of The Valencian Institute of Economic Research, Member of editorial Board of economic review of Comillas Pontifical University, Honorary Chairman of LSE Alumni in Spain, Committee member of Hong Kong Association, Member of International Monetary Conference, Advisory Council Member of TheCityUK, Member of World Economic Forum Community of Chairmen, Co-Chair of World Economic Forum working group on The Future of Investing: navigating non-traditional risks and opportunities, Member of UN Working Group - Global Investors for Sustainable Development Alliance and Co-member with CEO of Sustainable Markets Council (Prince Charles).*

### **W T Winters** *Group Chief Executive and Chief Executive of SCB*<sup>1</sup>

*Non-Executive Director of Novartis International AG, Chairman of The Print Room Theatre, Designated member of Coronet Ondine LLP and an Overseer of International Rescue Committee (IRC).*

### **A N Halford** *Group Chief Financial Officer and Chief Financial Officer of SCB*<sup>1</sup>

*Senior Independent Director of Marks and Spencer Group plc.*

### **N Kheraj** *Independent Non-Executive Director and Deputy Chairman*<sup>1</sup>

*Chairman of Rothesay Life, Director of Fifty Seven 7 Services Limited, Advisor of Queensway Hotels and a member of the Finance Committee of the Oxford University Press. He is also a senior adviser to the Aga Khan Development Network serving on the boards of various entities within its network.*

### **D P Conner** *Independent Non-Executive Director*

*Trustee of Washington University in St Louis, Non-Executive Director of Nine Network in St Louis (non-commercial broadcaster) and a Non-Executive Director of Forest Park Forever.*

### **C M Hodgson** *Senior Independent Director*<sup>1</sup>

*Chair of Severn Trent plc and Severn Trent Limited, Director of Hafren Dyfrdwy, sits on the board of The Prince of Wales' Business in the Community, Chair of The Careers & Enterprise Company Limited, Senior Pro Chancellor and Chair of the Council of Loughborough University, Member of Dept for Education: Business Engagement Forum and Chair Mentor of Chartered Management Institute.*

**J Whitbread** *Independent Non-Executive Director*<sup>1</sup>

*Chief Executive of London First, Non-Executive director of WPP Plc, Ethics Committee – Advisory Group of Richemont and a Visiting Fellow of Oxford University.*

**G Huey Evans, OBE** *Independent Non-Executive Director*<sup>1</sup>

*Non-Executive Director of ConocoPhillips and Bank Itau BBA International plc, Non-Executive Member of the UK HM Treasury Board, Chair of the London Metal Exchange, Trustee of The Beacon Fellowship Charitable Trust, Trustee of Wellbeing of Women, Panel of Senior Advisors of Chatham House and Management Board of PRIME Finance.*

**Dr B E Grote** *Independent Non-Executive Director*<sup>1</sup>

*Non-Executive Director of Tesco plc, Senior Independent Director of Anglo American plc, Deputy Chairman of the Supervisory Board at Akzo Nobel NV, member of the European Audit Committee Leadership Network, Emeritus Member of Cornell Johnson School Advisory Council at Cornell University and President of BP Society.*

**Dr N Okonjo-Iweala** *Independent Non-Executive Director*<sup>1</sup>

*Independent Director of Twitter inc, Co-Chair of Lumos, Member of International Advisory Panel of Asian Infrastructure Investment Bank, International Advisory Council Member of MercyCorps, Chair of the African Risk Capacity, Chair of GAVI, the Global Alliance for Vaccines and Immunisations, member of the G20 Eminent Persons Group, an ambassador of the Open Government Partnership, Chair of Centre for the study of the Economics of Africa (CSEA), Co-Chair of The New Climate Economy (The Global Commission on the Economy and Climate), Chair of African University of Science & Technology, Director of Results for Development (R4D), Member of Africa Advisory Board of Women's World Banking, Member of The B Team, Advisory Board Member of Japanese International Cooperation Agency (JICA), Member of Harvard University International Advisory Council, Advisory Council of Oxford, Martin School, University of Oxford, Trustee of Carnegie Endowment for International Peace, Advisory Council of Presidential Economic advisory Council for President Cyril Ramaphosa of South Africa, Advisory Group of IMF External Advisory Group (Covid-19 Focused), Special Envoy of Special Envoy appointed by Chair of African Union (Covid-19 Focused) and Global Advisory Board (School of Public Policy and Management) of Tsinghua University, Beijing.*

**P Rivett** *Independent Non-Executive Director*<sup>1</sup>

*Independent Non-Executive Director of Nationwide Building Society.*

**C Tong** *Independent Non-Executive Director*<sup>1</sup>

*Non-Executive director of the Airport Authority of Hong Kong, Chair of the University Grants Committee, Non-Executive, Director of Aviation Security Company Limited, Member of Human Resources Planning Commission Hong Kong, Member (Chair with effect from 1 April 2020) of Independent Commission on Remuneration for members of the Executive Council and the Legislature, and officials under the Political Appointment System of the HKSAR, Director of Lovett Limited, Director of Hillsdale Properties Limited (a dormant company), Council Advisor of Hong Kong Chinese Orchestra Limited, International Advisory Board of Lingnan (University) College, Sun Yat-sen University, Member of Hong Kong Laureate Forum, Member of Academy of Finance (HK SAR initiative funded by HKMA), Member of the Hong Kong Exchange Fund Advisory Committee and a Member of Chartered Accountants of England & Wales - Greater China Strategy Advisory Group.*

**D Tang** *Independent Non-Executive Director*<sup>1</sup>

*Managing Director and Partner of NGP Capital in Beijing, Non-Executive Director of WD Technology Investment Group Limited (NGP Capital Investment) Non-Executive Director of*



*Kingsoft Corporation Limited (Listed on HK Stock Exchange) and a Non-Executive director of YY Inc.*

The above appointments have received the necessary regulatory approval.

Notes:

1. The business address should be regarded for the purposes of this Prospectus as:  
1 Basinghall Avenue  
London EC2V 5DD

There are no existing or potential conflicts of interest between any duties of the directors named above owed to SCPLC and/or their private interests and other duties which would require disclosure in this Prospectus. The Group has a control process in place for the purposes of avoiding potential conflicts of interest, as and when they may arise, between any duties of the Directors named above to SCPLC and their private interests and/or other duties. There are no such potential conflicts of interest which would require disclosure in this Prospectus.

## CAPITALISATION AND INDEBTEDNESS OF STANDARD CHARTERED PLC

The following table sets out the unaudited consolidated capitalisation and indebtedness of the Group as at 31 December 2019 and 31 December 2018 prepared in accordance with IFRS.

	31 December 2019 U.S.\$ million	31 December 2018 U.S.\$ million
<b>Capitalisation</b>		
<b>Shareholders' equity</b>		
<b>Allotted, called-up and fully paid share capital</b>		
Ordinary shares	1,598	1,654
Share premium	5,480	5,457
Capital and merger reserves	17,187	17,129
Reserves and retained earnings	20,570	20,878
Other equity instruments	5,513	4,961
<b>Total parent company shareholders' equity (excluding minority interest)</b>	<b>50,348</b>	<b>50,079</b>
	31 December 2019 U.S.\$ million	31 December 2018 U.S.\$ million
<b>Subordinated Liabilities and Other Borrowed Funds</b>		
<b>Subordinated loan capital – issued by subsidiary undertakings</b>		
£675 million 5.375 per cent. undated step up subordinated notes (callable 2020) <sup>1</sup>	298	296
£200 million 7.75 per cent. undated step up subordinated notes (callable 2022) <sup>1</sup>	53	53
\$750 million 5.875 per cent. subordinated notes 2020 <sup>2</sup>	754	754
\$700 million 8.0 per cent. subordinated notes 2031 <sup>1</sup>	429	405
BWP 127.26 million 8.2 per cent. subordinated notes 2022 <sup>3</sup>	-	12
BWP 70 million floating rate subordinated notes 2021 <sup>3</sup>	-	7
BWP 50 million floating rate notes 2022 <sup>3</sup>	-	5
	<b>1,534</b>	<b>1,532</b>
<b>Subordinated loan capital – issued by the Company<sup>4</sup></b>		
Primary capital floating rate notes:		
\$400 million	16	16
\$300 million (Series 2)	69	69
\$400 million (Series 3)	50	50
\$200 million (Series 4)	26	26
£150 million	16	15
£900 million 5.125 per cent. subordinated notes 2034	855	797
\$2 billion 5.7 per cent. subordinated notes 2044	2,379	2,387
\$2 billion 3.95 per cent. subordinated notes 2023	2,009	1,941
\$1 billion 5.7 per cent. subordinated notes 2022	1,002	1,003
\$1 billion 5.2 per cent. subordinated notes 2024	1,069	1,001
\$750 million 5.3 per cent. subordinated notes 2043	786	787
€1.25 billion 4 per cent. subordinated notes 2025 (callable 2020)	1,421	1,472
€750 million 3.625 per cent. subordinated notes 2022	884	907
€500 million 3.125 per cent. subordinated notes 2024	585	587
SGD 700 million 4.4 per cent. subordinated notes 2026 (callable 2021)	525	516
\$1.25 billion 4.3 per cent. subordinated notes 2027	1,214	1,129
\$1 billion 3.516 per cent. subordinated notes due 2030 (callable 2025)	996	-
\$500 million 4.886 per cent. subordinated notes 2033 (callable 2028)	499	498
Other subordinated borrowings – issued by the Company <sup>5</sup>	272	268
	<b>14,673</b>	<b>13,469</b>
<b>Total for Group</b>	<b>16,207</b>	<b>15,001</b>
<b>Total Capitalisation and Indebtedness</b>	<b>66,555</b>	<b>65,080</b>

1 Issued by Standard Chartered Bank

2 Issued by Standard Chartered Bank (Hong Kong) Limited

3 Issued by Standard Chartered Bank Botswana Limited

4 In the balance sheet of the Company, the amount recognised is U.S.\$14,588 million (2018: U.S.\$13,436 million), with the difference being the effect of hedge accounting achieved on a Group basis

5 Other subordinated borrowings includes irredeemable sterling preference shares which are classified as debt

	2019				
	U.S.\$	GBP	EUR	Others	Total
	U.S.\$ million	U.S.\$ million	U.S.\$ million	U.S.\$ million	U.S.\$ million
Fixed rate subordinated debt	11,137	1,478	2,890	525	16,030
Floating rate subordinated debt	161	16	-	-	177
<b>Total</b>	<b>11,298</b>	<b>1,494</b>	<b>2,890</b>	<b>525</b>	<b>16,207</b>

  

	2018				
	U.S.\$	GBP	EUR	Others	Total
	U.S.\$ million	U.S.\$ million	U.S.\$ million	U.S.\$ million	U.S.\$ million
Fixed rate subordinated debt	9,905	1,414	2,966	528	14,813
Floating rate subordinated debt	161	15	-	12	188
<b>Total</b>	<b>10,066</b>	<b>1,429</b>	<b>2,966</b>	<b>540</b>	<b>15,001</b>

#### Notes

- All subordinated liabilities are unsecured, unguaranteed and subordinated to the claims of other creditors including without limitation, customer deposits and deposits by banks. The Group has the right to settle these debt instruments in certain circumstances as set out in the contractual agreements.
- Liabilities denominated in foreign currencies are translated into U.S. dollars at market exchange rates prevailing at 31 December 2019. The exchange rates used were U.S.\$1.00 = £ 0.7556; U.S.\$1.00 = BWP 10.5472; U.S.\$1.00 = KRW 1,156.5349; U.S.\$1.00 = EURO 0.8916; U.S.\$1.00 = PKR 154.7478; U.S.\$1.00 = JPY 108.8133; U.S.\$1.00 = SGD 1.3448.
- Contingent liabilities amounted to U.S.\$42 billion as at 31 December 2019, of which U.S.\$37 billion related to guarantees and irrevocable letters of credit.
- The total amount of all other borrowings and indebtedness as at 31 December 2019 was U.S.\$670 billion, including deposits by banks U.S.\$ 37 billion, customer accounts U.S.\$453 billion and debt securities in issue (including certificates of deposits) U.S.\$30 billion. These obligations are unsecured and are not guaranteed. Also, including repurchase agreements and other similar secured borrowing U.S.\$1.9 billion, which are collateralised with treasury bills/bonds.
- There has been no material change in the authorised and issued share capital and no material change in total capitalisation and indebtedness and contingent liabilities (including guarantees) of SCPLC as set out in the above table since 31 December 2019.
- On 12 November 2019, Standard Chartered PLC issued U.S.\$1 billion 3.516 per cent. subordinated debt 2030 (callable 2025).
- Redemptions and repurchases during the period:
  - On 27 June 2019, Standard Chartered Bank Botswana Limited exercised its right to redeem BWP 127.26 million 8.2 per cent. subordinated notes 2022 (callable 2017).
  - On 27 March 2019, Standard Chartered Bank Botswana Limited exercised its right to redeem BWP 50 million floating rate notes 2022 (callable 2017).
  - On 12 February 2019, Standard Chartered Bank Botswana Limited exercised its right to redeem BWP 70 million floating rate subordinated notes 2021 (callable 2016).

## STANDARD CHARTERED BANK

SCB was incorporated in England with limited liability by Royal Charter on 29 December 1853. SCB's issued share capital comprises ordinary shares, all of which are owned by Standard Chartered Holdings Limited, a company incorporated in England and Wales and a wholly-owned subsidiary of SCPLC, non-cumulative irredeemable preference shares of U.S.\$0.01 each, all of which are owned by Standard Chartered Holdings Limited, and non-cumulative redeemable preference shares of U.S.\$5.00 each, all of which are owned by SCPLC. SCB's principal office and principal place of business in the United Kingdom is at 1 Basinghall Avenue, London EC2V 5DD. SCB's reference number is ZC18.

The Group to which SCB belongs is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. As at 31 December 2019, the Group had a total workforce of approximately 90,000 employees in more than 59 markets.

### Client segment reviews

The Group is a client-centric bank focused on providing its clients with investment expertise and innovative products and solutions. The Group has four client segments: Corporate & Institutional Banking and Private Banking are run globally, with clients in those segments supported by relationship managers with global oversight; Commercial and Retail Banking are run regionally with global oversight of segment strategy, systems and products. Clients are served by country-level relationship managers with specific knowledge of the local market.

#### *Corporate & Institutional Banking*

Corporate & Institutional Banking supports clients with their transaction banking, corporate finance, financial markets and borrowing needs across markets, providing solutions to clients in some of the world's fastest-growing economies and most active trade corridors.

Clients include large corporations, governments, banks and investors operating or investing in Asia, Africa and the Middle East. Strong and deep local presence across these markets enables the Group to connect its clients multilaterally to investors, suppliers, buyers and sellers and enable them to move capital, manage risk, invest to create wealth, and co-create to provide bespoke financing solutions.

The Group collaborates increasingly with other segments, introducing Commercial Banking services to clients' ecosystem partners – their networks of buyers, suppliers, customers and service providers – and offering clients' employees banking services through Retail Banking.

The Group is committed to sustainable finance, delivering on its ambitions to increase support and funding for financial products and services that have a positive impact on communities and the environment.

#### *Retail Banking*

Retail Banking serves individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest growing cities. The Group provides digital banking services with a human touch to its clients with services spanning across deposits, payments, financing products and wealth management, as well as supporting their business banking needs.

Retail Banking represents approximately one-quarter of the Group's underlying operating income and one-fifth of the Group's underlying operating profit. Retail Banking is closely integrated with the Group's other client segments, for example offering employee banking services to Corporate & Institutional Banking clients, and Retail Banking provides a high-quality liquidity for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support Retail Banking's opportunity to grow the business sustainably. The Group aims to improve productivity and client experience by driving digitisation and cost efficiencies and simplifying processes.

### *Commercial Banking*

Commercial Banking serves local corporations and medium-sized enterprises in several markets across Asia, Africa and the Middle East. It aims to be these clients' main international bank, providing a full range of international financial solutions in areas such as trade finance, cash management, financial markets and corporate finance.

Through its close linkages with Retail Banking and Private Banking, clients can access additional services they value including employee banking services and personal wealth solutions. Commercial Banking also collaborates with Corporate & Institutional Banking to service their clients' end-to-end supply chains.

Clients represent a large and important portion of the economies it serves and are potential future multinational corporates. Commercial Banking is at the heart of the Group's purpose to drive commerce and prosperity through the Group's unique diversity.

### *Private Banking*

Private Banking offers a full suite of investment, credit and wealth planning solutions to grow and protect the wealth of high-net worth individuals across the Group's footprint.

Private Banking's investment advisory capabilities and product platform are independent from research houses and product providers, allowing it to put client interests at the centre of its business. This is coupled with an extensive network across Asia, Africa and the Middle East, which provides clients with relevant market insights and cross-border investment and financing opportunities.

As part of the Group's universal banking proposition, clients can also leverage the Group's global Commercial Banking and Corporate & Institutional Banking capabilities to support their business needs.

## **The Group's regions**

The Group's geographical structure includes four regional businesses:

- ASEAN & South Asia, which includes Singapore, Malaysia, Indonesia, India and Bangladesh.
- Africa & Middle East, which includes Southern, West and East Africa, Pakistan and the UAE.
- Europe & Americas, including the UK and the U.S.

The client and regional businesses are supported by centralised global functions.

## **Subsidiaries**

As at 31 December 2019, the principal subsidiary undertakings of SCB, all indirectly held and principally engaged in the business of banking and provision of other financial services, were as follows: Standard Chartered Bank (Singapore) Limited, Standard Chartered Bank Malaysia Berhad, Standard Chartered Bank (Thai) Public Company Limited, Standard Chartered Bank (Pakistan) Limited, Standard Chartered Bank Nigeria Limited, Standard Chartered Bank Kenya Limited, and Standard Chartered Private Equity Limited.

As at 31 December 2019 all the above are directly or indirectly wholly owned subsidiaries of SCB, except Standard Chartered Bank (Thai) Public Company Limited, which was 99.87 per cent. directly owned by SCB, Standard Chartered Bank (Pakistan) Limited, which was 98.99 per cent. directly owned by SCB, and Standard Chartered Bank Kenya Limited, which was 74.3 per cent. indirectly owned by SCB.

## **Directors**

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

### **J M I Viñals** *Group Chairman*<sup>1</sup>

*Board Member of Social Progress Imperative, Advisory Board of HM Treasury's Belt and Road Expert Board, Board Member of Institute of International Finance, Member of Advisory Group of The Valencian Institute of Economic Research, Member of editorial Board of economic review of Comillas Pontifical University, Honorary Chairman of LSE Alumni in Spain, Committee member of Hong Kong Association, Member of International Monetary Conference, Advisory Council Member of TheCityUK, Member of World Economic Forum Community of Chairmen, Co-Chair of World Economic Forum working group on The Future of Investing: navigating non-traditional risks and opportunities, Member of UN Working Group - Global Investors for Sustainable Development Alliance and Co-member with CEO of Sustainable Markets Council (Prince Charles).*

### **W T Winters** *Group Chief Executive and Director of SCB*<sup>1</sup>

*Non-Executive Director of Novartis International AG, Chairman of The Print Room Theatre, Designated member of Coronet Ondine LLP and an Overseer of International Rescue Committee (IRC).*

### **D P Conner** *Independent Non-Executive Director*

*Non-Executive Director of GasLog Ltd, Trustee of Washington University in St Louis, Non-Executive Director of Nine Network in St Louis (non-commercial broadcaster) and Non-Executive Director of Forest Park Forever.*

### **Dr B E Grote** *Independent Non-Executive Director*<sup>1</sup>

*Non-Executive Director of Tesco plc, Senior Independent Director of Anglo American plc, Deputy Chairman of the Supervisory Board at Akzo Nobel NV and a member of the European Audit Committee Leadership Network.*

### **A N Halford** *Group Chief Financial Officer and Director of SCB*<sup>1</sup>

*Senior Independent Director of Marks and Spencer Group plc*

### **C M Hodgson** *Senior Independent Director*<sup>1</sup>

*Chair of Severn Trent plc and Severn Trent Limited, sits on the board of The Prince of Wales' Business in the Community, Chair of The Careers & Enterprise Company Limited, Senior Pro Chancellor and Chair of the Council of Loughborough University, Member of Dept for Education: Business Engagement Forum and Chair Mentor of Chartered Management Institute.*

### **G Huey Evans, OBE** *Independent Non-Executive Director*<sup>1</sup>

*Non-Executive Director of ConocoPhillips and Bank Itau BBA International plc, Non-Executive Member of the UK HM Treasury Board, Chair of the London Metal Exchange, Trustee of The Beacon Fellowship Charitable Trust, Trustee of Wellbeing of Women, Panel of Senior Advisors of Chatham House and Management Board of PRIME Finance.*

**N Kheraj** *Independent Non-Executive Director and Deputy Chairman*<sup>1</sup>

*Chairman of Rothesay Life, Director of Fifty Seven 7 Services Limited, Advisor of Queensway Hotels and a member of the Finance Committee of the Oxford University Press. He is also a senior adviser to the Aga Khan Development Network serving on the boards of various entities within its network.*

**J M Whitbread** *Independent Non-Executive Director*<sup>1</sup>

*Chief Executive of London First, Non-Executive director of WPP Plc, Ethics Committee - Advisory Group of Richemont and a Visiting Fellow of Oxford University.*

**Dr N Okonjo-Iweala** *Independent Non-Executive Director*<sup>1</sup>

*Independent Director of Twitter inc, Co-Chair of Lumos, Member of International Advisory Panel of Asian Infrastructure Investment Bank, International Advisory Council Member of MercyCorps, Chair of the African Risk Capacity, Chair of GAVI, the Global Alliance for Vaccines and Immunisations, member of the G20 Eminent Persons Group, an ambassador of the Open Government Partnership, Chair of Centre for the study of the Economics of Africa (CSEA), Co-Chair of The New Climate Economy (The Global Commission on the Economy and Climate), Chair of African University of Science & Technology, Director of Results for Development (R4D), Member of Africa Advisory Board of Women's World Banking, Member of The B Team, Advisory Board Member of Japanese International Cooperation Agency (JICA), Member of Harvard University International Advisory Council, Advisory Council of Oxford, Martin School, University of Oxford, Trustee of Carnegie Endowment for International Peace, Advisory Council of Presidential Economic advisory Council for President Cyril Ramaphosa of South Africa, Advisory Group of IMF External Advisory Group (Covid-19 Focused), Special Envoy of Special Envoy appointed by Chair of African Union (Covid-19 Focused) and Global Advisory Board (School of Public Policy and Management) of Tsinghua University, Beijing.*

**P Rivett** *Independent Non-Executive Director*<sup>1</sup>

*Independent non-executive director of Nationwide Building Society.*

**C Tong** *Independent Non-Executive Director*<sup>1</sup>

*Non-Executive director of the Airport Authority of Hong Kong, Chair of the University Grants Committee, Non-Executive Director of Aviation Security Company Limited, Member of Human Resources Planning Commission Hong Kong, Member (Chair with effect from 1 April 2020) of Independent Commission on Remuneration for members of the Executive Council and the Legislature, and officials under the Political Appointment System of the HKSAR, Director of Lovett Limited, Director of Hillsdale Properties Limited (a dormant company), Council Advisors of Hong Kong Chinese Orchestra Limited, International Advisory Board of Lingnan (University) College, Sun Yat-sen University, Member of Hong Kong Laureate Forum, Member of Academy of Finance (HK SAR initiative funded by HKMA) and a member of the Hong Kong Exchange Fund Advisory Committee.*

**T J Clarke** *Director of SCB*<sup>1</sup>

*Independent Director of England Netball and a Board Member of TheCityUK.*

**M Smith** *Director of SCB*<sup>1</sup>

*Vice Chairman of International Financial Risk Institute and a Member of the Cash Management and Reserve Fund Committee of International China Concern*

**D Tang** *Independent Non-Executive Director*<sup>1</sup>

*Managing Director and Partner of NGP Capital in Beijing, Non-Executive Director of WD Technology Investment Group Limited (NGP Capital Investment) Non-Executive Director of Kingsoft Corporation Limited (Listed on HK Stock Exchange) and a Non-Executive director of YY Inc.*

Notes:

1. The business address should be regarded for the purposes of this Prospectus as:  
1 Basinghall Avenue  
London EC2V 5DD

There are no existing or potential conflicts of interest between any duties of the directors named above owed to SCB and/or their private interests and other duties which would require disclosure in this Prospectus. The Group has a control process in place for the purposes of avoiding potential conflicts of interest, as and when they may arise, between any duties of the Directors named above to SCB and their private interests and/or other duties. There are no such potential conflicts of interest which would require disclosure in this Prospectus.



## CAPITALISATION AND INDEBTEDNESS OF STANDARD CHARTERED BANK

The following table sets out the unaudited consolidated capitalisation and indebtedness of SCB as at 31 December 2019 and 31 December 2018 prepared in accordance with IFRS.

	31 December 2019 U.S.\$ million	31 December 2018 U.S.\$ million
<b>Capitalisation</b>		
<b>Shareholders' equity</b>		
<b>Allotted, called-up and fully paid share capital</b>		
Ordinary shares	19,024	26,524
Share premium	1,796	1,796
Capital and merger reserves	40	40
Reserves and retained earnings	7,892	14,688
Other equity instruments	5,000	5,000
<b>Total shareholders' equity (excluding minority interest)</b>	<b>33,752</b>	<b>48,048</b>
<b>Subordinated Liabilities and Other Borrowed Funds</b>		
<b>Subordinated loan capital – issued by subsidiary undertakings</b>		
\$750 million 5.875 per cent. subordinated notes 2020	-	754
BWP 127.26 million 8.2 per cent. subordinated notes 2022 (callable)	-	12
BWP 70 million floating rate subordinated notes 2021 (callable)	-	7
BWP 50 million floating rate notes 2022 (callable)	-	5
\$540 million floating rate subordinated notes due 2030 (callable 2025)	540	-
	<b>540</b>	<b>778</b>
<b>Subordinated loan capital – issued by the Company</b>		
£675 million 5.375 per cent. Undated step up subordinated notes due (callable 2020)	298	296
£200 million 7.75 per cent. subordinated notes (callable 2022)	53	53
\$1 billion floating rate subordinated notes due 2022	-	1,000
\$960 million floating rate subordinated notes due 2022	960	960
\$700 million 8.0 per cent. subordinated notes due 2031	429	405
\$2 billion floating rate subordinated notes due 2023	2,000	2,000
\$500 million floating rate subordinated notes due 2043	500	500
\$1.698 billion floating rate subordinated notes due 2025 (callable 2020)	1,698	1,698
\$2 billion floating rate subordinated notes 2044 (callable 2039)	2,000	2,000
\$250 million floating rate subordinated notes due 2048 (callable 2043)	250	250
\$1 billion floating rate subordinated notes due 2029 (callable 2024)	1,000	1,000
\$1.5 billion floating rate subordinated notes due 2039 (callable 2034)	879	879
\$1.25 billion floating rate subordinated notes due 2032 (callable 2027)	1,250	1,250
\$1 billion 3.516 per cent. Subordinated notes due 2030 (callable 2025)	996	-
	<b>12,313</b>	<b>12,291</b>
<b>Primary capital floating rate notes</b>		
\$400 million floating rate undated subordinated notes	16	16
\$300 million floating rate undated subordinated notes (Series 2)	69	69
\$400 million floating rate undated subordinated notes (Series 3)	50	50
\$200 million floating rate undated subordinated notes (Series 4)	26	26
£150 million floating rate undated subordinated notes	15	15
	<b>176</b>	<b>176</b>
<b>Total for Bank Group</b>	<b>13,029</b>	<b>13,245</b>
<b>Total Capitalisation and Indebtedness</b>	<b>46,781</b>	<b>61,293</b>

	2019			
	U.S.\$	GBP	Others	Total
	U.S.\$ million	U.S.\$ million	U.S.\$ million	U.S.\$ million
Fixed rate subordinated debt	1,425	351	-	1,776
Floating rate subordinated debt	11,237	16	-	11,253
<b>Total</b>	<b>12,662</b>	<b>367</b>	<b>-</b>	<b>13,029</b>

	2018			
	U.S.\$	GBP	Others	Total
	U.S.\$ million	U.S.\$ million	U.S.\$ million	U.S.\$ million
Fixed rate subordinated debt	1,159	349	12	1,520
Floating rate subordinated debt	11,698	15	12	11,725
<b>Total</b>	<b>12,857</b>	<b>364</b>	<b>24</b>	<b>13,245</b>

#### Notes

- All subordinated liabilities are unsecured, unguaranteed and subordinated to the claims of other creditors including without limitation, customer deposits and deposits by banks. SCB has the right to settle these debt instruments in certain circumstances as set out in the contractual agreements.
- Liabilities denominated in foreign currencies are translated into U.S. dollars at market exchange rates prevailing at 31 December 2019. The exchange rates used were U.S.\$1.00 = £ 0.556; U.S.\$1.00 = BWP 10.5472; U.S.\$1.00 = KRW 1,156.53499; U.S.\$1.00 = EURO 0.916; U.S.\$1.00 = PKR 154.7478; U.S.\$1.00 = JPY 108.8113; U.S.\$1.00 = SGD 1.3448.
- Contingent liabilities amounted to U.S.\$35.6 billion as at 31 December 2019, of which U.S.\$32.7 billion related to guarantees and irrevocable letters of credit.
- The total amount of all other borrowings and indebtedness as at 31 December 2019 was U.S.\$451 billion, including deposits by banks U.S.\$24.1 billion, customer accounts U.S.\$210.3 billion and debt securities in issue (including certificates of deposits) U.S.\$31.2 billion. These obligations are unsecured and are not guaranteed. Also, including repurchase agreements and other similar secured borrowing U.S.\$178 million, which are collateralised with treasury bills/bonds.
- There has been no material change in the authorised and issued share capital and no material change in total capitalisation and indebtedness and contingent liabilities (including guarantees) of SCB as set out in the above table since 31 December 2019.
- Redemptions and repurchases during the period:
  - On 27 June 2019, Standard Chartered Bank Botswana Limited exercised its right to redeem BWP 127.26 million 8.2 per cent. subordinated notes 2022 (callable 2017).
  - On 27 March 2019, Standard Chartered Bank Botswana Limited exercised its right to redeem BWP 50 million floating rate notes 2022 (callable 2017).
  - On 12 February 2019, Standard Chartered Bank Botswana Limited exercised its right to redeem BWP 70 million floating rate subordinated notes 2021 (callable 2016).
  - On 28 June 2019, Standard Chartered Bank exercised its right to redeem U.S.\$1 billion floating rate subordinated notes 2022.
- Issuance during the year:
  - On 12 November 2019, Standard Chartered Bank issued U.S.\$1 billion 3.516 per cent. subordinated debt 2030 (callable 2025).
  - On 8 May 2019 Standard Chartered Bank (Singapore) Limited issued U.S.\$540 million floating rate subordinated debt 2030 (callable 2025).

## SELECTED FINANCIAL INFORMATION<sup>1</sup>

The following table sets out summary financial information relating to the Group for the five financial years ended 31 December 2019.

	2019 U.S.\$ million	2018 U.S.\$ million	2017 U.S.\$ million	2016 U.S.\$ million	2015 U.S.\$ million
Operating profit before impairment losses and taxation	4,484	3,142	4,008	3,849	4,116
Impairment losses on loans and advances and other credit risk provisions	(908)	(653)	(1,362)	(2,791)	(4,976)
Other impairment	(136)	(182)	(179)	(612)	(855)
Profit before taxation	3,713	2,548	2,415	409	(1,523)
Profit attributable to shareholders	2,303	1,054	1,219	(247)	(2,194)
Loans and advances to banks <sup>2</sup>	53,549	61,414	78,188	72,609	64,494
Loans and advances to customers <sup>2</sup>	268,523	256,557	282,288	252,719	257,356
Total assets	720,398	688,762	663,501	646,692	640,483
Deposits by banks <sup>2</sup>	28,562	29,715	30,945	32,872	28,727
Customer accounts <sup>2</sup>	405,357	391,013	370,509	338,185	337,606
Shareholders' equity	44,835	45,118	46,505	44,368	46,204
Total capital resources <sup>3</sup>	66,868	65,353	68,983	68,181	70,364
<b>Information per ordinary share</b>					
Basic (loss)/earnings per share	57.0c	18.7c	23.5c	(14.5)c	(91.9)c
Underlying earnings/(loss) per share	75.7c	61.4c	47.2c	3.4c	(6.6)c
Dividends per share <sup>4</sup>	22.0c	17.0c	-	-	13.71c
Net asset value per share	1,358.3c	1,319.3c	1,366.9c	1,307.8c	1,366.0c
Net tangible asset value per share	1,192.5c	1,167.7c	1,214.7c	1,163.9c	1,224.1c
Return on assets <sup>5</sup>	0.3%	0.3%	0.2%	0.0%	(0.3)%
<b>Ratios<sup>7</sup></b>					
Statutory return on ordinary shareholders' equity	4.2%	1.4%	1.7%	(1.1)%	(5.3)%
Statutory return on ordinary shareholders' tangible equity	4.8%	1.6%	2.0%	(1.2)%	(5.9)%
Underlying return on ordinary shareholders' equity	5.6%	4.6%	3.5%	0.3%	(0.4)%
Underlying return on ordinary shareholders' tangible equity	6.4%	5.1%	3.9%	0.3%	(0.4)%
Statutory cost-income ratio (excluding UK Bank levy)	68.7%	76.6%	70.7%	69.9%	70.2%
Statutory cost-income ratio (including UK Bank levy)	70.9%	78.8%	72.2%	72.6%	73.1%
Underlying cost-income ratio (excluding UK Bank levy)	65.9%	67.7%	69.3%	69.5%	65.0%
Underlying cost-income ratio (including UK Bank levy)	68.2%	69.9%	70.8%	72.2%	67.8%
Capital ratios:					
CET1 capital <sup>6</sup>	13.8%	14.2%	13.6%	13.6%	12.6%
Total capital base (CRD IV) ratio <sup>6</sup>	21.2%	21.6%	21.0%	21.3%	19.5%

<sup>1</sup> The amounts for the three financial years ended 2015 to 2017 are presented in line with IAS 39 and, therefore, not on a comparable basis to the current financial year presented in accordance with IFRS 9

<sup>2</sup> Excludes amounts held at fair value through profit or loss

<sup>3</sup> Shareholders' funds, non-controlling interests and subordinated loan capital

<sup>4</sup> Dividend paid during the year per share

<sup>5</sup> Represents profit attributable to shareholders divided by the total assets of the Group

<sup>6</sup> Unaudited

<sup>7</sup> Return on equity means the ratio of the current year's profit available for distribution to ordinary shareholders to the weighted average ordinary shareholders' equity for the reporting period. Cost-income ratio means the proportion of total operating expenses to total operating income. CET1 ratio means a measure of the Group's CET1 capital as a percentage of risk-weighted assets. A performance measure is described as underlying if the statutory result has been adjusted for restructuring and other items representing profits or losses of a capital nature; amounts consequent

to investment transactions driven by strategic intent; and other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period, and items which management and investors would ordinarily identify separately when assessing performance period-by-period.

The following table sets out summary financial information relating to the Group for the financial years ended 31 December 2019 and 31 December 2018. This information has been extracted without material adjustment from the Group's audited consolidated financial statements for the year ended 31 December 2019 (including comparative figures for the year ended 31 December 2018), each prepared in accordance with IFRS.

	Year ended 31 December	
	2019	2018
	U.S.\$million	U.S.\$million
Operating profit before impairment losses and taxation	<b>4,484</b>	3,142
Credit impairment	<b>(908)</b>	(653)
Other impairment		
Goodwill impairment	<b>(27)</b>	-
Other	<b>(136)</b>	(182)
Profit from associates and joint ventures	<b>300</b>	241
Profit before taxation	<b>3,713</b>	2,548
Profit attributable to parent company's shareholders	<b>2,303</b>	1,054
Loans and advances to banks <sup>1</sup>	<b>53,549</b>	61,414
Loans and advances to customers <sup>1</sup>	<b>268,523</b>	256,557
Total assets	<b>720,398</b>	688,762
Deposits by banks	<b>28,562</b>	29,715
Customer accounts	<b>405,357</b>	391,013
Total parent company shareholders' equity	<b>44,835</b>	45,118
Total capital base (CRD IV)	<b>55,965</b>	55,696

1. Excludes amounts held at fair value through profit or loss and includes reverse repurchase agreements and other similar secured lending balances held at amortised cost.

The following table sets out summary financial information relating to the Group for the financial years ended 31 December 2019 and 31 December 2018. This information has been extracted without material adjustment from the 2019 Annual Report (including comparative figures for the year ended 31 December 2018).

	Year ended 31 December	
	2019	2018
	U.S.\$million	U.S.\$million
	2019	2018
<b>Statutory performance</b>		
Operating income	15,417	14,789
Operating expenses	(10,933)	(11,647)
Credit Impairment	(908)	(653)
Goodwill impairment	(27)	-
Other impairment	(136)	(182)
Profit from associates and joint ventures	300	241
Profit before taxation	3,713	2,548
Profit attributable to parent company shareholders	2,303	1,054
Profit attributable to ordinary shareholders <sup>1</sup>	1,855	618
Return on ordinary shareholders' equity (%)	4.2	1.4
Return on ordinary shareholders' tangible equity (%)	4.8	1.6
Cost to income ratio (%)	70.9	78.8
<b>Underlying performance</b>		
Operating income	15,271	14,968
Operating expenses	(10,409)	(10,464)
Impairment losses on loans and advances and other credit risk provisions	(906)	(740)
Other impairment	(38)	(148)
Profit from associates and joint ventures	254	241
Profit before taxation	4,172	3,857
Return on ordinary shareholders' equity (%)	5.6	4.6
Return on ordinary shareholders' tangible equity (%)	6.4	5.1
Cost to income ratio (%)	68.2	69.9
Total assets	720,398	688,762
Total equity	50,661	50,352
Loans and advances to customers <sup>3</sup>	314,754	299,371
Customer accounts <sup>4</sup>	452,733	437,181
Total capital	55,965	55,696
Net interest margin (%) <sup>2</sup>	1.62	1.69
Advances-to-deposits ratio (%) <sup>6</sup>	64.2	63.1
Common Equity Tier 1 ratio (%) <sup>7</sup>	13.8	14.2
Total capital (%)	21.2	21.6
UK leverage ratio (%) <sup>8</sup>	5.2	5.6
	<b>Cents</b>	<b>Cents</b>
Earnings per share – statutory	57.0	18.7
– underlying	75.7	61.4
Ordinary dividend per share <sup>5</sup>	27.0	21.0
Net asset value per share	1,358.3	1,319.3
Tangible net asset value per share	1,192.5	1,167.7

1 Profit/(loss) attributable to ordinary shareholders is after the deduction of dividends payable to the holders of non-cumulative redeemable preference shares and Additional Tier 1 securities classified as equity

- 2 The Group has changed its accounting policies for net interest income and net trading income which had an impact on the calculation of net interest margin
- 3 Includes balances held at fair value through profit or loss and reverse repurchase agreements and other similar secured lending
- 4 Includes balances held at fair value through profit or loss and repurchase agreements and other similar secured borrowing
- 5 Represents the recommended full year dividend per share
- 6 The ratio of total loans and advances to customers relative to total customer accounts. A low advances-to-deposits ratio demonstrates that customer accounts exceed customer loans resulting from emphasis placed on generating a high level of stable funding from customers
- 7 A measure of the Group's CET1 capital as a percentage of risk-weighted assets under CRD IV.
- 8 A ratio introduced under CRD IV that compares Tier 1 capital to total exposures, including certain exposures held off balance sheet as adjusted by stipulated credit conversion factors. Intended to be a simple, non-risk based backstop measure.

A reconciliation between underlying and statutory results is set out in the table below:

	2019						
	Underlying U.S.\$million	Provision for regulatory matters U.S.\$ million	Restructuring U.S.\$ million	Gains arising on repurchase of senior and subordinated liabilities U.S.\$ million	Goodwill impairment U.S.\$ million	Share of profits of PT Bank Permata Tbk joint venture U.S.\$ million	Statutory U.S.\$ million
Operating income	15,271	-	146	-	-	-	15,417
Operating expenses	(10,409)	(226)	(298)	-	-	-	(10,933)
Operating profit/(loss) before impairment losses and taxation	4,862	(226)	(152)	-	-	-	4,484
Impairment losses on loans and advances and other credit risk provisions	(906)	-	(2)	-	-	-	(908)
Other impairment	(38)	-	(98)	-	(27)	-	(163)
Profit from associates and joint ventures	254	-	(2)	-	-	48	300
Profit/(loss) before taxation	4,172	(226)	(254)	-	(27)	48	3,713

	2018						
	Underlying U.S.\$million	Provision for regulatory matters U.S.\$million	Restructuring U.S.\$million	Gains arising on repurchase of senior and subordinated liabilities U.S.\$million	Goodwill impairment U.S.\$million	Share of profits of PT Bank Permata Tbk joint venture U.S.\$million	Statutory U.S.\$ million
Operating income	14,968	-	(248)	69	-	-	14,789
Operating expenses	(10,464)	(900)	(283)	-	-	-	(11,647)
Operating profit/(loss) before impairment losses and taxation	4,504	(900)	(531)	69	-	-	3,142
Impairment losses on loans and advances and other credit risk provisions	(740)	-	87	-	-	-	(653)
Other impairment	(148)	-	(34)	-	-	-	(182)
Profit from associates and joint ventures	241	-	-	-	-	-	241
Profit/(loss) before taxation	3,857	(900)	(478)	69	-	-	2,548

## THE GROUP

The information set out on pages 152 to 179 of this Prospectus is extracted without material adjustment from the 2019 Annual Report and (in the case of the sections titled “*First quarter 2020 results*” and “*First quarter 2020 capital base and ratios*”) from: (i) the Interim Management Statement; and (ii) the announcement entitled “*Completion of sale of interest in PT Bank Permata*” released by the Issuer on 20 May 2020. Further information relating to the Group can be found in the Interim Management Statement.

The following commentary reflects movements compared to the twelve months to 31 December 2018, and (in the case of the sections titled “*First quarter 2020 results*” and “*First quarter 2020 capital base and ratios*”) movements compared to the first quarter of 2019, unless otherwise indicated. All numbers are presented on an underlying basis unless otherwise stated. A reconciliation between underlying and statutory results is set out on pages 163 to 164.

### Corporate & Institutional Banking

#### *Segment Overview*

Corporate & Institutional Banking supports clients with their transaction banking, corporate finance, financial markets and borrowing needs across more than 50 markets, providing solutions to over 5,000 clients in some of the world's fastest-growing economies and most active trade corridors.

The Group's clients include large corporations, governments, banks and investors, operating or investing in Asia, Africa and the Middle East, Europe and Americas. The Group's strong and deep local presence across these markets enables it to connect its clients multilaterally to investors, suppliers, buyers and sellers and enables them to move capital, manage risk, invest to create wealth, and provides them with bespoke financing solutions.

The Group collaborates increasingly with other segments: introducing Commercial Banking services to the Group's clients' ecosystem partners – their networks of buyers, suppliers, customers and service providers – and offering its clients employee banking services through Retail Banking.

The Group is committed to sustainable finance, delivering on its ambitions to increase support and funding for financial products and services that have a positive impact on the Group's communities and environment.

#### *Strategic priorities*

- Deliver sustainable growth for clients by leveraging the Group's network to facilitate trade, capital and investment flows across the Group's footprint markets
- Generate high-quality returns by growing capital-lite income, driving balance sheet velocity and improving funding quality while maintaining risk controls.
- Partner with strategically selected third parties to expand capabilities and to access new clients.
- Deliver a true frictionless cross-product digital banking experience to the Group's clients through the Group's integrated client portal, open banking and API solutions.
- Accelerate sustainable finance products to the Group's clients through product innovation and enabling transition to a low carbon future.



## *Progress*

- Quality of income continues to improve driven by "capital-lite" income up 9 per cent. and "Network" income up 6 per cent. "Network" contributes to 69 per cent. of total CIB segment income.
- Maintained balance sheet quality with investment-grade clients representing 57 per cent. of customer loans and advances (2018: 63 per cent.) and high-quality operating account balances improving to 60 per cent. of Transaction Banking customer balances (2018: 49 per cent.).
- Strengthened focus on digital client experience, investments and talent pool by establishing Digital Channels and Client Data Analytics division.
- Digitised approximately 3,000 client entities and increased S2B NextGen client transaction volumes from 1 per cent. to 32 per cent. of total transaction volume.
- Resilient performance driven by diversified product suite and expanded client solutions delivering growth despite challenging geopolitical and macroeconomic conditions across footprint markets.

## *Performance highlights*

- Underlying operating profit before taxation of U.S.\$2,318 million was up 12 per cent., primarily driven by higher income and prudent cost management.
- Underlying operating income of U.S.\$7,185 million was up 5 per cent. primarily driven by Financial Markets and Cash Management.
- Good balance sheet momentum with loans and advances to customers up 7 per cent.
- Proportion of low returning client risk-weighted assets ("RWA") at 13.8 per cent. (2018: 15.5 per cent).
- Underlying return on tangible equity ("RoTE") up 1.1 per cent. to 8.5 per cent.

## **Retail Banking**

### *Segment overview*

Retail Banking serves over nine million individuals and small businesses, with a focus on the affluent and emerging affluent in many of the world's fastest-growing cities. The Group provides digital banking services with a human touch to clients with services spanning across deposits, payments, financing products and wealth management, as well as supporting their business banking needs.

Retail Banking generates approximately one-third of the Group's operating income and one-quarter of its operating profit. Retail Banking is closely integrated with the Group's other client segments, for example offering employee banking services to Corporate & Institutional Banking clients, and Retail Banking provides a high-quality liquidity source for the Group.

Increasing levels of wealth across Asia, Africa and the Middle East support the opportunity to grow the business sustainably. The Group aims to improve productivity and client experience through driving digitisation, cost efficiencies and simplifying processes.

### *Strategic priorities*

- Invest in the Group's affluent and emerging affluent clients with a focus on Wealth Management and Deposits to capture the significant rise of the middle class in the Group's markets.
- Build on the Group's client ecosystem and alliances initiatives.
- Improve the Group's clients' experience through an enhanced end-to-end digital offering, with intuitive platforms, best-in-class products and service responding to the change in digital habits of clients in the Group's markets.

### *Progress*

- Increased the share of income from Premium and Priority clients from 56 per cent. in 2018 to 57 per cent. as a result of strong Wealth Management and Deposit income growth and increasing client numbers.
- Launched the Côte d'Ivoire virtual banking model across eight other markets in the Africa & Middle East region: Kenya, Uganda, Tanzania, Ghana, Botswana, Zambia, Zimbabwe and Nigeria.
- Successful application for HK digital bank licence in partnership with PCCW Limited ("**PCCW**"), HKT Trust and HKT Limited ("**HKT**") and Ctrip Financial Management (Hong Kong) Co. Limited ("**Ctrip Finance**") which will redefine customer experience of banking services.
- Launched real-time on-boarding ("**RTOB**") for credit cards and personal loans in India in addition to saving account launch a year earlier, enabling more efficient credit cards and personal loan applications with significantly improved customer experience. RTOB launched in three new markets: Singapore, Malaysia and UAE.
- Driving affluent growth with Priority Private launched in five markets: Singapore, Malaysia, Taiwan, China and Hong Kong, which is a key lever to accelerate Priority Banking growth.
- Premium Banking, which serves emerging affluent clients and serves as feeder to Priority growth, now launched in 10 markets: Hong Kong, Korea, China, Singapore, India, Malaysia, UAE, Kenya, Pakistan and Taiwan.
- A further improvement in digital adoption, with 54 per cent. of clients now actively using online or mobile banking compared with 49 per cent. in 2018.

### *Performance highlights*

- Underlying operating profit before taxation of U.S.\$1,083 million was 5 per cent. higher, as higher income more than offset higher credit impairment.
- Underlying operating income of U.S.\$5,171 million was up 3 per cent. (up 5 per cent. on a constant currency basis). Growth of 4 per cent. (up 6 per cent. on a constant currency basis) in Greater China & North Asia, 6 per cent. (up 8 per cent. on a constant currency basis) in ASEAN & South Asia and a 9 per cent. decline (down 3 per cent. on a constant currency basis) in Africa & Middle East.
- Strong income momentum growth of 12 per cent. from Deposits with improved margins and balance growth. Together, Wealth Management and Deposits income, representing 64 per cent. of Retail Banking income, grew 7 per cent.
- Underlying RoTE improved to 12.6 per cent. from 11.8 per cent.

## Commercial Banking

### *Segment overview*

Commercial Banking serves over 45,000 local corporations and medium-sized enterprises in 26 markets across Asia, Africa and the Middle East. The Group aims to be its clients' main international bank, providing a full range of international financial solutions in areas such as Trade Finance, Cash Management, Financial Markets and Corporate Finance.

Through close linkages with Retail Banking and Private Banking, clients can access additional services they value including employee banking services and personal wealth solutions. The Group also collaborates with Corporate & Institutional Banking to service clients' end-to-end supply chains.

Clients represent a large and important portion of the economies the Group serves and are potential future multinational corporates. Commercial Banking is at the heart of the Group's purpose to drive commerce and prosperity through the Group's unique diversity.

### *Strategic priorities*

- Drive quality sustainable growth by deepening relationships with existing clients and onboarding new clients focusing on rapidly growing and internationalising companies.
- Improve balance sheet and income mix, accelerating utilisation of growth in Cash Management and FX products.
- Continue to enhance capital allocation discipline and credit risk management.
- Improve client experience, leveraging technology and investing in frontline training, tools and analytics.

### *Progress*

- Delivered 6 per cent. income growth while reducing RWA consumption (down 8 per cent.) and maintaining cost discipline (down 2 per cent.).
- Onboarded over 6,400 new clients in 2019, which helped generate U.S.\$75 million additional income and U.S.\$3 billion additional Cash liabilities.
- Grew Network income 18 per cent. year-on-year, notably from clients in India and China, as the Group continues to help its Commercial Banking clients capture international opportunities.
- Continued to reshape business mix towards capital-lite products: Cash Management and FX income up 8 per cent. year-on-year accounting for 44 per cent. of total income, while Cash operating account balances grew 11 per cent. year-on-year.
- Strengthened origination discipline and improved asset quality: RWA efficiency improved to 68 per cent. in 2019 from 74 per cent. in 2018; impairments reduced 50 per cent. primarily from lower stage 3 assets.
- Continued to improve client experience: reduced client turnaround time from eight days to five days.
- Leveraging partnerships with Linklogis and SAP Ariba (world's largest digital business network) to make the Group's supply chain financing solutions easily accessible to new clients.

### *Performance highlights*

- Underlying operating profit before taxation of U.S.\$448 million was up 100 per cent. driven by income growth combined with lower costs and impairments.
- Underlying operating income of U.S.\$1,478 million was up 6 per cent. mainly from growth in Cash Management, Financial Markets and Lending.
- ASEAN & South Asia and Africa & Middle East income was up 7 per cent. and 14 per cent. respectively, partially offset by subdued income growth in Greater China & North Asia, up 2 per cent., impacted by lower trade.
- Underlying RoTE improved from 3.4 per cent. to 7.3 per cent.

### **Private Banking**

#### *Segment overview*

Private Banking offers a full suite of investment, credit and wealth planning solutions to grow and protect the wealth of high-net worth individuals across the Group's footprint.

Private Banking's investment advisory capabilities and product platform are independent from research houses and product providers, allowing the Group to put client interests at the centre of the Group's business. This is coupled with an extensive network across Europe, Asia, Africa and the Middle East, which provides clients with relevant market insights and cross-border investment and financing opportunities.

As part of the Group's universal banking proposition, clients can also leverage the global Commercial Banking and Corporate & Institutional Banking capabilities to support their business needs. Private Banking services can be accessed from six leading financial centres: Hong Kong, Singapore, London, Jersey, Dubai and India.

#### *Strategic priorities*

- Leverage the significant wealth creation and wealth transfers taking place in the Group's markets to achieve greater scale in the business.
- Make it easier for clients to access products and services across the Group.
- Improve clients' experience and grow the Group's share of clients' assets under management by enhancing the Group's advisory proposition and reducing the turnaround time of the investment process.
- Implement a rigorous controls enhancement plan to balance growth and controls.

#### *Progress*

- Deepened client engagement with the Group's target client base (over U.S.\$5 million in assets under management) by improving the Group's 'Relationship Management, Investment Advisory and Product Specialist' coverage model leading to a growing revenue contribution from these clients.
- Continued to further enhance the Group's open architecture derivatives platforms through full automation and straight through processing of the transactions. The Group's FX platform won the Financial Times' 'Best initiative of the year in relationship management technology, Asia' award.

- Prioritised investments in user-centric technology such as the development of the third generation relationship manager facing market insights portal, ADVICE.
- Improved ease of doing business for clients by re-engineering key client-facing processes such as client on-boarding.
- Further strengthened the stability and resilience of our business through timely execution of the Group's control enhancement programme.
- Launched the Group's Impact Philosophy as a key pillar of the Group's approach to sustainable finance.

#### *Performance highlights*

- Underlying operating profit before taxation of U.S.\$94 million is driven by a net U.S.\$31 million release in credit impairment and an improvement in top-line growth.
- Underlying operating income of U.S.\$577 million was up 12 per cent., making a third consecutive year of top-line growth. Income increase was mainly driven by higher Wealth-products income (up 19 per cent.).
- Assets under management increased U.S.\$8 billion or 14 per cent. year-on-year, mainly driven by U.S.\$2.6 billion of net new money and positive market movements.
- Underlying RoTE increased 8.3 per cent. to 7.3 per cent.

### **Greater China & North Asia**

#### *Region overview*

Greater China & North Asia generated the largest share of the Group's income in 2019 at 40 per cent., and includes the Group's clients in Hong Kong, Korea, China, Taiwan, Japan and Macau. Of these, Hong Kong remains the Group's largest market, underpinned by a diversified franchise and deeply rooted presence.

The region is highly interconnected, with China's economy at its core. The Group's regional footprint and strong regional presence, distinctive proposition and continued investment positions it strongly to capture opportunities as they arise from the continued opening up of China's economy.

The Group is building on the region's ongoing economic growth, the rising wealth of its population, the increasing sophistication and internationalisation of Chinese businesses and the resulting increased usage of the renminbi internationally.

#### *Strategic priorities*

- Leverage network strength to serve the inbound and outbound cross-border trade and investment needs of the Group's clients.
- Capture opportunities arising from China's opening, including the Greater Bay Area, renminbi, Belt & Road Initiative, onshore capital markets and mainland wealth, as well as from the Group's development in its digital capabilities.
- Strengthen market position in Hong Kong, and improve performance in Korea.

#### *Progress*

- The Group actively participated in the opening of China's capital markets, helping overseas investors do business through channels such as Bond Connect, Stock Connect and the Qualified Domestic Institutional Investor initiative. The Group was awarded 'Top Custodian, Active Bank and Top Dealer' by Bond Connect Awards and has a 26 per cent. market share through Bond Connect.
- Continuing good progress in Retail Banking in Hong Kong. The Group attracted over 50,000 new Priority clients during the year, up 22 per cent. and increased the Group's active qualified Priority clients by 12 per cent.
- The Group was granted a virtual banking licence from the Hong Kong Monetary Authority on 27 March 2019; one of the first to receive a licence under Hong Kong's new virtual banking scheme and teamed up with PCCW, HKT and Ctrip Finance.
- Continued to optimise the Korea franchise to improve returns and focus on China's opening. China is the top network income contributor to the rest of the region and Group.

#### *Performance highlights*

- Underlying operating profit before taxation of U.S.\$2,432 million was up 3 per cent., with steady income growth despite the challenges of the ongoing social unrest in Hong Kong and the extended US-China trade tensions. Expenses were broadly flat, partially offset by higher credit impairment.
- Underlying operating income of U.S.\$6,155 million was up 2 per cent. on a constant currency basis, with strong growth across Retail Deposits, Financial Markets and Wealth Management, partially offset by a weaker Treasury income performance.
- Retail Banking income grew 4 per cent., driven by Deposits with improving margins and strong balance sheet growth partly offset by subdued performance in Wealth Management. Private Banking income was up 27 per cent., driven by a strong Wealth Management performance.
- Corporate & Institutional Banking and Commercial Banking income grew 2 per cent. each, mainly through strong Cash Management and Financial Markets performances, partly offset by lower Corporate Finance and unfavourable debit valuation adjustment within Financial Markets
- Balance sheet momentum was sustained with loans and advances to customers up 7 per cent. and customer accounts up 4 per cent.

### **ASEAN & South Asia**

#### *Region overview*

The Group has a long-standing and deep franchise across the ASEAN & South Asia region. As the only international bank present in all 10 ASEAN countries and with meaningful operations across many key South Asian markets, the Group is in a strong position to be the 'go-to' banking partner for its clients. The two markets in the region contributing the highest income are Singapore and India, where the Group has had a deep-rooted presence for more than 160 years.

The region generates over a quarter of the Group's income. Within the region, Singapore is home to the majority of the Group's global business and functional leadership as well as SC Ventures, the Group's innovation hub.

The strong underlying economic growth in the ASEAN & South Asia region enables the Group to help its clients achieve their growth ambitions and sustainably improve returns. The region is benefiting from rising trade flows, including activity generated from the Belt & Road Initiative,

continued strong investment and a rising middle class which is driving consumption growth and digital connectivity.

#### *Strategic priorities*

- Leverage the strength of the Group's international network to support the Group's clients' cross-border trade and investment activities across the high-growth ASEAN and South Asia corridors.
- Deliver comprehensive client propositions in key markets (Singapore, India, Malaysia and Bangladesh) and a targeted offering in other high-growth markets such as Indonesia and Vietnam.
- Continue to invest in technology and digital capabilities to enhance client experience and build scale efficiently.
- Improve capital efficiency and sharpen the Group's investments in higher-returning businesses.
- Continue to reshape the Group's India and Indonesia franchises to improve returns.

#### *Progress*

- Strong broad-based growth in income and operating profit, all client segments and majority of the Group's markets grew versus prior year.
- Double-digit income growth in Priority Banking and attracted 12,000 new clients through differentiated propositions and advisory led approach.
- Investments in network bankers and tailored client solutions delivered double-digit growth in the Global Subsidiaries business.
- Instant client on-boarding and digitisation of service journeys have improved productivity and accelerated digital adoption amongst Retail Banking clients.
- Steady progress in the Group's optimisation markets: India saw double-digit income growth and cost-to-income ratio improved to 65 per cent.; Indonesia grew income by 5 per cent. as the Group pivoted its focus towards Wealth Management and flow businesses.

#### *Performance highlights*

- Underlying operating profit before taxation grew by 6 per cent. to U.S.\$1,025 million, underpinned by 6 per cent. income growth and well-managed costs, offset by higher credit impairment; Singapore, the Group's largest profit contributor grew 33 per cent.
- Underlying operating income of U.S.\$4,213 million is 6 per cent. higher, with double-digit income growth in Corporate & Institutional Banking and high single-digit growth in Commercial, Retail and Private Banking.
- Retail current and savings accounts grew by 11 per cent.; Transaction Banking cash liabilities grew by 12 per cent. and the Group reduced its Corporate Time Deposits to optimise our cost of funds. RWA growth controlled at 1 per cent.

### **Africa & Middle East**

#### *Region overview*

The Group has a deep-rooted heritage of over 160 years in Africa & Middle East and is present in 25 markets, of which the UAE, Nigeria, Pakistan and Kenya are the largest by income. The Group is present in more sub-Saharan African markets than any other international banking group.

A rich history, deep client relationships and a unique footprint in the region and across key origination centres in Asia, Europe and the Americas enable the Group to seamlessly support its clients. Africa & Middle East is an important part of global trade and investment corridors, including those on China's Belt and Road Initiative and the Group is well placed to facilitate these flows.

Macroeconomic and geopolitical headwinds in 2019 impacted income momentum across both the Middle East and Africa; however, the Group remains confident that the opportunities in the region will support long-term sustainable growth for the Group. The Group continues to invest selectively and drive efficiencies.

#### *Strategic priorities*

- Provide best-in-class structuring and financing solutions and drive origination through client initiatives.
- Invest to accelerate growth in differentiated international network and affluent client businesses.
- Invest in market-leading digitisation initiatives in Retail Banking to protect and grow market share in core markets; continue with the Group's retail transformation agenda to recalibrate its network and streamline structures.
- De-risk and improve the quality of income with continuous focus on return enhancements.

#### *Progress*

- A number of marquee transactions across the region are reflective of the strong client franchise.
- Network income was 9 per cent. higher and the Group's Global Subsidiaries business grew by 3 per cent.
- After a successful launch of a digital-only bank in Côte d'Ivoire in the first half of 2018, roll-out was extended to eight additional markets (Uganda, Tanzania, Ghana, Kenya, Zimbabwe, Botswana, Zambia and Nigeria)
  - Across these nine markets, customer acquisition has trebled.
  - Account funding rates for most markets are relatively healthy and customer feedback has been good.
  - Practically a 'zero touch' platform, with account opening and servicing without the need to visit a branch.
  - This efficiency has translated into a more targeted branch footprint, allowing the Group to reduce its number of branches by one-third in the last two years.
- Despite continued geopolitical and macroeconomic headwinds, improved asset quality and good risk discipline led to lower credit impairments.
- Cost efficiencies have allowed investments to continue through the cycle.

#### *Performance highlights*



- Underlying operating profit before taxation of U.S.\$684 million was 29 per cent. higher with lower expenses and improved credit impairment partially offset by a 2 per cent. decrease in income.
- Underlying operating income of U.S.\$2,562 million was down 2 per cent. but up 3 per cent. on a constant currency basis, with a good performance in the Group's Financial Markets business across the region. Middle East, North Africa and Pakistan were flat, and Africa was down 3 per cent.
- Strong performances in Financial Markets and Corporate Finance were offset by margin compression in Retail Banking and lower Wealth Management in UAE.
- Loans and advances to customers were up 5 per cent. year-on-year and customer accounts declined 2 per cent.

## **Europe & Americas**

### *Region overview*

The Group supports clients in Europe & Americas through hubs in London and New York as well as a presence in several European and Latin American markets. The Group's extensive expertise in working across their footprint in Asia, Africa and the Middle East allows the Group to offer its clients unique network and product capabilities.

The region is a significant income origination engine for the Group's Corporate & Institutional Banking business. Clients based in Europe & Americas generate over one-third of Corporate & Institutional Banking income, with two-thirds of that income booked in the Group's other regions where the service is provided.

The region is home to the Group's two biggest payment clearing centres and the largest trading room. Over 80 per cent. of the region's income derives from Financial Markets and Transaction Banking products. Given this mix, the business carried out across the Group with clients based in Europe & Americas generates above average returns.

The Group's Private Banking business focuses on serving clients with linkages to our footprint markets.

### *Strategic priorities*

- Continue to attract new international corporate and financial institutional clients and deepen relationships with existing and new clients and banking them across more markets in the Group's network, connecting them to the fastest growing and highest potential economies in the world.
- Scale up the Group's continental European business, leveraging significant trade corridors with Asia and Africa.
- Enhance capital efficiency, maintain strong risk oversight and further improve the quality of the Group's funding base.
- Grow the Group's Private Banking franchise and assets under management in London and Jersey.
- Leverage the Group's network capabilities as new e-commerce based industries grow internationally.

### *Progress*

- Strong progress in improving the share of business from targeted CIB Priority clients, with income up 9 per cent. from 'Top 100', 'Next 100' and 'New 90' client initiatives.
- Continued growth in our key Greater China, ASEAN and South Asia corridors providing high network returns from Europe & Americas clients.
- Standard Chartered Bank AG (Germany) is operational and positioned to support the Group's clients in all Brexit scenarios.
- Launched Sustainable Finance business and issued inaugural sustainable bond focused on emerging markets.

#### *Performance highlights*

- Underlying operating profit before taxation of U.S.\$157 million improved 2 per cent. driven by higher income, partially offset by higher costs and impairments.
- Underlying operating income of U.S.\$1,725 million was up 3 per cent. largely due to improved sales and trading performance in Financial Markets and higher income in Cash and Treasury. There was a year-on-year reduction in income of U.S.\$108 million from a swing in the debit valuation adjustment ("DVA") due to an improvement in the Group's own Credit Risk.
- Income generated by Europe & Americas clients, but booked elsewhere in the Group's network, increased by 6 per cent.
- Loans and advances to customers grew 10 per cent. year-on-year and customer accounts grew 7 per cent.

#### **Performance summary**

The Group delivered a resilient performance in 2019 notwithstanding an unusual combination of geopolitical and macroeconomic challenges that impacted some of its largest markets. Income grew at a faster rate than costs, profitability and return on tangible equity improved, capital and liquidity levels remain strong, and the balance sheet is growing.

All commentary that follows is on an underlying basis and comparisons are made to full-year 2018 on a reported currency basis, unless otherwise stated. A full reconciliation between statutory and underlying results is set out on page 59 of the 2019 Annual Report.

- Operating income grew 2 per cent. or 4 per cent. on a constant currency basis.
- Net interest income decreased 2 per cent. with increased volumes more than offset by a reduction in net interest margin.
- Other income increased 6 per cent. with a particularly strong performance in Financial Markets.
- Operating expenses (excluding the UK bank levy) were down 1 per cent. or up 1 per cent. on a constant currency basis, with tight control of costs generating positive income-to-cost jaws of 3 per cent. The cost-to-income ratio (excluding the UK bank levy) improved 2 percentage points to 66 per cent. The Group will continue to invest in its strategic priorities while – as previously guided – targeting cost growth below the rate of inflation and positive jaws. The UK bank levy rose U.S.\$23 million to U.S.\$347 million.
- Credit impairment increased by U.S.\$166 million to U.S.\$906 million. This was driven mainly by a U.S.\$275 million increase in stage 1 and 2 impairments, around half of which related to a deterioration in macroeconomic variables, which includes the downward

revision to Hong Kong GDP in the second half of the year. Impairments of stage 3 assets decreased by U.S.\$109 million, despite a U.S.\$141 million charge booked in the fourth quarter relating to a single client exposure in ASEAN & South Asia. Credit impairment of U.S.\$906 million represents a loan-loss rate of 27 basis points (2018: 21 basis points) and remains at a historically low level.

- Other impairment reduced by U.S.\$110 million to U.S.\$38 million following the Group's decision to discontinue its ship leasing business, with the related impairment now recorded as a restructuring charge and excluded from underlying results.
- Profit from associates and joint ventures was up 5 per cent. with continued good performance at China Bohai Bank partially offset by the exclusion from underlying performance of the Group's share of PT Bank Permata Tbk's earnings.
- Profit before tax improved 8 per cent. or 10 per cent. on a constant currency basis. Charges relating to restructuring, provisions for regulatory matters and other items decreased U.S.\$850 million to U.S.\$459 million, primarily driven by a reduction in regulatory provisions. The resolution of previously disclosed investigations in the UK and U.S. into historical sanctions and the financial crime control issues included monetary penalties of U.S.\$1,086 million, of which U.S.\$186 million was provided for in the current year. Including these items, statutory profit before tax increased 46 per cent.
- Taxation was U.S.\$1,373 million on a statutory basis including a U.S.\$179 million capital gains tax charge arising from the changes in legal entity structure to create a capital and liquidity hub in the Greater China & Northern Asia region. The underlying effective tax rate was 29.3 per cent., a decrease of 5.3 percentage points reflecting a greater proportion of profits from markets with lower tax rates and a reduction in non-deductible expenses.
- Underlying return on tangible equity improved 130 basis points to 6.4 per cent., reflecting the increase in underlying profit and the reduction in tangible equity following the completion of the U.S.\$1 billion share buy-back programme.
- Underlying basic earnings per share (EPS) increase 23 per cent. and statutory EPS trebled.

	<b>2019</b> <b>U.S.\$</b> <b>million</b>	2018 U.S.\$ million	Better/(worse) %
Net interest income <sup>1</sup>	<b>7,698</b>	7,840	(2)
Other income <sup>1</sup>	<b>7,573</b>	7,128	6
<b>Operating income</b>	<b>15,271</b>	14,968	2
Other operating expenses excluding UK bank levy	<b>(10,062)</b>	(10,140)	1
UK bank levy	<b>(347)</b>	(324)	(7)
<b>Operating expenses</b>	<b>(10,409)</b>	(10,464)	1
<b>Operating profit before impairment losses and taxation</b>	<b>4,862</b>	4,504	8
Impairment losses on loans and advances and other credit risk provisions	<b>(906)</b>	(740)	(22)
Other impairment	<b>(38)</b>	(148)	74
Profit from associates and joint ventures	<b>254</b>	241	5
<b>Underlying profit before taxation</b>	<b>4,172</b>	3,857	8
Provision for regulatory matters	<b>(226)</b>	(900)	75
Restructuring	<b>(254)</b>	(478)	47
Other items	<b>21</b>	69	(70)
<b>Statutory profit before taxation</b>	<b>3,713</b>	2,548	46
Taxation	<b>(1,373)</b>	(1,439)	5
<b>Profit/(loss) for the period</b>	<b>2,340</b>	1,109	111

Net interest margin (%) <sup>1</sup>	<b>1.62</b>	1.69
Underlying return on equity (%)	<b>5.6</b>	4.6
Underlying return on tangible equity (%)	<b>6.4</b>	5.1
Statutory return on equity (%)	<b>4.2</b>	1.4
Statutory return on tangible equity (%)	<b>4.8</b>	1.6
Underlying earnings per share (cents)	<b>75.7</b>	61.4
Statutory earnings/(loss) per share (cents)	<b>57.0</b>	18.7
Dividend per share (cents)	<b>22.0</b>	17.0
Common Equity Tier 1 (%)	<b>13.8</b>	14.2

<sup>1</sup> The Group has changed its accounting policies for net interest income and net trading income which had an impact on the calculation of net interest margin. Prior period has been restated. Refer to Note 1 to the financial statements

- Transaction Banking income grew 4 per cent. with strong performance in Cash Management on the back of improved margins and increased volumes. Growth in Securities Services was offset by a 2 per cent. decline in Trade.
- Financial Markets income grew 12 per cent. benefiting from market volatility and increase hedging and investment activity by clients. There was a strong double-digit growth in Credit and Capital Markets and Rates and double-digit growth in Foreign Exchange partly offset by a negative U.S.\$177 million movement in the Debit Valuation Adjustment, of which a negative U.S.\$118 million movement occurred in the fourth quarter of 2019.
- Corporate Finance income was down 4 per cent. impacted by the Group's decision to discontinue its ship leasing business, with the related income now recorded as restructuring and excluded from underlying results. Excluding the impact of this decision, Corporate Finance income was up 2 per cent.
- Lending and Portfolio Management income was up 5 per cent. with improved margins and increased volumes in Corporate Lending.
- Wealth Management income grew 4 per cent. – despite more challenging market conditions – primarily from growth in FX, fixed income and structured products.
- Retail Products income grew 3 per cent. or 5 per cent. on a constant currency basis with continued growth in Deposits from improved margins and increased volumes partly offset by margin compression in Mortgages and Credit Cards & Personal Loans.
- Treasury income reduced 11 per cent. with the impact of interest rate movements within the Treasury Markets portfolio partly offset by U.S.\$122 million favourable movement in hedge ineffectiveness.
- Other products income of negative U.S.\$246 million includes increased funding costs reflecting the impact of adopting IFRS 16.

#### **Profit before tax by client segment and geographic region**

- Corporate & Institutional Banking improved its profit by 12 per cent. and was the largest contributor to the overall Group's profit before tax, from a client segment perspective. Commercial Banking doubled its profit and Retail Banking's grew by 5 per cent. Private Banking generated a profit of U.S.\$94 million up from an operating loss of U.S.\$(14) million in 2018. The improved profitability of the client segments was partly offset by a 58 per cent. reduction in the profit generated by Central & other items (segment) due to lower Treasury income from higher rates internally paid on liabilities and one-off liquidity requirements.

- Greater China & North Asia was the largest regional contributor to the overall Group's profit before tax, and grew profit by 3 per cent. Africa & Middle East was the fastest growing region, with profit up 29 per cent. ASEAN & South East Asia generated 6 per cent. growth, while profit in Europe & Americas improved 2 per cent. The loss incurred by Central & other items (region) decreased by U.S.\$42 million to U.S.\$126 million with higher external debt costs offset by a favourable change in hedge ineffectiveness and increased internal capital changes.

	2019 U.S.\$ million	2018 U.S.\$ million	Better/(worse) %
Corporate & Institutional Banking	2,318	2,072	12
Retail Banking	1,083	1,033	5
Commercial Banking	448	224	100
Private Banking	94	(14)	Not meaningful
Central & other items (segment)	229	542	(58)
<b>Underlying profit before taxation</b>	<b>4,172</b>	<b>3,857</b>	<b>8</b>
Greater China & North Asia	2,432	2,369	3
ASEAN & South Asia	1,025	970	6
Africa & Middle East	684	532	29
Europe & Americas	157	154	2
Central & other items	(126)	(168)	25
<b>Underlying profit before taxation</b>	<b>4,172</b>	<b>3,857</b>	<b>8</b>

### Net interest margin

The Group has changed its accounting policy for net interest income and the basis of preparation of its net interest margin to better reflect the underlying performance of its banking book. See Note 1 to the financial statements for further details.

Adjusted net interest income was flat with growth in interest-earning assets offsetting a 7 basis points reduction in net interest margin which averaged 162 basis points for the full year.

- Average interest-earning assets increased 4 per cent. driven by an increase in investment securities balances and higher loans and advances to customers. Gross yields increased 16 basis points compared to the average in 2018 and predominantly reflected the flow-through of rises in global interest rates that occurred through 2018 partly offset by declining interest rates in the second half of 2019.
- Average interest-bearing liabilities increased 3 per cent. driven by growth in customer accounts. The rate paid on liabilities increased 27 basis points compared to the average in 2018 reflecting interest rate movements.

The 7 basis point reduction in net interest margin was primarily driven by margin pressure on liabilities.

	2019 U.S.\$ million	Restated 2018 <sup>1</sup> U.S.\$ million
Adjusted net interest income	8,007	8,032
Average interest-earning assets	494,756	476,114
Average interest-bearing liabilities	444,595	430,167
Gross yield (%)	3.34	3.18
Rate paid (%)	1.92	1.65
Net yield (%)	1.42	1.53

	2019 U.S.\$ million	Restated 2018 <sup>1</sup> U.S.\$ million
Net interest margin (%) <sup>2</sup>	1.62	1.69 <sup>3</sup>

1 The Group has changed its accounting policies for net interest income and net trading income. Prior periods have been restated. Refer to Note 1 to the financial statements

2 Adjusted net interest income divided by average interest-earning assets

3 Restated as per Net interest margin, defined under Alternative performance measures in the Strategic report

### Credit risk summary

The Group has changed its accounting policy to report interest in suspense for stage 3 exposures. This results in an increase in gross stage 3 exposures and provisions, with no change to net stage 3 assets. Prior period balances have been restated. See Note 1 to the financial statements for further details.

Asset quality overall was broadly stable in the year with credit impairment rising but remaining at historically low levels well below those seen in previous years. The Group remains vigilant considering significant volatility in some markets, with continuing geopolitical uncertainty and weakening economic forecasts. Reviews and stress tests of the Group's portfolio are carried out regularly to help identify then mitigate any risks that may arise. The actions to reduce exposures in the Group's former liquidation portfolio were substantially completed in 2018 so the remaining exposures are reported as part of the ongoing business in 2019.

Gross stage 3 loans and advances to customers of U.S.\$7.4 billion were down 12 per cent. compared with 31 December 2018. The reduction is due to repayments, write-offs and upgrades to stage 2 mainly in Corporate & Institutional Banking and Commercial Banking. These credit-impaired loans represented 2.7 per cent. of gross loans and advances, a reduction of 0.5 percentage points compared with 31 December 2018.

The stage 3 cover ratio increased to 68 per cent. from 66 per cent. in 2018. The cover ratio post collateral was stable at 85 per cent.

Credit grade 12 balances increased 5 per cent. since 31 December 2018 reflecting sovereign ratings downgrades in Zimbabwe, Zambia and Lebanon which impacted the ratings of certain accounts in those countries. Early alert accounts increased 11 per cent. in the year due to the transfer in the fourth quarter of 2019 of a handful of unrelated clients that had been previously under review.

The proportion of investment grade corporate exposures has remained broadly stable at 61 per cent.

### Ongoing business

Gross credit-impaired (stage 3) loans in the ongoing business of U.S.\$ 7.4 billion were U.S.\$1.1 billion lower. A lower level of new inflows, particularly in Corporate & Institutional Banking, as well as debt sales, write-offs and repayments more than offset higher inflows of Commercial Banking exposures that had been on early alert for some time. The stage 3 cover ratio increased to 68 per cent. from 66 per cent. in 2018. The cover ratio post collateral was stable at 85 per cent. Credit grade 12 balances increased 5 per cent. since 31 December 2018 reflecting sovereign ratings downgrades in Zimbabwe, Zambia and Lebanon which impacted the ratings of certain accounts in those countries. Early alert accounts increased 11 per cent. in the year due to the transfer in the fourth quarter of 2019 of a handful of unrelated clients that had been previously under review.

### Liquidation portfolio

With effect from 1 January 2019, the liquidation portfolio has been included in the ongoing portfolio as the actions to reduce exposures in the liquidation portfolio were substantially completed in 2018.

	<b>2019</b>	2018
	<b>U.S.\$million</b>	U.S.\$million
Ongoing business portfolio		
Corporate & Institutional Banking	<b>475</b>	242
Retail Banking	<b>336</b>	267
Commercial Banking	<b>121</b>	244
Private Banking	<b>(31)</b>	–
Central & other items	<b>5</b>	(13)
Credit impairment charge	<b>906</b>	740
Restructuring business portfolio		
Liquidation portfolio	–	(79)
Others	<b>2</b>	(8)
Credit impairment charge	<b>2</b>	(87)
Total credit impairment charge	<b>908</b>	653

### Restructuring and other items

The Group's statutory performance is adjusted for profits or losses of a capital nature, amounts consequent to investment transactions driven by strategic intent, other infrequent and/or exceptional transactions that are significant or material in the context of the Group's normal business earnings for the period and items which management and investors would ordinarily identify separately when assessing performance period by period.

As previously disclosed, the Group expects to incur around U.S.\$500 million of restructuring charges between 2019 and 2021 to execute its refreshed strategic priorities. Restructuring charges of U.S.\$254 million for 2019 primarily related to redundancy provisions taken in the fourth quarter together with impairments related to the Group's discontinued ship leasing business. Other items of U.S.\$21 million included profits from the Group's joint venture investment in Indonesia, which the Group has classified as held for sale having signed a conditional share purchase agreement to sell its 44.56 per cent. equity interest, and goodwill impairment relating to the Group's subsidiaries in Sri Lanka, Nepal and Oman. The provision for regulatory matters primarily relates to the agreement to pay monetary penalties following the resolution of investigations into historical sanctions and financial crime control issues, described further in Note 26 to the financial statements.

	2019			2018		
	Provision for regulatory matters U.S.\$million	Restructuring U.S.\$million	Other items U.S.\$million	Provision for regulatory matters U.S.\$million	Restructuring U.S.\$million	Other items U.S.\$million
Operating income	-	<b>146</b>	-	-	(248)	69
Operating expenses	<b>(226)</b>	<b>(298)</b>	-	(900)	(283)	-
Credit impairment	-	<b>(2)</b>	-	-	87	-
Other impairment	-	<b>(98)</b>	<b>(27)</b>	-	(34)	-
Profit from associates and joint ventures	-	<b>(2)</b>	<b>48</b>	-	-	-
<b>Profit/(loss) before taxation</b>	<b>(226)</b>	<b>(254)</b>	<b>21</b>	(900)	(478)	69

## Balance sheet and liquidity

The Group's balance sheet remains strong, liquid and well diversified.

- Loans and advances to customers increased by 5 per cent. since 31 December 2018 to U.S.\$269 billion driven mainly by growth in the Financial Markets, Corporate Lending and Mortgages.
- Customer Accounts of U.S.\$405 billion increased 4 per cent. since 31 December 2018 with an increase in operating account balances within Cash Management offset by a run-off in Corporate Term Deposits.
- Other Assets and other liabilities increased 7 per cent. and 8 per cent. respectively since 31 December 2018. The growth in other assets was driven by increase investment securities and reverse repurchase agreements partly offset by a reduction of cash balances at central banks. The growth in other liabilities reflects increased trading book liabilities and repurchase agreements.

The advances-to-deposit ratio increased slightly to 64.2 per cent. from 63.1 per cent. at 31 December 2018 while the liquidity coverage ratio at year-end decreased 10 percentage points to 144 per cent., well above the minimum regulatory requirement.

	31.12.19 U.S.\$ million	31.12.18 U.S.\$ million	Increase / (decrease) U.S.\$ million	Increase / (decrease) %
<b>Assets</b>				
Loans and advances to banks	53,549	61,414	(7,865)	(13)
Loans and advances to customers	268,523	256,557	11,966	5
Other assets	398,326	370,791	27,535	7
<b>Total assets</b>	<b>720,398</b>	<b>688,762</b>	<b>31,636</b>	<b>5</b>
<b>Liabilities</b>				
Deposits by banks	28,562	29,715	(1,153)	(4)
Customer accounts	405,357	391,013	14,344	4
Other liabilities	235,818	217,682	18,136	8
<b>Total liabilities</b>	<b>669,737</b>	<b>638,410</b>	<b>31,327</b>	<b>5</b>
<b>Equity</b>	<b>50,661</b>	<b>50,352</b>	<b>309</b>	<b>1</b>
<b>Total equity and liabilities</b>	<b>720,398</b>	<b>688,762</b>	<b>31,636</b>	<b>5</b>
Advances-to-deposits ratio <sup>1</sup>	64.2%	63.1%		
Liquidity coverage ratio	144%	154%		

1 In calculating the advances-to-deposits ratio the Group now excludes U.S.\$9,109 million held with central banks (2018: U.S.\$7,412 million) that have been confirmed as repayable at the point of stress.

## Risk-weighted assets by business and type

Total risk weighted assets (RWA) increased 2 per cent. or U.S.\$5.8 billion since 31 December 2018 to U.S.\$264.1 billion.

- Credit Risk RWA increased U.S.\$4.5 billion to U.S.\$215.7 billion, with asset growth partially offset by RWA efficiencies, foreign currency translation and the partial sale of the Group's Principal Finance portfolio.
- Market Risk RWA increased by U.S.\$1.7 billion to U.S.\$20.8 billion due to higher levels of Financial Markets activity and some policy and methodology changes.
- Operational Risk RWA reduced by U.S.\$0.4 billion due to a decrease in average income as measured over a rolling three-year time horizon, with lower 2018 income replacing higher 2015 income.



Total RWA increase at broadly the same rate in 2019 as income. The ongoing execution of organic RWA optimisation initiatives supports the expectation that income growth will exceed RWA growth in the medium-term.

	31.12.19 U.S.\$ million	31.12.18 U.S.\$ million	Increase/ (decrease) U.S.\$ million	Increase/ (decrease) %
By client segment				
Corporate & Institutional Banking	132,050	128,991		
Retail Banking	44,452	42,903		
Commercial Banking	28,066	30,481		
Private Banking	6,409	5,861		
Central & other items	53,113	50,061		
<b>Total risk-weighted assets</b>	<b>264,090</b>	<b>258,297</b>		
By risk type				
Credit risk	215,664	211,138	4,526	2
Operational risk	27,620	28,050	(430)	(2)
Market risk	20,806	19,109	1,697	9

### First quarter 2020 results

	1Q'20 U.S.\$ million	1Q'19 U.S.\$ million	Change %	Constant currency change <sup>1</sup> %
Net interest income	1,842	1,920	(4)	
Other income	2,485	1,893	31	
<b>Underlying operating income</b>	<b>4,327</b>	<b>3,813</b>	<b>13</b>	<b>15</b>
Other operating expenses	(2,358)	(2,415)	2	1
UK bank levy	-	-	nm <sup>2</sup>	
<b>Underlying operating expenses</b>	<b>(2,358)</b>	<b>(2,415)</b>	<b>2</b>	<b>1</b>
<b>Underlying operating profit before impairment and taxation</b>	<b>1,969</b>	<b>1,398</b>	<b>41</b>	<b>42</b>
Credit impairment	(956)	(78)	nm <sup>2</sup>	
Other impairment	154	(2)	nm <sup>2</sup>	
Profit from associates and joint ventures	55	66	(17)	
<b>Underlying profit before taxation</b>	<b>1,222</b>	<b>1,384</b>	<b>(12)</b>	<b>(11)</b>
Provision for regulatory matters	14	(186)	108	
Restructuring	(92)	32	nm <sup>2</sup>	
Other items	(258)	12	nm <sup>2</sup>	
<b>Statutory profit before taxation</b>	<b>886</b>	<b>1,242</b>	<b>(29)</b>	<b>(28)</b>
Taxation	(369)	(424)	13	
<b>Profit for the period</b>	<b>517</b>	<b>818</b>	<b>(37)</b>	<b>(37)</b>
Net interest margin (%)	1.52	1.66		
Underlying return on tangible equity (%)	8.6	9.6		
Underlying earnings per share (cents)	25.4	27.7		
Statutory return on tangible equity (%)	5.1	8.1		
Statutory earnings/(loss) per share (cents)	15.0	23.4		

<sup>1</sup> Comparisons presented on the basis of the current period's functional currency rate, ensuring like-for-like currency rates between the two periods.

<sup>2</sup> Not meaningful.

Strong business momentum in the opening weeks of the year continued well into the first quarter, with almost all of the Group's products generating positive income growth overall despite the rapid

spread of COVID-19 that impacted the Group's results mainly in March. Pre-provision operating profit improved significantly with income excluding the impact of a U.S.\$358 million positive movement in the debit valuation adjustment ("DVA") growing at a faster rate than costs. Underlying profit fell due to substantially higher credit impairment driven in part by the deteriorating macroeconomic outlook.

In response to a request from the Prudential Regulation Authority and as a consequence of the unprecedented challenges facing the world due to the COVID-19 pandemic, SCPLC announced on 31 March 2020 that, after careful consideration, the Board had withdrawn its recommendation to pay a final dividend for 2019 of 20 cents per ordinary share and to suspend the buy-back programme announced on 28 February 2020. SCPLC further announced that no interim dividend or ordinary shares will be accrued, recommended or paid in 2020.

It is not possible to reliably quantify the impact of the spread of COVID-19 on the Group's future financial performance, but the consequences for the global economy are likely to lead to further impairments and could affect income, risk-weighted assets and possibly costs. The Group is monitoring the situation carefully and is committed to deploying its strong capital and liquidity to support its clients and the communities it operates in through the crisis.

All commentary that follows is on an underlying basis and comparisons are made to the equivalent period in 2019 on a reported currency basis, unless otherwise stated.

- Operating income grew 13 per cent. including a U.S.\$358 million positive movement in the DVA. Income was up 6 per cent. on a constant currency basis and excluding DVA.
- Net interest income decreased 4 per cent. with increased volumes more than offset by a 14 basis point decrease in net interest margin. The decisions by the US Federal Reserve in March to drop its benchmark interest rate in total by 150 basis points along with actions undertaken by other central banks is estimated to have an impact of a further U.S.\$600 million for the Group's income in 2020.
- Other income increased 31 per cent., or 12 per cent. excluding the positive impact of movements in DVA, with a particularly strong underlying performance in Financial Markets.
- Operating expenses were 2 per cent. lower and 1 per cent. lower on a constant currency basis, with tight control of costs generating positive income-to-cost jaws of 16 per cent. on a reported basis, or 6 per cent. on a constant currency basis excluding DVA. The cost-to-income ratio improved 4 percentage points to 59 per cent. excluding DVA.
- Given the substantial economic uncertainties arising from the spread of COVID-19 and the significantly lower interest rate environment the Group is targeting total costs excluding the UK bank levy below U.S.\$10 billion for full-year 2020 by implementing measures including accruing lower variable compensation, reducing and re-prioritising discretionary investment spend and pausing new hiring.
- Credit impairment increased by U.S.\$878 million to U.S.\$956 million. Stage 1 and 2 impairments increased by U.S.\$388 million, of which around half was attributable to modelled outcomes with the rest due to a management overlay to reflect deterioration in the macroeconomic outlook not captured in the modelled outcome. Impairments of stage 3 assets increased U.S.\$490 million with just under half the increase related to two Corporate & Institutional Banking clients in unconnected sectors.
- Other impairment was a U.S.\$154 million credit, primarily driven by a reversal of previously impaired assets partially offset by impairment charges relating to aircraft.
- Profit from associates and joint ventures was down 17 per cent. to U.S.\$55 million due to the impact of the spread of COVID-19 on the performance of China Bohai Bank.

- Underlying profit before tax decreased 12 per cent. Charges relating to restructuring, provisions for regulatory matters and other items increased U.S.\$194 million to U.S.\$336 million, primarily relating to U.S.\$249 million goodwill impairment in India due to a lower GDP growth outlook.
- Taxation was U.S.\$369 million on a statutory basis with an underlying effective tax rate of 30 per cent. flat to prior year.
- Underlying return on tangible equity declined by 100 basis points to 8.6 per cent., with the impact of reduced profits partly offset by lower tangible equity reflecting the share buy-back programmes completed since 1Q'19.

#### First quarter 2020 capital base and ratios

	31.03.20 U.S.\$ million	31.12.19 U.S.\$ million	Change <sup>1</sup> %	31.03.19 U.S.\$ million	Change <sup>1</sup> %
<b>CET1 capital</b>	<b>36,467</b>	<b>36,513</b>	-	37,184	(2)
Additional Tier 1 capital (AT1)	4,620	7,164	(36)	6,612	(30)
<b>Tier 1 capital</b>	<b>41,087</b>	<b>43,677</b>	(6)	43,796	(6)
Tier 2 capital	12,371	12,288	1	12,066	3
<b>Total capital</b>	<b>53,458</b>	<b>55,965</b>	(4)	55,862	(4)
<b>CET1 capital ratio end point (%)<sup>2</sup></b>	<b>13.4</b>	<b>13.8</b>	(0.4)	13.9	(0.5)
Total capital ratio transitional (%) <sup>2</sup>	19.6	21.2	(1.6)	20.8	(1.2)
UK leverage ratio (%) <sup>2</sup>	4.9	5.2	(0.3)	5.4	(0.5)

<sup>1</sup> Variance is increase/(decrease) comparing current reporting period to prior reporting periods

<sup>2</sup> Change is percentage points difference between two points rather than percentage change

The Group is well capitalised with low leverage and high levels of loss-absorbing capacity. Its capital and liquidity metrics remain well above regulatory thresholds.

The Group had through the buy-back programme announced on 28 February 2020 spent U.S.\$242 million purchasing 40 million ordinary shares of U.S.\$0.50 each, representing a volume-weighted average price per share of £4.76. These shares were subsequently cancelled, reducing the total issued share capital by 1.3 per cent.

On 20 May 2020, the Group announced the completion of the sale of its 44.56 per cent. equity interest in PT Bank Permata Tbk. Completion of the sale will lead to an increase in the Group's CET1 ratio of around 40 basis points. This is attributable to a reduction in risk-weighted assets of around U.S.\$9.1 billion and the deconsolidation of U.S.\$0.5 billion minority interest equity (net of regulatory adjustments including goodwill).

The Group's CET1 ratio of 13.4 per cent. was 45 basis points lower than as at 31 December 2019, over three percentage points above the Group's latest regulatory minimum of 10.0 per cent. and still within its 13-14 per cent. medium-term target range. Around 60 basis points of the reduction in the CET1 ratio is the impact on credit RWAs from asset growth and negative credit migration. FX translation reduced both reserves and RWAs and caused a net 10 basis point decline in the CET1 ratio. The U.S.\$242 million share buy-back also reduced the CET1 ratio by 10 basis points. The aggregate of these movements was partly offset by an aggregate 40 basis point impact from profit accretion in the first quarter and the cancellation of the 2019 final dividend.

The Group's UK leverage ratio of 4.9 per cent. was down 30 basis points compared with 31 December 2019 as a result of lower Tier 1 capital following the call of U.S.\$2 billion Additional Tier 1 securities as well as growth in the leverage exposure measure. The Group's leverage ratio remains significantly above its minimum requirement of 3.7 per cent.

The UK Financial Policy Committee and the Hong Kong Monetary Authority both announced changes to the respective counter-cyclical buffer rates in response to the economic impact of COVID-19. In the period, the UK counter-cyclical rate decreased from 1 per cent. to 0 per cent. and in Hong Kong the rate reduced from 2 per cent. to 1 per cent. Changes to these and other counter-cyclical buffer rates reduced the Group's minimum CET1 requirement from 10.2% to 10.0%. The Group continues to target a CET1 ratio of 13-14 per cent. in the medium-term.

**CONSOLIDATED INCOME STATEMENT**  
For the year ended 31 December 2019

	2019 U.S.\$ million	2018 U.S.\$ million (restated) <sup>1</sup>
Interest income	16,549	15,150
Interest expense	(8,882)	(7,355)
<b>Net interest income</b>	<b>7,667</b>	<b>7,795</b>
Fees and commission income	4,111	4,029
Fees and commission expense	(589)	(537)
<b>Net fees and commission income</b>	<b>3,522</b>	<b>3,492</b>
Net trading income	3,350	2,681
Other operating income	878	821
<b>Operating income</b>	<b>15,417</b>	<b>14,789</b>
Staff costs	(7,122)	(7,074)
Premises costs	(420)	(790)
General administrative expenses	(2,211)	(2,926)
Depreciation and amortisation	(1,180)	(857)
<b>Operating expenses</b>	<b>(10,933)</b>	<b>(11,647)</b>
<b>Operating profit before impairment losses and taxation</b>	<b>4,484</b>	<b>3,142</b>
Impairment losses on loans and advances and other credit risk provisions	(908)	(653)
Other impairment		
Goodwill	(27)	-
Other	(136)	(182)
Profit/(loss) from associates and joint ventures	300	241
<b>Profit before taxation</b>	<b>3,713</b>	<b>2,548</b>
Taxation	(1,373)	(1,439)
<b>Profit for the year</b>	<b>2,340</b>	<b>1,109</b>
<b>Profit attributable to</b>		
Non-controlling interests	37	55
Parent company shareholders	2,303	1,054
<b>Profit for the year</b>	<b>2,340</b>	<b>1,109</b>
	<b>cents</b>	<b>cents</b>
<b>Earnings per share:</b>		
Basic earnings per ordinary share	57.0	18.7
Diluted earnings per ordinary share	56.4	18.5

1 The Group has changed its accounting policies for net interest income and net trading income. In previous years the Group recognised interest income and expense on financial instruments held at fair value through profit or loss in net interest income, except for fair value elected structured notes and structured deposits for which all gains and losses were recognised in net trading income. The Group now recognises all gains and losses on financial assets and liabilities held at fair value through profit or loss, including contractual interest, in net trading income. Prior period comparatives have been presented under the updated accounting policy, and quantification of the effect of the change in accounting policy on the current and prior period is given in Notes 3 and 5 of the 2019 Annual Report. The Group believes the updated accounting policy gives users of the financial statements reliable and more relevant information because it ensures that all interest income and expense presented on the face of the income statement is measured using the effective interest method as required by IAS 1 Presentation of Financial Statements, it results in a natural offset in net trading income of gains and losses on fair value through profit or loss instruments and derivatives used to economically hedge valuation risks of those instruments, and it is more comparable to our peers' accounting policies. There is no change in opening retained earnings or adjustment to basic or diluted earnings per share as a result of this change in accounting policy.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2019**

	2019 U.S.\$ million	2018 U.S.\$ million
Profit for the year	2,340	1,109
Other comprehensive (loss)/income		
Items that will not be reclassified to income statement:	(531)	382
Own credit (losses)/gains on financial liabilities designated at fair value through profit or loss	(462)	394
Equity instruments at fair value through other comprehensive income	13	36
Actuarial losses on retirement benefit obligations	(124)	(19)
Taxation relating to components of other comprehensive income	42	(29)
Items that may be reclassified subsequently to income statement:	131	(1,189)
Exchange differences on translation of foreign operations:		
Net losses taken to equity	(386)	(1,462)
Net gains on net investment hedges	191	282
Share of other comprehensive income from associates and joint ventures	25	33
Debt instruments at fair value through other comprehensive income:		
Net valuation gains/(losses) taken to equity	555	(128)
Reclassified to income statement	(170)	31
Net impact of expected credit losses	7	–
Cashflow hedges:		
Net (losses)/gains taken to equity	(64)	34
Reclassified to income statement	21	7
Taxation relating to components of other comprehensive income	(48)	14
Other comprehensive loss for the year, net of taxation	(400)	(807)
Total comprehensive income for the year	1,940	302
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	20	34
Parent company shareholders	1,920	268
Total comprehensive income for the year	1,940	302

**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2019**

	2019 U.S.\$ million	2018 U.S.\$ million
<b>Assets</b>		
Cash and balances at central banks	52,728	57,511
Financial assets held at fair value through profit or loss	92,818	87,132
Derivative financial instruments	47,212	45,621
Loans and advances to banks <sup>1</sup>	53,549	61,414
Loans and advances to customers <sup>2</sup>	268,523	256,557
Investment securities	143,731	125,901
Other assets	42,022	35,401
Current tax assets	539	492
Prepayments and accrued income	2,700	2,505
Interests in associates and joint ventures	1,908	2,307
Goodwill and intangible assets	5,290	5,056
Property, plant and equipment	6,220	6,490
Deferred tax assets	1,105	1,047
Assets classified as held for sale	2,053	1,328
<b>Total assets</b>	<b>720,398</b>	<b>688,762</b>
<b>Liabilities</b>		
Deposits by banks	28,562	29,715
Customer accounts	405,357	391,013
Repurchase agreements and other similar secured borrowing	1,935	1,401
Financial liabilities held at fair value through profit or loss	66,974	60,700
Derivative financial instruments	48,484	47,209
Debt securities in issue	53,025	46,454
Other liabilities	41,583	38,309
Current tax liabilities	703	676
Accruals and deferred income	5,369	5,393
Subordinated liabilities and other borrowed funds	16,207	15,001
Deferred tax liabilities	611	563
Provisions for liabilities and charges	449	1,330
Retirement benefit obligations	469	399
Liabilities included in disposal groups held for sale	9	247
<b>Total liabilities</b>	<b>669,737</b>	<b>638,410</b>
<b>Equity</b>		
Share capital and share premium account	7,078	7,111
Other reserves	11,685	11,878
Retained earnings	26,072	26,129
<b>Total parent company shareholders' equity</b>	<b>44,835</b>	<b>45,118</b>
Other equity instruments	5,513	4,961
<b>Total equity excluding non-controlling interests</b>	<b>50,348</b>	<b>50,079</b>
Non-controlling interests	313	273

<b>Total equity</b>	50,661	50,352
<b>Total equity and liabilities</b>	720,398	688,762

- 1 Reverse repurchase agreements and other similar secured lending balances held at amortised cost of U.S.\$1,341 million (31 December 2018: U.S.\$3,815 million) have been included with loans and advances to banks
- 2 Reverse repurchase agreements and other similar secured lending balances held at amortised cost of U.S.\$1,469 million (31 December 2018: U.S.\$3,151 million) have been included with loans and advances to customers



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2019**

	Ordinary share capital and share premium U.S.\$ million	Preference share capital and share premium U.S.\$ million	Capital and merger reserves U.S.\$ million	Own credit adjustment reserve U.S.\$ million	Fair value through other comprehensive income – debt reserve – U.S.\$ million	Fair value through other comprehensive income – equity reserve – U.S.\$ million	Cash flow hedge reserve U.S.\$ million	Translation reserve U.S.\$ million	Retained earnings U.S.\$ million	Parent company shareholders' equity U.S.\$ million	Other equity instruments U.S.\$ million	Non-controlling interests U.S.\$ million	Total U.S.\$ million
As at 1 January 2018	5,603	1,494	17,129 <sup>1</sup>	54	(77)	53	(45)	(4,454)	25,895	45,652	4,961	333	50,946
Profit after tax	–	–	–	–	–	–	–	–	1,054	1,054	–	55	1,109
Other comprehensive income/(loss)	–	–	–	358	(84)	67	35	(1,158)	(4) <sup>2</sup>	(786)	–	(21)	(807)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(97)	(97)
Shares issued, net of expenses <sup>3</sup>	14	–	–	–	–	–	–	–	–	14	–	–	14
Treasury shares purchased	–	–	–	–	–	–	–	–	(8)	(8)	–	–	(8)
Treasury shares issued	–	–	–	–	–	–	–	–	9	9	–	–	9
Share option expense, net of taxation	–	–	–	–	–	–	–	–	158	158	–	–	158
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(539)	(539)	–	–	(539)
Dividends on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(436)	(436)	–	–	(436)
Other movements	–	–	–	–	–	–	–	–	–	–	–	3 <sup>4</sup>	3
As at 31 December 2018	5,617	1,494	17,129	412	(161)	120	(10)	(5,612)	26,129	45,118	4,961	273	50,352
Profit after tax	–	–	–	–	–	–	–	–	2,303	2,303	–	37	2,340
Other comprehensive (loss)/income	–	–	–	(410)	358	30	(49)	(180)	(132) <sup>2</sup>	(383)	–	(17)	(400)
Distributions	–	–	–	–	–	–	–	–	–	–	–	(35)	(35)
Shares issued, net of expenses <sup>3</sup>	25	–	–	–	–	–	–	–	–	25	–	–	25
Other equity instruments issued, net of expenses	–	–	–	–	–	–	–	–	–	–	552	–	552
Treasury shares purchased	–	–	–	–	–	–	–	–	(206)	(206)	–	–	(206)
Treasury shares issued	–	–	–	–	–	–	–	–	7	7	–	–	7
Share option expense, net of taxation	–	–	–	–	–	–	–	–	139	139	–	–	139
Dividends on ordinary shares	–	–	–	–	–	–	–	–	(720)	(720)	–	–	(720)
Dividend on preference shares and AT1 securities	–	–	–	–	–	–	–	–	(448)	(448)	–	–	(448)
Share buy-back <sup>5</sup>	(58)	–	58	–	–	–	–	–	(1,006)	(1,006)	–	–	(1,006)
Other movements	–	–	–	–	–	–	–	–	6 <sup>6</sup>	6	–	55 <sup>7</sup>	61
As at 31 December 2019	5,584	1,494	17,187	2	197	150	(59)	(5,792)	26,072	44,835	5,513	313	50,661

- 1 Includes capital reserve of U.S.\$5 million, capital redemption reserve of U.S.\$13 million and merger reserve of U.S.\$17,111 million
- 2 Comprises actuarial loss, net of taxation and share from associates and joint ventures U.S.\$132 million (U.S.\$4 million for the year ending 31 December 2018)
- 3 Comprises share capital of shares issued to fulfil discretionary awards U.S.\$1 million, share capital of shares issued to fulfil employee share save options U.S.\$1 million (U.S.\$5 million for the year ended 31 December 2018) and share premium of shares issued to fulfil employee Sharesave options exercised U.S.\$23 million (U.S.\$9 million for the year ended 31 December 2018)
- 4 Movement is mainly due to additional share capital issued by Standard Chartered Bank Angola S.A. subscribed by its non-controlling interest without change in shareholding percentage
- 5 On 1 May 2019, the Group commenced a share buy-back of its ordinary shares of U.S.\$0.50 each up to a maximum consideration of U.S.\$1,000 million. Nominal value of share purchases is U.S.\$58 million for the year ended 31 December 2019 and the total consideration paid was U.S.\$1,006 million which includes share buy-back expenses

of U.S.\$6 million. The total number of shares purchased was 116,103,483 representing 3.51% of the ordinary shares in issue. The nominal value of the shares was transferred from the share capital to the capital redemption reserve account

- 6 Comprises U.S.\$10 million disposal of non-controlling interest of Phoon Huat Pte Ltd offset by U.S.\$4 million withholding tax on capitalisation of revenue reserves for Standard Chartered Bank Ghana Limited
- 7 Comprises U.S.\$72 million of non-controlling interest in SC Digital Solutions offset by U.S.\$17 million disposal of non-controlling interest in Phoon Huat Pte Ltd, Sirat Holdings Limited and Ori Private Limited

**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2019

	Group		The Issuer	
	2019 U.S.\$ million	2018 U.S.\$ million	2019 U.S.\$ million	2018 U.S.\$ million
<b>Cash flows from operating activities</b>				
Profit before taxation	3,713	2,548	22,306	790
Adjustments for non-cash items and other adjustments included within income statement	2,417	2,635	(16,760)	232
Change in operating assets	(35,285)	(12,837)	(5,473)	61
Change in operating liabilities	29,935	33,859	(4,182)	(462)
Contributions to defined benefit schemes	(137)	(143)	-	-
UK and overseas taxes paid	(1,421)	(770)	-	-
<b>Net cash from/(used in) operating activities</b>	<b>(778)</b>	<b>25,292</b>	<b>(4,109)</b>	<b>621</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(219)	(171)	-	-
Disposal of property, plant and equipment	119	85	-	-
Dividends received from subsidiaries, associates and joint ventures	3	67	4,494	1,035
Disposal of subsidiaries	-	7	-	-
Purchase of investment securities	(259,473)	(276,388)	(7,583)	-
Disposal and maturity of investment securities	241,600	263,983	1,065	621
<b>Net cash (used in)/from investing activities</b>	<b>(17,970)</b>	<b>(12,417)</b>	<b>(2,024)</b>	<b>1,656</b>
<b>Cash flows from financing activities</b>				
Issue of ordinary and preference share capital, net of expenses	577	14	577	14
Exercise of share options	7	9	7	9
Purchase of own shares	(206)	(8)	(206)	(8)
Cancellation of shares including share buy-back	(1,006)	-	(1,006)	-
Premises and equipment lease liability principal payment	(332)	-	-	-
Gross proceeds from issue of subordinated liabilities	1,000	500	1,000	500
Interest paid on subordinated liabilities	(603)	(602)	(547)	(507)
Repayment of subordinated liabilities	(23)	(2,097)	-	(474)
Proceeds from issue of senior debt	9,169	9,766	6,012	4,552
Repayment of senior debt	(7,692)	(7,030)	(3,780)	(3,141)
Interest paid on senior debt	(797)	(507)	(740)	(355)
Investment from/(repayment to) non-controlling interests	56	-	-	-
Dividends paid to non-controlling interests, preference shareholders and AT1 securities	(483)	(533)	(448)	(436)
Dividends paid to ordinary shareholders	(720)	(539)	(720)	(539)
<b>Net cash used in financing activities</b>	<b>(1,053)</b>	<b>(1,027)</b>	<b>149</b>	<b>(385)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(19,801)</b>	<b>11,848</b>	<b>(5,984)</b>	<b>1,892</b>
Cash and cash equivalents at beginning of the year	97,500	87,231	17,606	15,714
Effect of exchange rate movements on cash and cash equivalents	(245)	(1,579)	-	-
<b>Cash and cash equivalents at end of the year</b>	<b>77,454</b>	<b>97,500</b>	<b>11,622</b>	<b>17,606</b>

## TAXATION

The comments below are of a general nature based on the Issuers' understanding of current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) in each case, as at the latest practicable date before the date of this Prospectus and may be subject to change, possibly with retroactive effect. They are not exhaustive. They do not address United States tax consequences because (i) in the event of any offer in reliance upon Rule 144A, an applicable final terms will discuss United States tax consequences to United States holders and (ii) except to the extent described below, non-United States holders generally will not be subject to United States tax consequences in respect of the Notes. However, a non-United States holder who is (i) engaged in a United States trade or business, (ii) present in the United States for 183 or more days during the taxable year, or (iii) otherwise subject to United States taxation generally, should consult its own tax adviser regarding United States tax consequences. The comments below do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers and persons connected with the Issuer, to whom special rules may apply. They relate to the deduction from payments of interest on the Notes for or on the account of tax in the United Kingdom. Prospective Noteholders who may be unsure of their tax position or who may be subject to tax in any other jurisdiction should consult their own professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

### United Kingdom

#### Withholding of tax on interest

Interest paid by SCPLC or SCB on Notes which have a maturity date of less than one year from the date of issue (and are not issued with the intention, or under arrangements the effect of which is, to render such Notes part of a borrowing with a total term of a year or more) may be paid without withholding or deduction for or on account of United Kingdom income tax.

Yearly interest paid by SCB (but not SCPLC) on Notes may be paid without withholding or deduction for or on account of United Kingdom income tax provided that SCB continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 ("ITA") and provided that the interest on the Notes is paid in the ordinary course of business within the meaning of section 878 of ITA.

Irrespective of whether interest may be paid by SCPLC or SCB without withholding or deduction for or on account of United Kingdom tax in accordance with the previous paragraphs, while Notes are listed on a "recognised stock exchange" within the meaning of section 1005 of ITA (which includes the London Stock Exchange), payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. The Notes will be treated as listed on the London Stock Exchange if they are included in the Official List by the FCA and are admitted to trading on the London Stock Exchange.

Interest on the Notes may also be paid without deduction or withholding for or on account of United Kingdom tax where the Issuer reasonably believes at the time the payment is made that it is an "excepted payment" under section 930 of ITA. A payment is an excepted payment where (a) the person beneficially entitled to the income in respect of which payment is made is (i) a UK resident company; or (ii) a non-UK resident company that carries on a trade in the UK through a permanent establishment and the payment is one that is required to be brought into account for calculating the profits chargeable to corporation tax of the non-UK resident company; or (b) the person to whom payment is made is one of the further classes of bodies or persons, and meets

any relevant conditions, set out in sections 935 to 937 of ITA, provided that HM Revenue & Customs has not given a direction that the interest should be paid under deduction of tax in circumstances where it has reasonable grounds to believe that the payment will not be an excepted payment of interest at the time the payment is made.

In all other cases yearly interest on Notes will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, the Noteholder can apply to HM Revenue & Customs to issue a notice to the Issuer to pay interest to the Noteholder without any withholding or deduction for or on account of tax (or for interest to be paid with tax withheld or deducted at the rate provided for in the relevant double tax treaty).

If Notes are issued at a discount to their principal amount the discount element on any such Notes will not be subject to any withholding or deduction for or on account of United Kingdom tax pursuant to the provisions mentioned above, provided that any payments on redemption in respect of the discount do not constitute payments in respect of interest.

Where Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium when the Notes are redeemed may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

The references to "interest" and "principal" above mean "interest" and "principal" as understood in United Kingdom tax law. The statements above do not take account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

## **United States**

### **Withholding tax under Foreign Account Tax Compliance Act ("FATCA")**

A 30 per cent. withholding tax will be imposed on certain payments made to certain non-U.S. financial institutions that fail to comply with the requirements of FATCA, including the registration, information reporting and certification requirements in respect of their direct and indirect U.S. security holders and/or U.S. accountholders. Based on regulations released by the U.S. Treasury Department, as well as an agreement entered into between the United States government and the United Kingdom government and guidance issued by HM Revenue and Customs regarding the implementation of that agreement, the Issuers generally will not be required to identify or report information with respect to the holders of the Notes, although other non-U.S. financial institutions (such as banks, brokers or custodians) through which a holder holds the Notes may be required to do so. In addition, in the case of holders who (i) are non-U.S. financial institutions that have not agreed to comply with the requirements of FATCA such as information reporting in respect of their direct and indirect U.S. security holders and/or U.S. accountholders or (ii) hold Notes directly or indirectly through such non-compliant non-U.S. financial institutions or have otherwise failed to establish an exemption from this withholding, the Issuers may be required to withhold on a portion of payments that are treated as "foreign passthru payments", a term that has not been defined in FATCA regulations, on the Notes. Accordingly, such a Noteholder could be subject to withholding if, for example, its bank, broker or custodian is subject to withholding because it fails to comply with these requirements even though the holder itself might not otherwise have been subject to withholding. However, such withholding would generally only apply to Notes issued or materially modified more than six months after the date on which final regulations defining the term "foreign passthru payments" are filed with the Federal Register, subject to certain exceptions, and such withholding will not apply to payments made before the date that is two years after the date on which such final regulations are so filed. Therefore, since the rules for implementing withholding on the Notes have not yet been written, including rules about how such withholding would be applied pursuant to an intergovernmental agreement, it is unclear at this time what the impact of any such withholding would be on holders of the Notes.

You should consult your own tax advisers regarding the relevant U.S. law and other official guidance on FATCA withholding.

The Issuers will not pay any additional amounts in respect of FATCA withholding, so if this withholding applies, you will receive significantly less than the amount that you would have otherwise received with respect to your Notes. Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have such withholding refunded, the required procedures could be cumbersome and significantly delay the holder's receipt of any amounts withheld.

## SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 17 June 2020 (as further amended and/or supplemented, the "**Programme Agreement**"), between, inter alios, the Issuers, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by each Issuer to the Permanent Dealers. However, each Issuer has reserved the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers and who agree to be bound by the restrictions below. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold outside the United States by each Issuer through the Dealers, acting as agents of such Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Each Issuer will pay each relevant Dealer a commission as agreed between such Issuer and the Dealer in respect of Notes subscribed by it. The Issuers have agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment and update of the Programme, and the Dealers for certain of their activities in connection with the Programme.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("**Regulation S Notes**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, except as permitted by the Programme Agreement, that it will not offer, sell or, in the case of Notes in bearer form, deliver the Notes of any identifiable Tranche (other than Registered Notes offered or sold in accordance with Rule 144A), (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part (the "**Distribution Compliance Period**") as determined, and certified to each relevant Dealer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons and, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer, or person receiving a selling concession, fee or other remuneration to which it sells Notes during the Distribution Compliance Period (other than resales of Registered Notes pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for, the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Programme Agreement provides that the Dealers may directly or through

their respective agents or affiliates which are U.S. registered broker-dealers arrange for the offer and resale of Registered Notes in the United States only to QIBs in accordance with Rule 144A.

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

This Prospectus has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons, the offer, sale and resale of Registered Notes in the United States to QIBs in reliance upon Rule 144A and for the admission of Notes to the Official List and to trading on the London Stock Exchange. The relevant Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than any QIB to whom an offer has been made directly by one of the Dealers or a U.S. broker-dealer affiliate of one of the Dealers. Distribution of this Prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the relevant Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

#### **Prohibition of Sales to EEA and UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes 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.

#### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes to be issued by SCPLC which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is



reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by SCPLC;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of SCB would not, if it was not an authorised person, apply to the Issuers; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

## **PRC**

In relation to each Tranche of Notes issued by an Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates will offer or sell any of the Notes in the PRC (for this purpose, excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

## **France**

Each of the Dealers and the relevant Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: it has only offered

or sold and will only offer or sell, directly or indirectly, any Notes in France and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes to qualified investors (*investisseurs qualifiés*) as defined in Article 2(e) of the Prospectus Regulation.

This Prospectus, prepared in connection with the Notes to be issued under the Programme, has not been submitted to the clearance procedures of the French financial markets authority (*Autorité des marchés financiers*) ("**AMF**").

## Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or any copy of this Prospectus or any other document relating to the Notes in the Republic of Italy ("**Italy**") in an offer of securities to the public under the meaning of Article 2, letter (d) of the Prospectus Regulation and/or Article 1, paragraph 1, letter (t) of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Consolidated Financial Services Act**"), except::

- (a) to qualified investors (*investitori qualificati*), pursuant to Article 2 of the Prospectus Regulation, Article 100 of the **Consolidated Financial Services Act** and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation**"), all as amended, provided that such qualified investors will act in their capacity and not as depositaries or nominees for other shareholders; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under the Article 1 of the Prospectus Regulation, or the CONSOB Regulation and the applicable Italian laws, all as amended.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 16190 of 29 October 2007 and Regulation No. 20307 of 15 February 2018, all as amended;
- (ii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority; and
- (iii) in compliance with Article 129 of the Banking Act as amended and the implementing guidelines of the Bank of Italy, pursuant to which the Bank of Italy may request information on the offering and issue of securities in Italy.

Any investor purchasing any Notes is solely responsible for ensuring that any offer or resale of the Notes occurs in compliance with applicable laws and regulations. This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this Prospectus may rely on it or its contents. In any event the Notes shall not be offered or sold to any individuals in Italy in either the primary or secondary market.

## The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes in The Netherlands unless such offer is made exclusively to persons who or legal entities which are qualified investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*) of The Netherlands.

Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. in accordance with the Dutch Savings Certificates Act (*Wet inzakespaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations (which include registration requirements). Such restrictions do not apply (a) to the initial issue of Zero Coupon Notes to the first holders thereof, (b) to a transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (c) to a transfer and acceptance of Zero Coupon Notes in definitive form within, from or into The Netherlands if all Zero Coupon Notes of any particular series are issued outside The Netherlands and are not distributed within The Netherlands in the course of their initial distribution or immediately thereafter. For the purposes of this paragraph, "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than

- (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that

trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law or as specified in Section 276(1) of the SFA;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

### **General**

These selling restrictions may be modified by the agreement of any Issuer and the Dealers, following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No action has been taken in any jurisdiction by the Dealers or the Issuers that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material (including any Final Terms) relating to any Notes in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge and belief, comply with all relevant securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material, in all cases at its own expense.

[FORM OF FINAL TERMS]

**STANDARD CHARTERED PLC**

and

**STANDARD CHARTERED BANK**

**U.S.\$77,500,000,000**

**Debt Issuance Programme**

[Brief Description and Amount of Notes]

Issued by

**[Standard Chartered PLC/  
Standard Chartered Bank]**

[Publicity Name(s) of Dealer(s)]

The date of the Final Terms is [●].

[The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any State or other jurisdiction of the United States. The Notes are issued in [bearer form ("**Bearer Notes**")/bearer form exchangeable for notes in registered form ("**Exchangeable Bearer Notes**")] that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act).]

[The Notes are issued in registered form ("**Registered Notes**") and may be offered and sold [(i) in the United States or to U.S. persons in reliance on Rule 144A under the Securities Act ("**Rule 144A**") only to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A and (ii)] outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.]

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, or any securities regulatory authority of any State or other jurisdiction of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

**PART A – CONTRACTUAL TERMS**

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended ("**MIFID II**")); (ii) a customer within the meaning of Directive (EU) 2016/97 as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

**[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes

has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Details of any negative target market to be included if applicable]*. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA") AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018")** – In connection with Section 309(B) of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, each Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [•] June 2020 which [,together with the supplementary Prospectus[es] dated [•] [and [•]],] constitute[s] (with the exception of certain sections) a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**") and must be read in conjunction with the Prospectus dated [•] June 2020 [and the supplementary Prospectus[es] dated [•] [and [•]], which [together] constitute[s] (with the exception of certain sections) a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation in order to obtain all the relevant information. [The Base Prospectus [and the supplemental prospectus[es]] [is/are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

- |    |  |   |
|----|--|---|
| 1. | Issuer:  | [Standard Chartered PLC/Standard Chartered Bank]  |
| 2. | (i) Series Number:   | [•]   |
|    | (ii) Tranche Number:   | [•]   |
|    | (iii) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [•] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below, which is expected to occur on or about [•]]] [Not Applicable] |

3. Currency or Currencies: [●]
4. Aggregate Nominal Amount:
- (i) Series: [●]
- (ii) [Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from [●]]
6. Denominations: [●]
7. Calculation Amount: [●]
8. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●]
9. Maturity Date: [●]
10. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] per cent. Floating Rate]  
[Reset Notes]  
[Zero Coupon]
11. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [99][100][101] per cent. of their nominal amount]
12. Change of Interest: [●]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Regulatory Capital Call]  
[Loss Absorption Disqualification Event Call]  
[Not Applicable]
14. (i) Status of the Notes: [Senior/Dated Subordinated]
- (ii) [Date [Court/Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]
- (iii) [Events of Default: [Restrictive Events of Default/Non-Restrictive Events of Default]]

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

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable  
[annually/semi-annually/quarterly/monthly]  
in arrear on each Interest Payment Date

- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [●]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [Not Applicable]/[●] per Calculation Amount]
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction (Condition 4(j)): [Actual/Actual][Actual/Actual – ISDA]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360][360/360][Bond Basis]  
[30E/360][30/360 (ISMA)][Eurobond Basis]  
[30E/360 (ISDA)]  
[Actual/Actual – ICMA]
- (vi) Determination Dates: [●] in each year
- (vii) Relevant Currency: [Not Applicable/[●]
- 16.** Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Interest Payment Dates: [●]
- (iii) First Interest Payment Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/●]
- (v) Relevant Financial Centre(s) (Condition 4(j)): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Page]/[Reference Bank: ●]
- (vii) Interest Period Date(s): [Not Applicable/●]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Page (Condition 4(c)):
- Relevant Time: [●]
  - Interest Determination Date: [●] *[[TARGET] Business Day(s) in [specify city] for [specify currency]]/[U.S. Government Securities Business Day(s) (if SOFR)] prior to [the first day in each Interest*



	<i>Accrual Period/each Interest Payment Date</i> <sup>2</sup>
– Primary Source for Floating Rate:	[•]
– Reference Banks (if Primary Source is "Reference Banks"):	[•]
– Relevant Financial Centre:	[•]
– Benchmark:	[LIBOR/LIBID/LIMEAN/EURIBOR/HIBOR/SIBOR/SOFR/SONIA/SORA]
– Effective Date:	[•]
– Specified Duration:	[•]
– SOFR Rate Cut-Off Date:	[Not Applicable/The day that is the [second/[•]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest] ( <i>Only applicable in the case of SOFR Arithmetic Mean or SOFR Compound with Payment Delay</i> )
– Lookback Days:	[Not Applicable/[•] U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with Lookback</i> )
– SOFR Benchmark:	[Not Applicable/SOFR Arithmetic Mean/SOFR Compound/SOFR Index Average] ( <i>Only applicable in the case of SOFR</i> )
– SOFR Compound:	[Not Applicable/SOFR Compound with Lookback/SOFR Compound with Payment Delay/SOFR Compound with SOFR Observation Period Shift]
– SOFR Observation Shift Days:	[Not Applicable/[•] U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with SOFR Observation Period Shift</i> )
– Interest Accrual Period End Dates:	[Not Applicable/U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with Payment Delay or SOFR Compound with Lookback</i> )
– Interest Payment Delay:	[Not Applicable/U.S. Government Securities Business Day(s)] ( <i>Only applicable in the</i>

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<sup>2</sup> Always required for SOFR deals. Check if required on others also.

		<i>case of SOFR Compound with Payment Delay)</i>
	– SOFR Index Start:	[Not Applicable/U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of SOFR Index Average)</i>
	– SOFR Index End:	[Not Applicable/U.S. Government Securities Business Day(s)] <i>(Only applicable in the case of SOFR Index Average)</i>
	– SONIA Observation Method:	[Lag/SONIA Observation Shift/Not Applicable] <i>(Only applicable in the case of SONIA)</i>
	– SONIA Observation Look-Back Period:	[5/[•] London Banking Days]/[Not Applicable] <i>(Only applicable in the case of SONIA)</i>
	– SONIA Observation Shift Period:	[[•]/ Not Applicable] <i>(Only applicable in the case of SONIA)</i>
	– SORA Observation Period Business Days:	[•] <i>(Only applicable in case of SORA)</i>
(x)	Representative Amount:	[[•]/Not Applicable]
(xi)	Linear Interpolation:	[Not Applicable/Applicable – the Interest Rate for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(xii)	Margin(s):	[+/-][•] per cent. per annum
(xiii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiv)	Maximum Rate of Interest:	[•] per cent. per annum
(xv)	Day Count Fraction (Condition 4(j)):	[•]
(xvi)	Rate Multiplier:	[•]
(xvii)	Benchmark Discontinuation	[Not Applicable/Benchmark Discontinuation (General)/Benchmark Discontinuation (ARRC)/Benchmark Discontinuation (SOFR)]
	– Lookback/ Suspension Period	[Not Applicable/[Where Benchmark Discontinuation (ARRC) has been specified hereon, specify for calculation of Compounded SOFR]
<b>17.</b>	<b>Reset Note Provisions</b>	[Applicable/Not Applicable]
(i)	Initial Rate of Interest:	[•] per cent. per annum

(ii)	First Margin:	[●] per cent. per annum
(iii)	Subsequent Margin:	[[●] per cent. per annum/Not Applicable]
(iv)	Interest Payment Dates:	[●]
(v)	First Interest Payment Date:	[●]
(vi)	Fixed Coupon Amount[(s)] up to (but excluding) the First Reset Date:	[●] per Calculation Amount
(vii)	Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(viii)	First Reset Date:	[●]
(ix)	Second Reset Date:	[[●]/Not Applicable]
(x)	Subsequent Reset Date[(s)]:	[[●]/Not Applicable]
(xi)	Reset Rate:	[Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond/U.S. Treasury Rate]
(xii)	Relevant Screen Page:	[[●]/Not Applicable]
(xiii)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate][Not Applicable]
(xiv)	Mid-Swap Floating Leg Benchmark	[LIBOR/LIBID/LIMEAN/EURIBOR/HIBOR/SIBOR/SOFR/SONIA/SORA]
(xv)	Mid-Swap Maturity:	[[●]/Not Applicable]
(xvi)	U.S. Treasury Rate Maturity:	[[●]/Not Applicable]
(xvii)	Day Count Fraction (Condition 4(j)):	[Actual/Actual][Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][30/360 (ISMA)][Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
(xviii)	Relevant Time:	[[●]/Not Applicable]
(xix)	Interest Determination Dates:	[[●] in each year][Not Applicable]
(xx)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/●][Not Applicable]
(xxi)	Relevant Currency:	[[●]/Not Applicable]

- (xxii) Relevant Financial Centre(s) (Condition 4(j)): [●]
- (xxiii) Benchmark Discontinuation: [Not Applicable/Benchmark Discontinuation (General)/Benchmark Discontinuation (ARRC)/Benchmark Discontinuation (SOFR)]
  - Lookback/Suspension Period [Not Applicable/[Where Benchmark Discontinuation (ARRC) has been specified hereon, specify for calculation of Compounded SOFR]]

**18. Zero Coupon Note Provisions** [Applicable/Not Applicable]

- (i) Amortisation Yield (Condition 5(b)): [●] per cent. per annum
- (ii) Day Count Fraction (Condition 4(j)): [●]
- (iii) Relevant Currency: [Not Applicable/[●]]

**PROVISIONS RELATING TO REDEMPTION**

**19. Issuer Call** [Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [●]
- [(ii) Call Option Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Calculation Amount]
- (iii) If redeemable in part:
  - (a) Minimum Call Option Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Call Option Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]

**20. Regulatory Capital Call** [Applicable/Not Applicable]

- [(i) Redeemable on days other than Interest Payment Dates (Condition 5(e)): [Yes/No]

21. **Loss Absorption Disqualification Event Call** [Applicable/Not Applicable]
- [(i) Redeemable on days other than Interest Payment Dates (Condition 5(f))]: [Yes/No]
22. **Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
- [(ii) Put Option Redemption Amount(s) of each Note: [•] per Calculation Amount]
- (iii) Option Exercise Date(s): [•]
- (iv) Description of any other Noteholders' option: [•]
- (v) Notice period: [•]
23. **Final Redemption Amount of each Note** [[•] per Calculation Amount/other]
24. **Early Redemption Amount**
- [(i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default: [•]]
- (ii) Redeemable on days other than Interest Payment Dates (Condition 5(c))]: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 6(f))]: [Yes/No/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. **Form of Notes:** [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]
- [temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [•] days' notice/at any time/in the limited circumstances]

specified in the permanent Global Note/Certificate]

[temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice]

[permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]

[Registered Notes Unrestricted Global Certificates ([●] insert currency and aggregate nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]] [Restricted Global Certificate ([●] insert currency and aggregate nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

26. **New Global Note:** [Yes]/[No]
27. **Business Day Jurisdiction(s) (Condition 6(h)) or other special provisions relating to Payment Dates:** [Not Applicable/●]
28. **Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes (give details)/No.]

### [THIRD PARTY INFORMATION

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING:

- (i) Listing: [Official List of the FCA and trading on the London Stock Exchange]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].]
- (iii) Estimated total expenses of admission to trading: [●]

### 2. RATINGS

Ratings The Notes to be issued [have been/are expected to be] assigned the following ratings:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

*[Need to include a brief explanation of the meaning of the rating if this has previously been published by a ratings provider]*

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### 4. [Fixed Rate Notes only – YIELD

Indication of yield: See "General Information" on page [●] of the Base Prospectus.

Calculated as [●] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 5. [Floating Rate Notes only – HISTORIC INTEREST RATES

Details of historic [LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR, SIBOR, SOFR, SONIA or SORA] rates can be obtained from [relevant screen page].]

## 6. Reasons for the offer, estimated net proceeds and total expenses

- |       |                          |   |
|-------|--------------------------|---|
| (i)   | Reasons for the offer    | <i>[Use of proceeds if other than for general corporate purposes.] [The Notes are specified as being "Green Bonds" and the net proceeds from the issuance of the Notes will be used as described in "Use of Proceeds – Eligible Projects – Green Bonds" in the Base Prospectus][The Notes are specified as being "Social Bonds" and the net proceeds from the issuance of the Notes will be used as described in "Use of Proceeds – Eligible Projects – Social Bonds" in the Base Prospectus][The Notes are specified as being "Sustainability Bonds" and the net proceeds from the issuance of the Notes will be used as described in "Use of Proceeds – Eligible Projects – Sustainability Bonds" in the Base Prospectus]</i> |
| (ii)  | Estimated net proceeds   | [•]   |
| (iii) | Estimated total expenses | [•]   |

## 7. OPERATIONAL INFORMATION

- |         |  |   |
|---------|--|---|
| [(i)    | Unrestricted Notes]  |   |
| [(i)]   | [(a)] ISIN:  | [•]   |
| [(ii)]  | [(b)] Common Code:   | [•]   |
| [(iii)] | [(c)] CMU Instrument Number  | [•]   |
| [(ii)   | Restricted Notes]  |   |
|         | [(a) ISIN:]  | [•]   |
|         | [(b) CUSIP Number:]  | [•]   |
| (iii)   | [FISN:   | [•]]  |
| (iv)    | [CFI Code:   | [•]]  |
| (v)     | Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, SA, the CMU Service, DTC and the relevant identification number(s): | [Not Applicable/•]  |
| (vi)    | Delivery:  | Delivery [against/free of] payment  |
| (vii)   | Names and addresses of initial Paying Agent(s):  | [The Bank of New York Mellon, London Branch One Canada Square, London E14 5AL, United Kingdom/The Bank of New York Mellon SA/NV Luxembourg Branch, Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 |



Luxembourg/The Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286, USA/The Bank of New York Mellon, Hong Kong Branch, Three Pacific Place, 24/F, 1 Queen's Road East, Hong Kong]

- (viii) Names and addresses of additional Paying Agent(s) (if any): [●]
- (ix) Legal Entity Identifier: [●]
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: *[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]*
- /[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]*
- (xi) Relevant Benchmark[s] [Amounts payable under the Notes will be calculated by reference to [specify benchmark] which is provided by [legal name of the benchmark administrator]. As at the date of these Final Terms, [legal name of the benchmark administrator] [appears / does not appear] on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation

[As far as the Issuer is aware, [*specify benchmark*] [does not fall within the scope of the Benchmarks Regulation] / [the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition endorsement or equivalence).]

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/give names]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/give names]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/give name]
- (iv) US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]  
[Rule 144A: Qualified Institutional Buyers only]

# STANDARD CHARTERED PLC

and

# STANDARD CHARTERED BANK

U.S.\$77,500,000,000

## Debt Issuance Programme

[Brief Description and Amount of Notes]

Issued by

[Standard Chartered PLC/  
Standard Chartered Bank]

[Publicity Name(s) of Dealer(s)]

The date of this Pricing Supplement is [●].

**No prospectus is required in accordance with Regulation (EU) 2017/1129, as amended or superseded, for this issue of Notes. The FCA has neither approved nor reviewed information contained in this Pricing Supplement.**

[The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any State or other jurisdiction of the United States. The Notes are issued in [bearer form ("**Bearer Notes**")/bearer form exchangeable for notes in registered form ("**Exchangeable Bearer Notes**")] that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act).]

[The Notes are issued in registered form ("**Registered Notes**") and may be offered and sold [(i) in the United States or to U.S. persons in reliance on Rule 144A under the Securities Act ("**Rule 144A**") only to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A and (ii)] outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.]

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, or any securities regulatory authority of any State or other jurisdiction of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

## PART A – CONTRACTUAL TERMS

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended ("**MiFID II**")); (ii) a customer within the meaning of Directive (EU) 2016/97 as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Details of any negative target market to be included if applicable]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA") AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018")** – In connection with Section 309(B) of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, each Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that all Notes issued or to be issued under the Programme are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] June 2020 which [together with the supplementary Prospectus[es] dated [●] [and [●]],] constitute[s] (with the exception of certain sections) a base prospectus (the "**Base Prospectus**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. [The Base Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date]. This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with the Prospectus dated [●] June 2020 [and the supplementary Prospectus[es] dated [●] [and[●]], which [together] constitute[s] (with the exception of certain sections) a base prospectus (the "**Base Prospectus**").]. [The Base Prospectus [and the supplemental prospectus[es]] [is/are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

- |    |  |   |
|----|--|---|
| 1. | Issuer:  | [Standard Chartered PLC/Standard Chartered Bank]  |
| 2. | (i) Series Number:   | [●]   |
|    | (ii) Tranche Number:   | [●]   |
|    | (iii) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [●] below, which is expected to occur on or about [●]]] [Not Applicable] |
| 3. | Currency or Currencies:  | [●]   |

4. Aggregate Nominal Amount: [●]
- (i) Series: [●]
- (ii) [Tranche: [●]]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6. Denominations: [●]
7. Calculation Amount: [●]
8. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●]
9. Maturity Date: [●]
10. Interest Basis: [[●] per cent. Fixed Rate]  
[[●] per cent. Floating Rate]  
[Reset Notes]  
[Zero Coupon]
11. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [99][100][101] per cent. of their nominal amount]
12. Change of Interest: [●]
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Regulatory Capital Call]  
[Loss Absorption Disqualification Event Call]  
[Not Applicable]
14. (i) Status of the Notes: [Senior/Dated Subordinated]
- (ii) [Date [Court/Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]
- (iii) [Events of Default: [Restrictive Events of Default/Non-Restrictive Events of Default]]

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

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear on each Interest Payment Date

(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [●]/not adjusted]
(iii)	Fixed Coupon Amount[(s)]:	[Not Applicable]/[[●] per Calculation Amount]
(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
(v)	Day Count Fraction (Condition 4(j)):	[Actual/Actual][Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][30/360 (ISMA)][Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
(vi)	Determination Dates:	[●] in each year
(vii)	Relevant Currency:	[Not Applicable/●]
<b>16.</b>	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
(i)	Interest Period(s):	[●]
(ii)	Interest Payment Dates:	[●]
(iii)	First Interest Payment Date:	[●]
(iv)	Business Day Convention	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/●]
(v)	Relevant Financial Centre(s) (Condition 4(j)):	[●]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Page]/[Reference Bank: ●]
(vii)	Interest Period Date(s):	[Not Applicable/●]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(ix)	Page (Condition 4(c)):	
	– Relevant Time:	[●]
	– Interest Determination Date:	[●] <i>[[TARGET] Business Day(s) in [specify city] for [specify currency]]/[U.S. Government Securities Business Day(s) (if SOFR)] prior to [the first day in each</i>

	<i>Interest Accrual Period/each Interest Payment Date]<sup>3</sup></i>
– Primary Source for Floating Rate:	[•]
– Reference Banks (if Primary Source is "Reference Banks")	[•]
– Relevant Financial Centre:	[•]
– Benchmark:	[LIBOR/LIBID/LIMEAN/EURIBOR/HIBOR/SIBOR/SOFR/SONIA/SORA]
– Effective Date:	[•]
– Specified Duration:	[•]
– SOFR Rate Cut-Off Date:	[Not Applicable/The day that is the [second/[•]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest] ( <i>Only applicable in the case of SOFR Arithmetic Mean or SOFR Compound with Payment Delay</i> )
– Lookback Days:	[Not Applicable/[•] U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with Lookback</i> )
– SOFR Benchmark:	[Not Applicable/SOFR Arithmetic Mean/SOFR Compound/SOFR Index Average] ( <i>Only applicable in the case of SOFR</i> )
– SOFR Compound:	[Not Applicable/SOFR Compound with Lookback/SOFR Compound with Payment Delay/SOFR Compound with SOFR Observation Period Shift]
– SOFR Observation Shift Days:	[Not Applicable/[•] U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with SOFR Observation Period Shift</i> )
– Interest Accrual Period End Dates:	[Not Applicable/U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with Payment Delay or SOFR Compound with Lookback</i> )

---

<sup>3</sup> Always required for SOFR deals. Check if required on others also.

–	Interest Payment Delay:	[Not Applicable/U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Compound with Payment Delay</i> )
–	SOFR Index Start:	[Not Applicable/U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Index Average</i> )
–	SOFR Index End:	[Not Applicable/U.S. Government Securities Business Day(s)] ( <i>Only applicable in the case of SOFR Index Average</i> )
–	SONIA Observation Method:	[Lag/SONIA Observation Shift/Not Applicable] ( <i>Only applicable in the case of SONIA</i> )
–	SONIA Observation Look-Back Period:	[5/[•] London Banking Days]/[Not Applicable] ( <i>Only applicable in the case of SONIA</i> )
–	SONIA Observation Shift Period:	[[•]/ Not Applicable] ( <i>Only applicable in the case of SONIA</i> )
–	SORA Observation Period Business Days:	[•] ( <i>Only applicable in case of SORA</i> )
(x)	Representative Amount:	[[•]/Not Applicable]
(xi)	Linear Interpolation:	[Not Applicable/Applicable – the Interest Rate for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(xii)	Margin(s):	[+/-][•] per cent. per annum
(xiii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiv)	Maximum Rate of Interest:	[•] per cent. per annum
(xv)	Day Count Fraction (Condition 4(j)):	[•]
(xvi)	Rate Multiplier:	[•]
(xvii)	Benchmark Discontinuation	[Not Applicable/Benchmark Discontinuation (General)/Benchmark Discontinuation (ARRC)/Benchmark Discontinuation (SOFR)]
–	Lookback/Suspension Period	[Not Applicable/[Where Benchmark Discontinuation (ARRC) has been



*specified hereon, specify for calculation of Compounded SOFR]*

<b>17. Reset Note Provisions</b>	[Applicable/Not Applicable]
(i) Initial Rate of Interest:	[•] per cent. per annum
(ii) First Margin:	[•] per cent. per annum
(iii) Subsequent Margin:	[[•] per cent. per annum/Not Applicable]
(iv) Interest Payment Dates:	[•]
(v) First Interest Payment Date:	[•]
(vi) Fixed Coupon Amount[(s)] up to (but excluding) the First Reset Date:	[•] per Calculation Amount
(vii) Broken Amount(s):	[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]/Not Applicable]
(viii) First Reset Date:	[•]
(ix) Second Reset Date:	[[•]/Not Applicable]
(x) Subsequent Reset Date[(s)]:	[[•]/Not Applicable]
(xi) Reset Rate:	[Mid-Swap Rate/Benchmark Gilt Rate/Reference Bond/U.S. Treasury Rate]
(xii) Relevant Screen Page:	[[•]/Not Applicable]
(xiii) Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate][Not Applicable]
(xiv) Mid-Swap Floating Leg Benchmark	[LIBOR/LIBID/LIMEAN/EURIBOR/HIBOR/SIBOR/SOFR/SONIA/SORA]
(xv) Mid-Swap Maturity:	[[•]/Not Applicable]
(xvi) U.S. Treasury Rate Maturity:	[[•]/Not Applicable]
(xvii) Day Count Fraction (Condition 4(j)):	[Actual/Actual][Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][30/360 (ISMA)][Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual – ICMA]
(xviii) Relevant Time:	[[•]/Not Applicable]
(xix) Interest Determination Dates:	[[•] in each year][Not Applicable]

(xx)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/●][Not Applicable]
(xxi)	Relevant Currency:	[[●]/Not Applicable]
(xxii)	Relevant Financial Centre(s) (Condition 4(j)):	[●]
(xxiii)	Benchmark Discontinuation	[Not Applicable/Benchmark Discontinuation (General)/Benchmark Discontinuation (ARRC)/Benchmark Discontinuation (SOFR)]
	– Lookback/Suspension Period	[Not Applicable/[Where Benchmark Discontinuation (ARRC) has been specified hereon, specify for calculation of Compounded SOFR]]

**18. Zero Coupon Note Provisions** [Applicable/Not Applicable]

(i)	Amortisation Yield (Condition 5(b)):	[●] per cent. per annum
(ii)	Day Count Fraction (Condition 4(j)):	[●]
(iii)	Relevant Currency:	[Not Applicable/[●]]

**PROVISIONS RELATING TO REDEMPTION**

**19. Issuer Call** [Applicable/Not Applicable]

(i)	Optional Redemption Date(s):	[●]
[(ii)	Call Option Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per Calculation Amount]
(iii)	If redeemable in part:	
(a)	Minimum Call Option Redemption Amount:	[●] per Calculation Amount
(b)	Maximum Call Option Redemption Amount:	[●] per Calculation Amount
(iv)	Notice period:	[●]

**20. Regulatory Capital Call** [Applicable/Not Applicable]

(i)	Redeemable on days other than Interest Payment Dates (Condition 5(e)):	[Yes/No]
-----	--	----------

- 21. Loss Absorption Disqualification Event Call** [Applicable/Not Applicable]
- [(i) Redeemable on days other than Interest Payment Dates (Condition 5(f)): [Yes/No]
- 22. Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
- [(ii) Put Option Redemption Amount(s) of each Note: [•] per Calculation Amount]
- (iii) Option Exercise Date(s): [•]
- (iv) Description of any other Noteholders' option: [•]
- (v) Notice period: [•]
- 23. Final Redemption Amount of each Note** [[•] per Calculation Amount/other]
- 24. Early Redemption Amount**
- [(i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, due to Regulatory Capital Event or due to Loss Absorption Disqualification Event or on event of default: [•]]
- (ii) Redeemable on days other than Interest Payment Dates (Condition 5(c)): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 6(f)): [Yes/No/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25. Form of Notes:** [Bearer Notes/Exchangeable Bearer Notes/Registered Notes]
- [temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [•] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
- [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [•] days' notice]

[permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]

[Registered Notes

Unrestricted Global Certificates ([●] insert currency and aggregate nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]] [Restricted Global Certificate ([●] insert currency and aggregate nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]

26. **New Global Note:** [Yes]/[No]
27. **Business Day Jurisdiction(s) (Condition 6(h)) or other special provisions relating to Payment Dates** [Not Applicable/●]
28. **Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):** [Yes (give details)/No.]

**[THIRD PARTY INFORMATION**

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING:

- (i) Listing: [Official List of the FCA and trading on the London Stock Exchange]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].]
- (iii) Estimated total expenses of admission to trading: [●]

### 2. RATINGS

Ratings The Notes to be issued [have been/are expected to be] assigned the following ratings:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

*[Need to include a brief explanation of the meaning of the rating if this has previously been published by a ratings provider]*

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### 4. [Fixed Rate Notes only – YIELD

Indication of yield: See "General Information" on page [●] of the Base Prospectus.

Calculated as [●] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 5. [Floating Rate Notes only – HISTORIC INTEREST RATES

Details of historic [LIBOR, LIBID, LIMEAN, EURIBOR, HIBOR, SIBOR, SOFR, SONIA or SORA] rates can be obtained from [relevant screen page].]

## 6. Reasons for the offer, estimated net proceeds and total expenses

- |       |                          |   |
|-------|--------------------------|---|
| (i)   | Reasons for the offer    | <i>[Use of proceeds if other than for general corporate purposes.] [The Notes are specified as being "Green Bonds" and the net proceeds from the issuance of the Notes will be used as described in "Use of Proceeds – Eligible Projects – Green Bonds" in the Base Prospectus][The Notes are specified as being "Social Bonds" and the net proceeds from the issuance of the Notes will be used as described in "Use of Proceeds – Eligible Projects – Social Bonds" in the Base Prospectus][The Notes are specified as being "Sustainability Bonds" and the net proceeds from the issuance of the Notes will be used as described in "Use of Proceeds – Eligible Projects – Sustainability Bonds" in the Base Prospectus]</i> |
| (ii)  | Estimated net proceeds   | [●]   |
| (iii) | Estimated total expenses | [●]   |

## 7. OPERATIONAL INFORMATION

- |         |  |  |
|---------|--|--|
| [(i)    | Unrestricted Notes]  |  |
| [(i)]   | [(a)] ISIN:  | [●]  |
| [(ii)]  | [(b)] Common Code:   | [●]  |
| [(iii)] | [(c)] CMU Instrument Number  | [●]  |
| [(ii)   | Restricted Notes]  |  |
|         | [(a) ISIN:]  | [●]  |
|         | [(b) CUSIP Number:]  | [●]  |
| (iii)   | [FISN:   | [●]]   |
| (iv)    | [CFI Code:   | [●]]   |
| (v)     | Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking, SA, the CMU Service, DTC and the relevant identification number(s): | [Not Applicable/●]   |
| (vi)    | Delivery:  | Delivery [against/free of] payment   |
| (vii)   | Names and addresses of initial Paying Agent(s):  | [The Bank of New York Mellon, London Branch One Canada Square, London E14 5AL, United Kingdom/The Bank of New York Mellon SA/NV Luxembourg Branch, Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453] |

Luxembourg/The Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286, USA/The Bank of New York Mellon, Hong Kong Branch, Three Pacific Place, 24/F, 1 Queen's Road East, Hong Kong]

- (viii) Names and addresses of additional Paying Agent(s) (if any): [•]
- (ix) Legal Entity Identifier: [•]
- (x) Intended to be held in a manner which would allow Eurosystem eligibility: *[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]*  
*/[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [include this text for Registered Notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]*
- (xi) Relevant Benchmark[s] [Amounts payable under the Notes will be calculated by reference to [specify benchmark] which is provided by [legal name of the benchmark administrator]. As at the date of this Pricing Supplement, [legal name of the benchmark administrator] [appears / does not appear] on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation

[As far as the Issuer is aware, [*specify benchmark*] [does not fall within the scope of the Benchmarks Regulation] / [the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition endorsement or equivalence).]]

## 8. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Managers: [Not Applicable/give names]
  - (B) Stabilisation Manager(s) (if any): [Not Applicable/give names]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/give name]
- (iv) US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]  
[Rule 144A: Qualified Institutional Buyers only]



## **CLEARING AND SETTLEMENT**

*The following is a summary of the rules and procedures of Euroclear, Clearstream, Luxembourg, the CMU Service and DTC, currently in effect, as they relate to clearing and settlement of transactions involving the Notes. The rules and procedures of these systems are subject to change at any time.*

### **The Clearing Systems**

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

#### ***CMU***

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("CMU Members") of capital markets instruments ("CMU Instruments") which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such person. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong and any other domestic or overseas financial institutions approved from time to time by the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. For example, HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

#### ***DTC***

DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal

Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through, or maintain a custodial relationship with, a DTC direct participant, either directly or indirectly.

## **Book-Entry Ownership**

### ***Bearer Notes***

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The relevant Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. In respect of Bearer Notes in CGN form, a Temporary Global Note and/or a Permanent Global Note in bearer form without coupons will be deposited with a common depository for Clearstream, Luxembourg and Euroclear and/or a sub-custodian for the CMU Service. In respect of Bearer Notes in NGN form, the Global Note in bearer form without coupons will be delivered with a common safekeeper for Euroclear and Clearstream, Luxembourg. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or the CMU Service.

### ***Registered Notes***

The relevant Issuer will make applications to Clearstream, Luxembourg and Euroclear or the CMU Service for acceptance in their respective book-entry systems in respect of the Unrestricted Notes to be represented by each Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN and a Common Code or a CMU Instrument Number, as the case may be.

The relevant Issuer and a relevant U.S. agent appointed for such purpose will make application to DTC for acceptance in its book-entry settlement system of the Restricted Notes represented by each Restricted Global Certificate. Each Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Certificate, as set out under "*Transfer Restrictions*". In certain circumstances, as described below in "*Transfers of Registered Notes*", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend is no longer applicable.

The custodian with whom the Restricted Global Certificates are deposited (the "Custodian") and DTC will electronically record the principal amount of the Restricted Notes held within the DTC system. Investors in Notes of such Series may hold their interests in an Unrestricted Global Certificate only through Clearstream, Luxembourg or Euroclear or the CMU Service. Investors may hold their interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such Restricted Global Certificate. The relevant Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The relevant Issuer also expects that payments by DTC participants to owners of beneficial interests in such

Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the relevant Issuer nor any Paying Agent or any Transfer Agent (each an "Agent") will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Restricted Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual definitive Registered Notes will only be available, in the case of Unrestricted Notes, in amounts specified in the applicable Final Terms, and, in the case of Restricted Notes, in amounts of U.S.\$200,000 (or its equivalent in another currency), or higher integral multiples of U.S.\$1,000 (or its equivalent in another currency), in certain limited circumstances described below.

### ***Individual Definitive Registered Notes***

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream, Luxembourg and Euroclear or for the CMU Service or for DTC will not be permitted unless (i) in the case of Restricted Notes, DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Restricted Global Certificate, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, (ii) in the case of Unrestricted Notes, Clearstream, Luxembourg, Euroclear or the CMU Service is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so, (iii) if principal in respect of any Notes is not paid when due or (iv) the relevant Issuer provides its consent. In such circumstances, the relevant Issuer will cause sufficient individual definitive Registered Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the relevant Issuer and the Registrar may require to complete, execute and deliver such individual definitive Registered Notes; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual definitive Registered Notes issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

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

Transfers of interests in Global Certificates within DTC, Clearstream, Luxembourg, Euroclear and the CMU Service will be effected in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held only through Clearstream, Luxembourg or Euroclear or the CMU Service. Transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period (as defined in "Subscription and Sale") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear or the CMU Service by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent and receipt by the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "Transfer Restrictions", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear or the CMU Service accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series of Registered Notes, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg, Euroclear and the CMU Service and transfers of Notes of such Series between participants in DTC will generally have a settlement day two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear or the CMU Service and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg, Euroclear and the CMU Service, on the other, transfers of interests in the relevant Global Registered Certificates will be effected through the Issuing and Paying Agent, the Custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg or the CMU Service accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see "*Transfer Restrictions*".

DTC will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted

Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual definitive Registered Notes (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although DTC, Clearstream, Luxembourg, Euroclear and the CMU Service have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg, Euroclear and the CMU Service, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Trustee or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg, Euroclear or the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual definitive Registered Notes will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg, Euroclear or the CMU Service.

#### ***Pre-issue Trades Settlement for Registered Notes***

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant issue date should consult their own adviser.

## PRC CURRENCY CONTROLS

*The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the RMB Notes. Prospective holders of RMB Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.*

### Remittance of Renminbi into and outside the PRC

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

### Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. In July 2009 the PRC government promulgated Measures for the Administration of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (the "**Measures**") and its implementation rules, pursuant to which designated and eligible enterprises are allowed to settle their cross-border trade transactions in Renminbi. Since July 2009, subject to the Measures and its implementation rules, the PRC has commenced a scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated pilot cities in the PRC, being: Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai, and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of RMB Settlement of Cross-border Trades, the Circular on the Expansion of the Regions of Renminbi Settlement of Cross-Border Trades, the Circular on the Relevant Issues Pertaining to Administration over Enterprises Engaging in RMB Settlement of Export of Goods and the Circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot RMB settlement scheme for cross-border trades (the "**Circulars**"). Pursuant to these Circulars (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces in the PRC (as well as autonomous regions and municipalities directly under the Central Government), (iii) the restriction on designated offshore jurisdictions was lifted, and (iv) any enterprises qualified for the export and import business are permitted to use RMB as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and approved such list (the "**Supervision List**"). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use RMB as settlement currency for exports.

On 5 July 2013, PBOC promulgated the "Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures" (the "**2013 PBOC Circular**") with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of RMB for the settlement of cross-border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification

of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

On 1 November 2014, PBOC promulgated the Circular on Matters concerning Centralized Cross-Border Renminbi Fund Operation Conducted by Multinational Enterprise Groups (the "**2014 PBOC Circular**"). The 2014 PBOC Circular introduces a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group.

On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (the "**2015 PBOC Circular**"), which, among others, has lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone ("**Shanghai FTZ**") may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules.

### **Capital Account Items**

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties are also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital and principal repayment under foreign debt to foreign investors in a foreign currency. That said, the relevant PRC authorities may approve a foreign entity to make a capital contribution or shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may also be required to complete registration and verification process with the relevant PRC authorities before such RMB remittances.

In April 2011, the State Administration of Foreign Exchange ("**SAFE**") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the "**SAFE Circular**"), which provides that borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore entity shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

In June 2011, PBOC issued the Notice on Clarification of Issues regarding Cross-border Renminbi Activities (the "**PBOC Notice**"), which provides that the pilot programme of foreign direct investment in Renminbi will be launched on a case by case basis, and approval by PBOC is

required for foreign direct investment in Renminbi. For industries under restrictions or strictly regulated by the PRC government, foreign direct investment in Renminbi is prohibited.

On 13 October 2011, PBOC issued the Measures for the Administration on RMB Settlement in Foreign Direct Investment (the "**PBOC RMB FDI Measures**"), setting out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. Pursuant to the PBOC RMB FDI Measures, PBOC special approval for RMB FDI and shareholder loans previously required is no longer necessary. The PBOC RMB FDI Measures also provide, among others, that foreign invested enterprises, whether established or acquired by foreign investors, are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement, and a foreign investor is allowed to open RMB special accounts for designated uses in relation to making equity investments in a PRC enterprise or receiving RMB proceeds from distribution (dividends or otherwise) by its PRC subsidiaries. The PBOC RMB FDI Measures further state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the loan contract denominated in Renminbi to the commercial bank and making repayments of principal and interest on such debt in Renminbi by submitting certain required documents to the commercial bank. On 14 June 2012, PBOC issued the implementing rules for the PBOC RMB FDI Measures. The PBOC RMB FDI Measures and its implementation rules were further amended on 29 May 2015.

On 19 November 2012, SAFE promulgated the Circular on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment (the "SAFE Circular on DI"), which became effective on 17 December 2012 and was amended on 5 June 2015. According to the SAFE Circular on DI, SAFE has removed or adjusted certain administrative licensing items with regard to foreign exchange administration over direct investments to promote investment, including, but not limited to, the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment with legal income generated within the PRC of foreign investors, the simplification of the administration of foreign exchange reinvestments by foreign investment companies, and the abrogation of SAFE approval for purchase and external payment of foreign exchange under direct investment accounts.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (the "MOFCOM Circular"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the Notice on Issues in relation to Cross-border RMB Foreign Direct Investment promulgated by MOFCOM on 12 October 2011 (the "2011 MOFCOM Notice"). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the amount of capital contribution is required for each FDI. Compared with the 2011 MOFCOM Notice, the MOFCOM Circular no longer contains the requirements for central-level MOFCOM approvals for investments of RMB300 million or above, or in certain industries, such as financial guarantee, financial leasing, microcredit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macro regulation. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular also removes the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to RMB. In addition, the MOFCOM Circular also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in the PRC listed companies by strategic investors) or for entrustment loans in the PRC.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in



stocks, financial derivatives, or non-self-use real estates, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro-prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt proceeds into Renminbi on a voluntary basis, provided that the proceeds should not be used beyond their business scope or in violation of relevant laws and regulations. Pilot schemes relating to cross-border Renminbi loans, bonds or equity investments have also been launched for, among others, enterprises in Shenzhen Qianhai, Jiangsu Kunshan and Jiangsu Suzhou Industrial Park.

On 26 January 2017, SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance to further advance the reform of foreign exchange administration, such as:

- settlement of domestic foreign exchange loans is allowed for export trade in goods. A domestic institution shall repay loans with the foreign exchange funds received from export trade in goods, rather than, in principle, purchased foreign exchange;
- a debtor may directly or indirectly repatriate the funds under guarantee and use them domestically by, among others, granting loans and making equity investment domestically. Where a bank performs its guarantee obligation under overseas loans with a domestic guarantee, the relevant foreign exchange settlement and sale shall be managed as the bank's own foreign exchange settlement and sale;
- the deposits absorbed by a domestic bank through its principal international foreign exchange account and allowed to be used domestically shall be no more than 100% of the average daily deposit balance in the previous six months as opposed to the former 50%; and the funds used domestically shall not be included in the bank's outstanding short-term external debt quota;
- allowing foreign exchange settlement in the domestic foreign exchange accounts of overseas institutions within pilot free trade zones: where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals; and
- where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30% of owner's equity in the audited financial statements of the previous year.

The regulations referred to above will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## TRANSFER RESTRICTIONS

### Restricted Notes

Each purchaser of Restricted Notes within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) it is (a) a QIB, (b) acquiring such Restricted Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Restricted Notes has been advised, that the sale of such Restricted Notes to it is being made in reliance on Rule 144A;

(2) it understands that such Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States;

(3) it understands that such Restricted Notes, unless the relevant Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A;

(4) it understands that the Restricted Notes offered in reliance on Rule 144A will be represented by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(5) it acknowledges that the relevant Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Additional transfer restrictions may be set forth in the applicable Final Terms with respect to a particular Tranche of a Registered Series.

### **Unrestricted Notes**

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the Distribution Compliance Period (as defined in "*Subscription and Sale*"), by accepting delivery of this Prospectus and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

(1) it is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate;

(2) it understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the Distribution Compliance Period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;

(3) it understands that the Unrestricted Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT;

(4) it understands that the Unrestricted Notes offered in reliance on Regulation S may be represented by an Unrestricted Global Certificate. Prior to the expiration of the Distribution Compliance Period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(5) the relevant Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Additional transfer restrictions may be set forth in the applicable Final Terms with respect to a particular Tranche of a Registered Series.

## GENERAL INFORMATION

1. The listing of the Notes on the Official List and admission to trading on the Market will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that acceptance of the Programme on the Official List will be granted on or around 19 June 2020. Each Tranche of Notes under the Programme will be listed separately, subject only to the issue of a Temporary or Permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. If a Series of Notes will be unlisted, or listed on another exchange, the specific terms relating to such Series of Notes will be contained in a pricing supplement. Any such pricing supplement will be based on the form of Final Terms set out in this Prospectus.
2. SCPLC has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes to be issued by it. SCB has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes to be issued by it. The establishment, update and amendment of the Programme and issues of Notes thereunder by SCPLC was authorised by resolutions of SCPLC's Board of Directors passed on 30 October 2007, 21 June 2017, 27 September 2017 and 6 and 7 November 2019 and of a duly authorised committee of SCPLC's Board of Directors passed on 3 November 2009, 31 August 2010, 8 November 2010, 7 November 2011, 26 September 2012, 1 October 2013, 2 October 2014, 7 October 2015, 7 October 2016, 9 June 2017, 15 June 2018, 18 June 2019 and 12 June 2020. The establishment, update and amendment of the Programme and issues of Notes thereunder by SCB was authorised by resolutions of SCB's Court of Directors passed on 4 October 2004, 11 September 2006, 28 July 2008, 14 September 2009 and of a duly appointed Committee of the Court of Directors of SCB passed on 29 October 2004, 23 September 2005, 25 September 2006, 7 September 2007, 6 November 2007, 4 November 2008, 3 November 2009, 31 August 2010, 8 November 2010, 7 November 2011, 26 September 2012, 1 October 2013, 2 October 2014, 7 October 2015, 7 October 2016, 9 June 2017, 14 June 2018, 18 June 2019 and 12 June 2020.
3. There has been no significant change in the financial performance or financial position of SCPLC and its subsidiaries since 31 March 2020, being the end of the last financial period for which financial information of SCPLC and its subsidiaries has been published (as set out in the Interim Management Statement). There has been no material adverse change in the prospects of SCPLC since 31 December 2019, being the date of its last published audited financial statements.
4. There has been no significant change in the financial performance or financial position of SCB and its subsidiaries since 31 December 2019, being the end of the last financial period for which financial information of SCB and its subsidiaries has been published (as set out in the Annual Report). There has been no material adverse change in the prospects of SCB since 31 December 2019, being the date of its last published audited financial statements.
5. As discussed in the "Legal and regulatory matters" section on page 332 of the 2019 Annual Report (which is incorporated by reference herein), the Group receives legal claims against it in a number of jurisdictions and is a party to regulatory and enforcement investigations and proceedings from time to time.

Save in relation to the matters described below, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCPLC is aware) during a period covering at least the previous twelve months which may have, or have had in the recent past, significant effects on the financial position or profitability of SCPLC and/or the Group.

The Group has in recent years been subject to a number of proceedings with various authorities the resolution of which has in certain cases included substantial monetary penalties, additional compliance and remediation requirements and additional business restrictions. These proceedings have included:

- In April 2019, the Group resolved the 2019 Resolutions, paying U.S.\$947 million in monetary penalties to the U.S. authorities and £102 million to the FCA. DPAs previously entered with each of the DOJ and the DANY were also extended to 9 April 2021. The monitorship previously imposed by the DOJ expired on 31 March 2019. As of 31 December 2019, the term of the independent consultant appointed by the NYDFS terminated and the business restrictions previously imposed by the NYDFS are no longer in effect.
  - In January 2020, a shareholder derivative complaint was filed by the City of Philadelphia in the New York State Court against 45 current and former directors and senior officers of the Group. It is alleged that the individuals breached their duties to the Group and caused a waste of corporate assets by permitting the conduct that gave rise to the costs and losses to the Group of the 2019 Resolutions. Each of the Issuers and Standard Chartered Holdings Limited are named as "nominal defendants" in the complaint.
  - The Group is also a defendant in a number of lawsuits that have been filed since 2014 in the United States District Courts for the Southern and Eastern Districts of New York against a number of banks (including SCB) on behalf of plaintiffs who are, or are relatives of, victims of various terrorist attacks in Iraq. The plaintiffs allege that the defendant banks aided and abetted the unlawful conduct of U.S. sanctioned parties in breach of the U.S. Anti-Terrorism Act. Based on the facts currently known, it is not possible for the Group to predict the outcome of these lawsuits.
6. Save in relation to the matters described in paragraph 5 above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCB is aware) during the twelve months preceding the date of this Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCB and/or SCB and its subsidiaries.
  7. Each Bearer Note, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
  8. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are entities in charge of keeping the records). The Common Code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) code (as applicable) for each Series of Notes will be set out in the relevant Final Terms or Pricing Supplement. The Issuers may also apply to have Notes accepted for clearance through the CMU Service. The relevant CMU Instrument Number will be set out in the relevant Final Terms or Pricing Supplement. In addition, the relevant Issuer will make an application with respect to each Series of Registered Notes intended to be eligible for sale pursuant to Rule 144A for such Notes to be accepted for trading in book entry form by DTC. Acceptance of each Series and the relevant Committee on the Uniform Security Identification Procedure (CUSIP) number applicable to a Series will be set out in the relevant Final Terms or Pricing Supplement.
  9. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.

The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

10. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
11. Any Notes issued:
  - (i) prior to 20 September 2001, and any Notes issued on or after 20 September 2001 which are intended to be consolidated and form a single series with Notes issued prior to 20 September 2001, are and will be, as the case may be, constituted by the Law Debenture Trust Deed (as defined in the Trust Deed) and issued pursuant to the Citibank Agency Agreement (as defined in the Agency Agreement); and
  - (ii) from (and including) 20 September 2001 to 18 November 2004, and any Notes issued on or after 19 November 2004 which are intended to be consolidated and form a single series with Notes issued from (and including) 20 September 2001 to 18 November 2004, are and will be, as the case may be, constituted by the Bank of New York Trust Deed (as defined in the Trust Deed) and issued pursuant to the Bank of New York Agency Agreement (as defined in the Agency Agreement).
12. The website of the Issuers is <https://www.sc.com/en/>. The information on <https://www.sc.com/en/> does not form part of this Prospectus, except where such information has been specifically incorporated by reference into this Prospectus.
13. From the date of this Prospectus and for so long as any Notes are outstanding under the Programme, the following documents will be available at the website of SCPLC <https://www.sc.com/en/investors/>:
  - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
  - (ii) the Agency Agreement;
  - (iii) the Articles of Association of SCPLC and the Royal Charter, Bye-Laws and Rules of SCB;
  - (iv) the audited annual accounts of SCB for the year ended 31 December 2018 (including the audit report thereon);
  - (v) the SCB 2019 Accounts;
  - (vi) the 2018 Annual Report;
  - (vii) the 2019 Annual Report;
  - (viii) the 2019 BoE Stress Test Results;
  - (ix) the Interim Management Statement;
  - (x) the document entitled "Pillar 3 Disclosures 2019" released by SCPLC on 27 February 2020;

- (xi) the document entitled "Pillar 3 Disclosures 31 March 2020" released by SCPLC on 29 April 2020;
  - (xii) the announcement by SCPLC on 31 March 2020 regarding dividends, buy-backs and new commitments in light of the COVID-19 pandemic;
  - (xiii) each set of Final Terms for Notes that are listed on the Official List and admitted to trading on the Market; and
  - (xiv) a copy of this Prospectus or any further prospectus or supplementary prospectus.
14. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.
15. Copies of the latest annual report and accounts of SCPLC and SCB may be obtained, and copies of the Trust Deed will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes are outstanding.
16. Ernst & Young LLP ("**EY**") (chartered accountants and a member of the Institute of Chartered Accountants in England and Wales (the "**ICAEW**")), were formally appointed as auditors for SCB and SCPLC at the Annual General Meeting of SCPLC held on 6 May 2020 and will undertake the audit of accounts of both SCPLC and SCB for the year ending 31 December 2020.

Prior to the appointment of EY, KPMG LLP (chartered accountants and a member of the ICAEW) were the appointed auditors of SCPLC and SCB. KPMG LLP audited and rendered unqualified audit reports on the accounts of both SCPLC and SCB for the two years ended 31 December 2018 and 31 December 2019. The reports of KPMG LLP each contained the following statement: "This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at [www.kpmg.com/uk/auditscopeukco2014a](http://www.kpmg.com/uk/auditscopeukco2014a), which are incorporated into this report, as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions." The reports of KPMG LLP also contained the following statement: "To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed". KPMG LLP resigned as the auditors of SCPLC and SCB on 31 March 2020.

17. No redemption of Notes for taxation reasons, no optional redemption of Notes pursuant to Condition 5(d), no optional redemption of Dated Subordinated Notes pursuant to Condition 5(e), no optional redemption of Senior Notes pursuant to Condition 5(f) and no purchase and cancellation of Notes in accordance with the Conditions of the Notes will be made by any Issuer without prior permission of, or waiver from, the PRA, as may for the time being be required therefor.
18. SCPLC and SCB have entered or will enter into an agreement with Euroclear and Clearstream, Luxembourg (the "ICSDs") in respect of any Notes issued in NGN form that SCPLC or SCB may request be made eligible for settlement with the ICSDs (each, an "**ICSD Direct Agreement**"). The ICSD Direct Agreement sets out that the ICSDs will, in respect of any such Notes, inter alia, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for SCPLC's or SCB's use showing the total nominal amount of its customer holdings for such Notes as of a specified date.
19. Any indication of yield included in any Final Terms has been calculated as at the Issue Date of the relevant Notes and is not an indication of future yield. Any such indication is calculated on the basis of the Issue Price, using the following formula:

$$P = \frac{C}{r} (1 - (1 + r)^{-n}) + A(1 + r)^{-n}$$

where:

P is the Issue Price of the Notes;

C is the Interest Amount;

A is the principal amount of Notes due on redemption;

n is time to maturity in years; and

r is the yield.

20. SCPLC's Legal Entity Identifier ("**LEI**") is U4LOSYZ7YG4W3S5F2G91
21. SCB's LEI is RILFO74KP1CM8P6PCT96



## ISSUERS

### REGISTERED OFFICE OF SCPLC

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### Standard Chartered Bank

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### Deutsche Bank AG, London Branch

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## INDEPENDENT AUDITORS

*To SCPLC and SCB in respect of the  
financial years ended on 31 December 2018  
and 31 December 2019*

*To SCPLC and SCB as at the date of this  
Prospectus*

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**TRUSTEE**  
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