

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

This document, which comprises a prospectus relating to Standard Chartered PLC and the Rights Issue prepared in accordance with the Prospectus Rules of the FCA made under section 73A of FSMA, has been approved by the FCA in accordance with section 85 of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. The Company intends to request that the FCA provides a certificate of approval and a copy of this document to the relevant competent authorities in the Republic of Ireland. This document can also be obtained on request from the Company's Receiving Agent, Computershare Investor Services PLC, or from Computershare Hong Kong Investor Services Limited.

Subject to the restrictions set out below, if you sell or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-rights) held in certificated form before 23 November 2015 in the case of Existing Ordinary Shares held on the UK register of members (the "UK ex-rights date") or before 17 November 2015 in the case of Existing Ordinary Shares held on the Hong Kong register of members (the "HK ex-rights date"), please send this document, together with any Provisional Allotment Letter, duly renounced, if and when received, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. This document and/or the Provisional Allotment Letter should not, however, be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations including, but not limited to (subject to certain exceptions), the United States and the Excluded Territories. Please refer to paragraph 9 of Part IX (*Terms of the Rights Issue*) of this document if you propose to send this document and/or the Provisional Allotment Letter outside the United Kingdom, Republic of Ireland or Hong Kong. If you sell or have sold or otherwise transferred all or some of your Existing Ordinary Shares (other than ex-rights) held in uncertificated form on the UK register before the UK ex-rights date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-rights) held in certificated form before the UK ex-rights date or HK ex-rights date (as appropriate), you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected. Instructions regarding split applications are set out in Part IX (*Terms of the Rights Issue*) of this document and the Provisional Allotment Letter.

**The distribution of this document and/or the Provisional Allotment Letter and/or the transfer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares into jurisdictions other than the United Kingdom, Republic of Ireland or Hong Kong may be restricted by law and therefore persons into whose possession this document and/or any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions. In particular, subject to certain exceptions, this document and the Provisional Allotment Letter should not be distributed, forwarded to or transmitted in or into the United States or any of the Excluded Territories.**

The Existing Ordinary Shares have been admitted to the premium segment of the Official List, to trading on the London Stock Exchange's main market for listed securities and to listing on the Main Board of the Hong Kong Stock Exchange. Application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List, to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities and to the Hong Kong Stock Exchange for listing of, and permission to deal in, the New Ordinary Shares (nil and fully paid) on the Main Board of the Hong Kong Stock Exchange. It is expected that UK Admission will become effective and that dealings in the New Ordinary Shares will commence on the London Stock Exchange, nil paid, on 23 November 2015 and that HK Admission will become effective and that dealings in the New Ordinary Shares will commence on the Hong Kong Stock Exchange, nil paid, on 25 November 2015.



# Standard Chartered PLC

(Incorporated as a public limited company in England and Wales with registered number 966425)  
(HK Stock Code 2888)

## 2 for 7 Rights Issue of 728,432,451 New Ordinary Shares at 465 pence each

**J.P. Morgan Cazenove**  
Sponsor, Joint Global Coordinator  
and Joint Bookrunner

**BofA Merrill Lynch**  
Joint Global Coordinator  
and Joint Bookrunner

**Barclays**  
Joint Lead Manager

**BNP PARIBAS**  
Joint Lead Manager

**Goldman Sachs International**  
Joint Lead Manager

**UBS Investment Bank**  
Joint Lead Manager

**Your attention is drawn to the letter from the Chairman of the Company which is set out in Part VIII (*Letter from the Chairman*) of this document. You should read the whole of this document, any accompanying document and any documents incorporated herein by reference. Shareholders and any other person contemplating a purchase of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares should review, in particular, the risk factors set out in Part II (*Risk Factors*) of this document for a discussion of certain risks and uncertainties and other factors that should be considered when deciding on what action to take in relation to the Rights Issue and deciding whether or not to purchase the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares.**

**The latest time and date for acceptance and payment in full for the New Ordinary Shares by holders of the Nil Paid Rights is 11.00 a.m. (UK time) and 4.00 p.m. (Hong Kong time) on 10 December 2015. The procedure for acceptance and payment is set out in Part IX (*Terms of the Rights Issue*) of this document and, for Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders only, in the accompanying Provisional Allotment Letter. Qualifying CREST Shareholders should refer to paragraph 5 and Qualifying CCASS Shareholders should refer to sub-paragraph 6(c) of Part IX (*Terms of the Rights Issue*) of this document.**

Each of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International and UBS Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and is acting exclusively for the Company and for no one else in connection with the Rights Issue, will not regard any other person (whether or not a recipient of this document) as its client in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Rights Issue or any other matter referred to in this document.

Except for the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International and UBS Limited by FSMA, the regulatory regime established thereunder or otherwise under law, each of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International and UBS Limited does not accept any responsibility whatsoever for the contents of this document and no representation, express or implied is made by any of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International or UBS Limited in relation to the contents of this document, including as to its accuracy, completeness or verification or regarding the legality of any investment in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares by any person under the laws applicable to such person or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Rights Issue, and nothing in this document is or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. To the fullest extent permissible, each of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International and UBS Limited accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (except as referred to above) which it might otherwise have in respect of this document or any such statement.

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Underwriters' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to UK Admission. If these conditions are not satisfied or (where permitted) waived by the Joint Global Coordinators, the Underwriting Agreement will terminate. After UK Admission, the Underwriters have no right to terminate the Underwriting Agreement.

The Underwriters, and any of their respective affiliates, may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and/or related instruments for their own account otherwise than in connection with the Rights Issue subject to certain restrictions contained in the Underwriting Agreement. Accordingly, references in this document to Nil Paid Rights, Fully Paid Rights and New Ordinary Shares being offered or placed should be read as including any offering or placement of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

This document includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. Hong Kong Exchanges and Clearing Limited, the Hong Kong Stock Exchange, the Securities and Futures Commission and HKSCC take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

### NOTICE TO OVERSEAS SHAREHOLDERS

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SHAREHOLDERS OR INVESTORS IN THE UNITED STATES OR ANY OF THE EXCLUDED TERRITORIES. Subject to certain exceptions, neither this document nor the Provisional Allotment Letter constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to any Shareholder with a registered address in, or who is resident or located in, the United States or any of the Excluded Territories. None of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares has been or will be registered under the relevant laws of any state, province or territory of the United States or any of the Excluded Territories. Neither this document nor the Provisional Allotment Letter constitutes an offer to sell or issue, or a solicitation of any offer to purchase or subscribe for New Ordinary Shares or any offer or solicitation to take up entitlements to Nil Paid Rights or Fully Paid Rights in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, neither this document nor the Provisional Allotment Letter should be distributed in or into the United States or any of the Excluded Territories.

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not be circulated or distributed, nor may Nil Paid Rights, Fully Paid Rights or New Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) Qualifying Shareholders under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 or, where applicable Section 276 of the SFA.

The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan, as amended (the "FIEA"). This document is not an offer of securities for sale, directly or indirectly, 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 entity organised under the laws of Japan) or to others for reoffer 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 under the FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

The Rights Issue and the circulation or distribution of this document in the PRC have not been and will not be approved by the relevant securities regulatory authority of the PRC in accordance with the Security Law of the PRC and the Rights Issue will be offered through the London market and the Hong Kong market and not through the mainland PRC market. The Company has not offered or sold, and will not offer or sell, to investors in the PRC any New Ordinary Shares other than to PRC Qualifying Shareholders. The Company shall not be responsible or liable for any approvals, registration or filing procedures required for PRC investors in connection with their exercise of rights under the Rights Issue under PRC law.

The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not and will not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from Switzerland. No solicitation for investments in the New Ordinary Shares may be extended, distributed or otherwise made available in Switzerland in any way that could constitute a public offering pursuant to articles 1156 or 652a of the Swiss Code of Obligations ("CO"). This document does not constitute an offering prospectus pursuant to articles 652a and 1156 CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The New Ordinary Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the New Ordinary Shares should conduct their own due diligence on the New Ordinary Shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Shareholders with registered addresses in Canada, South Africa, India, the UAE and Malaysia are referred to paragraph 9 of Part IX (*Terms of the Rights Issue*) of this document.

This document does not constitute an offer or invitation for any investment or subscription for Indian Depository Receipts ("IDRs") in India. Any person who is in possession of this document is hereby notified that no action has been or will be taken that would allow an offering of IDRs in India and neither this document nor any offering material relating to IDRs has been submitted to the Registrar of Companies in India or SEBI for prior review or approval. Further, no document in connection with the Rights Issue has been filed with the Registrar of Companies in India.

None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters has been or will be registered under the Securities Act or under the applicable securities laws of any state, province or territory of the United States. Accordingly, unless a relevant exemption from such requirements is available, neither the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters may, subject to certain exceptions, be offered, sold, taken up, renounced or delivered, directly or indirectly, within the United States. There will be no public offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States. Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to Part IX (*Terms of the Rights Issue*) of this document to determine whether and how they may participate. Overseas Shareholders and any person who has a registered address in, or is otherwise resident or located in, any country outside the United Kingdom, Republic of Ireland or Hong Kong and any person (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this document or a Provisional Allotment Letter to a jurisdiction outside the United Kingdom, Republic of Ireland or Hong Kong should read paragraph 9 of Part IX (*Terms of the Rights Issue*) of this document.

None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters has been approved or disapproved by the SEC, any state securities commission in the United States or any regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Underwriters may arrange for the offer in the United States of New Ordinary Shares, Nil Paid Rights and Fully Paid Rights not taken up in the Rights Issue only to persons reasonably believed to be QIBs in reliance on an exemption from the registration requirements of the Securities Act. Any such persons are notified that such offers are being made in reliance on an exemption from the registration requirements of the Securities Act.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

The New Ordinary Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the UAE other than in compliance with the laws of the UAE governing the issue, offering and sale of securities. Furthermore, this document does not constitute a public offer of securities in the UAE and is not intended to be a public offer. This document has not been approved by or filed with the Central Bank of the UAE or the Securities and Commodities Authority.

#### NOTICE TO ALL INVESTORS

Without limitation, the contents of the websites of the Group do not form part of this document.

Certain information in relation to the Company is incorporated by reference into this document as specified in Part XIX (*Documents Incorporated by Reference*) of this document.

The exchange rates used in this document in relation to the Rights Issue are those prevailing at the close of business on 2 November 2015, being the day before the announcement of the Rights Issue. The exchange rates have been sourced from Bloomberg and are as follows:

- GB£1: US\$1.5429;
- GB£1: EUR1.3996; and
- GB£1: HK\$11.9578

Capitalised terms have the meanings ascribed to them in Part XX (*Definitions and Interpretation*) of this document.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein for any purposes other than in considering an investment in Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, is prohibited. By accepting delivery of, or accessing, this document, each offeree of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares agrees to the foregoing.

The contents of this document are not to be construed as legal, business, financial or tax advice. None of the Company or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice in connection with the purchase of the New Ordinary Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Rights Issue, including the merits and risks involved.

Investors also acknowledge that: (i) they have not relied on any of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International or UBS Limited (or any of their respective affiliates) in connection with any investigation of the accuracy of any information contained in this document or their investment decision; (ii) they have relied only on the information contained in this document in making their relevant decision; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or Nil Paid Rights, Fully Paid Rights or New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or any of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International or UBS Limited (or any of their respective affiliates).

Neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time after its date.

A copy of each of this document and the Provisional Allotment Letter, having attached thereto the documents specified in the paragraph headed "Documents registered with the Registrar of Companies" in Part XXI (*Documents Registered with the Registrar of Companies in Hong Kong*) of this document, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of these documents.

This document will not be posted to Qualifying Shareholders but is available on the Company's website at <http://investors.sc.com/en/disclaimer-page.cfm>, except that Qualifying Shareholders on the Hong Kong branch register (other than those who have agreed or are taken to have agreed to receive corporate communications by electronic means) will receive a printed copy of the Prospectus.

The distribution of this document and the offer and sale of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, or any of J.P. Morgan Cazenove, Merrill Lynch International, Barclays, BNP Paribas, Goldman Sachs International or UBS Limited (or any of their respective affiliates), to permit a public offering of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares where this would be in breach of applicable securities laws of any jurisdiction. Other than in the UK, Hong Kong and the Republic of Ireland no action has been taken or will be taken to permit the possession or distribution of this document (or any other offering or publicity materials relating to the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this document, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required to inform themselves about and observe any such restrictions, including those in the preceding paragraphs. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, and the transfer restrictions to which they are subject, see Part VI (*Important Note*).

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

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

#### AVAILABLE INFORMATION

The Company has agreed that, for so long as any Ordinary Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 as amended (the "Securities 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 such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

The date of this document is 18 November 2015.

## **WHERE TO FIND HELP**

If you have questions, please telephone the Shareholder Helpline on the numbers set out below. The UK helpline is available from 6.00 a.m. to 5.30 p.m. (UK time) on any Business Day and will remain open until 31 December 2015 and the Hong Kong helpline is available from 9.00 a.m. to 6.00 p.m. (Hong Kong time) Monday to Friday and will remain open until 31 December 2015.

### **Shareholder Helpline telephone numbers:**

**0370 702 0138 (from inside the UK) or +44 370 702 0138 (from outside the UK)**

**2862 8648 (from inside Hong Kong) or +852 2862 8648 (from outside Hong Kong)**

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Rights Issue or to provide financial, tax or investment advice.

### **Persons who hold Ordinary Shares through Computershare Company Nominees Limited (the Standard Chartered ShareCare Nominee Account)**

Persons who hold Ordinary Shares via the Standard Chartered ShareCare Nominee Account will have received, via Computershare Company Nominees Limited, a Form of Election which they should complete and return in accordance with the instructions set out on that form if they wish to participate in the Rights Issue. If you have any questions, you should contact the Shareholder Helpline on the numbers set out above.

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## PART I

### SUMMARY

**Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A-E (A.1 – E.7).**

**The summary contains all the Elements required to be included in a summary for this type of issuer and securities. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.**

**Even though an Element may be required to be inserted into the summary because of the type of issuer and securities, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words “not applicable”.**

#### Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	Warning	<p>This summary should be read as an introduction to the Prospectus. Any decision to invest in the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Any consents to and conditions regarding use of this Prospectus	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to use this Prospectus for subsequent sale or final placement of securities by financial intermediaries.

#### Section B – Issuer

B.1	Legal and commercial name	Standard Chartered PLC.
B.2	Domicile and legal form	<p>The Company is a public limited company domiciled in England and Wales. It was incorporated and registered in England and Wales as a company limited by shares on 18 November 1969 with registered number 966425.</p> <p>The principal law and legislation under which the Company operates, and under which the Ordinary Shares have been created, are the Companies Act and the regulations made thereunder.</p> <p>The registered office of the Company is 1 Basinghall Avenue, London, EC2V 5DD.</p>
B.3	Nature of the Company's current operations and principal activities	The Company is an international banking and financial services provider which operates through a number of subsidiaries, including Standard Chartered Bank, particularly focusing on the markets of Asia, Africa and the Middle East. The Company is headquartered in the UK where the lead supervisor of its Group is the PRA. The Group's head office provides guidance on governance and regulatory standards across the Group's network. The Group is organised in three client segment groups, namely Corporate & Institutional Banking, Commercial & Private Banking and Retail Banking.

Element	Disclosure requirement	Disclosure												
B.4a	Significant recent trends	<p>The global economy continues to face a low growth environment. While growth in the US economy has continued, the recovery was slower than anticipated and the slowdown in China has continued. This, together with the US' focus on normalization of its monetary policy and China's focus on economic rebalancing, has led to increased volatility in emerging markets and commodity prices. Growth prospects for emerging economies have been revised down since the start of 2015.</p> <p>The financial services industry continues to be the focus of significant regulatory change and scrutiny worldwide, which has led to increased operating costs and higher capital requirements within the European and US banking sectors.</p>												
B.5	Group description	The Company is the ultimate parent company of the Group, the principal activities of which are the provision of financial services, and indirectly owns 100 per cent. of the ordinary shares of Standard Chartered Bank through which substantially all of the Group's business is transacted.												
B.6	Major shareholders	<p>As at the Reference Date, the Company has been notified by the following persons who are interested directly or indirectly in 3 per cent. or more of the issued share capital of the Company (being the threshold of notification under the Disclosure and Transparency Rules):</p> <table> <tr> <th>Shareholder</th><th>Number of Ordinary Shares</th><th>Percentage of Voting rights</th></tr> <tr> <td>Temasek Holdings (Private) Limited<sup>(1)</sup></td><td>438,346,484</td><td>17.19<sup>(2)</sup></td></tr> <tr> <td>Aberdeen Asset Managers Limited (and/or acting for its affiliates) as discretionary investment manager on behalf of multiple managed portfolios</td><td>176,027,688</td><td>6.9</td></tr> <tr> <td>Dodge &amp; Cox</td><td>137,661,272</td><td>5.4</td></tr> </table> <p>(1) Temasek Holdings (Private) Limited's interests is held indirectly through Dover Investments Pte. Ltd</p> <p>(2) 1.4 per cent. of this holding is the subject of a stock loan with a right of recall</p>	Shareholder	Number of Ordinary Shares	Percentage of Voting rights	Temasek Holdings (Private) Limited <sup>(1)</sup>	438,346,484	17.19 <sup>(2)</sup>	Aberdeen Asset Managers Limited (and/or acting for its affiliates) as discretionary investment manager on behalf of multiple managed portfolios	176,027,688	6.9	Dodge & Cox	137,661,272	5.4
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Dodge & Cox	137,661,272	5.4												
B.7	Key financial information and narrative description of significant change to the Company's financial condition and operating results during or subsequent to the period covered by the historical financial information	<p>The selected historical financial information set out below relating to the Company has been extracted without material adjustment from the Company's historical financial information that is referred to in Part XVII (<i>Operating and Financial Review</i>) and Part XVIII (<i>Financial Information relating to the Group</i>) relating to the Group and incorporated by reference in this Prospectus.</p> <p>The financial information for H1 2014 and H1 2015 is unaudited. The financial information for FY 2012, FY 2013 and FY2014 is audited (except the CET1 Capital ratio and RWA figures in the table headed Key performance indicators for FY 2012, FY 2013 and FY 2014 which are unaudited).</p>												



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Element	Disclosure requirement	Disclosure
		<p>The CET1 Capital ratio increased from 10.7 per cent. to 11.5 per cent. and the Group's total capital ratio increased from 17.3 per cent. to 18.2 per cent. RWA decreased US\$25,414 million or 7 per cent., to US\$326,171 million.</p> <p><b>FY 2013 (audited) to FY 2014 (audited)</b></p> <p>Adjusted operating income decreased 2 per cent. from US\$18,671 million to US\$18,234 million.</p> <p>Profit before tax decreased 30 per cent. to US\$4,235 million. Profit attributable to ordinary shareholders decreased from US\$3,989 million in 2013 to US\$2,512 million in FY 2014. Normalised profit attributable to shareholders decreased 28 per cent. compared to FY 2014.</p> <p>Basic earnings per ordinary share declined 38 per cent. from 164.4 US cents in FY 2013 to 102.2 US cents in FY 2014 and also fell from 204.0 US cents in FY 2013 to 145.9 US cents in FY 2014 on a Normalised basis. Return on equity, on a Normalised basis, dropped from 11.2 per cent. in 2013 to 7.8 per cent. in FY 2014.</p> <p>The cost to income ratio rose from 54.3 per cent. in 2013 to 60.2 per cent. in FY 2014. The Normalised cost to income ratio, which excludes, among other things, the impact of civil monetary penalties, increased to 54.4 per cent. from 58.9 per cent. in FY 2014.</p> <p>The Group's CET1 Capital ratio (on an end point basis) decreased from 11.2 per cent. to 10.7 per cent. and the Group's total capital ratio (on a transitional basis) declined slightly from 17 per cent. to 16.7 per cent. from 31 December 2013 to 31 December 2014. The CET1 Capital ratio of 11.2 per cent. and the total capital ratio of 17 per cent. represent the 31 December 2013 Basel II position adjusted for CRD IV rules as at 1 January 2014.</p> <p>RWA increased US\$10,352 million, or 3 per cent., to US\$341,648 million.</p> <p><b>FY 2012 (audited) to FY 2013 (audited)</b></p> <p>Adjusted operating income fell by 1 per cent., from US\$18,783 million to US\$18,671 million.</p> <p>Profit before tax fell 11 per cent. to US\$6,064 million. The fall in profit was primarily due to lower levels of Transaction Banking income in Wholesale Banking and higher levels of impairment in the unsecured book in Consumer Banking and the impact of a US\$1 billion impairment charge relating to our Korea business for FY 2013 and the 2012 settlements with the US Authorities.</p> <p>Profit attributable to ordinary shareholders (after the deduction of dividends payable to the holders of Preference Shares Classified as Equity issued by the Company) fell from US\$4,786 million in FY 2012 to US\$3,989 million in 2013. Normalised profit attributable to shareholders decreased 8 per cent. compared to FY 2012.</p> <p>Basic earnings per ordinary share dropped 18 per cent. from 199.7 cents in 2012 to 164.4 cents 2013 and Normalised earnings per share fell 9 per cent. to 204.0 cents. Normalised return on shareholders' equity reduced to 11.2 per cent. from 12.8 per cent. in FY 2012.</p> <p>The cost to income ratio reduced from 57.1 per cent. in 2012 to 54.3 per cent. in FY 2013. The Normalised cost to income ratio was higher at 54.4 per cent. compared to 53.7 per cent. in FY 2012.</p> <p>The Group's CET1 Capital ratio (on a Basel II basis) increased from 11.7 per cent. to 11.8 per cent. and the Group's total capital ratio was up from 17.4 per cent. to 18.0 per cent. from 31 December 2012 to 31 December 2013.</p> <p>RWA increased US\$29,435 million, or 10 per cent., to US\$331,296 million.</p>



Element	Disclosure requirement	Disclosure				
		<b>Income Statement</b>				
			<b>For the six months ended 30 June (unaudited)</b>	<b>For the year ended 31 December (audited)</b>		
			<b>2015</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
					<b>2012<sup>(1)</sup></b>	
			<b>(US\$ million)</b>			
		Interest income	7,687	8,603	16,984	17,593
		Interest expense	(2,695)	(2,999)	(5,981)	(6,437)
		<b>Net interest income</b>	<b>4,992</b>	<b>5,604</b>	<b>11,003</b>	<b>11,156</b>
						<b>10,781</b>
		Fees and commission income	2,213	2,284	4,651	4,581
		Fees and commission expense	(255)	(223)	(472)	(480)
		Net trading income	969	954	1,896	2,514
		Other operating income	850	635	1,256	1,006
		<b>Non-interest income</b>	<b>3,777</b>	<b>3,650</b>	<b>7,331</b>	<b>7,621</b>
						<b>8,002</b>
		<b>Operating income</b>	<b>8,769</b>	<b>9,254</b>	<b>18,334</b>	<b>18,777</b>
						<b>18,783</b>
		Staff costs	(3,320)	(3,454)	(6,788)	(6,570)
		Premises costs	(402)	(441)	(910)	(877)
		General administrative expenses	(985)	(875)	(2,708)	(2,032)
		Depreciation and amortisation	(335)	(313)	(639)	(714)
		<b>Operating expenses</b>	<b>(5,042)</b>	<b>(5,083)</b>	<b>(11,045)</b>	<b>(10,193)</b>
						<b>(10,722)</b>
		<b>Operating profit before impairment losses and taxation</b>	<b>3,727</b>	<b>4,171</b>	<b>7,289</b>	<b>8,584</b>
						<b>8,061</b>
		Impairment losses on loans and advances and other credit risk provisions	(1,652)	(846)	(2,141)	(1,617)
		Other impairment				
		Goodwill impairment	–	–	(758)	(1,000)
						–
		Other	(86)	(185)	(403)	(129)
						(196)
		Profit from associates and joint ventures	109	113	248	226
						182
		<b>Profit before taxation</b>	<b>2,098</b>	<b>3,253</b>	<b>4,235</b>	<b>6,064</b>
						<b>6,851</b>
		Taxation	(567)	(849)	(1,530)	(1,864)
		Profit for the period	1,531	2,404	2,705	4,200
		Profit attributable to:				
		Non-controlling interests	19	44	92	110
		Parent company shareholders	1,512	2,360	2,613	4,090
						4,887
		<b>Profit for the period</b>	<b>1,531</b>	<b>2,404</b>	<b>2,705</b>	<b>4,200</b>
						<b>4,985</b>
			<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
						<b>cents</b>
		<b>Earnings per share:</b>				
		<b>Basic earnings per ordinary share</b>	<b>58.6</b>	<b>94.6</b>	<b>102.2</b>	<b>164.4</b>
						<b>199.7</b>
		<b>Diluted earnings per ordinary share</b>	<b>58.3</b>	<b>94.0</b>	<b>101.6</b>	<b>163.0</b>
						<b>197.7</b>
		(1) restated				

Element	Disclosure requirement	Disclosure					
		Balance Sheet Statement					
			At 30 June (unaudited)		At 31 December (audited)		
		2015	2014	2014	2013	2012 <sup>(1)</sup>	
		(US\$ million)					
		ASSETS					
		Cash and balances at central banks	77,274	62,182	97,282	54,534	60,537
		Financial assets held at fair value through profit or loss	29,809	36,497	32,623	29,335	27,076
		Derivative financial instruments	60,858	48,105	65,834	61,802	49,495
		Loans and advances to banks	80,425	87,324	83,890	83,702	67,797
		Loans and advances to customers	279,188	299,209	284,695	290,708	279,638
		Investment securities	111,231	100,907	104,238	102,716	99,225
		Other assets	37,809	37,084	38,689	33,570	28,548
		Current tax assets	387	290	362	234	215
		Prepayments and accrued income	2,563	2,807	2,647	2,510	2,552
		Interests in associates and joint ventures	1,991	1,932	1,962	1,767	1,684
		Goodwill and intangible assets	5,223	6,200	5,190	6,070	7,145
		Property, plant and equipment	7,740	6,967	7,984	6,903	6,620
		Deferred tax assets	458	634	518	529	676
		Total assets	694,956	690,138	725,914	674,380	631,208
		LIABILITIES					
		Deposits by banks	49,707	49,189	54,391	43,517	36,427
		Customer accounts	377,479	380,609	405,353	381,066	372,874
		Financial liabilities held at fair value through profit or loss	25,328	26,916	22,390	23,030	23,064
		Derivative financial instruments	58,651	47,785	63,313	61,236	47,192
		Debt securities in issue	71,165	71,272	71,951	64,589	55,979
		Other liabilities	34,313	34,006	31,274	27,338	24,285
		Current tax liabilities	781	1,162	891	1,050	1,066
		Accruals and deferred income	5,206	5,154	5,915	4,668	4,811
		Subordinated liabilities and other borrowed funds	22,197	24,691	22,947	20,397	18,588
		Deferred tax liabilities	273	218	246	176	161
		Provisions for liabilities and charges	103	102	92	107	215
		Retirement benefit obligations	409	472	413	365	491
Total liabilities	645,612	641,576	679,176	627,539	585,153		
EQUITY							
Share capital	1,273	1,235	1,236	1,214	1,207		
Reserves	45,807	47,042	45,196	45,032	44,155		
Total parent company shareholders' equity	47,080	48,277	46,432	46,246	45,362		
Other equity instruments	1,987	–	–	–	–		
Non-controlling interests	277	285	306	595	693		
Total equity	49,344	48,562	46,738	46,841	46,055		
Total equity and liabilities	694,956	690,138	725,914	674,380	631,208		
(1) restated							

Element	Disclosure requirement	Disclosure																																																
		<div><div>Cash Flow Statement</div><table><thead><tr><th></th><th colspan="2">For the six months ended 30 June (unaudited)</th><th colspan="3">For the year ended 31 December (audited)</th></tr><tr><th></th><th>2015</th><th>2014</th><th>2014</th><th>2013</th><th>2012</th></tr></thead><tbody><tr><td></td><td colspan="5">(US\$ million)</td></tr><tr><td>Net cash from operating activities</td><td>(18,594)</td><td>10,747</td><td>52,563</td><td>9,415</td><td>17,863</td></tr><tr><td>Net cash from investing activities</td><td>(7,383)</td><td>2,887</td><td>(4,172)</td><td>(5,821)</td><td>(11,572)</td></tr><tr><td>Net cash from financing activities</td><td>2,359</td><td>827</td><td>(980)</td><td>2,193</td><td>3,554</td></tr><tr><td>Effect of exchange rates on cash and cash equivalents</td><td>(771)</td><td>224</td><td>(1,697)</td><td>(1,149)</td><td>107</td></tr><tr><td>Net (decrease)/increase in cash and cash equivalents</td><td>(23,618)</td><td>14,461</td><td>47,411</td><td>5,787</td><td>9,845</td></tr></tbody></table></div> <div><div>H1 2015, FY 2014, FY 2013 and FY 2012</div><p>Net cash from operating activities for FY 2014 amounted to an inflow of US\$52,563 million. The net cash flows generated by operating activities for FY 2013 amounted to an inflow of US\$9,415 million. The net cash flows generated by operating activities for FY 2012 amounted to an inflow of US\$17,863 million.</p><p>The net cash flows generated from operating activities for H1 2015 amounted to an outflow of US\$18,594 million. The net cash flows generated from operating activities for H1 2014 amounted to an inflow of US\$10,747 million.</p><p>Net cash flows used in investing activities for FY 2014 increased by 28 per cent. to an outflow of US\$4,172 million from US\$5,821 million. Net cash flows used in investing activities for H1 2015 decreased by 356 per cent. to US\$7,383 million from an outflow of US\$2,887 million.</p><p>Net cash used in financing activities for FY 2014 decreased by 145 per cent. to an outflow of US\$980 million from an inflow of US\$2,193 million in FY 2013. Net cash used in financing activities for H1 2015 increased by 185 per cent. to an inflow of US\$2,359 million from an inflow of US\$827 million.</p></div> <div><div>Period since 30 June 2015</div><p>Income in the three month period ended 30 September 2015 of US\$3.7 billion was down 10 per cent. from the three month period ended 30 June 2015, reflecting a decline in client activity as a result of volatile market conditions and the impact of de-risking actions.</p><p>The Group continues to assess the quality of its loan book critically and has taken a loan impairment charge of US\$1.2 billion in the three months ended 30 September 2015, broadly in line with the three month period ended 30 June 2015, which reflects continued adverse trends, in particular in India and commodities, offset by further improvement in Retail Clients.</p><p>The Group made a loss before taxation of US\$139 million in the three month period ended 30 September 2015.</p><p>RWA decreased US\$11.4 billion, or 4 per cent., as the Group continued to exit low returning client relationships.</p><p>The above financial information for the three month period ended 30 September 2015 is unaudited and unreviewed and has been prepared for the purposes of the Q3 IMS, and excludes Own Credit Adjustment, gains and losses on businesses sold/held for sale and civil monetary penalties.</p></div>		For the six months ended 30 June (unaudited)		For the year ended 31 December (audited)				2015	2014	2014	2013	2012		(US\$ million)					Net cash from operating activities	(18,594)	10,747	52,563	9,415	17,863	Net cash from investing activities	(7,383)	2,887	(4,172)	(5,821)	(11,572)	Net cash from financing activities	2,359	827	(980)	2,193	3,554	Effect of exchange rates on cash and cash equivalents	(771)	224	(1,697)	(1,149)	107	Net (decrease)/increase in cash and cash equivalents	(23,618)	14,461	47,411	5,787	9,845
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		There has been no significant change in the financial condition or operating results of the Group since 30 June 2015, the date to which the unaudited consolidated financial statements in the 2015 H1 Interim Report are prepared (which are incorporated by reference into this document) other than as disclosed above.																																																																																																																																																
B.8		<p><b>Key pro forma financial information</b></p> <p>The unaudited <i>pro forma</i> financial information set out below has been prepared on the basis set out in the notes below and in a manner consistent with the accounting policies adopted by the Company in its FY 2014 financial statements to illustrate the effect of the Rights Issue on the consolidated net assets of the Company as if it had occurred on 30 June 2015*. The unaudited <i>pro forma</i> financial information has been prepared for illustrative purposes only and, because of its nature, the <i>pro forma</i> statement of financial information addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results following the Rights Issue.</p> <table><tr><th></th><th>As at 30 June 2015 Note 1</th><th>Adjustments for Rights Issue Notes 2, 3 and 4</th><th>Pro forma net assets</th></tr><tr><th colspan="4">(US\$ million)</th></tr><tr><td colspan="4"><b>Assets</b></td></tr><tr><td>Cash and balances at central banks</td><td>77,274</td><td>5,111</td><td>82,385</td></tr><tr><td>Financial assets held at fair value through profit or loss</td><td>29,809</td><td>–</td><td>29,809</td></tr><tr><td>Derivative financial instruments</td><td>60,858</td><td>–</td><td>60,858</td></tr><tr><td>Loans and advances to banks</td><td>80,425</td><td>–</td><td>80,425</td></tr><tr><td>Loans and advances to customers</td><td>279,188</td><td>–</td><td>279,188</td></tr><tr><td>Investment securities</td><td>111,231</td><td>–</td><td>111,231</td></tr><tr><td>Other assets</td><td>37,809</td><td>–</td><td>37,809</td></tr><tr><td>Current tax assets</td><td>387</td><td>–</td><td>387</td></tr><tr><td>Prepayments and accrued income</td><td>2,563</td><td>–</td><td>2,563</td></tr><tr><td>Interests in Associates</td><td>1,991</td><td>–</td><td>1,991</td></tr><tr><td>Goodwill and Intangible assets</td><td>5,223</td><td>–</td><td>5,223</td></tr><tr><td>Property, plant and equipment</td><td>7,740</td><td>–</td><td>7,740</td></tr><tr><td>Deferred tax assets</td><td>458</td><td>–</td><td>458</td></tr><tr><td><b>Total assets</b></td><td><b>694,956</b></td><td><b>5,111</b></td><td><b>700,067</b></td></tr><tr><td colspan="4"><b>Liabilities</b></td></tr><tr><td>Deposits by banks</td><td>49,707</td><td>–</td><td>49,707</td></tr><tr><td>Customer accounts</td><td>377,479</td><td>–</td><td>377,479</td></tr><tr><td>Financial liabilities held at fair value through profit or loss</td><td>25,328</td><td>–</td><td>25,328</td></tr><tr><td>Derivative financial instruments</td><td>58,651</td><td>–</td><td>58,651</td></tr><tr><td>Debt securities in issue</td><td>71,165</td><td>–</td><td>71,165</td></tr><tr><td>Other liabilities</td><td>34,313</td><td>–</td><td>34,313</td></tr><tr><td>Current tax liabilities</td><td>781</td><td>–</td><td>781</td></tr><tr><td>Accruals and deferred income</td><td>5,206</td><td>–</td><td>5,206</td></tr><tr><td>Subordinated liabilities and other borrowed funds</td><td>22,197</td><td>–</td><td>22,197</td></tr><tr><td>Deferred tax liabilities</td><td>273</td><td>–</td><td>273</td></tr><tr><td>Provisions for liabilities and charges</td><td>103</td><td>–</td><td>103</td></tr><tr><td>Retirement benefit obligations</td><td>409</td><td>–</td><td>409</td></tr><tr><td><b>Total 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B.9	Profit forecast or estimate	Not applicable.																												
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications to the audit report on the historical financial information.																												
B.11	Working capital explanation	The Company is, and the Directors are, of the opinion that, after taking into account existing available bank and other facilities and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.																												

## Section C – Securities

Element	Disclosure requirement	Disclosure
<b>C.1</b>	Type and class of securities	<p>The Rights Issue is being made to all Qualifying Shareholders. The Company is proposing to offer 728,432,451 New Ordinary Shares to Qualifying Shareholders at 465 pence per New Ordinary Share.</p> <p>Once admitted to trading, the ISIN code for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being GB0004082847. The ISIN code for the Nil Paid Rights is GB00BYZXCH29 and for the Fully Paid Rights is GB00BYZXF061.</p>
<b>C.2</b>	Currency	Pounds Sterling, Hong Kong dollars.
<b>C.3</b>	Number of shares issued	On the Reference Date, the Company had 2,549,513,581 ordinary shares of US\$0.50 each (fully paid) and the nominal share capital of the Company amounted to US\$1,274,756,791.
<b>C.4</b>	Description of the rights attached to the securities	The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of the issue of the New Ordinary Shares.
<b>C.5</b>	Description of any restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the New Ordinary Shares.
<b>C.6</b>	Admission	<p>Application has been made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities respectively. Application has also been made to the Hong Kong Stock Exchange for listing of, and permission to deal in, the New Ordinary Shares (nil and fully paid) on the Main Board of the Hong Kong Stock Exchange.</p> <p>It is expected that admission to listing of the New Ordinary Shares, nil paid, and dealings in the New Ordinary Shares, nil paid, on the London Stock Exchange's main market for listed securities, will commence at 8.00 a.m. on 23 November and that dealings in the New Ordinary Shares will commence on the Hong Kong Stock Exchange, nil paid, as soon as practicable thereafter.</p>
<b>C.7</b>	Dividend	<p>In light of the strategic review and the Rights Issue, the Board has decided that no final dividend will be paid for the current financial year ending 31 December 2015. The total dividend for FY 2015 will therefore be the 14.4 US cents that was declared with the H1 2015 results and paid to shareholders on 19 October 2015.</p> <p>The Board recognises the importance of dividends to shareholders and believes in balancing returns to shareholders with investment in the franchise to support future growth while at the same time preserving strong capital ratios. The size of future ordinary dividends will be a function of future earnings and the Group's capital position relative to regulatory and market expectations. The Board intends to declare dividends on the Ordinary Shares in respect of FY 2016.</p>



## Section D – Risks

Element	Disclosure requirement	Disclosure
D.1	Key information on the risks specific to the Company	<p><b>Macroeconomic risk.</b> The Group is exposed to the impact of adverse macroeconomic factors, and any adverse economic conditions prevailing in the markets in which it operates.</p> <p><b>Political risk:</b> The Group operates primarily in Asia, Africa and the Middle East, and these operations expose it to risks arising from the political, business and economic environment of markets in these areas.</p> <p><b>Competitive risk:</b> The Group is exposed to the adverse effects of competition in the markets in which it operates.</p> <p><b>Credit risk:</b> The Group is exposed to the risk of loss arising from changes in credit quality and the recoverability of loans and amounts due from counterparties.</p> <p><b>Risks relating to valuation of financial instruments:</b> The Group is exposed to the risks associated with the methodology for valuing financial instruments changing over time.</p> <p><b>Downgrade risk:</b> Downgrades to the Group's credit ratings could adversely impact the Group if this adversely affects the volume, price and source of the Group's funding or adversely impacts the Group's competitive position.</p> <p><b>Market risk:</b> Adverse changes in financial market rates or prices may result in loss or earnings or economic value of the Group.</p> <p><b>Exchange rate risks:</b> Fluctuations in currency exchange rates may adversely affect the Group.</p> <p><b>Liquidity:</b> The Group is exposed to risks that it does not have sufficient financial resources available to meet its obligations as they fall due, or can only access these financial resources at excessive cost.</p> <p><b>Capital risk:</b> The Group is exposed to risks resulting from restrictions on, and decisions relating to, the management of its balance sheet and capital resources.</p> <p><b>Country cross-border risk:</b> The Group is exposed to risk that it will be unable to obtain payment from its customers (sovereign and non-sovereign) or third parties on their contractual obligations as a result of certain actions taken by foreign governments, principally relating to convertibility and transferability of foreign currency.</p> <p><b>Reputational risk:</b> Damage to the Group's franchise may result in loss of earnings or adversely impact market capitalisation as a result of stakeholders taking a negative view of the Group or its actions.</p> <p><b>Regulatory risk:</b> 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. The costs of compliance with such laws and regulations, a failure to comply with such laws and regulations or a failure to manage legal and regulatory risk effectively may have a material adverse effect on the Group.</p>

Element	Disclosure requirement	Disclosure
		<p>The regulatory environment in which the Group operates is subject to significant levels of change. In particular, the Group is subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements. These changes in prudential standards, and other changes to the regulatory environment (such as banking resolution measures), may have a material and adverse effect on the Group (for example if the Group were to have difficulty in complying with the relevant requirement or incurs significant costs in order to do so).</p> <p><b>Legal and regulatory proceedings:</b> The Group has been, and may continue to be, subject to regulatory actions, reviews, requests for information and investigations in relation to certain markets which relate to compliance with applicable laws and regulations. The Group is co-operating with a number of reviews, requests for information and investigations but both the nature and timing of the outcome of these reviews, requests for information and investigations is generally uncertain and difficult to predict. As such, it is not possible to predict in all cases the extent of liabilities or other consequences that may arise for the Group. Regulatory and enforcement authorities have broad discretion to 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, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations, and there can be no assurance that future penalties will not be of a different type or increased severity. As a result, the outcomes of the reviews, requests for information and investigations to which the Group is subject may in turn have a material adverse effect on its business, financial condition, results of operations and prospects. In particular: (i) certain settlements reached by the Group with US authorities in relation to sanctions, Anti-Money Laundering and Bank Secrecy Act controls and certain deficiencies in its anti-money laundering transaction surveillance system in the New York branch, have given rise to both civil penalties and ongoing compliance and remediation obligations; and (ii) a number of other investigations relating to the Group's compliance with sanctions laws and regulations, and Standard Chartered Bank's financial crime controls, remain ongoing. In addition, regulators and other agencies are conducting investigations or requesting reviews into a number of areas of regulatory compliance and market conduct (including sales and trading), and submission to, financial benchmarks (including interest rate and foreign exchange benchmarks).</p> <p><b>Operational risk:</b> The Group is exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including legal risks. The Group is also subject to the risk of events occurring which are outside of its control but which may give rise to significant disruption to its business.</p> <p><b>Pension risk:</b> The Group is exposed to the risk of 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.</p>

Element	Disclosure requirement	Disclosure
		<b>Strategy risk:</b> The implementation of the Group's updated strategy is subject to significant execution risk. If the benefits to the Group targeted by the updated strategy are not realised or achieved within the anticipated timescales, this may have a material and adverse effect on the Group.
<b>D.3</b>	Key information on the risks specific to the securities	<p><b>Share price fluctuation risk:</b> The Company's share price will fluctuate and may fall below the Issue Price of the New Ordinary Shares issued upon exercise of the Nil Paid Rights.</p> <p>An active trading market in the Nil Paid Rights may not develop.</p> <p><b>Dividend risk:</b> The Company's ability to pay dividends will depend on the level of profits and cash flows generated by the Group.</p> <p><b>Dilution risk:</b> Shareholders who do not acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company. Future issues of Ordinary Shares will further dilute Shareholders holding Existing Ordinary Shares and could materially affect the market price of the Ordinary Shares.</p>

### Section E – Offer

Element	Disclosure requirement	Disclosure
<b>E.1</b>	Net proceeds and costs of the issue	The net proceeds of the Rights Issue (assuming a take up in full of all New Ordinary Shares) are expected to be approximately GB£3.3 billion (net of expenses). The total costs, charges and expenses payable by the Company in connection with the Rights Issue are estimated to be approximately GB£74.5 million (exclusive of VAT).
<b>E.2a</b>	Reasons for offer and use of proceeds	<p>On 3 November 2015, Standard Chartered announced a fully-underwritten Rights Issue to raise approximately GB£3.3 billion (net of expenses), or approximately US\$5.1 billion.</p> <p>The Rights Issue is part of a comprehensive programme of actions which Standard Chartered announced on 3 November. The updated strategy is driven by an overarching objective to strengthen the Group's financial resilience, improve performance and enhance controls. Successful execution will result in a fundamental change in the Group's business mix towards a more profitable and less capital intensive Retail, Private Banking and Wealth Management businesses where the Group has clear advantages, and Transaction Banking and Capital Markets activities that leverage the Group's unique footprint and network.</p> <p>The Board believes that well capitalised banks with strong balance sheets are better placed to deliver improved shareholder value and remains confident of the Group's medium term prospects to generate earnings growth at an increasingly attractive return on equity.</p> <p>The Group's recent disappointing income, profitability and return performance has been driven by the slowing economic growth in its key markets, persistently low interest rates and surplus liquidity, as well as a sharp drop in commodity prices. Since 30 June 2015, the Group's financial performance has deteriorated further, as reflected in the third quarter results announced on 3 November 2015.</p>

Element	Disclosure requirement	Disclosure
		<p>The restructuring charges related to the execution of the updated strategy are estimated to be approximately US\$3 billion, which are expected to be booked by the end of 2016; over half of which relate to potential losses on liquidating non-strategic assets and businesses. The remaining charges are expected to be split between potential redundancy costs and goodwill write downs. The potential impact of the restructuring charges, together with the associated reduction in RWA, are expected to have a small impact on the Group's CET1 Capital ratio.</p> <p>The Group is targeting a CET1 Capital ratio of 12 to 13 per cent., increasing its capacity to absorb potential changes in regulation and the external environment. In the medium term, the Group is targeting delivery of a return on equity of 10 per cent.</p> <p>The Board believes the Group should raise additional capital through the Rights Issue to enhance its ability to execute the strategy, remain strongly capitalised through the cycle and position it for the attractive opportunities arising from its distinctive franchise and competitive strengths as economic conditions improve.</p> <p>The Board considers the Rights Issue to be in the best interests of the Group and Shareholders.</p> <p>The Rights Issue will raise approximately GB£3.3 billion (net of expenses), or approximately US\$5.1 billion. The proceeds will be used to: strengthen the balance sheet and increase the Group's CET1 Capital ratio (the Board estimates that the Rights Issue would have increased the Group's CET1 Capital ratio (as at 30 June 2015) by approximately 160 basis points, to approximately 13.1 per cent.); absorb the financial impact of the Group's planned restructuring charges which are estimated to be approximately US\$3 billion by the end of 2016; implement the initiatives identified as part of the Group's review of costs management, creating significant capacity to increase investment by more than US\$1 billion to reposition the Group's Retail client systems and digital capability, to reposition its Private Banking and Wealth Management businesses, to upgrade the Africa franchise and renminbi services, and to enhance conduct and control capabilities; and enable the Group to weather macro-economic and regulatory uncertainty, and operational challenges, in the near term and focus on the businesses and markets where it has a competitive advantage and is well positioned to capture the powerful underlying growth opportunities.</p>
<b>E.3</b>	Terms and conditions of the offer	<p>The New Ordinary Shares are being offered by way of rights to all Qualifying Shareholders on the following basis: 2 New Ordinary Shares at 465 pence each for every 7 Existing Ordinary Shares held and registered in their name on the Record Date. The Issue Price per New Ordinary Share for HK Shareholders is HK\$55.60.</p> <p>Qualifying Shareholders with fewer than 4 Existing Ordinary Shares will not be entitled to any New Ordinary Shares. The New Ordinary Shares will rank for all dividends declared, made or paid after the date of allotment and issue of the New Ordinary Shares and otherwise <i>pari passu</i> with the Existing Ordinary Shares.</p> <p>Fractions of New Ordinary Shares will not be provisionally allotted to any Qualifying Shareholders, but will be aggregated and, if possible, sold ultimately for the benefit of the Company.</p>

Element	Disclosure requirement	Disclosure
		<p>The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons resident or located in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, Republic of Ireland or Hong Kong may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.</p> <p>New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights will not be credited to CREST or CCASS accounts of, Overseas Shareholders with registered addresses in the United States or any of the Excluded Territories or to their agent or intermediary or to any depository in the United States or any of the Excluded Territories or to any Qualifying Shareholder who holds Existing Ordinary Shares through such a depository except where the Company and the Joint Global Coordinators are satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdiction.</p> <p>The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Company has arranged for the Rights Issue to be underwritten in full to provide certainty as to the amount of capital to be raised. The Underwriters' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to UK Admission. If these conditions are not satisfied or (where permitted) waived by the Joint Global Coordinators, the Underwriting Agreement will terminate, in which case the Rights Issue will be revoked and will not proceed and the provisional allotments will lapse. After UK Admission, the Underwriters have no right to terminate the Underwriting Agreement.</p>
<b>E.4</b>	Material interests	Temasek, the Company's largest Shareholder, is supportive of the Rights Issue and has informed the Company that it is intending to take up its rights in respect of 15.8 per cent. of the existing share capital. The Company has been informed by the Joint Global Coordinators that Temasek is also participating in the sub-underwriting of the Rights Issue.
<b>E.5</b>	Name of person selling securities	Not applicable. The Rights Issue comprises an offer of New Ordinary Shares to be issued by the Company.
<b>E.6</b>	Dilution resulting from the Rights Issue	Qualifying Shareholders who do not take up their entitlements to New Ordinary Shares will have their proportionate shareholdings in the Company diluted by approximately 22.2 per cent. as a consequence of the Rights Issue.
<b>E.7</b>	Estimated expenses charged to the investor by the Company	Qualifying Shareholders will not be charged expenses by the Company in respect of the Rights Issue, except in the following circumstances. Qualifying Shareholders who wish to sell their Nil Paid Rights or effect a Cashless Take-Up through the Computershare Dealing Facility will be charged a commission of 0.35 per cent. of the proceeds of sale (subject to a minimum of GB£20).



## PART II

### RISK FACTORS

*Any investment in the New Ordinary Shares is subject to a number of risks and uncertainties. Prior to investing in the New Ordinary Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Group's business, strategy and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Prospective investors should note that the risks and uncertainties identified in the Summary are the risks and uncertainties that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks that prospective investors may face when making an investment in the New Ordinary Shares and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group's business, operating results, financial condition or prospects. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, operating results, financial condition or prospects and, if any such risk should materialise, the price of the New Ordinary Shares may decline and investors could lose all or part of their investment. Investors should carefully consider whether an investment in the New Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.*

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

##### **Business, macroeconomic and geopolitical risks**

##### **1. The Group is exposed to macroeconomic risks**

The Group operates across some 70 markets and is affected by the prevailing economic conditions in each of the markets in which it operates. 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 (especially where adverse macroeconomic factors are or have been prevalent in, or are affecting or have significantly affected, one or more of the Group's key markets). If such adverse macroeconomic factors affect one or more of the Group's key markets and are severe or prolonged, this is likely to impact the Group's prospects adversely.

Other macroeconomic factors which may impact the Group's financial condition and results of operations (and, in some cases, have impacted and may continue to impact the Group's financial condition and results of operations) include the following.

- The world economy is in a difficult period and although the rate of economic growth in some countries is increasing other countries are facing difficult economic conditions.
- Increases in US interest rates could lead to increased volatility in financial markets and capital flight from emerging markets which may lower the growth rates of some vulnerable economies in which the Group operates.
- Slowing economic growth rates in China may further depress prices and trade in a number of commodity sectors (including in the energy, metals and mining sectors) and a prolonged slowdown could have wider global or regional economic repercussions. In particular, weakness in energy prices has had and could continue to have a significant negative effect on energy producing countries (including through reduced government revenues and foreign exchange earnings with energy and related service industries vulnerable to reduced prices and lower levels



of investment). Such weakness may also have a significant negative effect on countries with significant dependencies upon energy producing countries or upon sectors such as energy, metals and mining.

- In addition, reduced corporate activity and credit growth in certain markets, such as that experienced by the Group in India, coupled with a challenging refinancing environment, may further impact the Group's financial performance (including as a result of increasing loan and credit impairments (see further in the risk factor entitled "*The Group is exposed to risks associated with changes in the credit quality and the recoverability of loans and amounts due from counterparties*")).
- The sovereign crisis in the eurozone is not fully resolved and, although acute risks have been addressed by ongoing policy initiatives and the prospects for many of the European economies have improved, there is still a need for substantial structural reform. Although the Group has no direct sovereign exposure to a number of affected European economies, including Greece, Ireland, Italy, Portugal and Spain, the Group remains exposed to the risk of secondary impacts from events on financial institutions, other counterparties and global economic growth.
- The linkages between economic activities in different markets are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to macroeconomic conditions. One uncertainty for the corporate sector will be the extent to which exports are impacted by any slowdown in the global economy or one or more regional economies (as has been the case in, for example, China). Similarly, there may be uncertainty about domestic demand in the Group's markets (including China and India), which is a function of a number of factors including consumer and business confidence.
- Although inflation and property prices appear to be under control in most of the countries in which the Group operates, some central banks are employing macro-prudential tools to temper property price increases. Changes in monetary policy could lead to significant increases in interest rates from the historically low levels currently prevailing in many markets, with resulting impacts on the wider economy on property values and credit quality.

If adverse macroeconomic factors, such as those described above, affect one or more of the Group's key markets and are severe or prolonged, this is likely to impact the Group's prospects adversely.

In addition, an increase in inflation could have a number of adverse impacts on the Group's business, including through increased operating expenses. High inflation, and the higher interest rates that are likely to accompany it, could also have an adverse effect on the credit quality of the Group's individual and corporate borrowers, as well as its counterparties, and could lead to an increase in delinquencies and defaults across a wide range of sectors and otherwise have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group maintains significant geographic and business diversification which may ameliorate the impact of certain economic factors, including a downturn in any particular market. The Group also sets concentration caps (by counterparty or groups of connected counterparties, by industry sector and country for corporate clients and by product and country for retail customers), regularly monitors credit exposures and political and economic trends, conducts stress tests to assess the effects of extreme but plausible trading conditions on the Group's portfolio and regularly reviews the suitability of the Group's risk policies and controls. However, there can be no guarantee that these measures will be effective to safeguard the Group from the effect of macroeconomic factors which may adversely impact the economy in a single country or region, or globally.

## **2. The Group operates primarily in Asia, Africa and the Middle East, and these operations are exposed to risks arising from the political, business and economic environment of markets in these areas**

The Group faces significant economic, business and political risks, including risks arising from economic volatility, recession, inflationary pressures, exchange rate fluctuation and interruption of business, as well as from civil unrest, corruption, imposition of exchange or capital controls, sanctions relating to specific countries, entities and individuals, expropriation, nationalisation, renegotiation or nullification of existing contracts and changes in law, tax policy and regulation. The occurrence of a number of such risks, such as the recent renminbi devaluation in August 2015 and other currency volatility in, or affecting,

a number of the Group's key markets, have impacted the Group's financial condition and recent results of operations. In addition, surplus liquidity in the key markets in which the Group operates has adversely impacted margins and may continue to do so if such surplus liquidity persists.

Further, although many of the economies in which the Group operates have in recent years performed relatively well compared to many of the economies of Western Europe and North America, the economic environment has become less favourable which may adversely affect these economies. In particular, the economy in China is expanding at an appreciably slower pace as it undergoes transition and this could raise the overall level of risk relating to that country (as well as in other markets which are dependent upon trade with, or exports to, China).

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.

### **3. *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.

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

### **4. *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.

Adverse changes in the credit quality of the Group's borrowers and counterparties (both sovereign and non-sovereign), and adverse changes arising from a deterioration (or a prolonged or severe deterioration) in global or country-specific economic conditions or asset values, have reduced and could continue to reduce the recoverability and value of the Group's assets and require an increase in the Group's level of provisions for bad and doubtful debts or increase the levels of impairments or write-downs experienced by the Group. The Group may also experience these effects if a systemic failure in one or more financial systems were to occur.

In addition, adverse changes in economic conditions have impacted the level of the Group's banking activity in a number of its key geographic markets (including China and India), and across key market sectors (such as commodities) and may continue to have an adverse impact if such conditions persist.

Although the Group devotes considerable resources to managing the above risks, many of the factors affecting borrower and counterparty credit risks are beyond the control of the Group and the occurrence of any of the foregoing risks (such as those experienced recently in certain of the Group's key markets,

including China and India, which have given rise to a significant elevation in loan impairments), 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.

**5. *The Group is exposed to the risks associated with the value of certain financial instruments being determined using financial models which incorporate assumptions, judgments and estimates that may change over time***

In order to establish the value of financial instruments which the Group recognises at fair value under IFRS as adopted by the EU, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models in line with generally accepted accounting principles (such as IAS39) that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instrument utilised by such valuation models may not be available, or may become unavailable, due to changes in market conditions. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgments and estimates in order to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgments and estimates the Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, asset price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates may need to be updated to reflect new information, changing trends and market conditions.

In addition, the methodologies which the Group is required to adopt for the valuation of financial instruments may change over time (including as a result changes to relevant accounting standards, such as those provided for in IFRS 9).

The impact of changes to IFRS which have yet to come into effect, such as IFRS 9, are not capable of accurate quantification at this time, but the change in the fair values of financial instruments resulting from the above could have a material adverse effect on the Group's financial condition, results of operations and, if such changes are significant, its prospects. See also the paragraph headed "Regulations under consultation" in the risk factor entitled "*The Group is exposed to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements*" in relation to changes to the Group's methodology for estimating the accounting CVA (as defined in that paragraph).

**6. *The Group 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 continue to grow organically and to pursue its strategy. Although the Rights Issue will strengthen the Group's capital position, 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.

In addition, while the Board considers the Rights Issue to be in the best interests of the Shareholders, maintenance of higher capital ratios will make the Group's return on equity targets (see further in Part X (*Information on the Group's Business and Strategy*)) more challenging to meet.

**7. *The Group is exposed to liquidity risks***

Liquidity risk is the risk that the Group either does not have sufficient financial resources available to meet its obligations as they fall due, or can only access these financial resources at excessive cost. Although the Group currently has a highly liquid and well funded balance sheet, this risk is inherent in banking operations and can be heightened by a number of factors, including an over-reliance on or inability to access a particular source of funding (including, for example, reliance on inter-bank funding), the extent of mobility of intra-Group funding, changes in credit ratings or market-wide phenomena such as financial market instability and 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, the Group's policy is to manage its liquidity prudently in all geographic locations and for all currencies. 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.

**8. 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. On 5 November 2015, Fitch downgraded the Company's and Standard Chartered Bank's long-term issuer ratings to A+ from AA-, referring to, for example, unfavourable asset quality trends and volatility from a difficult operating and regulatory environment as drivers of this. Further details of these risks are set out in the risk factors entitled "*The Group is exposed to risks associated with changes in the credit quality and the recoverability of loans and amounts due from counterparties*", "*Operational risks are inherent in the Group's business*" and "*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 impact of the downgrade from Fitch is not thought to be significant by the Group. The ratings agencies have identified a number of factors that could result in a downward change to the Group's ratings in future, some of which may be referred to in the ratings agencies' public statements on the Group's ratings from time to time. If these factors materialise, other events occur or other factors not yet identified emerge, this could lead to a downgrade of the Company and/ or Standard Chartered Bank's ratings. For example, Fitch has noted possible issues in implementing the strategic plan outlined by the Company due to a possible downturn in the credit cycle. More detail about some of these risks is set out in the risk factors entitled "*The Group may not fully deliver its strategic plan, or achieve the targeted benefits of that plan*" and "*The Group is exposed to macroeconomic risks*".

Although the Group currently has a highly liquid and well-funded balance sheet, a material downward change in the short-term or long-term credit ratings of either the Company and/or Standard Chartered Bank in the future could impact the volume, price and source of its funding, or adversely impact the Group's competitive position, and this could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**9. The Group is exposed to risks associated with changes in interest rates, exchange rates, commodity prices and equity prices and other market risks**

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

The primary categories of market risk for the Group are:

- interest rate risk: arising from changes in yield curves, credit spreads and implied volatilities on interest rate options;
- currency exchange risk: arising from changes in 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 price 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 (such as the renminbi devaluation in August 2015 and the significant and prolonged weakness in commodity prices), have had and could continue to 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.



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

As the Group's business is conducted in a number of jurisdictions and in a number of currencies (including, for example, US 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 US 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 US dollar have been, and may continue to be, volatile. The Group is therefore exposed to movements in exchange rates in relation to non-US 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-US dollar investments and RWA attributable to non-US dollar currency operations.

In addition, 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 US dollar of such fluctuations in the exchange rates of the currencies of those countries in which the Group operates. Any such changes in 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.

**11. *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 "Available for Sale" and trading portfolios. ALM holds over US\$100 billion of High Quality Liquid Assets for regulatory purposes under "Available for Sale" accounting rules. Under CRR, any Profit or Loss under Available for Sale impacts the Group's CET1 Capital 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 by the Group, and failure to manage such risks effectively may have a material adverse effect on the Group's financial condition, results or operations and, if such failure is significant or prolonged, its prospects.

**12. *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 because 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, which could have an adverse effect on the Group's ability to raise new funding and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**13. *The Group is exposed to country cross-border risk***

Country cross-border risk is the risk that the Group will be unable to obtain payment from its customers (sovereign and non-sovereign) or third parties on their contractual obligations as a result of certain actions taken by foreign governments, principally relating to convertibility and transferability of foreign currency. Specifically, in response to a deterioration in economic and political conditions, certain governments have imposed and may impose new, or more severe, restrictions on the movement of capital and transferability of currency, which could result in counterparties being unable to honour their contractual obligations to the Group.

Any significant restriction on the ability of the Group or its counterparties to obtain, move or allocate capital or other assets could have a material adverse effect on the Group's financial condition, results of operations and, if severe or prolonged, its prospects.

**14. *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 less developed markets in which the Group operates, judicial and dispute resolution systems may be less developed than in North America and Western Europe. In case of a breach of contract, there may be difficulties in making and enforcing claims against contractual counterparties. 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.

**15. *The Group is exposed to risks associated with hostilities, terrorist attacks or social unrest, as well as natural calamities, in the markets in which it operates***

The Group operates in a large number of markets around the world, and its performance is in part reliant on the openness of cross-border trade and capital flows. Geopolitical tensions or conflicts in areas where the Group operates could impact trade flows, customers' ability to pay and the Group's ability to manage capital, liquidity or operations across borders.

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

**16. *The Group is exposed to risks associated with its strategy to restructure certain assets and businesses (including by way of disposal) and any expansion of its operations by way of acquisition***

The Group has announced a strategy to sharpen its focus, including by exiting low returning relationships and credit exposures outside the Group's tightened risk tolerance levels and disposing of various assets and businesses (see further in Part X (*Information on the Group's Strategy and Business*)). The success of any disposal (and the achievement of the anticipated benefits of such disposals, including the targeted improvement in RWA and return on equity) will depend, in part, on achieving the price or consideration for a business or asset that the Group anticipates as well as the ability to manage the migration of the operations of the business being sold in line with the Group's risk management framework. The Group may also experience difficulties in effecting such exits or disposals (either at all or within targeted timescales) as a result of unanticipated issues and the failure to manage effectively any such exit or disposal, or otherwise to achieve the benefits targeted by such exits or disposals, could have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group may also, from time to time, consider acquiring assets or businesses that it believes are logical extensions of its existing businesses in various markets. The success of any acquisitions will depend, in part, on achieving the level of performance that the Group anticipates as well as the ability of management to integrate the operations of any newly acquired businesses with the Group's risk management framework. The Group may experience difficulties in achieving the desired level of performance from such acquired assets or businesses (or successfully integrating them within the Group) and the failure to manage effectively these acquisitions and integrations could have a material adverse effect on the Group's financial condition, results of operations and prospects.

**17. *The Group's business is subject to reputational risk and reputational damage (including through a failure to manage reputational risk effectively)***

Reputational risk is the potential for damage to the Group's franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the Group or its actions.



Reputational risk may arise from (and in certain cases, has arisen from):

- the failure by the Group to mitigate the risks in its businesses, including one or more of country, credit, liquidity, market, regulatory, legal or other operational risk effectively (see further, and by way of example, the risk factor entitled “*The Group is exposed to risks associated with a failure to manage legal and regulatory risk properly*” below); and
- decisions taken by the Group, including as part of its updated strategy, to cease or reduce trading with counterparties or its operations in specific markets.

In addition, the Group’s activities give rise to environmental and social impacts, primarily through its relationship with its clients and customers and the financing decisions the Group takes. The Group has published a series of position statements which apply to the provision of financial services to clients who operate in sectors which entail specific risks; and seek to address key environmental and social issues, has mechanisms in its origination and credit processes to identify and assess environmental and social risks and has a dedicated Environmental and Social Risk Management team that reviews proposed transactions that entail identified risks. However, there can be no assurance that such measures will be fully effective to avoid a failure to comply with environmental or social standards with consequential reputational impact.

Damage to the Group’s reputation could cause existing clients to reduce their business with the Group or to cease to do business with the Group, and could make prospective clients reluctant to do business with the Group.

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.

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

Pension risk is the potential for loss due to having to meet or meeting an actuarially assessed shortfall in the Group’s pension schemes. Pension risk exposure is focused upon the risk to the Group’s financial position arising from the need to meet its pension scheme funding obligations. In the event of such 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.

### **Macro-prudential, regulatory and legal risks**

#### **19. *The Group is exposed to risks associated with a failure to manage legal and regulatory risk properly***

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

- losses may be caused by changes in applicable laws and regulations or in their application or interpretation; 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 a variety of complex legal and regulatory regimes in many of the countries where it operates; and standards or sanctions in respect of such requirements may differ significantly from country to country;
- as a result of being subject to extensive laws and regulations which are designed to combat money laundering and terrorist financing, and 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; and, 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 "*Regulatory reviews and investigations and internal practice and process reviews may result in adverse consequences for the Group*");
- 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).

**20. *Regulatory 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 and oversight and conduct, resulting in an increasing number of regulatory reviews, requests for information (including subpoenas and requests for documents) and investigations, often with enforcement consequences, involving banks.

The Group has been, and continues to be, subject to regulatory actions, reviews, requests for information and investigations in various jurisdictions which relate to compliance with applicable laws and regulations. The Group is co-operating with a number of reviews, requests for information and investigations, but both the nature and timing of the outcome of these matters is uncertain and difficult to predict. As such, it is not possible to predict the extent of liabilities or other adverse consequences that may arise for the Group. 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, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations, and there can be no assurance that future penalties will not be of a different type or increased severity. As a result, the outcome of such 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.

In particular:

- The terms of settlements regarding US sanctions compliance reached with the US Authorities in 2012 (collectively, the “2012 settlements”) include a number of conditions and ongoing obligations with regard to improving sanctions, Anti-Money Laundering (“AML”) and Bank Secrecy Act (“BSA”) controls such as remediation programmes, reporting requirements, compliance reviews and programmes, banking transparency requirements, training measures, audit programmes, disclosure obligations and, in connection with the NYDFS consent order, the appointment of an independent monitor, Navigant Consulting, Inc. (the “Monitor”). In connection with the 2012 settlements, the Group was fined and agreed to pay approximately US\$667 million.
- On 19 August 2014, the Group announced that it had reached a final settlement with the NYDFS regarding deficiencies identified by the Monitor in the anti-money laundering transaction surveillance system in its New York branch (the “Branch”). The system, which is separate from the sanctions screening process, is one part of the Group’s overall financial crime controls and is designed to alert the Branch to unusual transaction patterns that require further investigation on a post-transaction basis. The settlement provisions are summarised as follows: (i) a civil monetary penalty of US\$300 million; (ii) enhancements to the transaction surveillance system at the Branch; (iii) a two-year extension to the term of the Monitor; and (iv) a set of temporary remediation measures, which will remain in place until the transaction surveillance system’s detection scenarios are operating to a standard approved by the Monitor. Those temporary remediation measures include a restriction on opening (without the prior consent of the NYDFS) a dollar demand deposit account for any client that does not already have such an account with the Branch, a restriction on US dollar clearing services for higher risk retail business clients in one jurisdiction and enhanced monitoring of certain high-risk clients in another jurisdiction.
- On 9 December 2014, the Group announced that the DOJ, DANY and the Group had agreed to a three-year extension of the DPAs entered into in 2012 until 10 December 2017, resulting in the subsequent retention of the Monitor to evaluate and make recommendations regarding the Group’s sanctions compliance programme. The agreement with the DOJ acknowledged that the Group had taken a number of steps to comply with the requirements of the original DPAs and to enhance and optimise its sanctions compliance, including the implementation of more rigorous US sanctions policies and procedures, certified staff training, hiring of senior legal and financial crime compliance staff and implementing additional measures to block payment instructions for countries subject to US sanctions laws and regulations. The Group is working closely with the authorities to make additional substantial improvements to its US sanctions programme to reach the standard required by the DPAs.
- The Group is co-operating with an investigation by the US Authorities and the New York State Attorney General relating to possible historical violations of US sanctions laws and regulations, but at this stage the authorities have not reached any conclusion as to whether any violations have occurred. In contrast to the 2012 settlements, which focused on the period before the Group’s 2007 decision to stop doing new business with known Iranian parties, the ongoing investigation is focused on examining the extent to which conduct and control failures permitted clients with Iranian interests to conduct transactions through Standard Chartered Bank after 2007 and the extent to which any such failures were shared with the relevant US Authorities in 2012. At the current stage of this investigation, the Group cannot predict the nature or timing of its outcome.
- The FCA is investigating Standard Chartered Bank’s financial crime controls, looking at the effectiveness and governance of those controls within the correspondent banking business carried out by Standard Chartered Bank’s London branch, particularly in relation to the business carried on with respondent banks from outside the European Economic Area, and the effectiveness and governance of those controls in one of Standard Chartered Bank’s overseas branches and the oversight exercised at Group level over those controls. Again, at the current stage of this investigation, the Group cannot predict the nature or timing of its outcome.
- Regulators and other agencies in certain markets are conducting investigations or requesting reviews into a number of areas of regulatory compliance and market conduct (including sales and trading) involving a range of financial products, and submissions made to set various market interest rates and other financial benchmarks, such as foreign exchange. At relevant times, certain of the Group’s branches and/or subsidiaries were (and are) participants in some of those markets, in some cases submitting data to bodies that set such rates and other financial benchmarks. At this stage, the Group cannot predict the nature or timing of the outcome of such investigations or reviews.

- In meeting regulatory expectations and demonstrating active risk management, the Group also takes steps to restrict, restructure or otherwise to mitigate higher risk business activities which could include divesting or closing businesses that exist beyond risk tolerances.
- The Group's compliance with historical, current and future sanctions, as well as AML and BSA 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 orders, or non-compliance with or weakness in, the Group's policies, procedures, systems, controls and assurance for its AML, BSA, 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.

**21. *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. As a result of the financial crisis, there has been a substantially enhanced level of governmental and regulatory intervention and scrutiny, and there have been, and are expected to be, further changes to laws and regulations applying to financial institutions. Additional changes to laws and regulations are under consideration in many jurisdictions. Although the Group works closely with its regulators and regularly monitors the situation, future changes in laws, regulations and fiscal or other policies can be difficult to predict and are beyond the control of the Group. Furthermore, laws and regulations may be adopted, enforced or interpreted in ways that could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Legislative and regulatory changes, and changes to governmental or regulatory policy, that could adversely impact the Group's business include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in 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, 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;
- 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;
- further developments in relation to financial reporting (including changes in accounting and auditing standards (such as those provided for in IFRS 9)), corporate governance, conduct of business and employee compensation;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments, producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

In response to the financial crisis and recent global economic conditions, there has already 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), 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 (see further the risk factors entitled “*The Group is subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements*” and “*The business and operations of the Group may be affected by resolution measures developed by its regulators, including those introduced in accordance with the EU Bank Recovery and Resolution Directive and the Banking Act 2009*” below).

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

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

## **22. The Group is exposed to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements**

### **Overview**

The Group’s lead supervisor, the PRA, determines the minimum level of capital that the Group is required to hold by reference to its balance sheet, off-balance sheet, counterparty and risk exposures. Currently, the Group is adequately capitalised under CRD IV and holds sufficient liquidity under the existing liquidity standards. However, as is the case for other entities subject to PRA and/or Bank of England supervision, the Group is exposed to the risk that the PRA or Bank of England could (beyond the changes described below): (i) apply increasingly stringent stress test scenarios in determining the required minimum capital for the Group and any of its UK regulated firms (including Standard Chartered Bank); (ii) increase the minimum regulatory requirements imposed on the Group or any of its UK regulated firms; (iii) introduce certain changes to the basis on which capital and RWA are computed; (iv) impose additional capital buffers; (v) require additional restrictions on leverage; (vi) introduce further liquidity requirements; (vii) impose new regulatory requirements; and/or (viii) change the manner in which it applies existing requirements to the Group or its UK regulated firms. As such, the Group may be required to raise capital and/or liquidity to meet any of the foregoing requirements or restrictions (or to meet any changes, or changes to the application of, such requirements or restrictions) 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 (see further, in particular, the paragraph entitled “UK Macro-prudential Regulation” below).

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 and fair value adjustments. Capital levels and requirements are more sensitive to market and economic conditions under Basel III than under previous regimes and effective capital requirements could increase if economic or financial market conditions worsen.

However, the Group’s CET1 Capital ratio has increased from 10.7 per cent. as at the start of 2015 to 11.5 per cent. as at 30 June 2015, approximately 260 basis points higher than the current known minimum capital requirement in 2019<sup>(1)</sup>. In addition, the updated strategy announced on 3 November comprises a comprehensive programme of actions which are intended to strengthen the Group’s financial resilience. In this regard, the Rights Issue will significantly strengthen the Group’s balance sheet, increasing its capacity to absorb potential changes in regulation and the external environment.

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1 (a) Details of the manner in which the Group’s current known minimum CET1 Capital ratio requirement in 2019 is calculated are set out in paragraph 2 of Part VI (*General Information*). (b) As at 30 September 2015, the Group’s CET1 Capital ratio was 11.4 per cent..

The PRA is also familiar with the details of the Group's current capital position and proposed plans, and has raised no objections in respect of them. The Bank of England will publish the results of the 2015 stress tests on 1 December, including the results for the Group, the outcome of which is unknown to the Company and not yet finalised.

Moreover, in order to ensure that the Group maintains an efficient capital structure, the Group intends to continue issuing AT1 securities to build its AT1 Capital levels over time, although the timing of issuance is subject to market conditions.

### **Basel III**

In December 2010, the BCBS finalised its proposals for new capital and liquidity requirements intended to strengthen existing capital standards and to establish minimum liquidity standards (commonly referred to as "Basel III"). These include new definitions of CET1 Capital as well as new eligibility criteria for AT1 Capital and Tier 2 Capital. A revised version of the Basel III capital rules was published in June 2011 and further changes or clarifications are possible. Basel III is not directly applicable to the Group, but its standards are closely followed by global legislators and competent authorities (including those in the EU and UK) in setting applicable requirements.

Basel III proposed a minimum total capital requirement for relevant institutions of 8 per cent. of RWA, which includes a minimum requirement of CET1 Capital equal to at least 4.5 per cent. of RWA and Tier 1 Capital equal to at least 6 per cent. of RWA. In addition to these minimum capital requirements, relevant institutions will be required to maintain a capital conservation buffer of 2.5 per cent. of RWA, a countercyclical buffer of up to 2.5 per cent. of RWA and, where applicable, additional buffers reflecting the perceived systemic importance of an institution (see further below). Each of these capital buffer requirements must be met with CET1 Capital. Basel III also proposed that national competent authorities should have the power to impose additional capital requirements (including additional buffers) on the institutions which they regulate. Furthermore, Basel III proposed that banks will need to satisfy a minimum leverage ratio requirement which has been set at 3 per cent. of Tier 1 Capital over total exposures from 1 January 2018, subject to future review and calibration.

The BCBS has proposed that G-SIBs should be required to maintain regulatory capital in excess of the Basel III minimum standards. According to the approach finalised by the BCBS in November 2011 and updated in July 2013, G-SIBs will need to meet an additional CET1 Capital requirement ranging from 1 per cent. to 3.5 per cent. of RWA, depending on their perceived systemic importance.

The BCBS has also proposed that the Basel III requirements be introduced on a phased basis, with final implementation by 1 January 2019. The higher capital requirements for G-SIBs will, however, be phased in between 2016 and 2018.

The Group was again designated a G-SIB by the FSB when it published its most recent list of G-SIBs in November 2015. The Group has been categorised within the 1 per cent. capital buffer requirement and, assuming that it remains in the same bucket on the FSB G-SIB list until 2019, will need to meet this additional capital requirement between January 2016 and January 2019<sup>2</sup>.

Certain of the Group's non-UK entities may be designated domestic systemically important banks in the markets in which they operate in accordance with the approach developed by the BCBS and FSB, which may result in higher capital requirements for such non-UK entities.

### **CRD IV Capital Requirements**

Basel III has been implemented in the EU through CRD IV. The CRD IV Directive must be implemented in each Member State by national legislation, while the CRR is directly applicable in each Member State and does not therefore require national implementing measures. The final texts of CRD IV were published in the Official Journal of the EU in June 2013. Member States were required to apply the new requirements (with certain exceptions and subject to transitional arrangements) from 1 January 2014.

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2 This requirement forms part of the Group's current known minimum CET1 Capital ratio requirement in 2019. See footnote 1.



In December 2013, the PRA published a statement of policy, rules and supervisory statements required to implement relevant provisions of CRD IV (primarily requirements under the CRD IV Directive, but also certain discretions permitted under the CRR) in the UK for banks, building societies and PRA-designated investment firms. This outlined how the PRA would apply certain aspects of CRD IV where they had national discretion, including capital filters and deductions, the implementation of Pillar 1 capital requirements and the grandfathering treatment of existing non-qualifying capital instruments. At a Group level, the PRA applied all CET1 Capital filters and deductions in full from 1 January 2014 and did not use the transitional provisions available within CRD IV. With respect to the phase-in of Pillar 1 capital requirements, in June 2014 the PRA set a requirement for the eight largest UK institutions (of which the Group is one) for a CET1 Capital ratio of at least 7 per cent. based on capital definitions set out in the CRR and the PRA Rulebook and a minimum 3 per cent. end point Tier 1 Capital leverage ratio from 1 July 2014. According to CRD IV, capital instruments issued prior to 31 December 2011 that do not qualify as AT1 Capital or Tier 2 Capital will be phased out over a transitional period. The level of recognition of such instruments was capped at 80 per cent. as at 1 January 2014, and that cap will decline by 10 per cent. each subsequent year, being fully phased out by 1 January 2022. Further, instruments with an incentive to redeem (for example, with an interest rate step-up) will be phased out at their effective maturity date (for capital instruments in respect of which the first call with an incentive to redeem is on or after 1 January 2013, the effective maturity date is the date of that first call with an incentive to redeem). The Group may not be able contractually to redeem instruments that cease to be eligible under CRD IV, with the result that the Group may be required to raise further capital as a result of such instruments not being eligible as regulatory capital in the future.

The EBA has been tasked by the European Commission with developing technical standards in respect of many of the CRD IV requirements, facilitating the creation of a single EU rulebook for banks. These technical standards need to be adopted by the European Commission to come into force. A number of technical standards relating to own funds requirements were brought into force by Commission Delegated Regulation (EU) No.241/2014 of 7 January 2014, published in the Official Journal on 14 March 2014. This was subsequently amended by further technical standards regarding the calculation of indirect or synthetic holdings in financial sector entities, brought into force by Commission Delegated Regulation 2015/923/EU. There remains some uncertainty as to the final impact of the CRD IV capital requirements, as certain technical standards relating directly or indirectly to own funds requirements remain in draft form and have not yet been adopted by the European Commission.

### ***The EU Bank Recovery and Resolution Directive***

The EU Bank Recovery and Resolution Directive also imposes requirements on Member States to ensure that EU banks and investment firms ("Institutions") meet a Minimum Requirement for Own Funds and Eligible Liabilities ("MREL"), calculated as a percentage of an Institution's total liabilities and own funds. The level of MREL to be maintained by the Group is yet to be finalised but it is likely that the level of MREL required to be maintained by the Group could have an adverse impact on the Group's cost of doing business. It is expected that the level of MREL will be aligned with the final position developed by the FSB relating to the total loss absorbing capacity ("TLAC") for G-SIBs, which is discussed in more detail below. The EBA consulted on MREL following the FSB's draft proposals on TLAC published in November 2014, and it published the final draft of its regulatory technical standards in July 2015. The EBA has stated that it expects the regulatory technical standards to be broadly compatible with the FSB's proposed term sheet for TLAC for G-SIBs and that where there are differences resulting from the nature of the EBA's mandate under the BRRD, as well as the fact that the BRRD MREL requirement applies to banks which are not G-SIBs, these differences will not prevent resolution authorities from implementing the MREL for G-SIBs consistently with the international framework being developed by the FSB. The EBA is required to assess the consistency of MREL with the final TLAC standards and to publish its findings in a report on MREL by October 2016. It is possible that this may result in amendments to the BRRD provisions on MREL in order to align it more closely with the final TLAC standards.

### ***The FSB's TLAC standards***

In 2013, the G20 called on the FSB to assess and develop proposals by the end of 2014 regarding the adequacy of loss absorbing capacity held by G-SIBs. The FSB published its draft proposals for consultation in November 2014 and issued its final standards on 9 November 2015. The FSB's central principle regarding TLAC for G-SIBs is that there must be sufficient loss absorbing and recapitalisation capacity available in resolution to implement an orderly resolution that minimises any impact on financial

stability, ensures the continuity of critical functions and avoids exposing taxpayers (that is, public funds) to loss with a high degree of confidence. The FSB's other principles elaborate on this main guiding principle.

The FSB's final standards comprise: (i) a set of principles on loss-absorbing and recapitalisation capacity of G-SIBs in resolution; and (ii) a high level "term sheet" setting out an internationally agreed standard on the characteristics and adequacy of TLAC for G-SIBs. G-SIBs will be subject to a common minimum external TLAC requirement of 16 per cent. of each resolution group's RWA as from 1 January 2019, which will rise to 18 per cent. as from 1 January 2022. Moreover, the G-SIB's minimum external TLAC requirement must be at least 6 per cent. of the Basel III leverage ratio denominator as from 1 January 2019, and 6.75 per cent. as from 1 January 2022. The FSB also permits national resolution authorities to impose additional requirements above the level described above.

Under the FSB's TLAC term sheet, regulatory capital resources counting towards satisfying the minimum regulatory capital requirements of Basel III (as reflected in the EU through CRD IV) may count towards satisfying the minimum TLAC requirement, subject to certain conditions. In particular, CET1 Capital used to meet minimum TLAC must not be used to also meet regulatory capital buffers. The FSB also requires that, in order to ensure that a G-SIB has sufficient outstanding long-term debt for absorbing losses and/or effecting a recapitalisation in resolution, the aggregate of debt capital resources and other eligible TLAC that is not regulatory capital should be equal to or greater than 33 per cent. of minimum TLAC. Certain eligibility conditions will apply to TLAC that is not regulatory capital, including that: (i) it has a minimum remaining contractual maturity of at least one year; (ii) it is unsecured; and (iii) it is contractually, structurally or statutorily subordinated to certain liabilities which are listed as being ineligible to constitute TLAC, including, for example, insured deposits. Moreover, the redemption of such eligible TLAC will be subject to supervisory approval if the redemption would lead to a breach of the Group's TLAC requirements.

In addition to holding external TLAC, the FSB's standards require G-SIBs to hold 'internal TLAC', which refers to loss-absorbing capacity that resolution entities (i.e. entities to which resolution tools will be applied in accordance with the resolution strategy for the G-SIB) have committed to 'material sub-groups'. The objective of internal TLAC is to facilitate co-operation between home and host authorities and the implementation of effective cross-border resolution strategies by ensuring the appropriate distribution of loss-absorbing and recapitalisation capacity within resolution groups outside of their resolution entity's home jurisdiction. The material sub-groups for each G-SIB will be determined based on criteria defined by the FSB and reviewed annually within the crisis management group for that firm (which comprises its home authority and key host authorities). Under the TLAC term sheet, internal TLAC requirements for each material sub-group have been set at 75 to 90 per cent. of the external minimum TLAC requirement that would apply if the material sub-group was itself a resolution group. The actual internal TLAC requirement (within this range) will be calculated by the host authority in consultation with the home authority of the resolution group. It is possible that the requirement to hold internal TLAC could impact the operations and profitability of the Group.

The Group is currently subject to a combined buffer of 3.5 per cent. under rules made by the PRA (comprising a capital conservation buffer of 2.5 per cent., a G-SIB capital surcharge determined by the FSB of 1 per cent. and a countercyclical buffer that is the weighted average of the countercyclical buffer rates that apply to exposures in those jurisdictions where it has qualifying exposures (based on the jurisdiction of the obligor)). Any countercyclical capital buffer that is applied to the Group will, accordingly, increase this combined buffer requirement. In the UK, for qualifying credit exposures in the UK and non-EEA jurisdictions, the countercyclical buffer rate is set by the FPC, which may decide to reciprocate the rates set by non-EEA authorities. The FPC has maintained a countercyclical rate of 0 per cent. for UK exposures, although this may change in the future. In relation to non-EEA jurisdictions, and by way of example, the HKMA has announced an intention to set a countercyclical capital buffer of 2.5 per cent. in Hong Kong to be phased in from 2016 to 2019. The FPC has noted that the PRA will reciprocate the HKMA's transitional countercyclical buffer rate of 0.625 per cent. on Hong Kong exposures from January 2016. For qualifying credit exposures in EEA jurisdictions, the countercyclical buffer rate is that set by the relevant authority in that jurisdiction.

The FSB's final standards are expected to result in the Group being required to maintain overall TLAC, including combined buffers, of 19.5 per cent. of the Group's RWA from 1 January 2019, rising to 21.5 per cent. from 1 January 2022 plus counter-cyclical buffers (which the PRA could increase with additional TLAC requirements).

The FSB final standards on TLAC will not be binding on the Group until such time as they are implemented in the UK, either through national implementing measures or through directly applicable EU regulations. As indicated above, the final impact of the FSB's final TLAC standards and principles is not yet known as it will depend on the way in which the Group's authorities implement the requirements of the FSB's TLAC standards and principles

### ***The Financial Services (Banking Reform) Act 2013***

The Financial Services (Banking Reform) Act 2013 amended the FSMA to provide HM Treasury with the power to require an institution to issue any debt instruments or to ensure that any part of its debt consists of debt instruments of a particular kind. This power is additional to the regulatory capital requirements under CRD IV. HM Treasury has indicated that it intends to use this power, as appropriate, to impose requirements for firms to meet TLAC or, in accordance with the BRRD, MREL requirements. HM Treasury has consulted on a draft Order that will regulate the exercise of this power in setting TLAC and MREL requirements on institutions, although the finalisation of detailed requirements has been delayed pending international agreement in relation to TLAC and MREL. It is possible that HM Treasury may now make amendments to the draft Order to reflect the final TLAC standards, which were published by the FSB on 9 November 2015. The power is currently expected to become exercisable on 1 January 2016, at which time the power may be used to introduce TLAC and MREL requirements on the Group. This could materially increase the Group's cost of doing business.

### ***New liquidity standards under CRD IV***

Under CRD IV, banks are required to meet two new liquidity standards, namely: (i) a liquidity coverage ratio requirement ("LCR"); and (ii) a net stable funding ratio requirement ("NSFR"). The LCR requires banks to hold an amount of unencumbered, High Quality Liquid Assets that can be used to offset the net cash outflows the bank could encounter under an acute short-term liquidity stress scenario. The NSFR measures the amount of stable sources of funding employed by a bank relative to the liquidity profiles of the assets funded and the potential for contingent calls on liquidity arising from off-balance sheet commitments and obligations. Under CRD IV (and delegated acts made thereunder), banks domiciled in the EU will be subject to a minimum 60 per cent. LCR requirement from October 2015, rising in annual steps of at least 10 percentage points to reach 100 per cent. by 1 January 2018. The PRA is, however, granted the power to maintain higher standards during the phase-in period. The NSFR will remain subject to an observation period ahead of its planned implementation on 1 January 2018.

The PRA previously operated its own liquidity standards under chapter 12 of BIPRU. In June 2015, the PRA issued its policy statement on the transfer of the liquidity regime to the CRD IV standard, confirming that the existing regime under BIPRU 12 would cease to apply with effect from 1 October 2015, although certain of the BIPRU requirements are reflected in the new regime. The PRA also confirmed that, among other things, it would exercise its discretion to impose higher liquidity coverage requirements than the minimum required by CRD IV during the phase-in period to 1 January 2018. The PRA is applying a minimum 80 per cent. LCR from 1 October 2015, which is due to increase to 90 per cent. on 1 January 2017 and 100 per cent. from 1 January 2018. The Group currently meets the minimum requirements set by the PRA, however there can be no assurance that future changes to the applicable liquidity requirements would not have an adverse effect on the Group's financial condition, results of operations and prospects.

### ***UK Macro-prudential Regulation***

#### ***Introduction and FPC proposals***

The Financial Services Act 2012 empowers the FPC, which is a sub-committee of the Bank of England's Court of Directors, to give directions to the PRA and the FCA so as to ensure implementation of macro-prudential measures intended to manage systemic risk. The FPC currently sets the counter-cyclical buffer rate for the UK at 0 per cent. and the counter-cyclical buffer rate will be kept under review by the FPC based on a set of core indicators. The UK Government intends that the FPC should be able to require the PRA to impose additional specific capital requirements on banks to address risks to the UK market for banking services.

The UK government has indicated that it intends to provide the FPC with powers to direct the PRA to set leverage ratio requirements and buffers. The Bank of England, acting through its FPC, undertook a review of the leverage ratio during 2014, the results of which were published in October 2014. The FPC agreed with the UK government's proposals, and recommended that it should have the power to direct the PRA to set: (i) a minimum leverage ratio requirement; (ii) a supplementary leverage ratio buffer that will apply to G-SIBs and other major domestic banks and building societies; and (iii) a countercyclical leverage ratio buffer. The FPC has indicated that it sees a strong case for introducing a leverage ratio framework for UK G-SIBs as soon as practicable and ahead of an internationally agreed standard for G-SIBs and other major domestic UK banks and building societies.

In that connection, the FPC has proposed, among other things, that:

- a minimum leverage ratio requirement of 3 per cent. should be introduced in the UK as soon as practicable for UK G-SIBs, including the Group, thereby superseding the PRA's existing supervisory expectation that a leverage ratio of 3 per cent. should be maintained<sup>3</sup>;
- supplementary leverage ratio buffers for G-SIBs should be introduced and set at 35 per cent. of the corresponding G-SIB buffer rates for such firms. The systemic risk buffer is currently expected to be phased in from 2016, although this buffer is unlikely to affect the Group unless and to the extent that any systemic risk buffer is higher than the Group's G-SIB buffer. The FPC proposes that the supplementary leverage ratio buffer, which would be likely to affect the Group, should be introduced in parallel with the systemic risk buffer in 2016; and
- a countercyclical leverage ratio buffer should be introduced and implemented at the same time as any changes to the countercyclical buffer rates. The FPC has proposed that the countercyclical leverage ratio buffer should be set at 35 per cent. of the countercyclical buffer (currently set at 0 per cent. for UK exposures, as explained above).

#### *Implementation of FPC proposals*

The UK government agreed with the FPC's recommendations and carried out, in November 2014, a public consultation on its proposal to confer such powers on the FPC, and on the draft secondary legislation for this purpose, before laying the draft statutory instrument before UK Parliament in January 2015. Alongside this, in February 2015, the FPC published a draft policy statement setting out its proposals for the exercise of its leverage ratio direction power, which are consistent with those summarised above. The secondary legislation came into effect on 6 April 2015 following which, on 1 July 2015, the FPC confirmed its direction to the PRA to set leverage ratio requirements. In July 2015, the PRA consulted on the proposal to set leverage ratio requirements in line with those proposed by the FPC and summarised above. The PRA expects to finalise its requirements in relation to a leverage ratio during late 2015, with any requirements that are agreed coming into effect on 1 January 2016. In March 2013, the FPC recommended that regular stress testing of the UK banking system should be developed to assess the system's capital adequacy. On 16 December 2014, the Bank of England published the results of the first concurrent stress test. The 2014 UK stress test explored vulnerabilities stemming from the UK household sector, in particular, reflecting the FPC's assessment of the main domestic risks to financial stability.

#### *2015 Bank of England stress tests*

The Bank of England is conducting its second year of stress testing of the UK banking system in 2015. The focus of the 2015 Bank of England stress tests is the assessment of external risks to the UK and, accordingly, the stress test parameters are more focused on emerging markets when compared with the stress test applied in 2014 which was more focused on the UK, where the Group is less exposed. Consequently, the stress test parameters, including GDP levels, asset prices and currency movements applicable to some of the Group's markets, such as China, India and Korea, are more severe than in the 2014 Bank of England stress test.

The PRA is familiar with the details of the Group's current capital position and proposed plans, and has raised no objections in respect of them. The Bank of England will publish the results of the 2015 UK stress tests on or around 1 December 2015, including the results for the Group, the outcome of which is unknown to the Company and not yet finalised. Until the results of stress tests are

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3 As at 30 September 2015, the Group had a leverage ratio of 4.8 per cent..

4. See footnote 1.



announced, there is uncertainty as to whether the PRA may consider it necessary to impose further capital requirements on the Group, which may result in the Group being required to raise additional capital. However, the 2015 Bank of England stress tests are based upon the Group's position as at 31 December 2014 and, since that time, the Group's CET1 Capital ratio has increased from 10.7 per cent. (as at the start of 2015) to 11.5 per cent. (as at 30 June 2015), approximately 260 basis points higher than the current known minimum capital requirement in 2019<sup>4</sup>. In addition, the updated strategy announced on 3 November comprises a comprehensive programme of actions which are intended to strengthen the Group's financial resilience (and, in particular, the Rights Issue will significantly strengthen the Group's balance sheet increasing its capacity to absorb potential changes in regulation and the external environment).

#### *2016 – 2018 Bank of England stress tests*

In October 2015, the Bank of England set out its intended approach to stress-testing for the next three years. Certain key aspects of that approach include:

- an 'annual cyclical scenario', commencing in 2016, which is intended to assess the risks to the banking system emanating from the financial cycle. The severity of this scenario will be calibrated according to the Bank of England's assessment of the risks facing the banking system;
- a 'biennial exploratory scenario', commencing in 2017, which will seek to assess the resilience of the banking system against a wider range of risks, with its focus changing over time. The Bank of England noted that the coverage of this scenario is likely to be more flexible than the annual cyclical scenario and may be limited to just a subset of banks, depending on the risks being explored in that year; and
- evolution of the 'hurdle rate' framework, which refers to the minimum level of capital banks are expected to maintain in stress scenario. Going forward, each bank will be expected to meet all of its minimum CET1 Capital (including Pillar 2A) requirements in the stress scenario, and buffers for systemically important banks (such as the Group) will be included in the hurdle rate framework. Based on the Group's current understanding of the rules, its known future hurdle rate is 6.4 per cent., comprising: (i) a minimum CET1 Capital requirement of 4.5 per cent. by 1 January 2015; (ii) a G-SIB buffer of 1.0 per cent. by 1 January 2019; and (iii) a Pillar 2A CET1 Capital amount of 0.9 per cent. set by the PRA (that may be subject to change over time).

The Bank of England has indicated that the results of the stress tests will be used to inform the FPC/PRA's setting of regulatory capital requirements at both a macro- and micro-prudential level.

If the regulatory capital requirements, liquidity requirements 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 licence) or significant reputational harm, which in turn may have a material adverse effect on the Group's financial condition, results of operations and prospects.

#### ***The PRA Buffer***

The UK authorities have yet to finalise the rules relating to systemic risk buffers, the PRA buffer assessment and additional sectoral capital requirements.

In this context, the PRA buffer is an additional buffer that is available to the PRA as part of its Pillar 2B capital buffers and will replace the existing PRA capital planning buffer with effect from 1 January 2016. The PRA buffer is expected to be relevant only to PRA-supervised groups in respect of which certain CRD IV buffers are, in the PRA's assessment, inadequate given the group's vulnerability in a stress scenario or where the PRA has identified risk management and governance failings which the CRD IV derived buffers are not intended to address. For groups that are subject to the PRA buffer, it will be phased in over the period to 1 January 2019, by which time it will need to be met fully with CET1 Capital.

#### ***Regulations under consultation***

The Group may be impacted by the implementation of further regulations which are currently under consultation or yet to be finalised. By way of example, these include the Basel Committee on Banking Supervision ("BCBS") consultations on (i) the design of a capital floor framework based on standardised

approaches for credit risk (BCBS CP306), (ii) revisions to the standardised approach for credit risk (BCBS CP307), (iii) revisions to the standardised approach for operational risk (BCBS CP 291), (iv) proposals for a fundamental review of the trading book, which may affect the market risk framework (BCBS CP 305), and (v) proposals to review the Credit Valuation Adjustment (“CVA”) risk framework (BCBS 325).

For regulatory purposes as at 30 June 2015, a prudential estimate of market-based CVA was deducted from capital as part of the Group’s Prudential Valuation Adjustments (“PVA”) (the methodology for the calculation of which is now governed by the final EBA regulatory technical standards on prudent valuation). The increase in the PVA reduced the Group’s CET 1 Capital ratio by 20 basis points at that time.

The Group’s methodology for estimating the accounting, as distinct from regulatory, CVA is being revised as at and for FY 2015 to incorporate more market based data available across the Group’s footprint. This will replace the Group’s internal credit ratings for counterparties and the related expected loss that currently estimates CVA. While it is not possible to estimate the accounting impact reliably at this time, a charge for this will be included in the final quarter of FY 2015.

#### ***Application of capital requirements by local regulators***

Local regulators may require entities in their jurisdiction to hold higher levels of capital than required by the PRA. For example, local regulators may require changes to the structure of entities, including subsidiarisation, which may lead to higher capital requirements and therefore a reduction in the ability of the entity to pay dividends to the Group. Such regulations may, directly or indirectly, give rise to higher RWA or increased regulatory capital requirements for the Group and could materially adversely affect the Group’s business, financial condition, results of operations and prospects.

#### ***23. The business and operations of the Group may be adversely affected by resolution measures developed by its regulators, including those introduced in accordance with the EU Bank Recovery and Resolution Directive and the Banking Act 2009***

The wide-ranging powers introduced and to be introduced by the Group’s regulators, particularly in the UK and the EU, to enable those regulators 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 if such powers were ever exercised. The 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. Should the Group’s regulators ultimately decide that any such changes are necessary or desirable to increase the resolvability and/or recoverability of the Group in a stress situation, 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.

#### ***Regulatory Capital Write-Down and Bail-in Powers***

The European Parliament and the Council adopted the BRRD on 15 May 2014 to create a framework for the recovery and resolution of EU banks and investment firms (“Institutions”), which includes harmonised tools and powers for EU regulators to facilitate the orderly resolution of unsound or failing Institutions. The BRRD requires 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 that are in severe financial difficulty or at the point of non-viability by first reducing ‘Common Equity Tier 1 Capital’ instruments (such as the Ordinary Shares), and then writing-down certain capital instruments issued by such Institutions and/or their EEA parent holding companies or converting such capital instruments into shares (“Regulatory Capital Write-Down Powers”). Resolution Authorities will also have powers to ‘bail-in’ certain unsecured liabilities of an Institution and/or its EEA parent holding companies in a resolution scenario (“Bail-In Powers”), i.e. to impose losses of a failed or failing Institution onto certain creditors by writing down unsecured liabilities owed to them or by converting those liabilities into shares. In line with the Regulatory Capital Write-Down Powers mentioned above, when exercising the Bail-in Powers a Resolution Authority is required to write down existing CET1 Capital instruments of the Institution before other liabilities may be written down or converted, in accordance with the priority of claims under normal insolvency proceedings. Member States were



required to transpose the requirements set out under the BRRD by 31 December 2014 and apply the requirements from 1 January 2015, although Member States were permitted to delay the application of Bail-in Powers until 1 January 2016. HM Treasury has not taken advantage of this option and Bail-in Powers have accordingly been in force in the UK since 31 December 2014.

### ***Resolution funds***

The BRRD requires Member States to establish resolution funds, to which Institutions will be required to make *ex ante* contributions in proportion to their liabilities (excluding own funds) less covered deposits, adjusted to reflect the risk profile of the Institution. These resolution funds will be set up to ensure the effective application of resolution powers by Resolution Authorities. Each resolution fund will separately determine the amount to be contributed by individual Institutions, but are required to ensure that, by 31 December 2024, the available financial means of the resolution fund reaches at least 1 per cent. of the amount of covered deposits of all the institutions authorised in the relevant territory. For this purpose, it is expected that contributions will be made on an annual basis, beginning once the BRRD has been implemented, and that these annual contributions will be supplemented (as necessary) with extraordinary contributions. The cost of contributions to the UK resolution fund could represent a material cost to Standard Chartered Bank or the Group, although the UK has effectively obtained powers to treat the UK bank levy as the chosen source of annual funding going forward. Institutions 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.

### ***Potential impact on funding in non-EU jurisdictions***

Article 55 of the BRRD introduces a new requirement in respect of contracts relating to the liabilities of an Institution (including branches of any Institution established in the EU, such as the Company) which are governed by the law of a non-EEA country. Member States must require Institutions to ensure that such contracts contain a term whereby the creditor or party to the agreement creating the liability recognises that the liability may be subject to the Bail-in 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 the Bail-in Powers. Resolution Authorities may require institutions to provide legal opinions in relation to the enforceability and effectiveness of such contractual terms. Failure to include such a contractual term shall not prevent the Resolution Authority from exercising the Bail-in Powers in respect of the relevant liability. The Group is currently working to identify the potential impact of this requirement in those non-EEA jurisdictions in which it maintains a branch presence. However, the EBA regulatory technical standards under Article 55 have not yet been adopted by the European Commission and the Group understands the PRA intends to consult on amendments to its rule implementing Article 55 after publication by the European Commission of its final Delegated Regulation implementing the EBA regulatory technical standards for the contractual recognition of write-down and conversion powers. Implementation when the requirements may be subject to further consultation and change could result in the Group, and other banks, having to withdraw or amend previous communications with clients on this sensitive topic, which could be disruptive in the Group's markets. Furthermore, the Group has encountered resistance from some local regulators in relation to Article 55 implementation. Therefore, the Group has delayed the implementation of Article 55. When implementation does occur, there is a risk that this requirement could affect the ability of the Group's non-EEA 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-EEA competitors, impact funding in periods of stress and give rise to additional operational requirements. Although Member States have discretion to delay implementation until 1 January 2016, the PRA elected to apply this requirement to debt instruments issued after 19 February 2015. The Group is already fully compliant with this requirement.

### ***Early intervention powers and powers to remove barriers to resolvability***

The BRRD will extend 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 one or more 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. Resolution Authorities may also require that Institutions take certain measures that would improve the resolvability of the Institution or its group, which may necessitate changes to the structure of an Institution's group or its operational strategy (for example, requiring groups to subsidise certain businesses or critical services).

### ***Additional resolution powers under the BRRD***

A variety of powers are required to be conferred on Resolution Authorities under the BRRD to facilitate the orderly resolution of a failing Institution (and certain of its holding companies), including, amongst other things, powers to:

- transfer, cancel or write-down shares and debt instruments of an Institution or procure the issue of new shares or other capital instruments, including preference shares and contingent convertible instruments;
- 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;
- delist or remove from trading any shares or other instruments of ownership or debt instruments, list or admit to listing any new shares or other instruments of ownership and relist or readmit any debt instruments which have been written down;
- transfer assets, rights and liabilities of an Institution free from any legal or contractual restriction on such transfers;
- require an Institution to provide any services or facilities that are necessary to enable a purchaser of the Institution's business to operate that business effectively; and
- require the transfer of property located in non-EU jurisdictions.

Similar powers are contained within the resolution framework in the UK to be applied by HM Treasury, the PRA, the FCA and the Bank of England pursuant to the Banking Act 2009. Moreover, the UK government has transposed the statutory framework and the detailed requirements for the introduction of a bail-in power into its resolution framework under the Banking Act 2009 with effect from 31 December 2014.

### ***Resolution powers under the Banking Act 2009***

The Banking Act 2009 came into force on 21 February 2009 and applies to deposit-taking institutions (such as Standard Chartered Bank) that are incorporated in or formed under the law of any part of the UK. It provides HM Treasury, the Bank of England, the PRA and the FCA with powers, including the stabilisation options referred to below, which may be used to deal with banks and other deposit-taking institutions which are failing or likely to fail to satisfy the threshold conditions within the meaning of section 55B and Schedule 6 of FSMA (which is not currently the case in respect of Standard Chartered Bank and which the Group does not consider to be likely) where it is not reasonably likely that action will be taken to satisfy those threshold conditions. The Banking Act 2009 sets out a special resolution regime which comprises five stabilisation options and two insolvency procedures.

The stabilisation options provide for:

- private sector transfer of all or part of the business of the relevant bank or deposit-taking institution;
- transfer of all or part of the business of the relevant bank or deposit-taking institution to a bridge bank wholly owned by the Bank of England;
- transfer of all or part of the business of the relevant bank or deposit-taking institution to an asset management vehicle owned and controlled by the Bank of England;
- writing down certain claims of unsecured creditors of the relevant bank or deposit-taking institution and/or converting certain unsecured debt claims to equity, (the bail-in option), which equity could also be subject to any future write-down; and
- temporary public ownership (nationalisation) of all or part of the relevant bank or deposit-taking institution or its UK holding company.

The insolvency procedures are:

- bank insolvency, designed to ensure that eligible depositors' accounts are transferred to another bank, or that eligible depositors are compensated under the Financial Services Compensation Scheme, followed by winding-up of the affairs of the bank so as to achieve the best result for the bank's creditors; and

- a bank administration procedure designed to ensure that where the transfer of part of a bank to a private sector purchaser or bridge bank is effected in accordance with the special resolution regime, the non-sold or non-transferred bank continues to provide services and facilities to the business which has been transferred to enable the commercial purchaser or transferee to operate effectively.

In February 2011, special administration procedures were introduced by the Investment Bank Special Administration Regulations 2011 for UK deposit-taking institutions that have an “investment banking” business. The procedures are based on the bank insolvency and bank administration procedures under the Banking Act 2009 but additionally take into account special administration objectives.

HM Treasury, the Bank of England, the PRA and the FCA must have regard to specified objectives (the protection and enhancement of the stability of the UK financial system, protecting and enhancing public confidence in the stability of the UK banking system, protecting depositors, protecting public funds and avoiding interference with property rights in contravention of the European Convention on Human Rights) when exercising the special resolution regime powers.

#### ***Bail-in power pursuant to the Financial Services (Banking Reform) Act 2013***

The bail-in power introduced by the Financial Services (Banking Reform) Act 2013 and exercisable by the Bank of England pursuant to the Banking Act 2009 includes the power to create, cancel or modify contractual agreements in a resolution scenario for the purposes of reducing or deferring the liabilities of a bank under resolution, without the consent of creditors. The bail-in power also includes provisions enabling the write down of certain liabilities or their conversion into equity instruments. The bail-in power may be applied to any liabilities of a bank under resolution which are not designated as “excluded liabilities” under the Banking Act 2009. Client assets, protected deposits, secured liabilities and certain liabilities owed to employees, among others, constitute excluded liabilities. The Bank of England is required to exercise the bail-in power in a way which ensures that existing CET1 Capital instruments of the bank (such as the Ordinary Shares) are cancelled, transferred or diluted before other liabilities are written down or converted, in accordance with the principle that creditors should bear losses after shareholders. Consequently, were the bail-in powers to be exercised in respect of the Company, holders of the Ordinary Shares may lose some or all of the value of their investment (see further the risk factor entitled “*Risk of write-down or dilution*”).

#### ***Ongoing requirements***

The Group is required to produce and keep up-to-date recovery plans to withstand a significant deterioration in its financial position. Institutions will also be required to provide detailed information about their businesses and entities, from which Resolution Authorities will be required to produce plans for resolving the institution and its group. The need to prepare and submit recovery plans and resolution plan-related information (and the requirements to keep such plans and information up-to-date on a regular basis) represents a significant operational burden.

#### ***24. The Group is exposed to the risks associated with the establishment of a European banking union***

The ECB took over supervisory responsibility for banks in the euro area on 4 November 2014 as part of the Single Supervisory Mechanism framework in accordance with the provisions of the EU SSM Regulation (EU Regulation 1024/2013), which was finalised in October 2013, and associated EU legislative measures. Other EU Member States (such as the UK) are able to establish close co-operation with the ECB in which case the ECB could become responsible for the authorisation and supervision of credit institutions in such Member States. If the UK established close co-operation with the ECB, or joined the European Monetary Union, the ECB could become responsible for the supervision of the Group which may differ in significant respects from that carried out by the PRA and FCA, and which, depending on the circumstances, could have a material adverse effect on the conduct of the business of the Group, its strategy and profitability, and therefore its financial condition, results of operations and prospects.

**25. *The Group expects to face increased compliance costs as a result of tax legislation passed in the United States and intergovernmental agreements entered into with respect thereto and the introduction of common reporting standards***

In March 2010, the United States passed legislation commonly known as “FATCA” that would require non-US banks to provide information on US account holders. A number of jurisdictions have entered into intergovernmental agreements with respect to FATCA, modifying the reporting and withholding obligations with respect to banks resident in such jurisdictions. The UK, Hong Kong and Singapore have entered into such intergovernmental agreements. If information required pursuant to FATCA is not provided in a form satisfactory to the US tax authorities (or local authorities under an applicable intergovernmental agreement), that bank will have a 30 per cent. withholding tax applied to certain amounts derived from US sources, and possibly in the future, non-US sources. In addition, the OECD has developed a draft common reporting standard and model competent authority agreement to enable the multilateral, automatic exchange of financial account information although, unlike FATCA, CRS does not include a potential withholding element. Under the OECD Common Reporting Standard (“CRS”) financial institutions will be required to identify and report the tax residence status of customers in the 90 plus countries that have endorsed the plans. In December 2014, the European Union Incorporated the CRS into a revised Directive on Administrative Cooperation (Council Directive 2014/107/EU amending Directive 2011/16/EU) (“DAC”) providing the CRS with a legal basis within the EU. EU Member States must adopt and publish legislation necessary to comply with the revised DAC by 31 December 2015, and must comply with the revised DAC’s provisions from 1 January 2016. The increased due diligence of customer information and the reporting of information to the tax authorities will increase operational and compliance costs for banks, including the Group. At this time, it is not possible to quantify the full costs of complying with the new legislation as some aspects are still to be determined.

In addition, no assurance can be given about the likelihood of further changes to FATCA or CRS either: (i) in the US or other countries as they implement intergovernmental agreements and/or adopt CRS; (ii) in respect of the Group’s particular business sectors; or (iii) specifically in relation to the Group. Any one or more of these factors could have a material adverse effect on the conduct of the business of the Group, its strategy and profitability, and therefore its financial condition, results of operations and prospects.

**26. *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. Financial regulators around the world have responded to the recent financial crisis by proposing significant changes to the regulatory regime applicable to financial service companies such as the Group. Changes to the current system of supervision and regulation, or any failure to comply with applicable laws and rules could materially and adversely affect the Group’s business, financial condition or operations.

In July 2010, the United States passed the Dodd-Frank Act. The Dodd-Frank Act established wide-ranging reform of the US 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 introduces registration and oversight of key entities engaging in swaps. The Group is not a US Person and it is registered with the Commodity Futures Trading Commission (“CFTC”) as a Non-US Person Swap Dealer. The reforms have not all taken effect immediately as 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 as and when further detail and timing is known.

On 16 August 2012, EMIR 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 executed with financial counterparties and non-financial counterparties who exceed certain clearing thresholds. EMIR also introduces a stringent risk mitigation regime for all uncleared OTC derivative 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 in OTC derivatives (“Transactions”) and related activities for the Group. Provisions of the Dodd-Frank Act may cause or require certain market participants to transfer some of their derivatives activities to separate entities, which may not be as creditworthy as the current entities. Accordingly, the ability to enter into and perform Transactions or engage in future Transactions may be affected in 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.

No assurance can be given about the likelihood of further changes to this regulatory regime either: (i) in the US or other countries; (ii) to the Group’s particular business sectors; or (iii) specifically in relation to the Group. Any or all of these factors could impact the conduct of the business of the Group, its strategy and profitability, and therefore its financial condition, results of operations and prospects.

### **Operational risks**

#### **27. Operational risks are inherent in the Group’s business**

Operational risk is the potential for loss resulting from inadequate or failed internal processes, people and systems or from the impact of external events, including legal risks. Operational losses can result, for example, from failure to prevent or detect money laundering, prevent or detect international terrorist financing or to comply with sanctions regulations, comply with legal or regulatory requirements, prevent or rectify IT failures or outages, prevent or detect information and cyber security breaches, deter, prevent or detect external and internal fraud, manage data adequately or handle client data with the appropriate duty of care, manage critical change projects, manage systemic product risks, prevent mis-selling, deliver the conduct of business expected of the Group and its employees, prevent risks concentrated in critical third party vendors, comply with standards set by authorities with respect to market data submission, prevent a major systems failure, prevent a significant business interruption, prevent or detect rogue trading and ensure that its collateral and legal documentation is available and reliable when called upon. The Group seeks to ensure that operational risks are managed in a timely and effective manner, through a framework of policies, procedures and tools. The occurrence or continuation or 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.

However, this does not imply that the Company or any member of the Group will be unable to comply with their obligations as a supervised firm regulated by the PRA and the FCA.

#### **28. The Group may not fully deliver its strategic plan, or achieve the targeted benefits of that plan**

The Group is in the process of implementing a significant strategic repositioning to re-establish itself as a strong, lean, focused and profitable bank. Achieving this will require the delivery of several inter-dependent management actions and the management and implementation of considerable change within the organisation and its business infrastructure (for further information on this strategic repositioning, and the other objectives forming part of the Group’s updated strategy, see Part X (*Information on the Group’s Business and Strategy*)) while continuing to meet the needs of the Group’s clients and operate as business as usual.

The strategic plan is ambitious and, although several contingencies have been factored into its implementation, the plan has considerable execution risk. Moreover, execution risk may be increased by other risks impacting the Group, its business operations or the markets in which it operates.

In addition, although the Group is being restructured to focus on local execution and improved accountability, delivery of the benefits of this restructuring will require new ways of working and decision making to be embedded within the Group and there are associated risks as to the timing and successful delivery of these outcomes.

The strategic plan includes a three year cost efficiency plan which is targeting a reduction in the Group’s net costs to below 2015 levels by the end of 2018. The Group plans to deploy the majority of these cost savings to step-up investment in the Group’s technology and infrastructure with a view to creating efficient, scalable platforms which support the proposed strategic repositioning of the Group (including the proposed change to the Group’s business mix and the targeted growth of Wealth Management and

Private Banking). Failure to deliver the targeted costs savings, or delayed delivery of such targeted costs savings, may adversely impact the Group's ability to implement the planned investment in its technology and infrastructure. Moreover, large technology investments generally carry a variety of execution risks. Both of these factors may have a consequential impact upon the Group's ability to deliver the strategic repositioning which forms part of the Group's revised strategy and the associated benefits from the strategy which are being targeted. In addition, while the Group plans to implement the strategic plan without negative consequences for its risk and control environment, and with limited impact on clients, such risks cannot be wholly eliminated.

Another key element of the Group's strategic repositioning is the significant restructuring of low returning RWA that the Group is aiming to achieve. This carries income momentum, client relationship and reputational risks that require close management. Although the Group has developed an execution framework, and will devote resources, to the effective implementation of this strategic priority, it is not possible to eliminate execution risks that may arise (for example, as a result of unidentified weaknesses in the framework or non-adherence to such framework).

There is also a risk that the actual restructuring charges may be higher than the US\$3 billion that the Group is anticipating by the end of 2016, from potential losses on liquidation of non strategic assets, redundancy costs and goodwill write downs. In particular, the Group's strategic plan anticipates a gross headcount reduction of approximately 15,000 people, which may take longer than anticipated to execute and potentially result in additional restructuring costs.

The risks described above, either individually or cumulatively, may adversely impact the Group's ability to deliver its strategic plan fully (and the targeted benefits of that plan), either at all or within the targeted timescales, and this may have a material adverse effect on the Group's financial condition, results of operations and prospects.

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

The Group's continued success depends in part on the continued service of key members of its management team and other skilled personnel. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Group's people strategy. The successful implementation of this strategy depends on the availability of skilled management at its head office and at each of its business units and international locations. Competition for skilled management and other employees (including those in key functional areas, such as compliance) is particularly evident in a number of the geographic areas in which the Group operates, particularly in emerging markets. As part of its financial crime remediation programme and its commitment to combat financial crime, the Group has invested, and will continue to invest, significant amounts of time and financial resources across its business in conduct and compliance related matters, which will include the hiring of a substantial number of additional compliance-related personnel.

If the Group fails to staff its operations appropriately, or loses one or more of its key executives and fails to replace them in a satisfactory and timely manner, its business, financial condition and results of operations may be adversely affected (for example, as a result of reduced control of operational risks). Likewise, if the Group fails to attract and appropriately train, motivate and retain qualified professionals, its business, and in particular the ability to expand in certain areas, may be adversely affected, which could have a material adverse effect on the Group's financial condition, results of operations and prospects. The ability of the Group to attract, motivate and retain skilled management and other employees may also be impacted by the implementation of its updated strategy (see further in Part X (*Information on the Group's Business and Strategy*)).

The EU and the UK regulators have introduced, and are planning to introduce further, requirements in respect of remuneration which could potentially affect the ability of the Group to recruit, retain and motivate appropriate senior management and skilled personnel. Restrictions have applied from 1 January 2011 on the payment, structure and disclosure of bonuses and other non-contractual remuneration to senior management and anyone whose professional activities could have a material impact on a firm's risk profile (known as "material risk takers" (or "MRTs")). Each year, the Group must obtain approval from the UK regulators of compliance with these restrictions before communicating individual variable compensation decisions to employees. Since 2014, there are limits to the amount of variable compensation that can be paid for MRTs to a maximum of two times their fixed compensation.



From 1 January 2015, claw-back of paid/vested variable compensation may be possible for up to seven years from award (and up to ten years in certain circumstances for some senior management roles). From 2016, under new UK regulatory remuneration rules, the deferral of variable compensation will be extended to five years for many MRTs and up to seven years for the most senior managers. The Group is awaiting the publication of the EBA remuneration guidelines in late 2015. These remuneration requirements apply globally to the Group but similar restrictions do not apply to competitors based outside the EU, notably in the majority of the Group's core markets across Asia, Africa, and the Middle East. This creates an uneven playing field when competing in those markets for talent with other local and non-EU international banks and less regulated industries. Such provisions may also have a significant impact on both the Group's ability to manage the variable compensation pool in stress situations and to compete for and retain talent. Any of these matters could have a material adverse effect on the Group's ability to conduct its business, its financial condition, results of operations and prospects.

### **30. *The banking industry is a target for fraud and other criminal activity.***

The banking industry has long been a target for third parties seeking to defraud, to disrupt legitimate economic activity, or to facilitate other illegal activities. Operational losses may result from, for example:

- failure to comply with legal or regulatory requirements, or to meet regulatory expectations, in relation to anti-money laundering, countering terrorist financing and sanctions compliance;
- internal and external fraud; and
- cybercrime.

The Group, through its size and strategic intent, has been and continues to be impacted by the risks associated with money laundering and sanctions violation. These risks are inherent in its banking operations and arise from, amongst other things: (i) the Group offering different banking products to diverse customer types delivered through multiple channels in or related to many geographies; (ii) the Group's defences being overcome by criminals; and/or (iii) regulators assessing that governance of the risk or the associated design of controls operating across the Group's client or counterparty due diligence are not sufficient to address risks in line with legal or regulatory requirements or regulators' expectations.

Concerns about cyber risk (including risks relating to fraud, vandalism and damage to critical infrastructure) have risen significantly, driven in part by geopolitical events, and an incidence of cyber crime may result in operational losses for the Group. In this context, the Group's businesses depend on the ability to process a large number of transactions efficiently and accurately, and increasingly on its ability to rely on its digital technologies, computer and email services, software and networks, as well as on the secure processing, storage and transmission of confidential and other information in its computer systems and networks which exposes it to these risks. Furthermore, while the internet and networked technologies have provided major opportunities for digitising business which the Group is continuing to pursue as part of its strategy (see further in Part X (*Information on the Group's Business and Strategy*)), such technologies have also given rise to significant risks as well-equipped and motivated attackers become more sophisticated. The incidence of cybercrime is rising and becoming more globally co-ordinated and the Group may incur losses as a result of such cyber crime (for example, fraud losses may arise from theft of client or Group assets (including data) or any deliberate concealment, manipulation or mis-representation of document records).

The Group seeks to be vigilant to the risks of internal and external crime in its management of people, processes, systems and in its dealings with customers and other stakeholders. Controls are embedded in the Group's policies and procedures across a wide range of the Group's activities, such as origination, client on-boarding, recruitment, physical and information security. The Group uses third parties where appropriate to further protect, test, validate and strengthen its defences. The Group also actively collaborates with its peers, regulators and other expert bodies as part of its response to these risks. However, the measures taken by the Group to manage the foregoing risks may not be adequate (or may be breached or not complied with) and there can be no assurance that such measures will be effective to safeguard the Group from the risks described above.

Any of the foregoing risks, or a failure by the Group to manage such risks effectively, could have a material adverse effect on the Group's ability to conduct business, its financial condition, results of operations and prospects.

### **Risks relating to the Rights Issue and the New Ordinary Shares**

#### **31. *The Company's share price will fluctuate and may fall below the Issue Price of the New Ordinary Shares issued upon exercise of the Nil Paid Rights***

The market price of the New Ordinary Shares (including the Nil Paid Rights and the Fully Paid Rights) and/or the Ordinary Shares has been and could be subject to significant fluctuations due to a change in sentiment in the market regarding the New Ordinary Shares (including the Nil Paid Rights and the Fully Paid Rights) and/or the Ordinary Shares (or securities similar to them). Such risks depend on the market's perception of the likelihood of completion of the Rights Issue, and/or in response to various facts and events, including any regulatory changes and adverse legal or regulatory rulings affecting the Group's operations, variations in the Group's operating results, business developments of the Group and/or its competitors as well as the impact of the Rights Issue on general market sentiment towards the banking sector. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance and prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares (including the Nil Paid Rights and the Fully Paid Rights) and/or the Ordinary Shares.

#### **32. *An active trading market in the Nil Paid Rights may not develop***

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange and/or the Hong Kong Stock Exchange during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Ordinary Shares, the Nil Paid Rights price may be volatile and subject to the same risks as noted elsewhere in this document.

#### **33. *The Company's ability to continue to pay dividends will depend on the level of profits and cash flows generated by the Group***

Under UK company law, a company can only pay cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a holding company, the Company's ability to pay dividends in the future is also affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in the Company's subsidiaries.

In addition, the ability of these subsidiaries to pay dividends and the Company's ability to receive distributions from its investments in other entities is subject to applicable local laws and regulatory requirements and other restrictions, including, but not limited to, applicable tax laws and covenants in some of the Group's debt facilities and regulatory requirements in respect of the conservation of capital. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in future restrict the Company's ability to fund other operations or to pay a dividend to holders of Ordinary Shares.

In light of the strategic review and Rights Issue, the Board has decided not to declare a final dividend for the financial year ending 31 December 2015. The continuation of market conditions and other factors which gave rise to that decision may, in future years, result in the Board deciding not to declare a dividend in respect of the Ordinary Shares (see further in respect of the Board's current intentions in relation to dividends in the paragraph entitled "Dividends" in Part VIII (*Letter from the Chairman*)) or limit the Company's ability to pay a dividend to holders of Ordinary Shares.

#### **34. *Shareholders who do not acquire New Ordinary Shares in the Rights Issue will experience dilution in their ownership of the Company***

If Shareholders do not take up the offer of New Ordinary Shares under the Rights Issue their proportionate ownership and voting interests in the Company will be reduced and the percentage that their shares will represent of the total share capital of the Company will be reduced accordingly. Even if a Shareholder elects to sell his unexercised Nil Paid Rights, or such Nil Paid Rights are sold

on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his percentage ownership of the Company's share capital that may be caused as a result of the Rights Issue.

**35. *Future issues of Ordinary Shares will further dilute Shareholders holding Existing Ordinary Shares and could materially affect the market price of the Ordinary Shares***

Following the proposed issue of New Ordinary Shares, the Company has no current plans for an offering of Ordinary Shares. However, it is possible that the Company may decide to offer additional Ordinary Shares in the future either to raise capital or for other purposes. An additional offering, or significant sale of Ordinary Shares by major shareholders, could have an adverse effect on the market price of the Ordinary Shares as a whole.

**36. *Risk of write-down or dilution***

Under the BRRD, Resolution Authorities (as defined above) have powers to 'bail-in' certain unsecured liabilities of an Institution in a resolution scenario. In the UK, these powers have been implemented through amendments to the Banking Act 2009 (see further the paragraphs entitled "Regulatory Capital Write-Down and Bail-in Powers" and "Bail-in power pursuant to the Financial Services (Banking Reform) Act 2013" set out in the risk factor entitled "*The business and operations of the Group may be adversely affected by resolution measures developed by its regulators, including those introduced in accordance with the EU Bank Recovery and Resolution Directive and the Banking Act 2009*" above).

If these 'bail-in' powers are exercised in relation to the Group:

- Shareholders may be divested of some or all of their New Ordinary Shares; and / or
- the proportionate ownership and voting interests in the Company attaching to each New Ordinary Share may be reduced and the market price of each New Ordinary Share may be adversely affected.

Separately, under the CRR, AT1 Capital instruments are required to include a write-down or conversion trigger in order to be eligible as part of a bank's (or, as relevant, a banking consolidation group's) regulatory capital resources. Conversion is intended to improve a bank's or group's CET1 Capital ratio as a result of the AT1 Capital instrument being converted into equity. The trigger point must be set at or above the bank's or group's point of non-viability (i.e. at a level that is consistent with the bank or group being able to recover from a stress without entering into resolution). Consistent with the PRA's stated expectation that systemically important banks should set their AT1 Capital triggers higher than the 5.125 per cent. CET1 Capital ratio level prescribed under CRD IV, Standard Chartered issued AT1 Securities during 2015 with a trigger of a 7 per cent. CET1 Capital ratio. If a trigger event under the AT1 Securities occurs, the proportionate ownership and voting interests in the Company attaching to each New Ordinary Share would be reduced and the market price of each New Ordinary Share is likely to be adversely affected.

## PART III

### EXPECTED TIMETABLES OF PRINCIPAL EVENTS

#### Expected timetable of principal events in the United Kingdom

All references to times in the timetable below are to UK time

	<b>2015</b>
Transfers from UK register to Hong Kong register suspended	6.30 a.m. on 3 NOVEMBER
UK Record Date for entitlements under the Rights Issue	5.00 p.m. on 18 NOVEMBER
Date of publication of Prospectus	on or around 18 NOVEMBER
Despatch of Provisional Allotment Letters	20 NOVEMBER
<b>UK Admission and start of offer period in the UK</b>	<b>8.00 a.m. on 23 NOVEMBER</b>
<b>Dealings in Nil Paid Rights commence on the London Stock Exchange</b>	<b>8.00 a.m. on 23 NOVEMBER</b>
Existing Ordinary Shares marked “ex-rights” by the London Stock Exchange	8.00 a.m. on 23 NOVEMBER
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only)	8.00 a.m. on 23 NOVEMBER
Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as practicable after 8.00 a.m. on 23 NOVEMBER
Hong Kong register re-opens for transfers from UK register	8.00 a.m. on 23 NOVEMBER
Publication of the results of the 2015 Bank of England stress tests	on or around 1 DECEMBER
Latest time and date for Cashless Take-Up or disposal of rights using the Computershare Dealing Facility	3.00 p.m. on 3 DECEMBER
Recommended latest time for requesting withdrawal of Nil Paid Rights or Fully Paid Rights from CREST (i.e. if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 4 DECEMBER
Recommended latest time and date for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them into uncertificated form)	3.00 p.m. on 7 DECEMBER
Latest time and date for splitting Provisional Allotment Letters, nil paid or fully paid, for rights traded on the London Stock Exchange	3.00 p.m. on 8 DECEMBER
<b>Latest time and date in the UK for acceptance and payment in full and registration of renounced Provisional Allotment Letters</b>	<b>11.00 a.m. on 10 DECEMBER</b>
<b>Dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange</b>	<b>8.00 a.m. on 11 DECEMBER</b>
Announcement of results of Rights Issue	by 11 DECEMBER
New Ordinary Shares credited to CREST accounts (uncertificated holders only)	by 11 DECEMBER
Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form	by 18 DECEMBER

## Expected timetable of principal events in Hong Kong

All references to times in the timetable below are to Hong Kong time

**2015**

Transfers from Hong Kong register to UK register suspended	12.00 noon on 3 NOVEMBER
Last day of dealings in Existing Ordinary Shares on a cum-right basis	16 NOVEMBER
Existing Ordinary Shares marked “ex-rights” by the Hong Kong Stock Exchange	9.00 a.m. on 17 NOVEMBER
Latest time and date for which transfers of Existing Ordinary Shares are accepted for registration on the Hong Kong register for participation in the Rights Issue	4.30 p.m. on 18 NOVEMBER
HK Record Date for entitlements under the Rights Issue	4.30 p.m. on 18 NOVEMBER
Despatch of Prospectus and Provisional Allotment Letters	on 23 NOVEMBER
UK register re-opens for transfers from Hong Kong register	9.00 a.m. on 23 NOVEMBER
Latest time for termination of the Underwriting Agreement	4.00 p.m. on 23 NOVEMBER
<b>HK Admission and start of offer period in Hong Kong</b>	<b>9.00 a.m. on 24 NOVEMBER</b>
<b>Dealings in Nil Paid Rights commence on the Hong Kong Stock Exchange</b>	<b>9.00 a.m. on 25 NOVEMBER</b>
Publication of the results of the 2015 Bank of England stress tests	on or around 1 DECEMBER
Latest time and date for splitting Provisional Allotment Letters, for rights traded on the Hong Kong Stock Exchange	4.30 p.m. on 2 DECEMBER
Last day of dealings in Nil Paid Rights on the Hong Kong Stock Exchange	7 DECEMBER
<b>Latest time and date in Hong Kong for acceptance and payment in full and registration of renounced Provisional Allotment Letters</b>	<b>4.00 p.m. on 10 DECEMBER</b>
Announcement of results of Rights Issue published on Hong Kong Stock Exchange and Company’s website	by 11 DECEMBER
Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form	by 15 DECEMBER
<b>Dealings in New Ordinary Shares, fully paid, commence on the Hong Kong Stock Exchange</b>	<b>9.00 a.m. on 16 DECEMBER</b>

Notes:

- (1) Each of the times and dates set out in the above timetables and mentioned in this document, the Provisional Allotment Letter and in any other document issued in connection with the Rights Issue is subject to change by the Company (with the agreement of the Joint Global Coordinators), in which event details of the new times and dates will be notified to the UK Listing Authority and the Hong Kong Stock Exchange and, where appropriate, to Shareholders.
- (2) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong at any time:
  - (a) before 12.00 noon (Hong Kong time) but no longer in force after 12.00 noon (Hong Kong time) on the latest date for acceptance and payment in Hong Kong, the latest time for acceptance of and payment for the New Ordinary Shares will be extended to 5.00 p.m. (Hong Kong) on the same date; or
  - (b) between 12.00 noon and 4.00 p.m. (Hong Kong time) on the latest date for acceptance and payment in Hong Kong, the latest time for acceptance of and payment for the New Ordinary Shares will be postponed to 4.00 p.m. (Hong Kong time) on the following HK Business Day when there is no tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal.

An announcement will be made by the Company in such event.
- (3) The Company will issue a supplementary prospectus after the results of the 2015 Bank of England stress tests have been published. Further information in relation to the stress tests is set out at paragraphs 4 and 13 of Part VIII (*Letter from the Chairman*) of this document.

## **PART IV**

### **IMPORTANT NOTE**

Since the UK ex-rights date and the HK ex-rights date are fixed for different dates to cater for different regulations and market practices for rights issues in the United Kingdom and Hong Kong and because the Issue Price in Hong Kong dollars has been fixed by reference to the relevant exchange rate on 2 November 2015 (being the last HK Business Day prior to the announcement of the Rights Issue), the Company has instructed the Registrars not to process transfers of Ordinary Shares: (i) from the Hong Kong register of members to the UK register of members from 12.00 noon (Hong Kong time) on 3 November 2015 until 9.00 a.m. (Hong Kong time) on 23 November 2015; and (ii) from the UK register of members to the Hong Kong register of members from 6.30 a.m. (UK time) on 3 November 2015 until 8.00 a.m. (UK time) on 23 November 2015. Accordingly, Shareholders will not be able to transfer their Ordinary Shares between the two registers during these times. This will ensure that anyone who bought Ordinary Shares before the announcement of the Rights Issue will be able to participate in the Rights Issue by virtue of being on the register of members in the correct jurisdiction.

In addition, because the Issue Price for HK Shareholders is in Hong Kong dollars whereas the Issue Price for UK Shareholders is in Pounds Sterling, it will not be possible to transfer Nil Paid Rights from the Hong Kong register of members to the UK register of members or *vice versa*.



## PART V

### RIGHTS ISSUE STATISTICS

Number of Existing Ordinary Shares as at the Reference Date	2,549,513,581
Number of New Ordinary Shares available under the Rights Issue	728,432,451
Number of Ordinary Shares in the Enlarged Share Capital	3,277,946,032
Issue Price per New Ordinary Share <sup>5</sup>	465 pence
New Ordinary Shares as a percentage of the Enlarged Share Capital	22.2 per cent.
Estimated gross proceeds of the Rights Issue	GB£3.4 billion
Estimated net proceeds of the Rights Issue	GB£3.3 billion

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<sup>5</sup> Issue Price for HK Shareholders is HK\$55.60 per New Ordinary Share.

## PART VI

### GENERAL INFORMATION

#### 1. Notice to Investors

##### ***Notice to Investors in the European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may not be made in the Relevant Member State (other than in the United Kingdom or the Republic of Ireland), except that an offer to the public in that Relevant Member State of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State. Each person who initially acquires any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares or to whom any offer is made under the Rights Issue will be deemed to have represented, acknowledged, and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For this purpose, the expression “an offer to the public” in relation to any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to be offered so as to enable an investor to decide to purchase any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State; and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

In the case of any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares acquired by it in the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors (as so defined in Article 2(1)(e) of the Prospectus Directive) or in circumstances in which the prior consent of the Company and each of the Underwriters has been obtained to each such proposed offer or resale. The Company, the Underwriters and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

##### ***Notice to Overseas Shareholders***

Securities laws of certain jurisdictions may restrict the Company’s ability to allow participation by certain Shareholders in the Rights Issue or any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address or are resident in, or who are citizens of, countries other than the United Kingdom, the Republic of Ireland or Hong Kong should consult their professional

advisors as to whether they require any government or other consents or need to observe any other formalities to enable them to receive Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or the New Ordinary Shares.

All overseas shareholders should read paragraph 9 of Part IX (*Terms of the Rights Issue*).

### **Notice to Investors in the United States**

None of the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters has been or will be registered under the Securities Act or under the applicable securities laws of any state, province or territory of the United States. Accordingly, unless a relevant exemption from such requirements is available, neither the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares or the Provisional Allotment Letters may, subject to certain exceptions, be offered, sold, taken up, renounced or delivered, directly or indirectly, within the United States. There will be no public offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States.

## **2. CET1 Capital Requirements**

As the relevant rules are not yet fully implemented and the final outcome depends in part on the future shape of the Group, future management actions and the future view the Group's regulators take of the Group's business and risk profile, the Group's CET1 Capital requirement is subject to change. Based on the Group's current understanding of the rules, its known future minimum CET1 Capital requirement in 2019 is 8.9 per cent., comprising:

- a minimum CET1 Capital requirement of 4.5 per cent. by 1 January 2015;
- a capital conservation buffer of 2.5 per cent. by 1 January 2019;
- a G-SIB buffer of 1 per cent. by 1 January 2019; and
- a Pillar 2A CET1 Capital amount of 0.9 per cent. (that may be subject to change over time),

but excluding any countercyclical buffer that may be required.

As at 30 June 2015, the Group's CET1 Capital ratio was 11.5 per cent. and as at 30 September 2015, the Group's CET1 Capital ratio was 11.4 per cent..

The known future minimum CET1 Capital requirement currently excludes any countercyclical buffer that may be applied to the Group in the future. Any countercyclical capital buffer that is applied to the Group will increase the Group's minimum CET1 Capital requirement.

The Group's countercyclical buffer requirement is the weighted average of the countercyclical buffer rates that apply to exposures in those jurisdictions where it has qualifying credit exposures (based on the jurisdiction of the obligor).

In the UK, for qualifying credit exposures in the UK and non-EEA jurisdictions, the countercyclical buffer rate is set by the FPC, which may decide to reciprocate the rates set by non-EEA authorities. The FPC has maintained a countercyclical rate of 0 per cent. for UK exposures, although this may change in the future. In relation to non-EEA jurisdictions, and by way of example, the HKMA has announced an intention to set a countercyclical capital buffer of 2.5 per cent. in Hong Kong to be phased in from 2016 to 2019. The FPC has noted that the PRA will reciprocate the HKMA's transitional countercyclical buffer rate of 0.625 per cent. on Hong Kong exposures from January 2016. For qualifying credit exposures in EEA jurisdictions, the countercyclical buffer rate is that set by the relevant authority in that jurisdiction.

The Group would expect to continue to operate with a prudent management buffer above the minimum capital requirement. The UK authorities have yet to finalise the rules relating to systemic risk buffers, the PRA buffer assessment and additional sectoral capital requirements.

## **3. Presentation of financial and other information**

### ***Rounding Adjustment***

The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages

presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

### ***International Financial Reporting Standards (“IFRS”)***

The Group’s financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations as endorsed by the EU. EU-endorsed IFRS may differ from IFRS published by the International Accounting Standards Board (“IASB”) if a standard has not been endorsed by the EU. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

On 1 January 2014, the Group adopted the following amendments to standards and new interpretation.

- Amendment to International Accounting Standards (IAS) 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities clarifies the requirements for offsetting financial assets and liabilities and addresses inconsistencies noted in current practice when applying the offsetting criteria in IAS 32. These amendments were applied retrospectively and did not have a material impact on the FY 2014 consolidated financial statements.
- Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets removes the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives have been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of asset or CGU is measured at FV less costs of disposal. The application of these amendments has had no material impact on the FY 2014 consolidated financial statements.
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting clarifies that there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The amendments were applied retrospectively and did not have a material impact on the FY 2014 consolidated financial statements.

IFRIC 21 (Levies) provides guidance on when to recognise a liability for a levy imposed by a government. IFRIC 21 identifies the obligating event for the recognition of a liability. If that obligating event occurs over a period of time, the levy is recognised proportionately. If it is triggered by a minimum threshold, the liability is recognised when that threshold is reached. This interpretation was applied retrospectively and did not have a material impact on these consolidated financial statements.

There are a number of IFRS improvements that were effective from 1 January 2014. Those changes did not have a significant impact on the FY 2014 consolidated financial statements.

### **4. Certain non-IFRS measures**

The Group presents adjusted financial information and other performance metrics to provide a more consistent basis for comparing business performance between periods. Key non-IFRS measures included in this Prospectus are:

- adjusted operating income excluding the impact of Own Credit Adjustments and gains and losses relating to businesses sold/held for sale; and
- Normalised profit attributable to shareholders, Normalised earnings per share, Normalised return on average shareholders’ equity, and Normalised cost to income ratio, which excludes fair value movements on Own Credit Adjustment, gains and losses on disposal of property, net gains and losses arising on sale of business, fair value loss on businesses classified as held for sale, amortisation of intangible assets arising on business combinations, civil monetary penalties, impairment of associates, impairment of acquired intangibles, impairment of goodwill and the tax effect on these items.

These non-IFRS measures should not be considered as alternatives to the Group's historical financial results based on IFRS. Furthermore, these non-IFRS measures are not uniformly defined by all companies including those in the Group's industry and therefore may not be comparable with similarly titled measures and disclosures by other companies. Investors should therefore exercise caution in comparing non-IFRS measures reported by the Group to similar measures of other companies.

The financial information included and incorporated by reference into this document is not intended to comply with the applicable accounting requirements of the US Securities Act and the related rules and regulations that would apply if the New Ordinary Shares were to be registered in the United States. Compliance with such requirements would require the modification or exclusion of certain information included in this document and the presentation of certain information which is not included in this document.

## **5. Service of process and enforcement of judgments**

The Company is a public limited company incorporated in England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ in certain respects from the rights of shareholders in typical US corporations and some other non-UK corporations. In addition, the majority of the Directors and executive officers are residents of the United Kingdom.

Consequently, the ability of an Overseas Shareholder to bring an action against the Company may be limited under law; and it may not be possible for an Overseas Shareholder: (i) to effect service of process upon a Director, or an executive officer of the Group, within such Overseas Shareholder's country of residence; or (ii) to enforce judgments against any Director, or any of the executive officers of the Group, including judgments predicated upon the civil liability of such persons under the securities or other laws of that Overseas Shareholders' country of residence. There can be no assurance that an Overseas Shareholder will be able to enforce any judgment in any civil or commercial matter, or any judgment under the securities or other laws of countries other than the United Kingdom or Hong Kong, against any Director (or any executive officer of the Group) who is resident in the United Kingdom or in Hong Kong, respectively, or in any country other than that in which the relevant judgment is made. In addition, English, Hong Kong or other courts may not impose civil liability on the Directors, or executive officers of the Group, in any original action based solely on foreign securities or other laws brought against the Company or the Directors in a court of competent jurisdiction in England, Hong Kong or other countries.

## **6. Information regarding forward-looking statements**

This document contains or incorporates by reference "forward-looking statements" which are based on the beliefs, expectations and assumptions of the Company, Board and other members of senior management, including beliefs, expectations and assumptions about the Group's business, strategy, plans or future financial or operating performance or the Rights Issue.

All statements other than statements of historical fact included in this document may be forward-looking statements. Generally, words such as "will", "may", "should", "could", "estimates", "continue", "believes", "expects", "aims", "targets", "projects", "intends", "anticipates", "plans", "prepares" and "seeks" and, in each case, their negative or other variations or similar or comparable expressions, identify forward-looking statements.

Forward-looking statements involve inherent risks and uncertainties. They are not guarantees of future performance and actual results and outcomes could differ materially from those contained in the forward-looking statement. These forward-looking statements reflect the current views, beliefs of the Board and other members of senior management, as well as assumptions made by them and information currently available to them. Estimates and assumptions involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and are difficult to predict. Such risks, factors and uncertainties may cause actual results to differ materially from any future results or developments expressed or implied from the forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond the Group's control. Undue reliance should not, therefore, be placed on any forward-looking statement. Important factors that could



cause results or outcomes to differ materially from those expressed or implied by the forward-looking statements contained or incorporated by reference in this document include (without limitation) the risks set out in Part II (*Risk Factors*), which include the following risks:

- macroeconomic risks;
- risks arising out of the dispersion of the Group's operations, the locations of its businesses and the political, business and economic environment in such jurisdictions;
- risks arising from operating in competitive markets;
- risks resulting from changes in the credit quality and the recoverability of loans and amounts due from counterparties;
- risks relating to changes in the Group's financial models incorporating assumptions, judgments and estimates which may change over time;
- risks resulting from restrictions on, and decisions relating to, balance sheet management and capital resources;
- liquidity risks;
- risks relating to changes in the Group's credit ratings;
- market, interest rate, commodity price, equity price and other market risks;
- foreign exchange risk;
- risks relating to financial market volatility;
- systemic risk in the banking industry and among other financial institutions or corporate borrowers;
- cross-border country risk;
- risks arising from operating in markets with less developed judicial and dispute resolution systems;
- risks arising out of hostilities, terrorist attacks, social unrest or natural disasters;
- risks associated with restructuring or disposing of assets and businesses or business expansion and engaging in acquisitions;
- reputational risk;
- pension risk;
- risks arising out of legal and compliance matters (including in connection with regulatory actions, reviews, requests for information and investigations);
- risks associated with the implementation of Basel III and uncertainty over the timing and scope of regulatory changes in the various jurisdictions in which the Group operates;
- risks associated with the Banking Act 2009 and other similar legislation or regulations;
- operational risks inherent in the Group's business;
- risks associated with the execution of the Group's updated strategy including as to timing and as to realisation of the targeted benefits of that updated strategy (including benefits relating to the Group's RWA, cost reduction and return on equity targets);
- risks associated with the recruitment, retention and development of senior management and other skilled personnel;
- risk of the price of the New Ordinary Shares falling below the Issue Price;
- risk of trading markets in the Nil Paid Rights not developing;
- failure to generate sufficient level of profits and cash flows to pay dividends in the future;
- risk of dilution for Shareholders not acquiring New Ordinary Shares; and
- risk of dilution resulting from any future issue of Ordinary Shares.

These factors should not be construed as exhaustive and should be read with the other cautionary statements in this document. Moreover, new risk factors may emerge from time to time and it is not possible to predict all such risks or assess their impact for disclosure in this document.

Any forward-looking statement contained in this document is based on past or current trends and/or activities of the Company should not be taken as a representation that such trends or activities will continue in the future. No statement in this announcement is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed the historical or published earnings of the Company and/or the Group. Except as required by the FCA, the UK Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange or otherwise by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein, whether as a result of any change in events, conditions or circumstances or otherwise on which any such statement is based.

Each forward-looking statement speaks only as of the date of this document. Except as required by the FCA, the UK Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange or otherwise by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document, whether as a result of any change in events, conditions or circumstances or otherwise on which any such statement is based.

The contents of this paragraph 6 relating to forward-looking statements in no way seek to qualify or negate the statement relating to the Group's working capital set out in paragraph 13 of Part XVI (*Additional Information*).

#### **7. Information not contained in this document**

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Subject to FSMA, the UK Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules, neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

#### **8. No incorporation of website information**

Without limitation, the contents of the Group's website do not form part of this document.

#### **9. Use of exchange rates**

The exchange rates used in this document in relation to the Rights Issue are those prevailing at the close of business on 2 November 2015, being the day before the announcement of the Rights Issue. The exchange rates have been sourced from Bloomberg and are as follows:

- GB£1: US\$1.5429;
- GB£1: EUR1.3996; and
- GB£1: HK\$11.9578.

## PART VII

### DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Name	Position
Sir John Wilfred Peace <sup>6</sup>	<i>Chairman<sup>(5)</sup></i>
William Thomas Winters	<i>Group Chief Executive</i>
Andrew Nigel Halford	<i>Group Chief Financial Officer</i>
Alun Michael Guest Rees	<i>Deputy Group Chief Executive</i>
Simon Jonathan Lowth	<i>Independent Non-Executive Director<sup>(3)</sup></i>
Ruth Markland <sup>7</sup>	<i>Independent Non-Executive Director<sup>(3)(6)</sup></i>
Dr Han Seung-soo, KBE	<i>Independent Non-Executive Director<sup>(4)</sup></i>
Paul David Skinner, CBE <sup>7</sup>	<i>Independent Non-Executive Director<sup>(2)(4)(5)(6)</sup></i>
Om Prakash Bhatt	<i>Independent Non-Executive Director<sup>(2)</sup></i>
Dr Kurt Michael Campbell	<i>Independent Non-Executive Director<sup>(4)</sup></i>
Dr Louis Chi-Yan Cheung	<i>Independent Non-Executive Director<sup>(6)</sup></i>
Gay Huey Evans	<i>Independent Non-Executive Director<sup>(2)</sup></i>
Dr Byron Grote	<i>Independent Non-Executive Director<sup>(1)(6)</sup></i>
Christine Mary Hodgson	<i>Independent Non-Executive Director<sup>(1)(3)(4)(5)(6)</sup></i>
Naguib Kheraj	<i>Independent Non-Executive Director<sup>(1)(2)(3)(5)(6)</sup></i>
Dr Lars Henrik Thunell	<i>Independent Non-Executive Director<sup>(1)(2)(3)(5)</sup></i>
Jasmine Mary Whitbread	<i>Independent Non-Executive Director<sup>(4)(6)</sup></i>

- (1) Member of the Audit Committee
- (2) Member of the Board Risk Committee
- (3) Member of the Board Financial Crime Risk Committee
- (4) Member of the Brands, Value and Conduct Committee
- (5) Member of the Governance and Nomination Committee
- (6) Member of the Remuneration Committee

The business address of all of the Directors is 1 Basinghall Avenue, London EC2V 5DD, United Kingdom.

#### Group Company Secretary

Annemarie Verna Florence Durbin

#### Registered Office

1 Basinghall Avenue  
London EC2V 5DD

#### Website

[www.sc.com](http://www.sc.com)

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6 Sir John Peace has indicated an intention to step down from the Board during the course of 2016.

7 Ruth Markland and Paul Skinner will step down from the Board by the end of 2015.

## Advisers and others

### *Sponsor, Joint Global Coordinator and Joint Bookrunner*

J.P. Morgan Securities plc  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### *Joint Global Coordinator and Joint Bookrunner*

Merrill Lynch International  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

### *Joint Lead Managers*

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

BNP PARIBAS  
16 boulevard des Italiens  
75009 Paris  
France

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

UBS Limited  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

### *Legal adviser to the Company (as to English law)*

Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
United Kingdom

### *Legal adviser to the Company (as to Hong Kong law)*

Slaughter and May  
47th Floor, Jardine House  
One Connaught Place  
Central  
Hong Kong

### *Legal adviser to the Company (as to US law)*

Sullivan & Cromwell LLP  
One New Fetter Lane  
London EC4A 1AN  
United Kingdom

### *Auditors and Reporting Accountants*

KPMG LLP  
15 Canada Square  
London E14 5GL  
United Kingdom

(A member firm of the Institute of  
Chartered Accountants of England and Wales)

### *Legal adviser to the Underwriters (as to English and US law)*

Linklaters LLP  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

### *Legal adviser to the Underwriters (as to Hong Kong law)*

Linklaters  
10th Floor, Alexandra House  
18 Chater Road  
Hong Kong

### *United Kingdom Registrar and Receiving Agent*

Computershare Investor Services PLC  
Corporate Actions Projects  
Bristol BS99 6AH  
United Kingdom

### *Hong Kong Registrar*

Computershare Hong Kong  
Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## **PART VIII**

### **LETTER FROM THE CHAIRMAN**

#### **STANDARD CHARTERED PLC**

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

18 November 2015

Dear Shareholder

#### **2 for 7 Rights Issue at 465 pence per New Ordinary Share**

##### **1. Introduction**

On 3 November 2015, Standard Chartered announced a fully-underwritten Rights Issue to raise approximately GB£3.3 billion (net of expenses), or approximately US\$5.1 billion. The purpose of this letter is to provide details regarding the Rights Issue and explain why the Board believes it is in the best interests of the Group and Shareholders.

The Rights Issue is part of a comprehensive programme of actions which Standard Chartered announced on 3 November. The updated strategy is driven by an overarching objective to strengthen the Group's financial resilience, improve performance and enhance controls. Successful execution will result in a fundamental change in the Group's business mix towards a more profitable and less capital intensive Retail, Private Banking and Wealth Management businesses where the Group has clear advantages, and Transaction Banking and Capital Markets activities that leverage the Group's unique footprint and network.

The Board believes that well capitalised banks with strong balance sheets are better placed to deliver improved shareholder value and remains confident of the Group's medium term prospects to generate earnings growth at an increasingly attractive return on equity.

##### **2. Background to and reasons for the Rights Issue**

###### ***Recent developments***

In March 2015, the Group announced two financial priorities, namely to achieve a CET1 Capital ratio of between 11 and 12 per cent. in 2015 and to deliver a return on equity of over 10 per cent. in the medium term. The Group also announced a programme of actions, including the delivery of US\$1.8 billion in gross cost savings by the end of 2017 and the reduction of between US\$25 billion and US\$30 billion RWA from low returning client relationships by the end of 2016.

On 10 June 2015, Bill Winters was appointed as Group Chief Executive Officer and announced his intention to review the Group's organisation, structure and strategy. In July 2015, a new Management Team was put in place and mandated to develop and execute a plan to address the future performance of the Group, including delivery of the financial priorities described above. At the same time, the Group began simplifying its organisational structure to improve accountability, speed up decision-making and reduce bureaucracy.

###### ***The Group's current position***

The Group has successfully commenced delivery of the financial priorities announced in March 2015. In particular, it has made good progress in strengthening the CET1 Capital ratio which has increased from 10.7 per cent. at the start of the year to 11.5 per cent. as at 30 June 2015, approximately 260 basis points higher than the current known minimum capital requirement in 2019<sup>8</sup>. The Group is on track to deliver the planned cost efficiencies and reduction of low returning client relationship RWA. In addition, concentrated exposures have been significantly reduced and portfolios and segments such as unsecured lending and correspondent banking have been de-risked. The Group's balance sheet remains highly liquid and well funded.

8 (a) Details of the manner in which the Group's current known minimum CET1 Capital ratio requirement in 2019 is calculated are set out in paragraph 2 of Part VI (*General Information*). (b) As at 30 September 2015, the Group's CET1 Capital ratio was 11.4 per cent..



The Group's recent disappointing income, profitability and return performance has been driven by the slowing economic growth in its key markets, persistently low interest rates and surplus liquidity, as well as a sharp drop in commodity prices. Since 30 June 2015, the Group's financial performance has deteriorated further, as reflected in the third quarter results announced on 3 November 2015.

### ***Updated strategy and reasons for the Rights Issue***

The comprehensive programme of actions outlined in the Group's updated strategy, announced on 3 November, includes:

- A new business strategy aligned with a tightened risk tolerance focusing more on affluent Retail Clients and less on asset intensive Corporate & Institutional Banking businesses.
- A clear and deliverable strategy for each of the Group's regions, focusing on local execution and improved accountability.
- Establishing best-in-class conduct and control capabilities.
- Businesses to be restructured that utilise more than US\$100 billion, or one third of, Group RWA, comprising:
  - US\$50 billion RWA relating to low returning relationships in Corporate & Institutional Banking and Commercial Banking where the Group intends to improve returns or exit.
  - US\$30 billion RWA in specific focus countries where the Group will restructure or reposition for improved returns whilst retaining options to explore alternatives.
  - US\$20 billion RWA that is outside the tightened risk tolerance which the Group will liquidate.
  - US\$5 billion RWA in peripheral businesses that the Group will exit.
- An increase in the gross cost reduction target announced in March 2015 to US\$2.9 billion over the four year period 2015 to 2018, to improve efficiency and fund investment; with a commitment to total costs in 2018 being below total costs in 2015.
- A step-up in cash investment by more than US\$1 billion to reposition the Group's Retail client systems and digital capability, to reposition its Private Banking and Wealth Management businesses, to upgrade the Africa franchise and renminbi services and to enhance conduct and control capabilities. These investments are expected to increase return on equity by more than 100 basis points.

Further information on the Group's updated strategy is set out in Part X (*Information on the Group's Business and Strategy*) of this document.

The restructuring charges related to the execution of the updated strategy are estimated to be approximately US\$3 billion, which are expected to be booked by the end of 2016; over half of which relate to potential losses on liquidating non-strategic assets and businesses. The remaining charges are expected to be split between potential redundancy costs and goodwill write downs. The potential impact of the restructuring charges, together with the associated reduction in RWA, are expected to have a small impact on the Group's CET1 Capital ratio.

The Group is targeting a CET1 Capital ratio of 12 to 13 per cent., increasing its capacity to absorb potential changes in regulation and the external environment. In the medium term, the Group is targeting delivery of a return on equity of 10 per cent.

The Board believes the Group should raise additional capital through the Rights Issue to enhance its ability to execute the strategy, remain strongly capitalised through the cycle and position it for the attractive opportunities arising from its distinctive franchise and competitive strengths as economic conditions improve. In addition, to ensure that the Group maintains an efficient capital structure, the Group intends to continue issuing AT1 securities to build its AT1 Capital levels over time, with the timing of such issuances subject to market conditions.

The Board considers the Rights Issue to be in the best interests of the Group and Shareholders.

### **3. Use of proceeds**

The Rights Issue will raise approximately GB£3.3 billion (net of expenses), or approximately US\$5.1 billion. The proceeds will be used to:

- Strengthen the balance sheet and enable the Group to achieve its target CET1 Capital ratio of 12 to 13 per cent..
- Absorb the financial impact of the Group's planned restructuring charges which are estimated to be approximately US\$3 billion by the end of 2016.
- Implement the initiatives identified as part of its review of costs management, creating significant capacity to increase investment by more than US\$1 billion to reposition the Group's Retail client systems and digital capability, to reposition its Private Banking and Wealth Management businesses, to upgrade the Africa franchise and renminbi services, and to enhance controls. These investments are expected to increase return on equity by more than 100 basis points.
- Enable the Group to weather macroeconomic and regulatory uncertainty, and operational challenges, in the near term and to focus on the businesses and markets where it has a competitive advantage and is well positioned to capture the powerful underlying growth opportunities.

The Board continues to see many attractive opportunities across the Group's footprint and has endorsed a strategy that will secure a strong foundation on which to deliver profitable growth and to realise the considerable long term potential of the Group's franchise and markets. The Group's long-established franchise offers the opportunity to bank the people and companies that drive investment, trade and the creation of wealth across Asia, Africa and the Middle East. The Board remains confident of the Group's long term prospects to generate earnings growth at an increasingly attractive return on equity.

### **4. 2015 Bank of England Stress Tests**

The Bank of England is conducting its second year of stress testing of the UK banking system in 2015. The focus of the 2015 Bank of England stress tests is the assessment of external risks to the UK banking system and, accordingly, the stress test parameters are more focused on emerging markets when compared with the stress tests applied in 2014 which were more focused on the UK, where the Group is less exposed. The 2015 Bank of England stress tests are based upon the Group's position as at 31 December 2014. Further information in relation to the stress tests and the implications for the Group is set out in paragraph 22 of Part II (*Risk Factors*) of this document.

Since 31 December 2014, the Group's CET1 Capital ratio has increased from 10.7 per cent. (the Group's CET1 Capital ratio was 11.5 per cent. as at 30 June 2015 and 11.4 per cent. as at 30 September 2015). In addition, the Rights Issue will significantly strengthen the Group's balance sheet (see further in paragraph 8 (Financial impact of the Rights Issue) below).

The PRA is familiar with the details of the Group's current capital position and proposed plans, and has raised no objections in respect of them. The Bank of England will publish the results of its 2015 stress tests on 1 December, including the results for the Group, the outcome of which is unknown to the Company and not yet finalised.

Given that the Bank of England's publication on 1 December will include the results of the 2015 stress tests in relation to the Group, the Company will issue a supplementary prospectus after the results of the 2015 Bank of England stress tests have been published.

### **5. Management principles**

The Management Team is committed to deliver on the Group's financial objectives and has developed eight guiding principles to become strong and profitable. These are: maintaining a strong capital position; improving asset quality; taking action on areas generating below target returns; investing where the Group has, or can have, sustainable advantage; establishing best-in-class conduct and control capabilities; running local businesses locally and global businesses globally; re-focusing relentlessly on client satisfaction; and re-establishing a culture of excellence in everything the Group does.

Management actions will refocus the Group towards more profitable and less capital intensive businesses. These management actions include assertive cost management, a significant increase in investment into the Group's infrastructure and into high returning business opportunities, a focus on managing up or out low-returning RWA, writing down and exiting non-strategic assets and restructuring non-performing businesses and the application of tightened risk tolerance criteria. The strategic review has focused on ensuring that the Group puts in place an enhanced risk and conduct framework. The design of the Group's management and organisational structure has also been carried out with this objective in mind. The Group is and has been subject to various regulatory reviews, requests for information and investigations in relation to a number of the markets in which it operates, including two enquiries by the FCA concerning the Group's financial crime controls and the matter in the US where the authorities continue to investigate the Group's sanctions compliance in the period after 2007, as well as the completeness of its disclosures to the authorities at the time of the 2012 settlement. The updated strategy includes a significant step-up in investment into the Group's infrastructure and positions the Group to become a leading player in the fight against financial crime.

The Group seeks to ensure that its employees recognise the importance of the Company in their local communities, have deep and long standing relationships with the clients and are focused on being 'Here for good'.

## **6. Dividends on the Ordinary Shares**

In light of the strategic review and the Rights Issue, the Board has decided that no final dividend will be paid for the current financial year ending 31 December 2015. The total dividend for 2015 will therefore be the 14.4 US cents that was declared with the H1 2015 results and paid to shareholders on 19 October 2015.

The Board recognises the importance of dividends to shareholders and believes in balancing returns to shareholders with investment in the franchise to support future growth while at the same time preserving strong capital ratios. The size of future ordinary dividends will be a function of future earnings and our capital position relative to regulatory and market expectations. The Board intends to declare dividends on the Ordinary Shares in respect of the financial year ending 31 December 2016.

## **7. Intentions of Directors and largest shareholder**

The Directors and the Management Team are fully supportive of the Rights Issue and those that are entitled to intend to take up, or procure that their nominees take up, their rights in full.

Temasek, the Company's largest shareholder, is supportive of the Rights Issue and has informed the Company that it is intending to take up its rights in respect of 15.8 per cent. of the existing share capital. Standard Chartered has been informed by the Joint Global Coordinators that Temasek is also participating in the sub-underwriting of the Rights Issue.

## **8. Financial impact of the Rights Issue**

As at 30 June 2015, the Group's CET1 Capital ratio was 11.5 per cent.. The Board estimates that the Rights Issue would have increased the Group's CET1 Capital ratio (as at 30 June 2015) by approximately 160 basis points, to approximately 13.1 per cent., which would be at the top of its 12-13 per cent. target range.

A *pro forma* statement of net assets illustrating the effect of the Rights Issue on the Group's net assets as at 30 June 2015, as if the Rights Issue had been undertaken at this date, is set out in Part XIV (*Unaudited Pro Forma Financial Information*) of this document. This information is unaudited and has been prepared for illustrative purposes only. It shows that net proceeds from the Rights Issue of US\$5.1 billion would have led to a *pro forma* movement in net assets from US\$47.6 billion to US\$52.7 billion as at 30 June 2015.

## **9. Summary of the principal terms of the Rights Issue**

The New Ordinary Shares are being offered by way of rights to all Qualifying Shareholders on the following basis:

2 New Ordinary Shares at 465 pence each for every 7 Existing Ordinary Shares held and registered in their name on the Record Date. The Issue Price for HK Shareholders is HK\$55.60 for each New Ordinary Share. Entitlements to New Ordinary Shares will be rounded down to the nearest whole number.

Fractions of New Ordinary Shares will not be provisionally allotted to any Qualifying Shareholders, but will be aggregated and, if possible, sold by the Joint Global Coordinators or otherwise acquired by the Underwriters as principals (or sub-underwriters or placees procured by the Underwriters) ultimately for the benefit of the Company. Qualifying Shareholders with fewer than 4 Existing Ordinary Shares will not be entitled to any New Ordinary Shares. The New Ordinary Shares will rank *pari passu* with the Existing Ordinary Shares.

The Issue Price of 465 pence per New Ordinary Share represents a 19.2 per cent. discount to the UK Closing Price of an Ordinary Share of 575.8 pence on 16 November 2015 and a 15.6 per cent. discount to the theoretical ex-rights price based on that UK Closing Price. Qualifying Shareholders who take up their *pro rata* entitlements to New Ordinary Shares in full will suffer no dilution of their shareholdings in the Company as a result of the Rights Issue. However, if a Qualifying Shareholder does not take up the offer of New Ordinary Shares in full, his/her proportionate shareholding will be diluted by approximately 22.2 per cent.

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Company has arranged for the Rights Issue to be underwritten in full to provide certainty as to the amount of capital to be raised. The Underwriters' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to UK Admission. If these conditions are not satisfied or (where permitted) waived by the Joint Global Coordinators, the Underwriting Agreement will terminate, in which case the Rights Issue will be revoked and will not proceed and the provisional allotments will lapse. After UK Admission, the Underwriters have no right to terminate the Underwriting Agreement. The terms of the Underwriting Agreement are summarised in paragraph 9 of Part XVI (*Additional Information*) of this document.

#### **10. Standard Chartered Share Schemes**

In accordance with the rules of the Standard Chartered Share Schemes, the Remuneration Committee proposes to adjust outstanding options and awards to take account of the Rights Issue. Where options and awards are subject to performance conditions, adjustments may, if appropriate, be made to those conditions subject to the Remuneration Committee's approval. Participants in the Standard Chartered Share Schemes will be contacted separately with detailed information on how their options and awards will be affected by the Rights Issue.

#### **11. Overseas shareholders**

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, Republic of Ireland or Hong Kong, or who are resident in or located in, or who are citizens of, countries other than the United Kingdom, Republic of Ireland or Hong Kong, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document, a Provisional Allotment Letter and any other document in relation to the Rights Issue to such persons, is drawn to the information which appears in paragraph 9 of Part IX (*Terms of the Rights Issue*) of this document. In particular, Qualifying Shareholders who have registered addresses in or who are resident in or located in, or who are citizens of, countries other than the United Kingdom, Republic of Ireland or Hong Kong should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Rights Issue.

The Company reserves the right to treat as invalid and will not be bound to issue any New Ordinary Shares in respect of any acceptance or purported acceptance of the offer of New Ordinary Shares which: (a) appears to the Company or its agents to have been executed, effected or despatched from the United States or any of the Excluded Territories unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement; or (b) in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates in or, in the case of a credit of New Ordinary Shares in CREST, to a CREST Member or CREST Sponsored Member whose registered address would be in the United States or any of the Excluded Territories or any other jurisdiction outside the United Kingdom, Republic of Ireland or Hong Kong in which it would be unlawful to deliver such share certificates or make such a credit unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement.

New Ordinary Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights will not be credited to CREST or CCASS accounts of Overseas Shareholders with registered addresses in the United States or any of the Excluded Territories.

The attention of Overseas Shareholders with registered addresses in, or otherwise resident in, the United States or any of the Excluded Territories is drawn to paragraph 9 of Part IX (*Terms of the Rights Issue*) of this document.

This document does not constitute an offer or invitation for any investment or subscription for IDRs in India. Any person who is in possession of this document is hereby notified that no action has been or will be taken that would allow an offering of IDRs in India and neither this document nor any offering material relating to IDRs has been submitted to the Registrar of Companies in India or SEBI for prior review or approval. Further, no document in connection with the Rights Issue has been filed with the Registrar of Companies in India.

## **12. Taxation**

Your attention is drawn to Part XV (*Taxation*) of this document. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

## **13. Action to be taken**

The latest time for acceptance by Shareholders under the Rights Issue is 11.00 a.m. (UK time) and 4.00 p.m. (Hong Kong time) on 10 December 2015. The procedure for acceptance and payment is set out in Part IX (*Terms of the Rights Issue*) of this document. Further details also appear in the Provisional Allotment Letter, which will be sent to all Qualifying Non-CREST Shareholders and all Qualifying Non-CCASS Shareholders (other than, subject to certain exceptions, those Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders with a registered address in the United States or any of the Excluded Territories).

Shareholders may wish to wait for the publication of the 2015 Bank of England stress test results on 1 December 2015 and of the Company's associated supplementary prospectus, before deciding whether to take up their rights under the Rights Issue. Withdrawal rights will be available after the publication of the supplementary prospectus. Shareholders' attention is drawn to paragraph 8(b) headed "Withdrawal rights" in Part IX (*Terms of the Rights Issue*) of this document, which sets out details regarding withdrawal rights and notes that the exercise of withdrawal rights would not apply if payment is made in full and the allotment of the New Ordinary Shares becomes unconditional before publication of the supplementary prospectus.

Where an entitlement to New Ordinary Shares is not validly taken up, the provisional allotment will lapse and the Joint Global Coordinators will endeavour to place those New Ordinary Shares. The resulting proceeds will be paid net of the Issue Price and expenses of the placing (including, for example, commissions, brokerage and currency conversion costs). Shareholders are referred to Part IX (*Terms of the Rights Issue*) of this document, which explains the consequences of not taking up an entitlement to New Ordinary Shares in greater detail.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser duly authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent professional adviser who specialises in advice on the acquisition of shares and other securities.

## **14. Other information**

Your attention is drawn to the further information set out in Parts IV to VII and IX to XXI of this document. You are advised to read the whole of this document and not rely solely on the information contained in this letter.

Yours sincerely

**Sir John Peace**  
Chairman



## **PART IX**

### **TERMS OF THE RIGHTS ISSUE**

#### **1. Summary of the Rights Issue**

The Company proposes to raise approximately GB£3.3 billion (net of expenses) by way of a 2 for 7 Rights Issue of New Ordinary Shares at a price of 465 pence per New Ordinary Share.

The Issue Price for UK Shareholders is 465 pence per New Ordinary Share. The Issue Price for HK Shareholders is HK\$55.60 per New Ordinary Share.

The Issue Price of 465 pence per New Ordinary Share for UK Shareholders represents a discount of approximately:

- 34.8 per cent. to the UK Closing Price for an Ordinary Share of 713.6 pence on 2 November 2015 (being the day before the announcement of the Rights Issue);
- 29.4 per cent. to the theoretical ex-rights price based on that UK Closing Price;
- 19.2 per cent. to the UK Closing Price of an Ordinary Share of 575.8 pence on 16 November 2015; and
- 15.6 per cent. to the theoretical ex-rights price based on that UK Closing Price.

The Issue Price of HK\$55.60 per New Ordinary Share for HK Shareholders represents a discount of approximately:

- 34.7 per cent. to the HK Closing Price of an Ordinary Share of HK\$85.20 on 2 November 2015 (being the day before the announcement of the Rights Issue);
- 29.3 per cent. to the theoretical ex-rights price based on that HK Closing Price
- 26.8 per cent. to the HK Closing Price of an Ordinary Share of HK\$75.95 on 16 November 2015; and
- 22.2 per cent. to the theoretical ex-rights price based on that HK Closing Price.

The above discounts to the theoretical ex-rights price are based on the number of shares in issue on the Reference Date.

The ISIN code for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being GB0004082847. The ISIN code for the Nil Paid Rights is GB00BYZXCH29 and for the Fully Paid Rights is GB00BYZXF061.

#### **2. Terms and conditions of the Rights Issue**

Subject to the fulfilment of the conditions of the Underwriting Agreement and the terms and conditions referred to below, the New Ordinary Shares are being offered for acquisition by way of rights to Qualifying Shareholders on the following basis and otherwise on the terms and conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders, the Provisional Allotment Letter):

##### **2 New Ordinary Share for every 7 Existing Ordinary Shares**

held and registered in their name on the Record Date.

Qualifying Shareholders who do not take up their entitlements to New Ordinary Shares will have their proportionate shareholdings in the Company diluted. Those Qualifying Shareholders who take up their rights in full will, following the Rights Issue being completed, subject to fractions, have the same proportional voting rights and entitlements to distributions as they had on the Record Date.

The Nil Paid Rights (also described as New Ordinary Shares, nil paid) are entitlements to acquire New Ordinary Shares subject to payment of the Issue Price. The Fully Paid Rights (also described as New Ordinary Shares, fully paid) are entitlements to receive the New Ordinary Shares, for which payment has already been made.

Holdings of Existing Ordinary Shares in certificated and uncertificated form, and holdings on different registers of members, will be treated as separate holdings to calculate entitlements under the Rights Issue.

Fractions of New Ordinary Shares will not be provisionally allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of New Ordinary Shares. Such fractions will be aggregated and, if possible, sold in the market by the Joint Global Coordinators (by way of an issue of New Ordinary Shares to acquirers procured by the Joint Global Coordinators) or otherwise acquired by the Underwriters as principals (or sub-underwriters or placees procured by the Underwriters) pursuant to the Underwriting Agreement. The net proceeds of such sales (after deduction of expenses) will be aggregated and an equivalent amount will accrue for the ultimate benefit of the Company.

Qualifying Shareholders with less than four Existing Ordinary Shares are not entitled to any New Ordinary Shares.

**The attention of Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document or a Provisional Allotment Letter into a jurisdiction other than the United Kingdom, Republic of Ireland or Hong Kong is drawn to paragraph 9 of this Part IX (*Terms of the Rights Issue*). Although New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, the offer of New Ordinary Shares under the Rights Issue will not be made into certain territories. In particular, subject to the provisions of paragraph 9 of this Part IX (*Terms of the Rights Issue*), Qualifying Shareholders with registered addresses in the United States and any of the Excluded Territories have not been and will not be sent Provisional Allotment Letters and have not had and will not have their CREST stock accounts or CCASS stock accounts (as the case may be) credited with Nil Paid Rights.**

This document does not constitute an offer or invitation for any investment or subscription for IDRs in India. Any person who is in possession of this document is hereby notified that no action has been or will be taken that would allow an offering of IDRs in India and neither this document nor any offering material relating to IDRs has been submitted to the Registrar of Companies in India or SEBI for prior review or approval. Further, no document in connection with the Rights Issue has been filed with the Registrar of Companies in India.

Application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List, to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities and to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Ordinary Shares (nil and fully paid) on the Main Board of the Hong Kong Stock Exchange. It is expected that UK Admission will become effective and that dealings in the New Ordinary Shares, nil paid, will commence on the London Stock Exchange at 8.00 a.m. (UK time) on 23 November 2015. It is expected that HK Admission will become effective and that dealings in the Nil Paid Rights, will commence on the Hong Kong Stock Exchange at 9.00 a.m. (Hong Kong time) on 25 November 2015. The Nil Paid Rights will not be admitted to trading on any other exchange.

The Existing Ordinary Shares are already admitted to CREST and CCASS. Accordingly, no further application for admission to CREST and CCASS is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST and CCASS.

Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Applications will also be made for the Nil Paid Rights to be admitted to CCASS. Euroclear requires the Company to confirm to it that certain conditions are satisfied before Euroclear will admit the Nil Paid Rights and Fully Paid Rights to CREST. It is expected that these conditions will be satisfied on UK Admission. As soon as practicable after UK Admission, the Company will confirm this to Euroclear.

None of the New Ordinary Shares are being made available to the public other than pursuant to the Rights Issue.

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Underwriters may arrange sub-underwriting for some, all or none of the New Ordinary Shares. A summary of certain terms and conditions of the Underwriting Agreement is set out in paragraph 9 of Part XVI (*Additional Information*) of this document.

The Underwriters' obligations under the Underwriting Agreement are conditional upon certain matters being satisfied or not breached prior to UK Admission. If these conditions are not satisfied or (where permitted) waived by the Joint Global Coordinators, the Underwriting Agreement will terminate, in which case the Rights Issue will be revoked and will not proceed and the provisional allotments will lapse. After UK Admission, the Underwriters have no right to terminate the Underwriting Agreement.

The Company reserves the right to decide not to proceed with the Rights Issue at any time prior to UK Admission and commencement of dealings in the Nil Paid Rights on the London Stock Exchange.

Save as provided in paragraph 9 below in respect of Overseas Shareholders, it is expected that:

- (i) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, such Qualifying Non-CREST Shareholders with registered addresses in the United States or any of the Excluded Territories) on 20 November 2015;
- (ii) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CCASS Shareholders (other than, subject to certain exceptions, such Qualifying Non-CCASS Shareholders with registered addresses in the United States or any of the Excluded Territories) and HKSCC Nominees on 23 November 2015;
- (iii) the UK Registrar will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, such Qualifying CREST Shareholders with registered addresses in the United States or any of the Excluded Territories) with such Shareholders' entitlements to Nil Paid Rights, with effect from 8.00 a.m. (UK time) on 23 November 2015;
- (iv) HKSCC will credit the appropriate stock accounts of CCASS Participants (other than, subject to certain exceptions, such CCASS Participants with registered addresses in the United States or any of the Excluded Territories) with such CCASS Participants' entitlements to Nil Paid Rights with effect from 9.00 a.m. (Hong Kong time) on 25 November 2015;
- (v) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear on 23 November 2015, as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied;
- (vi) the Nil Paid Rights will be enabled for settlement by HKSCC on 25 November 2015;
- (vii) New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders (or their renounees) who validly take up their rights by no later than 8.00 a.m. (UK time) on 11 December 2015;
- (viii) New Ordinary Shares will be credited to the appropriate stock accounts of relevant CCASS Participants (or their renounees) who validly take up their rights through HKSCC Nominees by no later than 9.00 a.m. (HK time) on 16 December 2015.
- (ix) share certificates for the New Ordinary Shares will be despatched to relevant Qualifying Non-CREST Shareholders (or their renounees) who validly take up their rights by 18 December 2015; and
- (x) share certificates for the New Ordinary Shares will be despatched to relevant Qualifying Non-CCASS Shareholders and HKSCC Nominees (or their renounees) who validly take up their rights by no later than 15 December 2015.

Qualifying Shareholders taking up their rights by completing a Provisional Allotment Letter, by applying under the Computershare Online Facility or by sending an MTM instruction to Euroclear will be deemed to have given the representations and warranties set out in paragraph 9 of this Part IX (*Terms of the Rights Issue*), unless such requirement is waived by the Company and the Joint Global Coordinators.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of allotment and issue of the New Ordinary Shares.

All documents, certificates and cheques posted to, by or from Qualifying Shareholders and/or their transferees or renouces (or their agents, as appropriate) will be posted at their own risk.

The entitlements arising from the provisional allotment of New Ordinary Shares to UK Shareholders are rights to acquire New Ordinary Shares to be registered on the UK register of members only and the entitlements arising from the provisional allotment of New Ordinary Shares to HK Shareholders are rights to acquire New Ordinary Shares to be registered on the Hong Kong register of members only.

### **3. Action to be taken by UK Shareholders**

The action to be taken by UK Shareholders in respect of New Ordinary Shares depends on whether, at the relevant time, the Nil Paid Rights or Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder and do not have a registered address in and are not located in the United States or any of the Excluded Territories (subject to certain limited exceptions), please refer to paragraph 4 of this Part IX (*Terms of the Rights Issue*).

If you hold your Existing Ordinary Shares in CREST and do not have a registered address in and are not located in the United States or any of the Excluded Territories (subject to certain limited exceptions), please refer to paragraph 5 of this Part IX (*Terms of the Rights Issue*) and to the CREST Manual for further information on the CREST procedures referred to below.

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

### **4. Action to be taken by Qualifying Non-CREST Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters**

#### **(a) General**

The Provisional Allotment Letter sets out:

- (i) in Box 1, the holding of Existing Ordinary Shares at the UK Record Date on which the Qualifying Non-CREST Shareholder's entitlement to New Ordinary Shares has been based;
- (ii) in Box 2, the aggregate number of New Ordinary Shares provisionally allotted to such Qualifying Non-CREST Shareholder;
- (iii) in Box 3, the amount payable on acceptance of New Ordinary Shares provisionally allotted to such Qualifying Non-CREST Shareholder at the Issue Price;
- (iv) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to use the Computershare Online Facility to take up some or all of his/her Nil Paid Rights, effect a Cashless Take-Up or to sell all of his/her Nil Paid Rights;
- (v) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to take up all of his/her entitlement;
- (vi) the procedure to be followed if a Qualifying Non-CREST Shareholder (but not a Qualifying Non-CCASS Shareholder) wishes to effect a Cashless Take-Up or dispose of his/her Nil Paid Rights through the Computershare Dealing Facility;
- (vii) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his/her entitlement or to convert all or part of his/her entitlement into uncertificated form; and

- (viii) instructions regarding acceptance and payment, withdrawal rights, consolidation, splitting and registration of renunciation.

Assuming that dealings commence at 8.00 a.m. on 23 November 2015, the latest time and date for requesting a Cashless Take-Up or a disposal of all Nil Paid Rights through the Computershare Dealing Facility (whether online through the Computershare Online Facility or by returning a Provisional Allotment Letter) will be 3.00 p.m. on 3 December 2015.

**The latest time and date for acceptance and payment in full is 11.00 a.m. on 10 December 2015.**

**(b) Procedure for acceptance and payment**

*(i) The Computershare Online Facility*

Qualifying Non-CREST Shareholders are able to use the Computershare Online Facility to take up some or all of their rights, effect a Cashless Take-Up or to sell all of their Nil Paid Rights by visiting [www.computershare.com/standardcharteredrightsisue](http://www.computershare.com/standardcharteredrightsisue). The options for Cashless Take-Up and sale of Nil Paid Rights are only available to Eligible Shareholders.

Qualifying Non-CREST Shareholders wishing to use the Computershare Online Facility:

- (a) to effect a Cashless Take-Up under the Computershare Dealing Facility must elect to do so in accordance with the relevant online instructions by not later than 3.00 p.m. on 3 December 2015;
- (b) to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility must elect to do so in accordance with the relevant online instructions by not later than 3.00 p.m. on 3 December 2015; and
- (c) to take up all or some of their Nil Paid Rights must elect to do so in accordance with the relevant online instructions, including as to the transfer of the relevant cleared funds, by not later than 11.00 a.m. on 10 December 2015. Shareholders must have a valid debit card to make the required payment online.

The terms and conditions of the Computershare Online Facility will apply to any election made under it. Further details of the Computershare Online Facility are set out in the Rights Issue guide accompanying the Provisional Allotment Letter.

If a valid election under the Computershare Online Facility has been made, the Provisional Allotment Letter to which such election relates will cease to be valid for any purpose. By making an election under the Computershare Online Facility a Qualifying Non-CREST Shareholder will be deemed to have represented, warranted and undertaken that he/she will not thereafter seek to take any action in respect of his/her Provisional Allotment Letter. A holder by completing an application online accepts the terms and conditions of the Computershare Online Facility.

*(ii) Payments under the Computershare Online Facility*

All payments under the Computershare Online Facility must be made in Pounds Sterling using a valid debit card issued by any of VISA Debit, VISA Electron, Maestro, Solo or JCB. The relevant debit card must be registered at the address of the Qualifying Non-CREST Shareholder or, in the case of joint Shareholders, at the address of one of such Shareholders, in each case as shown on the UK register of members. The Computershare Online Facility can only be used to make payments of up to GB£50,000. Multiple payments cannot be made. If you are an overseas holder and are experiencing difficulty paying online, please contact Computershare at the following email address and seek further assistance in paying: [PaymentQueries@Computershare.co.uk](mailto:PaymentQueries@Computershare.co.uk).

It is a term of the Rights Issue that any online payment is processed, and the Company and the Joint Global Coordinators may elect to treat as invalid any acceptances in respect of which online payments have not been processed. If New Ordinary Shares have already been allotted to Qualifying Non-CREST Shareholders prior to any online payment failing to be processed or such Qualifying Non-CREST Shareholder's acceptance being otherwise



treated as invalid, the Company and the Joint Global Coordinators may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of those Qualifying Non-CREST Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CREST Shareholders pursuant to the provisions of this Part IX (*Terms of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such Qualifying Non-CREST Shareholders. None of the Company, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such Qualifying Non-CREST Shareholders as a result.

No interest will be allowed on payments made before they are due through the Computershare Online Facility and any interest on such payments ultimately will accrue for the benefit of the Company. The Receiving Agent will hold all monies received under the Computershare Online Facility on behalf of J.P. Morgan Cazenove who is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*).

If an online payment made by a Qualifying Non-CREST Shareholder is made for an amount different from that set out in Box 3 of that Qualifying Non-CREST Shareholder's Provisional Allotment Letter that Shareholder's application shall be treated as an acceptance in respect of such whole number of New Ordinary Shares which could be acquired at the Issue Price with the amount of the online payment (and not the amount set out in Box 3 of the Provisional Allotment Letter). Any balance from the online payment will be retained for the benefit of the Company.

(iii) *Qualifying Non-CREST Shareholders who wish to accept in full other than through the Computershare Online Facility*

Holders of Provisional Allotment Letters who wish to take up all of their Nil Paid Rights without using the Computershare Online Facility must return the Provisional Allotment Letter, together with a cheque or banker's draft in Pounds Sterling, made payable to "Standard Chartered PLC Rights Issue" and crossed "A/C payee only", for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post to the Receiving Agent, Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 10 December 2015. A business reply-paid envelope is enclosed with the Provisional Allotment Letter for use within the United Kingdom only. If you post your Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that you allow at least four Business Days for delivery. The Receiving Agent will hold such monies on behalf of J.P. Morgan Cazenove, who is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*).

(iv) *Qualifying Non-CREST Shareholders who wish to accept in part*

Holders of Provisional Allotment Letters who wish to take up some, but not all, of their Nil Paid Rights should refer to sub-paragraph 4(f) below.

(v) *Qualifying Non-CREST Shareholders who wish to effect a Cashless Take-Up through the Computershare Dealing Facility other than through the Computershare Online Facility*

Qualifying Non-CREST Shareholders (but not Qualifying Non-CCASS Shareholders) who wish to effect a Cashless Take-Up through the Computershare Dealing Facility without using the Computershare Online Facility should tick the box under Option 2 "CASHLESS TAKE-UP" on page 1 of the Provisional Allotment Letter, sign and date the bottom of page 1 of the Provisional Allotment Letter, and return their Provisional Allotment Letter by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours only) to Computershare Investor Services PLC, The

Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, not later than 3.00 p.m. on 3 December 2015, the latest time and date for requesting a Cashless Take-Up. A business reply-paid envelope is enclosed with the Provisional Allotment Letter for use within the United Kingdom only. If you post your Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that you allow at least four Business Days for delivery. Please note the Receiving Agent will charge a commission of 0.35 per cent. of the proceeds of sale (subject to a minimum of GB£20) for effecting a Cashless Take-Up through the Computershare Dealing Facility. The option for Cashless Take-Up through the Computershare Dealing Facility is only available to Eligible Shareholders. The terms and conditions of the Computershare Dealing Facility are set out in the Rights Issue guide accompanying the Provisional Allotment Letters or are available on request from the Receiving Agent. Shareholders using such service should note that they will be clients of the Receiving Agent and not of the Company when using this service. The Receiving Agent rather than the Company will be responsible, therefore, for providing the protections afforded by the UK regulatory regime to clients for whom such services are provided. The Company is not providing advice to Shareholders on dealing in its Ordinary Shares.

(vi) *Qualifying Non-CREST Shareholders who wish to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility other than through the Computershare Online Facility*

Qualifying Non-CREST Shareholders (but not Qualifying Non-CCASS Shareholders) who wish to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility without using the Computershare Online Facility should tick the box under Option 3 “SELL ALL OF YOUR RIGHTS” on page 1 of the Provisional Allotment Letter, sign and date the bottom of page 1 of the Provisional Allotment Letter, and return their Provisional Allotment Letter by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, not later than 3.00 p.m. on 3 December 2015, the latest time and date for requesting disposals of Nil Paid Rights through the Computershare Dealing Facility. A business reply-paid envelope is enclosed with the Provisional Allotment Letter for use within the United Kingdom only. If you post your Provisional Allotment Letter within the United Kingdom by first class post, it is recommended that you allow at least four Business Days for delivery. Please note that the Receiving Agent will charge commission of 0.35 per cent. of the proceeds of sale (subject to a minimum of GB£20) for disposing of all your Nil Paid Rights through the Computershare Dealing Facility. The option to sell Nil Paid Rights through the Computershare Dealing Facility is only available to Eligible Shareholders. The terms and conditions of the Computershare Dealing Facility are set out in the Rights Issue guide accompanying the Provisional Allotment Letters or are available on request from Computershare Investor Services PLC. Shareholders using such service should note that they will be clients of the Receiving Agent and not of the Company when using this service. The Receiving Agent rather than the Company will be responsible, therefore, for providing the protections afforded by the UK regulatory regime to clients for whom such services are provided. The Company is not providing advice to Shareholders on dealing in its Ordinary Shares.

(vii) *Payments other than through the Computershare Online Facility*

All payments made by Qualifying Non-CREST Shareholders (but not Qualifying Non-CCASS Shareholders or Qualifying CCASS Shareholders) other than through the Computershare Online Facility must be made in Pounds Sterling by cheque or banker's draft made payable to “Standard Chartered PLC Rights Issue” and crossed “A/C payee only”. Qualifying Non-CREST Shareholders should write their Shareholder Reference Number (indicated at the top of page 1 of the Provisional Allotment Letter) on the reverse of the cheque or banker's draft. Post-dated cheques and third party cheques (with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to such effect) will not be accepted. Cheques or banker's drafts must be drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the

CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of these companies. Such cheques and banker's drafts must bear the appropriate sorting code in the top right-hand corner. Cash will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearances of cheques and banker's drafts to allow value to be obtained for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of the Company. It is a term of the Rights Issue that cheques shall be honoured on first presentation, and the Company and the Joint Global Coordinators may elect to treat as invalid any acceptances in respect of which cheques are not so honoured. If New Ordinary Shares have already been allotted to Qualifying Non-CREST Shareholders prior to any payment not being so honoured or such Qualifying Non-CREST Shareholder's acceptance being treated as invalid, the Company and the Joint Global Coordinators may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of those Qualifying Non-CREST Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CREST Shareholders pursuant to the provisions of this Part IX (*Terms of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such Qualifying Non-CREST Shareholders. None of the Company, the Joint Global Coordinators, the Underwriters or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such Qualifying Non-CREST Shareholders as a result.

If a cheque or banker's draft sent by a Qualifying Non-CREST Shareholder is drawn for an amount different from that set out in Box 3 of that Qualifying Non-CREST Shareholder's Provisional Allotment Letter, that Shareholder's application shall be treated as an acceptance in respect of such whole number of New Ordinary Shares which could be acquired at the Issue Price with the amount for which the cheque or banker's draft is drawn (and not the amount set out in Box 3 of the Provisional Allotment Letter). Any balance from the amount of the cheque will be retained for the benefit of the Company.

(viii) *Discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 10 December 2015, the provisional allotment will, subject to the below, be deemed to have been declined and will lapse. However, the Company and the Joint Global Coordinators may elect, but shall not be obliged, to treat as valid: (i) Provisional Allotment Letters and accompanying remittances for the full amount due which are received through the post prior to 11.00 a.m. on 11 December 2015 if the cover bears a legible postmark of no later than 11.00 a.m. on 10 December 2015; and (ii) applications in respect of which remittances for the full amount due are received prior to 11.00 a.m. on 10 December 2015 from an authorised person (as defined in FSMA) specifying the number of New Ordinary Shares to be acquired and an undertaking by that person to lodge the relevant Provisional Allotment Letter, duly completed, in due course.

The Company and the Joint Global Coordinators may also (in their absolute discretion) treat: (i) a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required); and (ii) an online application under the Computershare Online Facility as valid and binding on the person(s) by whom or on whose behalf it is made even if it is not made in accordance with the relevant instructions.

The Company and the Joint Global Coordinators reserve the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company to have been executed in, despatched from or that provides an address for delivery of definitive share certificates for New Ordinary Shares in the United States or any of the Excluded Territories.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this paragraph (whether by lodging a Provisional Allotment Letter with payment or by applying using the Computershare Online Facility) is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Articles.

**(c) Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf a Provisional Allotment Letter is lodged with payment or of the person making any payment using the Computershare Online Facility (which requirements are referred to below as the “verification of identity requirements”). If an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Provisional Allotment Letter. The person lodging the Provisional Allotment Letter with payment or, as applicable, the person using the Computershare Online Facility (the “applicant”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements. **Submission of a Provisional Allotment Letter or, as applicable, payment using the Computershare Online Facility will constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent and/or the Company as being required for the purpose of the Money Laundering Regulations.**

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Rights Issue) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, the Company nor the Underwriters will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn, or, as applicable, the relevant account of the bank or building society from which the relevant funds were debited.

The verification of identity requirements will not usually apply if:

- (a) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (b) the applicant is an organisation required to comply with the EU Money Laundering Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005;
- (c) the applicant (not being an applicant who delivers his/her application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or
- (d) the aggregate price for taking up the relevant New Ordinary Shares is less than €15,000 (approximately GB£11,000).

Where the verification of identity requirements apply, satisfaction of these requirements may be facilitated in the following ways:



- (i) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature; or
- (ii) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (a) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the United States), the agent should provide with the Provisional Allotment Letter(s) written confirmation that it has that status and written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent, the Company and/or any relevant regulatory or investigatory authority; or
- (iii) if a Provisional Allotment Letter is lodged by hand by the applicant in person, he/she should ensure that he/she has with him/her evidence of identity bearing his/her photograph (for example, his/her passport) and evidence of his/her address (for example, a utility bill).

**To confirm the acceptability of any written assurance referred to above, or in any other case, the applicant should contact the Receiving Agent. The telephone number of the Receiving Agent is 0370 702 0138 if calling from within the United Kingdom or +44 370 702 0138 if calling from outside the United Kingdom or +852 2862 8648 if calling from within Hong Kong.**

**(d) *Dealings in Nil Paid Rights***

Dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 23 November 2015. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the Provisional Allotment Letter to the transferee or to a stockbroker, bank or other appropriate financial adviser. Nil Paid Rights cannot be so transferred after an election has been made under the Computershare Online Facility. The latest time and date for registration of renunciation of Provisional Allotment Letters, nil paid, is 11.00 a.m. on 10 December 2015.

**(e) *Dealings in Fully Paid Rights***

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and lodging of the same, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received as soon as possible and not later than 11.00 a.m. on 10 December 2015. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letter returned to them after the acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking Box 4 in Form X on page 2 of the Provisional Allotment Letter.

After 10 December 2015, the New Ordinary Shares will be in registered form and transferable in the usual way.

**(f) *Renunciation and splitting of Provisional Allotment Letters***

Qualifying Non-CREST Shareholders who wish to transfer all (and not some only) of their Nil Paid Rights represented by a Provisional Allotment Letter or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on page 2 of the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker, bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, it will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in such Provisional Allotment



Letter may be transferred by delivery of such Provisional Allotment Letter to the transferee. The transferee may then register the transfer by completing Form Y on page 2 of the Provisional Allotment Letter and delivering the Provisional Allotment Letter together, in the case of a transferee of Nil Paid Rights, with a cheque or banker's draft for the full amount payable on acceptance to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. The latest time and date for registration of renunciation of Provisional Allotment Letters is 11.00 a.m. on 10 December 2015. Qualifying Non-CREST Shareholders who have made an election under the Computershare Online Facility cannot thereafter renounce their Nil Paid Rights.

If a holder of a Provisional Allotment Letter wishes to take up some, but not all, of the rights to the New Ordinary Shares registered in his/her name other than through the Computershare Online Facility and to transfer the remainder, or wishes to transfer all the Nil Paid Rights, or (if relevant) Fully Paid Rights, but to different persons, he/she may have the Provisional Allotment Letter split, for which purpose he/she must sign and date Form X on page 2 of the Provisional Allotment Letter. The Provisional Allotment Letter and covering letter must then be delivered by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received as soon as possible but not later than 3.00 p.m. on 8 December 2015, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split Provisional Allotment Letter should be stated in an accompanying letter. The aggregate of the Nil Paid Rights or (if appropriate) Fully Paid Rights stated in the letter must be equal to the number of New Ordinary Shares provisionally allotted to such holder as stated in Box 2 on page 1 of the Provisional Allotment Letter. Form X on page 2 of split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue. Any split Provisional Allotment Letters representing the New Ordinary Shares which a holder wishes to accept should be delivered together with the cheque or banker's draft in Pounds Sterling for the appropriate amount, in either case made payable to "Standard Chartered PLC Rights Issue" and crossed "A/C payee only" to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by 11.00 a.m. on 10 December 2015, the latest time and date for acceptance. The Receiving Agent will hold such monies on behalf of J.P. Morgan Cazenove, who is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*). Any split Provisional Allotment Letters representing New Ordinary Shares which a holder does not wish to take up should be delivered to the renouncee(s) or the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the renouncee.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their Nil Paid Rights other than through the Computershare Online Facility, without selling or transferring the remainder, should complete Form X on the original Provisional Allotment Letter and return it by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, together with a covering letter confirming the number of Nil Paid Rights to be taken up and a cheque or banker's draft in Pounds Sterling made payable to "Standard Chartered PLC Rights Issue" and crossed 'A/C payee only' and with the Shareholder Reference Number, which appears on page 1 of the Provisional Allotment Letter, written on the reverse of the cheque or banker's draft to pay for this number of New Ordinary Shares. In this case, the Provisional Allotment Letter and cheque or banker's draft must be received by the Receiving Agent by 11.00 a.m. on 10 December 2015, being the last date and time for acceptance and payment. The Receiving Agent will hold such monies on behalf of J.P. Morgan Cazenove, who is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*).

The Receiving Agent, the Company and/or the Joint Global Coordinators reserve the right to refuse to register any renunciation in favour of any person in respect of which the Receiving Agent, the Company and/or the Joint Global Coordinators believe such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of any

person with an address outside the United Kingdom, the Republic of Ireland or Hong Kong. In addition, no renunciation of a Provisional Allotment Letter will be accepted where an election has been made under the Computershare Online Facility in respect of the New Ordinary Shares to which the Provisional Allotment Letter relates.

**(g) *Registration in names of Qualifying Non-CREST Shareholders***

A Qualifying Non-CREST Shareholder who wishes to have all the New Ordinary Shares to which he/she is entitled registered in his/her name must accept and make payment for such allotment in accordance with the provisions set out in this document, the Provisional Allotment Letter, and, as applicable, the Computershare Online Facility, but need take no further action.

**(h) *Registration in names of persons other than Qualifying Non-CREST Shareholders originally entitled***

To register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholder(s) originally entitled, provided that neither the Qualifying Shareholder nor any renounee has a registered address, or is resident or located, in the US or any of the Excluded Territories, the renounee or his/her agent(s) must complete Form Y on page 2 of the Provisional Allotment Letter (unless the renounee is a CREST Member who wishes to hold such New Ordinary Shares in uncertificated form, in which case Form X and the CREST Deposit Form (both on page 2 of the Provisional Allotment Letter) must be completed - see paragraph 4 of this Part IX (*Terms of the Rights Issue*)) and lodge the entire Provisional Allotment Letter, when fully paid, by post to Computershare, Corporate Actions Projects, Bristol BS99 6 AH, or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and not later than 11.00 a.m. on 10 December 2015. Registration of renunciation cannot be effected unless and until the New Ordinary Shares comprised in a Provisional Allotment Letter are fully paid.

The New Ordinary Shares comprised in several Provisional Allotment Letters (duly renounced where applicable) may be registered in the name of one holder (or joint holders). To consolidate the rights attached to two or more Provisional Allotment Letters, Form Y on page 2 of the Provisional Allotment Letter must be completed on one Provisional Allotment Letter (the "Principal Letter") and all the Provisional Allotment Letters must be delivered in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in the Consolidated Listing Form adjacent to Forms X and Y on page 2 of the Principal Letter and the provisional allotment number of the Principal Letter should be entered in the space provided in each of the other Provisional Allotment Letters.

**(i) *Deposit of Nil Paid Rights or Fully Paid Rights into CREST***

The Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in paragraph 5 of this Part IX (*Terms of the Rights Issue*) or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on page 2 of the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit some only of the Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters - see sub-paragraph 4(f) of this Part IX (*Terms of the Rights*

*Issue*) for details on how to do this. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. A “Consolidation Listing Form” must not be used.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 December 2015. In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on page 2 of the Provisional Allotment Letter duly completed), with the CCSS (to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 December 2015) is 3.00 p.m. on 7 December 2015.

When Form X and the CREST Deposit Form (both on page 2 of the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter will cease forthwith to be renounceable or transferable by delivery and, for the avoidance of doubt, any entries in Form Y on page 2 of the Provisional Allotment Letter will not be recognised or acted upon by the Receiving Agent. All renunciations or transfers of the Nil Paid Rights or Fully Paid Rights must be effected through the means of the CREST system once such rights have been deposited into CREST.

CREST Sponsored Members should contact their CREST Sponsors as only their CREST Sponsors will be able to take the necessary actions to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

**(j) *Issue of share certificates in respect of the New Ordinary Shares***

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post by 18 December 2015, at the risk of persons entitled thereto, to Qualifying Non-CREST Shareholders, or their transferees who hold Fully Paid Rights in certificated form, or in the case of joint holdings, to the first-named Shareholders, at their registered address (unless lodging agent details have been completed on page 2 of the Provisional Allotment Letter). After despatch of definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Ordinary Shares will be certified by the UK Registrar against the register.

**5. Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights or Fully Paid Rights in CREST**

**(a) *General***

Except for Shareholders in the US or any of the Excluded Territories, and subject as provided in paragraph 9 of this Part IX (*Terms of the Rights Issue*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his/her CREST stock account of his/her entitlement to Nil Paid Rights as soon as practicable after 8.00 a.m. on 23 November 2015. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The maximum number of New Ordinary Shares that a Qualifying CREST Shareholder may take up is that which has been provisionally allotted to that Qualifying CREST Shareholder and for which he/she receives a credit of entitlement into his/her stock account in CREST. The minimum number of New Ordinary Shares a Qualifying CREST Shareholder may take up is one.

The Nil Paid Rights constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders or to enable the Nil Paid Rights, Provisional Allotment Letters shall, unless the Company and the Joint Global Coordinators agree otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may, with the consent of the Joint Global Coordinators, be adjusted as appropriate. References **to dates and times in this document should be read as subject to any such adjustment**. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates **but Qualifying CREST Shareholders may not receive any further written communication**.

**CREST Members who wish to take up all or part of their entitlements in respect of, or otherwise to transfer all or part of, their Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member, you should consult your CREST Sponsor if you wish to take up your entitlement as only your CREST Sponsor will be able to take the necessary action to take up your entitlement or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.**

**(b) Procedure for acceptance and payment**

*(i) MTM instructions*

CREST Members who wish to take up all or part of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an MTM instruction to Euroclear which, on its settlement, will have the following effect:

- (a) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (b) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of the Receiving Agent in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-paragraph (a) above; and
- (c) the crediting of a stock account of the accepting CREST Member or CREST Sponsored Member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST Member is entitled on taking up his Nil Paid Rights referred to in sub-paragraph (a) above.

*(ii) Contents of MTM instructions*

The MTM instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Nil Paid Rights to which the acceptance relates;
- (b) the participant ID of the accepting CREST Member;
- (c) the member account ID of the accepting CREST Member from which the Nil Paid Rights are to be debited;
- (d) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 3RA38;
- (e) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is STANDARD;

- (f) the number of Fully Paid Rights that the CREST Member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (g) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights to which the acceptance relates;
- (h) the intended settlement date (which must be on or before 11.00 a.m. on 10 December 2015);
- (i) the ISIN for Nil Paid Rights, which is GB00BYZXCH29;
- (j) the ISIN for Fully Paid Rights, which is GB00BYZXF061;
- (k) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (l) a contact name and telephone number (in the free format shared note field); and
- (m) a priority of at least 80.

(iii) *Valid acceptance*

An MTM instruction complying with each of the requirements as to authentication and contents set out in (ii) of this paragraph 5 will constitute a valid acceptance where either:

- (a) the MTM instruction settles by not later than 11.00 a.m. on 10 December 2015; or
- (b) at the discretion of the Company and the Joint Global Coordinators: (i) the MTM instruction is received by Euroclear by not later than 11.00 a.m. on 10 December 2015; (ii) the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST Member specified in the MTM instruction at 11.00 a.m. on 10 December 2015; and (iii) the relevant MTM instruction settles by 2.00 p.m. on 10 December 2015 (or such later date as the Company has determined).

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Provider's Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST Member (or by the CREST Sponsored Member's CREST Sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Provider's Communications Host.

(iv) *Representations, warranties and undertakings of CREST Members*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with this paragraph 5 represents, warrants and undertakes to the Company and the Underwriters that he/she has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him/her or by his/her CREST Sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 10 December 2015 and remains capable of settlement at all times after that until 2.00 p.m. on 10 December 2015 (or until such later time and date as the Company and the Joint Global Coordinators may determine). In particular, the CREST Member or CREST Sponsored Member represents, warrants and undertakes that at 11.00 a.m. on 10 December 2015 and at all times thereafter until 2.00 p.m. on 10 December 2015 (or until such later time and date as the Company and the Joint Global Coordinators may determine) there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST Sponsored Members should contact their CREST Sponsor if they are in any doubt.

If there is insufficient Headroom within the Cap in respect of the cash memorandum account of a CREST Member or CREST Sponsored Member for such amount to be debited or the CREST Member's or CREST Sponsored Member's acceptance is otherwise treated as



invalid and New Ordinary Shares have already been allotted to such CREST Member or CREST Sponsored Member, the Company and the Joint Global Coordinators may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that they have suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part IX (*Terms of the Rights Issue*) in respect of the acquisition of such shares) on behalf of such CREST Member or CREST Sponsored Member. None of the Company, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by such CREST Member or CREST Sponsored Member as a result.

(v) *CREST procedures and timings*

**CREST Members and CREST Sponsors (on behalf of CREST Sponsored Members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action.**

Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that his CREST Sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 10 December 2015. In this regard, CREST Members and (where applicable) CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vi) *CREST Member's undertaking to pay*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this paragraph 5:

- (a) undertakes to pay to J.P. Morgan Cazenove, or procure the payment to J.P. Morgan Cazenove of, the amount payable in Pounds Sterling on acceptance in accordance with the above procedures or in such other manner as J.P. Morgan Cazenove may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST Manual) the creation of a RTGS settlement bank payment obligation in Pounds Sterling in favour of the Receiving Agent's RTGS settlement bank (as defined in the CREST Manual), in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST Member (or CREST Sponsored Member) to pay to J.P. Morgan Cazenove the amount payable on acceptance); and
- (b) requests that the Fully Paid Rights and/or New Ordinary Shares, to which they will become entitled, be issued to them on the terms set out in this document and subject to the Articles. Any amount so paid will be held on behalf of J.P. Morgan Cazenove, which is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*).

If the payment obligations of the relevant CREST Member in relation to such New Ordinary Shares are not discharged in full and such New Ordinary Shares have already been allotted to the CREST Member or CREST Sponsored Member, the Company and the Joint Global Coordinators may (in their absolute discretion as to the manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of expenses including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part IX (*Terms of the Rights Issue*) in respect of the acquisition of such shares) or an amount equal to the original payment of the CREST Member or CREST Sponsored Member

(whichever is lower) on trust for such CREST Member or CREST Sponsored Member. In these circumstances, none of the Company, the Underwriters or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any CREST Member or CREST Sponsored Member as a result.

(vii) *Discretion as to rejection and validity of acceptances*

The Company and the Joint Global Coordinators may (in their absolute discretion):

- (a) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 5. Where an acceptance is made as described in this paragraph 5 which is otherwise valid, and the MTM instruction concerned fails to settle by 2.00 p.m. on 10 December 2015 (or by such later time and date as the Company and the Joint Global Coordinators may determine), the Company and the Joint Global Coordinators shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 5, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 5;
- (b) treat as valid (and binding on the CREST Member or CREST Sponsored Member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 5;
- (c) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company and the Joint Global Coordinators may determine;
- (d) treat a properly authenticated dematerialised instruction (in this sub-paragraph, the “first instruction”) as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (e) accept an alternative instruction or notification from a CREST Member or (where applicable) a CREST Sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to take up all or part of his Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

**(c) Money Laundering Regulations**

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is required to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as

being required for the purposes of the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent, having consulted with the Company and the Joint Global Coordinators, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, then the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of the Company and/or the Underwriters to take proceedings to recover any loss suffered by it/them as a result of failure by the applicant to provide satisfactory evidence.

**(d) *Dealings in Nil Paid Rights in CREST***

Dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8.00 a.m. on 23 November 2015. A transfer (in whole or part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 10 December 2015.

**(e) *Dealings in Fully Paid Rights in CREST***

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11.00 a.m. on 10 December 2015. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 10 December 2015.

After 10 December 2015, the New Ordinary Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable by means of CREST in the usual way.

**(f) *Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST***

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights, from CREST is 4.30 p.m. on 4 December 2015, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights, following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 December 2015. It is recommended that you refer to the CREST Manual for details of such procedures.

**(g) *Issue of New Ordinary Shares in CREST***

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 10 December 2015 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Ordinary Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. The Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Ordinary Shares with effect as soon as possible after 8.00 a.m. from the next Business Day (expected to be 11 December 2015).

**(h) *Right to allot/issue in certificated form***

Notwithstanding any other provision of this document, the Company reserves the right to allot and to issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised by the Company in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Receiving Agent in connection with CREST or otherwise if it has first obtained the Joint Global Coordinators' written consent.

## **6. Action to be taken by Qualifying Non-CCASS Shareholders and Qualifying CCASS Shareholders**

### **(a) General**

Where this document has been sent to HK Shareholders, a Provisional Allotment Letter has been enclosed with this document entitling Qualifying Non-CCASS Shareholders to whom it is addressed to take up the number of New Ordinary Shares shown therein. The latest time and date for acceptance and payment in full is 4.00 p.m. (Hong Kong time) on 10 December 2015.

### **(b) Procedure for acceptance and payment**

#### *(i) Qualifying Non-CCASS Shareholders who wish to accept in full*

If a Qualifying Non-CCASS Shareholder wishes to accept all Nil Paid Rights provisionally allotted to him/her as specified in the Provisional Allotment Letter, he/she must lodge the Provisional Allotment letter, together with a cheque or cashier's order in Hong Kong dollars and in either case made payable to "Standard Chartered PLC Rights Issue" and crossed "Account Payee Only" for the full amount payable on acceptance, with the HK Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong so as to be received as soon as possible and in any event no later than 4.00 p.m. (Hong Kong time) on 10 December 2015. A reply-paid envelope is enclosed with the Provisional Allotment Letter for the purposes of returning the Provisional Allotment Letter by post and is for use in Hong Kong only. Qualifying Non-CCASS Shareholders who lodge their Provisional Allotment Letter within Hong Kong by post are recommended to allow at least four working days for delivery. The HK Registrar will hold such monies on behalf of J.P. Morgan Cazenove, who is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*).

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the HK Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4.00 p.m. (Hong Kong time) on 10 December 2015, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will lapse.

#### *(ii) Qualifying Non-CCASS Shareholders who wish to accept in part*

Qualifying Non-CCASS Shareholders who wish to take up some but not all of their Nil Paid Rights should refer to (vi) below.

#### *(iii) Discretion as to validity of acceptances*

If payment is not received in full by 4.00 p.m. (Hong Kong time) on 10 December 2015, the provisional allotment will be deemed to have been declined and will lapse.

The Company and the Joint Global Coordinators may also (in their absolute discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

The Company and the Joint Global Coordinators reserve the right to treat as invalid any acceptance or purported acceptance of the New Ordinary Shares that appears to the Company or the Joint Global Coordinators to have been executed in, despatched from or that provides an address for delivery of definitive share certificates for New Ordinary Shares in the United States or any of the Excluded Territories. New Ordinary Shares can only be registered on the Hong Kong register if the allottee has an address in Hong Kong.

A Qualifying Non-CCASS Shareholder who makes a valid acceptance and payment in accordance with this paragraph is deemed to request that the New Ordinary Shares to which they will become entitled be issued to them on the terms set out in this document and the Provisional Allotment Letter, and subject to the Articles.

(iv) *Payments*

All payments made by a Qualifying Non-CCASS Shareholder must be in Hong Kong dollars and made by cheque drawn on a bank account with, or by cashier's order issued by, a licensed bank in Hong Kong and in either case made payable to "Standard Chartered PLC Rights Issue" and crossed "Account Payee Only". Qualifying Non-CCASS Shareholders should write their name and Shareholder Reference Number or Identifier (indicated in the middle of page 1 of the Provisional Allotment Letter) and their contact telephone number on the back of the cheque or cashier's order. All cheques or cashier's orders in Hong Kong dollars for the New Ordinary Shares will be presented for payment immediately upon receipt and no interest shall accrue thereon. The Company and the Joint Global Coordinators may elect to treat as invalid any acceptance in respect of which the cheque or cashier's order is dishonoured on first presentation and in such case, all rights under the Provisional Allotment Letter will be deemed to have been declined and will lapse. If New Ordinary Shares have already been allotted to Qualifying Non-CCASS Shareholders prior to any payment not being so honoured or such Qualifying Non-CCASS Shareholder's acceptance being treated as invalid, the Company and the Joint Global Coordinators may, in their absolute discretion as to manner, timing and terms, make arrangements for the sale of such shares on behalf of those Qualifying Non-CCASS Shareholders and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Non-CCASS Shareholders pursuant to the terms of the Rights Issue in respect of the acquisition of such shares) on behalf of such Qualifying Non-CCASS Shareholders. None of the Company, the Underwriters or any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by Qualifying Non-CCASS Shareholders as a result.

(v) *Dealings in Nil Paid Rights*

Dealings on the Main Board of the Hong Kong Stock Exchange in the Nil Paid Rights are expected to commence at 9.00 a.m. (Hong Kong time) on 25 November 2015 and will cease at 4.00 p.m. (Hong Kong time) on 7 December 2015. A transfer of Nil Paid Rights can be made by a renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the Provisional Allotment Letter to the transferee or broker. The latest time and date for registration of renunciation of Provisional Allotment Letters, nil paid, is 4.00 p.m. (Hong Kong time) on 10 December 2015.

(vi) *Transfer and splitting of Provisional Allotment Letters*

If a Qualifying Non-CCASS Shareholder wishes to take up only part of his/her Nil Paid Rights under the Provisional Allotment Letter or transfer a part of his/her rights to take up New Ordinary Shares provisionally allotted to him/her under the Provisional Allotment Letter or to transfer all or part of his/her rights to more than one person, he/she should arrange for the splitting of the Provisional Allotment Letter. In order to split the Provisional Allotment Letter, the original Provisional Allotment Letter must be surrendered and lodged in person for cancellation together with a covering letter stating clearly the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter (which, in aggregate, should be equal to the number of New Ordinary Shares provisionally allotted to such holder as stated in Box B of Form A of the Provisional Allotment Letter) by no later than 4.30 p.m. (Hong Kong time) on 2 December 2015 with the HK Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, who will cancel the original Provisional Allotment Letter and issue split Provisional Allotment Letters in the denominations required. The split Provisional Allotment Letters will be available for collection from the HK Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9.00 a.m. (Hong Kong time) on the second HK Business Day after the surrender of the original Provisional Allotment Letter.



If a Qualifying Non-CCASS Shareholder wishes to transfer all of his/her Nil Paid Rights under the Provisional Allotment Letter (or the split Provisional Allotment Letter, as the case may be) to another person, he/she should complete and sign Form B on page 2 of the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person to or through whom he/she is transferring his/her Nil Paid Rights. The transferee must then complete and sign Form C on page 2 of the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact together with a remittance for the full amount payable on acceptance with the HK Registrar to effect the transfer by not later than 4.00 p.m. (Hong Kong time) on 10 December 2015. The HK Registrar will hold such monies on behalf of J.P. Morgan Cazenove, who is acting as principal, but subject to the requirement that the monies can only be applied in acquiring redeemable preference shares in Standard Chartered Jersey as provided in paragraph 11 of this Part IX (*Terms of the Rights Issue*).

The Company and the Joint Global Coordinators reserve the right to refuse to register any transfer in favour of any person in respect of which the Company or the Joint Global Coordinators believe such transfer may violate applicable legal or regulatory requirements, including (without limitation) any transfer to any person who is resident outside the United Kingdom or Hong Kong. New Ordinary Shares can only be registered on the Hong Kong register if the allottee has an address in Hong Kong. If a Qualifying Non-CCASS Shareholder transfers his or her Nil Paid Rights under the Provisional Allotment Letter to a person with a registered address outside Hong Kong (but, subject to certain exceptions, not within the United States or any Excluded Territory) any New Ordinary Shares to which they become entitled will be registered on the UK register.

(vii) *Registration in names of Qualifying Non-CCASS Shareholders*

A Qualifying Non-CCASS Shareholder who wishes to have all of the New Ordinary Shares to which he/she is entitled registered in his/her name must accept and make payment for such allotment in accordance with the provisions set out in this document and the Provisional Allotment Letter.

**(c) Action to be taken by Qualifying CCASS Shareholders**

If you are a Qualifying CCASS Shareholder whose Existing Ordinary Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to acquire the New Ordinary Shares provisionally allotted to you, or to sell your Nil Paid Rights or split your Nil Paid Rights, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance or transfer of the Nil Paid Rights.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in Part III (*Expected Timetables of Principal Events*) of this document and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or splitting by CCASS Participants of the New Ordinary Shares provisionally allotted to CCASS stock accounts in respect of the Ordinary Shares registered in the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for acceptance, transfer and/or splitting of New Ordinary Shares provisionally allotted to Qualifying CCASS Shareholders who are CCASS Participants shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS. Qualifying CCASS Shareholders who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Qualifying CCASS Shareholders’ interests in New Ordinary Shares should be dealt with.

## **7. Application for listing on the Main Board of the Hong Kong Stock Exchange**

Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Ordinary Shares, in both nil paid and fully paid forms on the Main Board of the Hong Kong Stock Exchange. The New Ordinary Shares do not constitute a new class of securities to be listed on the Main Board of the Hong Kong Stock Exchange.

Subject to the granting of listing of, and permission to deal in, the New Ordinary Shares in their nil paid and fully paid forms on the Main Board of the Hong Kong Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the New Ordinary Shares in their nil paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the New Ordinary Shares in their nil paid and fully paid forms or such other dates as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Nil Paid Rights are expected to be traded in board lots of 50 (as the Existing Ordinary Shares are currently traded on the Hong Kong Stock Exchange in board lots of 50). Dealings in the nil paid and fully paid New Ordinary Shares will be subject to the payment of stamp duty in Hong Kong.

## **8. Procedure in respect of New Ordinary Shares not taken up and withdrawal rights**

### **(a) Procedure in respect of New Ordinary Shares not taken up**

If an entitlement to New Ordinary Shares is not validly taken up in accordance with the procedure laid down for acceptance and payment, then that provisional allotment shall be deemed to have been declined and will lapse. The Joint Global Coordinators will use reasonable endeavours to procure, by not later than the close of business on 11 December 2015, acquirers for all (or as many as possible) of those New Ordinary Shares not taken up if a price per New Ordinary Share at least equal to the total of: (a) the Issue Price (in Pounds Sterling); and (b) the expenses of procuring such acquirers (including any applicable brokerage, commissions, currency conversion costs and any amounts in respect of value added tax which are not recoverable) can be obtained.

New Ordinary Shares for which acquirers are procured on this basis will be re-allotted to such acquirers and the aggregate of any premiums (being the amount paid by such acquirers after deducting: (a) the Issue Price (in Pounds Sterling); and (b) the expenses of procuring such acquirers, including any applicable brokerage, commissions, currency conversion costs and any amounts in respect of value added tax which are not recoverable), if any, will be paid (without interest) to those persons entitled to lapsed provisional allotments as set out below *pro rata* to the relevant lapsed provisional allotments:

- (i) where the Nil Paid Rights were, at the time they lapsed, represented by a Provisional Allotment Letter, to the person whose name and address appeared on page 1 of the Provisional Allotment Letter (unless that person is covered by (iii) below);
- (ii) where the Nil Paid Rights were, at the time they lapsed, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST or CCASS (unless that person is covered by (iii) below); and
- (iii) where an entitlement to New Ordinary Shares was not taken up by an Overseas Shareholder with a registered address in the United States or any of the Excluded Territories, to that Overseas Shareholder,

save that no payment will be made of individual amounts of less than GB£5.00 (five Pounds Sterling) (or its equivalent in Hong Kong dollars), which amounts will be aggregated and will ultimately accrue to the benefit of the Company.

Notwithstanding the above, the Joint Global Coordinators may cease to endeavour to procure any such acquirers if, in the opinion of the Joint Global Coordinators, it is unlikely that any such acquirers can be so procured at such a price by such time. If and to the extent that acquirers cannot be procured on the basis outlined above, the relevant New Ordinary Shares not taken up

will be acquired by the Underwriters as principals pursuant to the Underwriting Agreement or by sub-underwriters or placees procured by the Underwriters, in each case, at the Issue Price (in Pounds Sterling).

Any transactions undertaken pursuant to this paragraph 8 shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and none of the Company, the Underwriters, the Joint Global Coordinators or any other person procuring acquirers shall be responsible or have any liability whatsoever for any loss or damage (whether actual or alleged) arising from the terms of or timing of any such acquisition, the market on which such transaction is carried out, any decision not to endeavour to procure acquirers or the failure to procure acquirers on the basis described above. The Underwriters and Joint Global Coordinators will be entitled to retain any brokerage fees, commission or other benefits realised in connection with these arrangements. Cheques for the amounts due (if any) to persons entitled to lapsed provisional allotments will be sent in Pounds Sterling to UK Shareholders and Hong Kong dollars to HK Shareholders, by ordinary post, at the risk of the person(s) entitled, to their registered addresses (in the case of joint holders, to the registered address of the first named), provided that where any entitlement concerned was held in CREST, the amount due will be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST Member's (or CREST Sponsored Member's) RTGS settlement bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism or in such other manner as the Company (in its absolute discretion) determines.

Shareholders will not be entitled to apply for New Ordinary Shares in excess of their entitlement.

**(b) *Withdrawal rights***

Persons wishing to exercise statutory withdrawal rights under section 87Q(4) of FSMA after a supplementary prospectus (if any) in respect of this document has been published by the Company, must do so by lodging in person or sending a signed written notice of withdrawal which must include the Shareholder Reference Number or Identifier set out on the cover page of the Provisional Allotment Letter, the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST Member, the participant ID and the member account ID of such CREST Member, to the relevant Registrar (for further details, Shareholders should contact Computershare Investor Services PLC on 0370 702 0138 (from inside the UK) or +44 370 702 0138 (from outside the UK)) or Computershare Hong Kong Investor Services Limited on 2862 8648 (from inside Hong Kong) or on +852 2862 8648 (from outside Hong Kong), so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Withdrawal is effective as at the time of receipt of the withdrawal notice by the relevant Registrar, as applicable. Notice of withdrawal given by any other means or which is deposited with or received by the relevant Registrar after expiry of such period will not constitute a valid withdrawal. Furthermore, the exercise of withdrawal rights will not be permitted after payment by the relevant person in respect of their New Ordinary Shares in full and the allotment of the New Ordinary Shares to such person becoming unconditional. In such circumstances, Shareholders are advised to consult their professional advisers. Provisional allotments of entitlements to New Ordinary Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New Ordinary Shares will be subject to the provisions of sub-paragraph 8(a) above of this Part IX (*Terms of the Rights Issue*) as if the entitlement had not been validly taken up.

**9. *Overseas Shareholders***

The making of the proposed offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, the Republic of Ireland and Hong Kong may be affected by the laws or regulatory requirements of the relevant jurisdiction. Any Shareholder who is in any doubt as to his/her position should consult an appropriate professional adviser without delay.

This document has been approved by the FCA, being the competent authority in the United Kingdom. The Company has requested the FCA to provide a certificate of approval and a copy of this document to the competent authorities in the Republic of Ireland pursuant to the passporting provisions of FSMA. It is expected that Shareholders in each member state of the European Economic Area will be able to participate in the Rights Issue.

**(a) General**

**The offer of Nil Paid Rights, Fully Paid Rights and/or New Ordinary Shares to persons resident or located in, or who are citizens of, or who have a registered address in countries other than the United Kingdom, Republic of Ireland or Hong Kong may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their rights.**

It is also the responsibility of any person (including, without limitation, custodians, nominees, agents and trustees) outside the United Kingdom, the Republic of Ireland or Hong Kong wishing to take up their rights under the Rights Issue to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. **The comments set out in this paragraph 9 are intended as a general guide only and any Overseas Shareholder who is in any doubt as to his/her position should consult his/her professional adviser without delay.**

This paragraph 9 sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the United Kingdom, the Republic of Ireland or Hong Kong, who are citizens of, or resident or located in, countries other than the United Kingdom, the Republic of Ireland or Hong Kong, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the United Kingdom, the Republic of Ireland or Hong Kong or who hold Ordinary Shares for the account or benefit of any such person.

New Ordinary Shares will be provisionally allotted to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights will not be credited to CREST or CCASS accounts of, Overseas Shareholders with registered addresses in the United States or any of the Excluded Territories or to their agent or intermediary or to any depository in the United States or any of the Excluded Territories or to any Qualifying Shareholder who holds Existing Ordinary Shares through such a depository except where the Company and the Joint Global Coordinators are satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdiction.

As required under Rule 13.36(2) of the Hong Kong Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to making the Rights Issue in the United States and the Excluded Territories. The Company has considered advice from legal advisers in the United States and the Excluded Territories that either: (i) this document will be required to be registered or filed with or subject to approval by the relevant authorities in those jurisdictions; or (ii) the Company or Qualifying Shareholders would need to take additional steps to comply with the local legal and regulatory requirements if the Rights Issue were extended to the Shareholders in those jurisdictions.

Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exceptions as agreed by the Company and the Joint Global Coordinators, it is necessary or expedient to restrict the ability of Shareholders in the United States and the Excluded Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a stock account in CREST or CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Provisional Allotment Letter must be treated as sent for information only and should not be copied or redistributed. No person who has received or receives a copy of this document and/or a Provisional Allotment Letter and/or who receives a credit of Nil Paid Rights to a stock account in CREST or CCASS in any territory other than the United Kingdom, Republic of Ireland or Hong Kong may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST or Nil Paid Rights in CCASS, in the relevant territory, unless such an invitation or offer could lawfully be made to him/her or the Provisional Allotment Letter or Nil Paid Rights or Fully Paid Rights in CREST or Nil Paid Rights in CCASS could lawfully be used or dealt with without contravention of any registration or other legal or regulatory requirements.

Accordingly, persons who have received a copy of this document or a Provisional Allotment Letter or whose stock account in CREST is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer Nil Paid Rights or Fully Paid Rights to any person in or into, the United States or any of the Excluded Territories. If a Provisional Allotment Letter or a credit of Nil Paid Rights or Fully Paid Rights in CREST is received by any person in any such territory, or by his/her agent or nominee, he/she must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights in CREST unless the Company and the Joint Global Coordinators determine that such actions would not violate applicable legal or regulatory requirements.

Similarly, persons who have received a copy of this document or a Provisional Allotment Letter or whose stock account in CCASS is credited with Nil Paid Rights should not, in connection with the Rights Issue, distribute or send the same in or into, or transfer Nil Paid Rights to any person in or into, the United States or any of the Excluded Territories. If a Provisional Allotment Letter or a credit of Nil Paid Rights in CCASS is received by any person in any such territory, or by his/her agent or nominee, he/she must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights in CCASS unless the Company and the Joint Global Coordinators determine that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or a Provisional Allotment Letter in or into any such territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 9.

Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Provisional Allotment Letter in, into or from the United States or any of the Excluded Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 9.

The Company and the Joint Global Coordinators reserve the right to treat as invalid any exercise or purported exercise of Nil Paid Rights or Fully Paid Rights and will not be bound to issue any New Ordinary Shares in respect of any acceptance or purported acceptance of the offer of New Ordinary Shares which:

- (i) appears to the Company or the Joint Global Coordinators or their respective agents to have been executed, effected or despatched from the United States or any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws or regulations of any jurisdiction; or
- (ii) in the case of a Provisional Allotment Letter or any election made using the Computershare Online Facility, provides an address for delivery of the share certificates in or, in the case of a credit of New Ordinary Shares in CREST, a CREST Member or CREST Sponsored Member or, in the case of a credit of New Ordinary Shares in CCASS, a CCASS Participant whose registered address is in the United States or any of the Excluded Territories or any other jurisdiction outside the United Kingdom, the Republic of Ireland or Hong Kong in which it



would be unlawful to deliver such share certificates or make such a credit or if the Company or the Joint Global Coordinators believe or their respective agents believe that the same may violate applicable legal or regulatory requirements.

The attention of Qualifying Shareholders with registered addresses in, or who are resident or located in, the United States or holding Ordinary Shares on behalf of persons with such addresses in: (i) the US is drawn to sub-paragraph (c); (ii) India is drawn to sub-paragraph (b); (iii) Canada is drawn to sub-paragraph (d); and (iv) the UAE is drawn to sub-paragraph (e); and (v) any of the remaining Excluded Territories is drawn to sub-paragraph (f). The attention of all Overseas Shareholders is drawn to sub-paragraph (g).

Notwithstanding any other provision of this document, the Provisional Allotment Letter or the Computershare Online Facility the Company and the Joint Global Coordinators reserve the right to permit any Qualifying Shareholder to take up his/her rights if the Company and the Joint Global Coordinators in their sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If the Company and the Joint Global Coordinators are so satisfied, the Company will arrange for the relevant Qualifying Shareholder to be sent a Provisional Allotment Letter if he/she is a Qualifying Non-CREST Shareholder or a Qualifying Non-CCASS Shareholder or, if he/she is a Qualifying CREST Shareholder or a Qualifying CCASS Shareholder, arrange for Nil Paid Rights to be credited to the relevant CREST or CCASS stock account.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in sub-paragraphs 4(b), 5(b) and 6(b) of this Part IX (*Terms of the Rights Issue*).

The provisions of sub-paragraph 8(a) will apply to all Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them. Accordingly, such Overseas Shareholders will be treated as not having taken up their rights to New Ordinary Shares and the Joint Global Coordinators will endeavour to procure, on behalf of such Overseas Shareholders, acquirers for the New Ordinary Shares in accordance with the terms of the Underwriting Agreement.

Specific restrictions relating to certain jurisdictions are set out below.

**(b) Offering restrictions relating to India**

**Shareholders**

Any person in India who is in possession of this document is hereby notified that no action has been or will be taken that would allow an offering of the New Ordinary Shares to the public in India. This document has not been and/or will be registered as a prospectus or a statement in lieu of prospectus with the Registrar of Companies under the Companies Act, 2013 in India or SEBI for prior review or approval. Other than to Indian QIBs in compliance with the private placement exemptions under the applicable laws and regulations in India, including section 42 of the Companies Act, 2013, as amended and the rules there under, the New Ordinary Shares have not been, and will not be, offered or sold to any person in India. This document is strictly personal to the recipient and neither this document nor the offering of the New Ordinary Shares is calculated to result, directly or indirectly, in the New Ordinary Shares becoming available for subscription or purchase by persons other than those receiving the invitation or offer under this document. Accordingly, other than to Indian QIBs, the New Ordinary Shares may not be offered, sold, transferred or delivered and neither this document nor any offering material relating to the New Ordinary Shares may be distributed or made available (in whole or in part) in India, directly or indirectly in connection with any offer or invitation for any investment or subscription for the New Ordinary Shares in India.

By applying for New Ordinary Shares in the Rights Issue, an investor in India, is deemed to have represented, warranted, acknowledged and agreed with the Company that it is “qualified institutional buyer” as defined in Regulation 2(1)(zd) of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any of the New Ordinary Shares that are allocated in the Rights Issue.

### *Indian Depository Receipts*

This document does not constitute an offer or invitation for any investment or subscription for IDRs in India. Any person who is in possession of this document is hereby notified that no action has been or will be taken that would allow an offering of IDRs in India and neither this document nor any offering material relating to IDRs has been submitted to the Registrar of Companies in India or SEBI for prior review or approval. Further, no document in connection with the Rights Issue has been filed with the Registrar of Companies in India.

#### **(c) Offering restrictions relating to the United States**

The Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and Provisional Allotment Letters have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Accordingly, the Company is not extending the Rights Issue into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, none of this document and the Provisional Allotment Letter constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States.

Subject to certain exceptions, neither this document nor a Provisional Allotment Letter will be sent to, and no Nil Paid Rights will be credited to, a stock account in CREST or CCASS of any Shareholder with a registered address in the United States. Subject to certain exceptions, Provisional Allotment Letters or renunciations thereof sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

Subject to the sub-paragraph immediately below, the Company reserves the right to treat as invalid any request relating to the exercise (or renunciation of rights or registration of the New Ordinary Shares comprised therein) that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make a warranty to the effect that the person accepting and/or renouncing the Provisional Allotment: (a) is not in any of the Excluded Territories; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (c) is not in the United States, nor is such person applying for the account of a person who is located in the United States; and (d) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any Excluded Territory, the United States or any other jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares.

The Company will not treat as invalid any request relating to the exercise (or renunciation of rights or registration of the New Ordinary Shares comprised therein) falling within (c) in the preceding sub-paragraph if: (i) the instruction to apply was received from a person outside the United States; and (ii) the person giving such instruction has confirmed that: (A) it has the authority to give such instruction; and either (B) has investment discretion over such account; or (C) is an investment manager or investment company that is applying for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S.

The Company will not be bound to allot (on a non-provisional basis) or issue any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may be transferred or renounced. In addition, the Company and the Joint Global Coordinators reserve the right to reject any MTM instruction sent by or on behalf of any CREST Member or any instruction sent by or on behalf of any CCASS Participant with a registered address in the United States in respect of the Nil Paid Rights.

Notwithstanding the above, the Company reserves the right to make the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and Provisional Allotment Letters (together, the “Securities”) available within the United States to QIBs in transactions exempt from the registration requirements of the Securities Act. Any such transactions shall be at the sole discretion of the Company. Any person reasonably believed to be a QIB to whom Securities are offered and by whom Securities are acquired will be required to execute and deliver an investor representation letter provided by the Company or the Joint Global Coordinators setting out certain restrictions and procedures regarding the Securities.

Prospective investors are hereby notified that sellers of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares may be relying on the exemption from registration provisions under section 5 of the Securities Act provided by Rule 144A.

No representation has been, or will be, made by the Company or the Underwriters as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act for the reoffer, pledge or transfer of the New Ordinary Shares.

Any person in the United States who obtains a copy of this document or a Provisional Allotment Letter and who is not a QIB is required to disregard it.

Potential purchasers of the New Ordinary Shares in the United States are advised to consult legal counsel before making any offer for, resale, pledge or other transfer of, such New Ordinary Shares.

Until the expiration of the 40-day period beginning on the date of this document, an offer to sell or a sale of, or acquisition of, the New Ordinary Shares, the Nil Paid Rights, the Fully Paid Rights and the Provisional Allotment Letters within the United States by a broker/dealer (whether or not it is participating in the Rights Issue) may violate the registration requirements of the Securities Act.

**(d) *Offering restrictions relating to Canada***

This document will not be filed as a prospectus or rights offering circular with the securities regulator of any province or territory of Canada. The Nil Paid Rights and Fully Paid Rights may not be offered, sold or exercised in Canada and the New Ordinary Shares may not be offered or sold in Canada, unless an exemption from the prospectus requirements of applicable securities laws is available as set out below.

Subject to the previous sub-paragraph, the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may be offered or sold in Canada only to purchasers in the provinces of Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, and the Nil Paid Rights and Fully Paid Rights may be exercised only by Shareholders purchasing, or deemed to be purchasing, as principal that are accredited investors or permitted clients as so defined. Any resale of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Global Coordinators are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

**The Nil Paid Rights and Fully Paid Rights may only be exercised by Shareholders in Canada that have executed and timely returned an investor letter to the Company and the Joint Global Coordinators in the form of the investor letter for rights offering for investors located in Canada provided to such Shareholders by the Company with this document. Further, the Company is entitled to request that a Shareholder in Canada provide documentation to evidence that the Shareholder is an accredited investor and permitted client before the investor is entitled to exercise the Nil Paid Rights and Fully Paid Rights.**

**(e) *Offering restrictions relating to the United Arab Emirates***

The New Ordinary Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the UAE other than in compliance with the laws of the UAE governing the issue, offering and sale of securities. Furthermore, this document does not constitute a public offer of securities in the UAE and is not intended to be a public offer. This document has not been approved by or filed with the Central Bank of the UAE or the Securities and Commodities Authority.

**(f) *Other overseas territories***

Subject to certain exceptions, Qualifying Shareholders with registered addresses in any of the Excluded Territories will not be sent a Provisional Allotment Letter or have their CREST or CCASS accounts credited with Nil Paid Rights.

No offer of or invitation to take up New Ordinary Shares is being made by virtue of this document or the Provisional Allotment Letters into any of the Excluded Territories. Qualifying Shareholders in jurisdictions other than those specified above may, subject to the laws of their relevant jurisdiction, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders only, the Provisional Allotment Letter.

Qualifying Shareholders who have registered addresses in or who are resident or located in, or who are citizens of countries other than the United Kingdom, Republic of Ireland or Hong Kong should consult their appropriate professional advisers whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Nil Paid Rights or to acquire Fully Paid Rights (UK Shareholders only) or New Ordinary Shares.

If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares or to deal with Nil Paid Rights or Fully Paid Rights, you should contact your appropriate professional adviser immediately.

**(i) *Notice to investors in Singapore***

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may not be circulated or distributed, nor may Nil Paid Rights, Fully Paid Rights or New Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) Qualifying Shareholders under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”); (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275 or, where applicable Section 276 of the SFA; or (iii) in the case of sales of New Ordinary Shares not taken up, pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Ordinary Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is



an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Ordinary Shares pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Qualifying Shareholders and/or any holder of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares may only offer the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in Singapore to (i) existing members of the Company under Section 273(1)(cd)(i) of the Securities and Futures Act, Chapter 289 of Singapore, or (ii) pursuant to, and in accordance with, the conditions of an exemption under Section 274 or Section 275, or where applicable, Section 276, of the Securities and Futures Act, Chapter 289 of Singapore.

*(ii) Notice to investors in Japan*

The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan, as amended (the "FIEA"). This document is not an offer of securities for sale, directly or indirectly, 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 entity organised under the laws of Japan) or to others for reoffer 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 under the FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

*(iii) Notice to investors in the People's Republic of China ("PRC")*

Neither the Nil Paid Rights, the Fully Paid Rights nor the New Ordinary Shares may be offered or sold directly or indirectly within the PRC. This document or any information contained or incorporated by reference herein relating to the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This document, any information contained herein, the Nil Paid Rights, Fully Paid Rights and New Ordinary Shares have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the PRC. The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may only be invested by the PRC investors that are authorised to engage in the investment in the New Ordinary Shares. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

*(iv) Notice to investors in Switzerland*

The Nil Paid Rights, Fully Paid Rights and New Ordinary Shares may not and will not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from Switzerland. No solicitation for investments in the New Ordinary Shares may be extended, distributed or otherwise made available in Switzerland in any way that could constitute a public offering pursuant to articles 1156 or 652a of the Swiss Code of Obligations ("CO"). This document does not constitute an offering prospectus pursuant to articles 652a and 1156 CO and may not comply with the information standards required thereunder. The Company has not applied for a listing of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares on the SIX Swiss Exchange or any other regulated securities market



in Switzerland, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.

(v) *Notice to investors in the Dubai International Financial Centre*

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The New Ordinary Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the New Ordinary Shares should conduct their own due diligence. If you do not understand the contents of this document, you should consult an authorised financial adviser.

**(g) Representations and warranties relating to Overseas Shareholders**

(i) *Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders*

Any person exercising rights pursuant to a Provisional Allotment Letter, including by using the Computershare Online Facility or requesting registration of the New Ordinary Shares comprised therein, represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company’s satisfaction that such exercise will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction, such person: (a) is not in any of the Excluded Territories; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire New Ordinary Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (c) is not in the United States, nor is such person applying for the account of a person who is located in the United States (unless the sub-paragraph below applies); and (d) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any jurisdiction referred to in (b) above.

Notwithstanding the sub-paragraph immediately above, as regards (c) in that sub-paragraph, persons may exercise rights pursuant to a Provisional Allotment Letter, including by using the Computershare Online Facility or requesting registration of the New Ordinary Shares comprised therein if: (i) the instruction to apply was received from a person outside the United States; and (ii) the person giving such instruction has confirmed that: (A) it has authority to give such instruction; and, either; (B) has investment discretion over such account; or (C) is an investment manager or investment company that is applying for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in or despatched from the United States or any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in the United States or any of the Excluded Territories for delivery of definitive share certificates for New Ordinary Shares or any jurisdiction outside the United Kingdom, Republic of Ireland or Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and warranty required by the above.

(ii) *Qualifying CREST Shareholders and Qualifying CCASS Shareholders*

A CREST Member or CREST Sponsored Member and a CCASS Participant who makes a valid acceptance in accordance with the procedures set out in this Part IX (*Terms of the Rights Issue*) represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction, such person: (a) is not in any of the Excluded Territories; (b) is not in any jurisdiction in which

it is unlawful to make or accept an offer to acquire New Ordinary Shares; (c) is not in the United States, nor is such person applying for the account of a person who is located in the United States (unless the sub-paragraph below applies); and (d) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any jurisdiction referred to in (b) above.

Notwithstanding the sub-paragraph immediately above, as regards (c) in that sub-paragraph, a CREST Member or CREST Sponsored Member and a CCASS Participant may make a valid acceptance in accordance with the procedures set out in this Part IX (*Terms of the Rights Issue*) if: (i) the instruction to apply was received from a person outside the United States; and (ii) the person giving such instruction has confirmed that: (A) it has authority to give such instruction and either; (B) has investment discretion over such account; or (C) is an investment manager or investment company that is applying for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S.

The Company may treat as invalid any MTM instruction which appears to the Company to have been despatched from the United States or any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believes the same may violate any applicable legal or regulatory requirement or purports to exclude the representation and warranty required by the above.

**(h) Waiver**

The provisions of this paragraph 9 of this Part IX (*Terms of the Rights Issue*) and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion. Subject to this, the provisions of this paragraph 9 supersede any terms of the Rights Issue inconsistent herewith. References in this paragraph 9 to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this paragraph 9 shall apply to them jointly and to each of them.

**10. Taxation**

Certain information in respect of tax in relation to the Rights Issue is set out in Part XV (*Taxation*) of this document. That information is intended only as a general guide to certain aspects of the current tax position in the United Kingdom, Hong Kong and the United States, respectively. Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

**11. Rights Issue structure**

The Rights Issue has been structured in a way that is expected to have the effect of creating distributable reserves approximately equal to the net proceeds of the Rights Issue less the par value of the New Ordinary Shares issued by the Company. J.P. Morgan Cazenove has agreed to acquire ordinary shares in Standard Chartered Jersey, a Jersey incorporated company that is a subsidiary of the Company. J.P. Morgan Cazenove, as principal, will apply the proceeds of the Rights Issue to acquire redeemable preference shares in Standard Chartered Jersey. The Company will issue the New Ordinary Shares to those persons entitled thereto in consideration for J.P. Morgan Cazenove transferring its holdings of redeemable preference shares and ordinary shares in Standard Chartered Jersey to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Rights Issue the Company will own the entire issued share capital of Standard Chartered Jersey, whose only asset will be its cash reserves, which will represent an amount equivalent to the proceeds of the Rights Issue. The Company will be able to use this amount (including for the payment of the costs and expenses of the Rights Issue) on redemption of the redeemable preference shares it holds in Standard Chartered Jersey and, if required, during an interim period prior to redemption, by procuring that Standard Chartered Jersey lends the amount to the Company (or one of the Company's subsidiaries).

Accordingly, by taking up New Ordinary Shares under the Rights Issue and submitting a valid payment in respect thereof, a Qualifying Shareholder instructs the Receiving Agent and the HK Registrar: (i) to the extent of a successful application under the Rights Issue, to apply such payment on behalf of J.P. Morgan Cazenove solely to subscribe for redeemable preference shares in Standard Chartered Jersey; and (ii) to the extent of an unsuccessful application under the Rights Issue, to return the relevant payment without interest to the applicant. Further details of this structure are set out in paragraph 9 of Part XVI (*Additional Information*) of this document.

## **12. Times and dates**

The Company shall, in its discretion and after consultation with its financial and legal advisers (and with the agreement of the Joint Global Coordinators), be entitled to amend the date that dealings in Nil Paid Rights commence and amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall notify the UK Listing Authority and the Hong Kong Stock Exchange and, if appropriate, Shareholders and make an announcement via the Hong Kong Stock Exchange and on a Regulatory Information Service, **but Qualifying Shareholders may not receive any further written communication.**

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the date specified in this document as the latest date for acceptance and payment in full under the Rights Issue (or such later date as may be agreed between the Company and the Joint Global Coordinators), the latest date of acceptance under the Rights Issue shall be extended to the date which is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **13. Governing law and jurisdiction**

The terms and conditions of the Rights Issue as set out in this document, the Provisional Allotment Letter and the Computershare Online Facility (where appropriate) and any non-contractual obligation arising out of or in connection to the Rights Issue shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (where appropriate) (including any dispute relating to any non-contractual obligations arising out of or in connection with them). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders only, the Provisional Allotment Letter and the Computershare Online Facility, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## **14. Persons who hold Ordinary Shares through Computershare Company Nominees Limited (the Standard Chartered ShareCare Nominee Account)**

Persons who own Ordinary Shares through the Standard Chartered ShareCare Nominee Account will have received a Form of Election which they should complete and return in accordance with the instructions set out on that form and the accompanying Rights Issue guide if they wish to participate in the Rights Issue. If you have any questions you should contact the Shareholder Helpline on 0870 702 0138 (from inside the UK) or +44 870 702 0138 (from outside the UK).

## PART X

### INFORMATION ON THE GROUP'S BUSINESS AND STRATEGY

#### Introduction

##### *History*

The Company was incorporated in 1969 pursuant to a merger of The Standard Bank of British South Africa and The Chartered Bank of India, Australia and China. Both banks were established in the mid-nineteenth century and their origins lie in financing trade in the emerging markets of Asia and Africa. The Chartered Bank opened its first branches in Mumbai, Kolkata and Shanghai in 1858, followed by Hong Kong in 1859 and was given a licence to issue Hong Kong bank notes in 1862.

##### *Business*

Standard Chartered Bank is one of the leading international banking and financial services companies. The Group particularly focuses on the markets of Asia, Africa and the Middle East. It has significant operations in the Asia region, which accounted for 79 per cent. of its US\$2,098 million total profit before taxation for H1 2015. At 30 June 2015, the Company had total consolidated assets of US\$694,956 million, total consolidated customer loans and advances (including those held at fair value) of US\$282,339 million, total consolidated customer deposits (including those held at fair value) of US\$388,795 million and total parent company shareholders' equity (excluding minority interests) of US\$47,080 million. The Group's total capital ratio as at 30 June 2015 was 18.2 per cent. and its CET1 Capital ratio was 11.5 per cent.

The Group:

- has a structure of four geographic regions, namely: Greater China & North Asia; ASEAN & South Asia; Africa & Middle East; and Europe & Americas; and
- is organised into three client segment groups, namely: Corporate & Institutional Banking; Commercial & Private Banking; and Retail Banking.

The Company is headquartered in the UK and the Group's lead supervisor is the PRA. The Group's head office provides guidance on governance and regulatory standards across the Group's network and local and regional businesses are supported by centralised global functions.

See further in the sections entitled "Geographic Regions" and "Client Segments" below.

##### *Strategy*

On 3 November 2015, the Group announced the outcome of a strategic review. The Group's updated strategy is driven by an overarching objective to strengthen financial resilience, improve performance and enhance controls. The strategy aims to drive a fundamental change in the Group's business mix towards more profitable and less capital intensive Retail, Private Banking and Wealth Management businesses, where the Group has clear advantages, and Transaction Banking and Capital Markets activities that leverage the Group's unique footprint and network.

See further in the section entitled "Strategy" below.

##### *Listings*

The Ordinary Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange. The Ordinary Shares are also listed and traded on the Hong Kong Stock Exchange.

The Preference Shares are listed on the standard segment of the Official List and traded on the London Stock Exchange.

The AT1 Securities are listed and traded on the Hong Kong Stock Exchange.

The Company also has an IDR listing on the Bombay Stock Exchange and the National Stock Exchange of India. Ten IDRs together represent one Ordinary Share.

## **Geographic Regions**

### ***Introduction***

On 19 July 2015, alongside the appointment of the new Management Team and a simplification of the Group's client-facing structure (see further in the section entitled "Client Segments" below), the Group announced a simplification of the Group's regional structure, with a reduction from eight to four regions.

This simplified regional structure was phased in on 1 October 2015 and is expected to be fully in place by 1 January 2016.

### ***Geographic regions***

Prior to the Group's announcement on 19 July 2015, the Group had a structure of eight geographic regions, namely: Greater China, MENAP, ASEAN, North East Asia, South Asia, Africa, Europe and The Americas.

Following the announcement on 19 July 2015, the Group now has a structure of four geographic regions, namely:

- Greater China & North Asia, including Hong Kong, China, Korea, Japan and Taiwan;
- 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; and
- Europe & Americas, including the UK, the US and Latin America. In Europe and the Americas, the Group is focused on serving International clients with needs in Asia, Africa and the Middle East.

### ***Performance by geographic region***

All financial and other reporting prior to the announcement on 19 July 2015 was made by reference to the Group's eight geographical regions, namely:

- Greater China: Greater China is the largest income generating region for the Group, accounting for 34 per cent. of Group operating income for H1 2015;
- North East Asia: The Group's core operations in this area are in Korea. North East Asia represented 9 per cent. of Group operating income for H1 2015;
- South Asia: South Asia represented 8 per cent. of Group operating income for H1 2015;
- ASEAN: ASEAN accounted for 19 per cent. of Group operating income for H1 2015;
- Africa: Africa represented 9 per cent. of Group operating income for H1 2015;
- MENAP: MENAP represented 10 per cent. of Group operating income for H1 2015; and
- Europe & Americas: Europe and the Americas represented 6 per cent. and 5 per cent. respectively of Group operating income for H1 2015.



The following table provides an analysis of operating income by region:

Operating Income	For the six months ended 30 June		For the year ended 31 December	
	2015 <sup>(1)</sup>	2014 <sup>(2)</sup>	2014 <sup>(3)</sup>	2013 <sup>(4)</sup>
	(US\$ million)			
Greater China	2,854	2,785	5,446	5,198
North East Asia	730	714	1,459	1,639
South Asia	718	959	1,855	2,040
ASEAN	1,617	1,920	3,716	4,011
MENAP	835	951	1,843	1,865
Africa	759	878	1,829	1,751
Americas	440	414	861	858
Europe	542	653	1,225	1,309
Total	8,495	9,274	18,234	18,671

Notes:

- (1) Excludes US\$55 million in respect of an Own Credit Adjustment (Greater China US\$15 million, North East Asia US\$1 million, ASEAN US\$16 million, MENAP US\$2million and Europe US\$21 million) and US\$219 million relating to gains/(losses) on businesses sold/held for sale (Greater China US\$250 million, NEA US\$(33) million and MENAP US\$2 million).
- (2) Excludes US\$(15) million in respect of an Own Credit Adjustment (Greater China US\$33 million, ASEAN US\$(27) million and Europe US\$(21) million) and US\$(5) million in North East Asia in respect of fair value losses on Korean businesses held for sale.
- (3) Excludes US\$100 million in respect of an Own Credit Adjustment (Greater China US\$94 million, ASEAN US\$(3) million and Europe US\$9 million).
- (4) Excludes US\$106 million in respect of an Own Credit Adjustment (Greater China US\$(1) million, North East Asia US\$2 million, ASEAN US\$45 million and Europe US\$60 million).

The following table provides an analysis of operating income by region as reported prior to 2014:

Operating Income	For the year ended 31 December	
	2013 US\$ million	2012 US\$ million
Hong Kong	3,725	3,348
Singapore	2,103	2,203
Korea	1,563	1,852
Other Asia Pacific	3,457	3,672
India	1,696	1,585
Middle East and Other Asia	2,209	2,234
Africa	1,751	1,593
Americas, UK and Europe	2,167	2,296
Total <sup>(1)</sup>	18,671	18,783

- (1) Adjusted for Own Credit Adjustment

## Client Segments

### Introduction

Prior to the Group's announcement on 19 July 2015, the Group had a client-facing structure organised into four segments, namely Corporate & Institutional Clients, Commercial Banking Clients, Private Banking Clients and Retail Clients, with five product groups.

Following the announcement on 19 July 2015, the Group announced a simplification of this client-facing structure into three segments. This simplified client-facing structure will be supported by five product groups, with each product now reporting into the client segment with which it has the most relevant connection. The three client segments are:

- Corporate & Institutional Banking;
- Commercial & Private Banking;

- Retail Banking.

As with the change to the Group's geographical regions, the simplified client-facing structure was phased in on 1 October 2015 and is expected to be fully in place by 1 January 2016.

Corporate & Institutional Banking and Private Banking operate as global businesses. Commercial Banking and Retail Banking are operated on a country basis but with regional oversight, with client and product strategy delivered by smaller and more efficient central teams.

### ***Corporate & Institutional Banking***

Corporate & Institutional Banking offers a range of capabilities, including working capital and cash management solutions, clearing, trade finance, foreign exchange and investment solutions that support business expansion. Corporate & Institutional Banking clients comprise the following:

- International Corporates, comprised of major multinational corporations and large business groups which have sophisticated, cross-border needs requiring high levels of international service; and
- Financial Institutions, covering banks, Investor clients, Insurance companies, Broker Dealers, Public Sector names (including Central Banks, Sovereign Wealth Funds and Development Organisations) and other types of financial institutions.

Corporate & Institutional Banking includes the Group's Corporate Finance, Financial Markets and Transaction Banking product groups.

- Corporate Finance provides bespoke solutions in the areas of Advisory & Infrastructure Finance, Strategic Finance, Structured Trade Finance & Financing Solutions, Structured Finance and Principal Finance;
- Financial Markets spans Foreign Exchange, Rates & Credit Trading, Commodities, Equities, Capital Markets and Asset & Liability Management across origination, trading, sales and structuring; and
- Transaction Banking provides integrated working capital solutions such as Cash Management, Trade and Securities Services.

### ***Commercial & Private Banking***

#### ***Commercial Banking***

Commercial Banking offers a range of targeted products. The Commercial Clients segment was established in 2014 and serves medium-sized businesses that are managed by dedicated Relationship Managers. The segment initially brought together existing clients from the previous Wholesale Banking and Consumer Banking businesses. More recently a large number of the Local Corporate clients have been moved from the Corporate & Institutional Banking business into the Commercial Banking business.

#### ***Private Banking and Wealth Management***

Private Banking and Wealth Management is dedicated to providing high net worth clients with a highly personalised service and a comprehensive suite of products and services tailored to meet their financial needs. It also contains the Group's Wealth Management product group, which offers investment, portfolio management and advice and planning services to clients of both the Private Bank and the Retail Bank.

### ***Retail Banking***

Retail Banking offers a range of products and capabilities, including deposits, savings, mortgages, credit cards and personal loans. Retail Banking offers services to the following client segments:

- Priority Clients, which manages and services high value segment customers and delivers a distinct and differentiated customer experience to them;
- Personal Clients, which provides banking products and services to a broader consumer market. Operating under a portfolio driven model, Personal Clients provides consistently high quality services through multiple and convenient channels such as phone-banking, ATMs, internet, mobile and SMS banking; and

- Business Clients, which serves small business clients, sole proprietors, partnerships and private companies and offers solutions such as working capital, business expansion, business protection and yield enhancement.

Retail Banking includes the Group's Retail Products which provides consumer banking services such as Transaction Banking, Mortgages, Credit Cards and Personal Loans.

### **Performance by Client Segment**

The Group's previous organisational structure, comprised of four segments, is the basis for the Group's reporting to date. The following table provides an analysis of operating income by client segment:

Operating Income	For the six months ended 30 June		For the year ended 31 December	
	2015 <sup>(1)</sup>	2014 <sup>(2)</sup>	2014 <sup>(3)</sup>	2013 <sup>(4)</sup>
(US\$ million)				
Corporate & Institutional Clients	4,806	5,334	10,431	10,656
Commercial Clients	497	616	1,182	1,511
Private Banking	304	314	612	586
Retail Clients	2,888	3,010	6,009	5,918
Total	8,495	9,274	18,234	18,671

Notes:

- (1) Excludes US\$55 million relating to an Own Credit Adjustment and US\$219 million relating to net gains on businesses sold.
- (2) Excludes US\$(15) million relating to an Own Credit Adjustment and US\$5 million relating to fair value loss on businesses held for sale.
- (3) Excludes US\$100 million relating to an Own Credit Adjustment.
- (4) Excludes US\$106 million relating to an Own Credit Adjustment.

The following table provides an analysis of operating income by client segment as reported prior to 2014:

Operating Income	For the year ended 31 December	
	2013 US\$ million	2012 US\$ million
Consumer	7,179	7,021
Wholesale	11,598	11,672
Total	18,671	18,783

## **STRATEGY**

### **Recent developments**

In March 2015, the Group announced two financial priorities, namely to achieve a CET1 Capital ratio of between 11 and 12 per cent. in 2015 and to deliver a return on equity of over 10 per cent. in the medium term. The Group also announced a programme of actions, including the delivery of US\$1.8 billion in gross cost savings by the end of 2017 and the reduction of between US\$25 billion and US\$30 billion RWA from low returning client relationships by the end of 2016.

On 10 June 2015, Bill Winters was appointed as Group Chief Executive Officer and announced his intention to review the Group's organisation, structure and strategy. In July 2015, a new Management Team was put in place and mandated to develop and execute a plan to address the future performance of the Group, including delivery of the financial priorities described above. At the same time, the Group began simplifying its organisational structure to improve accountability, speed up decision-making and reduce bureaucracy (including through the changes to the Group's regional and client-facing structures described in the sections entitled "Geographic Regions" and "Client Segments" above).

### ***The Group's current position***

The Group has successfully commenced delivery of the financial priorities announced in March 2015. In particular, it has made good progress in strengthening the CET1 Capital ratio which has increased from 10.7 per cent. at the start of the year to 11.5 per cent. as at 30 June 2015, approximately 260 basis points higher than the current known minimum capital requirement in 2019<sup>9</sup>. The Group is also on track to deliver the cost efficiencies and reduction of low returning client relationship RWA announced in March 2015.

In addition:

- concentrated exposures have been significantly reduced and portfolios and segments such as unsecured lending and correspondent banking have been de-risked;
- tighter risk tolerance criteria have been introduced;
- the sale or closure of over 20 non-strategic businesses has been announced since the end of 2014; and
- the Group's headcount has been reduced from approximately 91,000 as at 31 December 2014 to around 86,500 as at 30 September 2015.

### ***The updated strategy***

#### *Introduction*

On 3 November 2015, the Group announced the outcome of its strategic review. The Group's updated strategy is seeking to address the Group's declining performance, combined with economic uncertainty in many markets, heightened near-term macroeconomic risks, the Group's underinvested systems, tighter capital and liquidity requirements, and intensifying competition.

#### *Market trends*

The updated strategy seeks to build upon opportunities that the Group is well-positioned to capitalise on. In particular, the Group operates in many of the highest growth markets in the world and, despite the current adverse sentiment regarding the growth of emerging markets, these markets are considered to offer long term opportunities to the Group. Trends driving opportunities include:

- the 'Rise of the Urban Middle Class' in markets such as China, India and Africa, the natural and existing client base of the Group;
- increasing global connectivity, leading corporates in the Group's core markets to expand overseas and resulting from the continued opening up of the Chinese market and the expectation that renminbi will become a reserve currency;
- further digitisation of the market place, allowing the Group to leverage its strong brand and create efficiency and productivity gains by rolling out enhanced digital technologies; and
- deepening and internationalisation of the local markets in which the Group operates giving rise to increased sophistication of clients' financial needs.

The Board considers that the Group's strong brand, product capabilities and presence in Asia, Africa and the Middle East will allow it to benefit from these underlying trends.

#### *Objectives and overview of the updated strategy*

The overarching objectives of the Group's revised strategy announced on 3 November 2015 are to strengthen financial resilience, improve performance and enhance controls. The Group will seek to achieve this core objective through a comprehensive programme of actions comprising:

- A new business strategy aligned with a tightened risk tolerance, focusing more on affluent Retail Clients and less on asset intensive Corporate & Institutional Banking businesses and continuing to reduce concentrated exposures. Segment initiatives include:
  - Restructuring and improving returns from the Group's Corporate & Institutional Banking segment.

9 (a) Details of the manner in which the Group's current known minimum CET1 Capital ratio requirement in 2019 is calculated are set out in paragraph 2 of Part VI (*General Information*). (b) As at 30 September 2015, the Group's CET1 Capital ratio was 11.4 per cent.

- Accelerating the Retail Banking transformation.
- Implementing a fundamental overhaul of Commercial Banking.
- Investing and innovating in Private Banking and Wealth Management to capture opportunities.
- A new strategy for each of the Group's regions, focusing on local execution and improved accountability, and comprising the following for each region:

<b>Greater China &amp; North Asia</b>	<b>ASEAN &amp; South Asia</b>
<ul style="list-style-type: none"> <li>• Leverage the Group's brand and strength in Hong Kong, and its onshore presence in China, to invest in and grow the Greater China Wealth Management business</li> <li>• Restructure or reposition Retail Banking and Commercial Banking in China and Korea</li> <li>• Improve operational execution in: Corporate &amp; Institutional Banking in Taiwan, Korea and Japan; Commercial Banking in Hong Kong; and Retail Banking in Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• Restructure or reposition Commercial Banking in each country within this region</li> <li>• Improve operational execution in: Retail Banking in Singapore, Malaysia, Indonesia, and India; Private Banking in Singapore and India; and Corporate &amp; Institutional Banking in Malaysia, Indonesia, Vietnam, Thailand and India</li> <li>• Invest in: Corporate &amp; Institutional Banking in Singapore; and Retail Banking and Corporate &amp; Institutional Banking in Bangladesh</li> </ul>
<b>Africa &amp; Middle East</b>	<b>Europe &amp; Americas</b>
<ul style="list-style-type: none"> <li>• Build upon renminbi, Rates and FX capabilities, sovereign relationships and invest in infrastructure in Corporate &amp; Institutional Banking in Africa</li> <li>• Target a low risk, low cost, supply chain driven model in Commercial Banking in Africa</li> <li>• Deepen the presence of the Group's Retail Banking segment in select markets in Africa</li> <li>• Build Retail Banking in Pakistan</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain origination centres to support the Group's network</li> <li>• Restructure or reposition the Group's Corporate &amp; Institutional Banking offering in Latin America</li> </ul>

- Establishment of best-in-class conduct and control capabilities.
- Businesses to be restructured that utilise more than US\$100 billion, or one third of, Group RWA, comprising:
  - US\$50 billion RWA relating to low returning relationships in Corporate & Institutional Banking and Commercial Banking where the Group intends to improve returns or exit by 2018;
  - US\$30 billion RWA in specific focus countries (Korea Retail and Commercial Banking and Indonesia) where the Group will restructure or reposition for improved returns whilst retaining the option to explore alternatives;
  - US\$20 billion RWA that is outside the tightened risk tolerance which the Group will liquidate by end of 2018; and
  - US\$5 billion RWA in peripheral businesses that the Group will exit by end of 2018.
- Restructuring charges from potential losses on liquidation of non-strategic businesses and assets, redundancy costs and goodwill write downs of approximately US\$3 billion by the end of 2016; over half of which relate to potential losses on liquidating non-strategic assets and businesses. The remaining charges are expected to be split between potential redundancy costs (relating to planned gross headcount reduction of approximately 15,000 from approximately 86,500 as at 30 September 2015) and goodwill write downs. The potential impact of the restructuring charges, together with the associated reduction in RWA, is expected to have a small impact on the Group's CET1 Capital ratio.



- The Group has increased its gross costs efficiency targets, to create capacity for further investment, from US\$1.8 billion over three years (covering the period 2015 to 2017) to US\$2.9 billion over four years (covering the period 2015 to 2018); and is currently on track to deliver the planned US\$0.6 billion of gross cost savings by the end of 2015. In overall terms, the Group is committed to bringing total costs in 2018 to below the levels in 2015. Actions proposed to be taken by the Group to deliver these cost savings include:
  - Corporate & Institutional Banking. The rationalisation of client coverage roles across segments and regions, the implementation of improvements in end-to-end efficiency and effectiveness of key processes and the achievement of costs savings to reflect the planned reductions in more capital-intensive businesses.
  - Retail Banking. The implementation of straight-through client on-boarding processes and systems, the migration of customers from branches to online and the rationalisation of branches.
  - Commercial Banking. The rationalisation of client coverage roles across segments and regions and the implementation of improvements in end-to-end efficiency and effectiveness of key processes.
  - Private Banking and Wealth Management. The automation of processes and improvement of tools for relationship managers.
  - Group-wide initiatives. The optimisation of the Group's real estate, including through increased density and agile working and the implementation of a new strategic sourcing approach.
  - Functional initiatives. Simplification of the organisation's management structure and the introduction of self-serving tools which are standardised and eliminate duplication.
- A step-up in cash investment by more than US\$1 billion over the period 2016 to 2018 to reposition the Group's Retail Banking systems and enhance its digital capabilities, to reposition its Private Banking and Wealth Management businesses, to upgrade the Africa franchise and renminbi services, and to enhance conduct and control capabilities. These investments are expected to increase return on equity by more than 100 basis points over the medium term. Overall, in the period 2016 to 2018, the Group plans to invest at least US\$3 billion, comprising:
  - <US\$1.5 billion to upgrade and enhance systems and to deliver process and control efficiencies;
  - >US\$1 billion to reposition its Retail Banking and Private Banking & Wealth Management segments, build the Africa business and sustain its renminbi leadership; and
  - >US\$0.5 billion on delivery of the Group's regulatory compliance programs.

The programme of actions outlined above is brought together within three strategic themes - "Secure the foundations", "Get lean and focused"; and "Invest and innovate". The Group has announced a number of additional metrics to measure its progress against delivery of its updated strategic priorities within these three themes. These are:

- "Secure the foundations": Reducing or exiting exposures to within the Group's tightened risk tolerance levels by the end of 2017; reducing approximately US\$25 billion RWA relating to non-strategic assets to nil by the end of 2018; and reducing the Group's total costs to below 2015 levels by the end of 2018.
- "Get lean and focused": Optimising approximately US\$50 billion RWA relating to Corporate & Institutional Banking and Commercial Banking by the end of 2018; and achieving a cost income ratio in Retail Banking of approximately 55 per cent. by the end of 2020.
- "Invest and innovate": Achieving growth of US\$25 billion AuM in Private Banking and Wealth Management by the end of 2018; delivering in excess of 40 per cent. of income from Priority Clients within Retail Banking by the end of 2018; delivering market share gains across the Africa region; and maintaining the Group's leading position in renminbi cross-border payments, offshore renminbi bond issuance and foreign exchange solutions.

## **ACQUISITIONS, JOINT VENTURES, DISPOSALS AND EXITS**

The Group, from time to time, considers acquiring assets or businesses that it believes are logical extensions of its existing businesses in various markets. The Group's acquisitions are assessed and executed based on their expected contribution and return to the business and their strategic fit.

### ***Acquisitions and Joint Ventures***

Some examples include the following.

- In 2014, the Group supported Bank Permata's acquisition of a 25 per cent. stake in Astra Sedaya Finance in Indonesia which had previously been signed in 2013.
- In March 2014, Standard Chartered Bank and Prudential PLC signed an agreement to extend and expand their strategic Bancassurance partnership.
- In December 2013, the Group acquired Absa Bank's custody and trustee business in South Africa.
- In November 2012, the Group completed the acquisition of Credit Agricole's business in Turkey, upgrading its representative office to a subsidiary.

### ***Disposals and Exits***

The Group has commenced a programme to dispose of non-strategic businesses (see further in the section entitled "Strategy" above). Since 2014, the Group divested or has agreed to divest the following activities, businesses or investments:

- Closure of institutional cash equities, equity research and the equity capital markets businesses (announced in the three months ended 31 March 2015).
- Pension business in Hong Kong (signed in 2015).
- Retail securities business in Taiwan (signed and completed in 2014).
- Consumer finance business in Germany (signed and completed in 2014).
- Retail Clients business in Lebanon (signed in 2014 and completed in H1 2015).
- Consumer finance business in Hong Kong and Shenzhen (Prime Credit) (signed in 2014 and completed in H1 2015).
- Capital company in Korea (Standard Chartered Capital) (signed in 2014 and completed in H1 2015).
- Savings bank in Korea (Standard Chartered Savings Bank) (signed in 2014 and completed in H1 2015).
- Interests in two private equity funds managed by FTV Capital and one fund managed by WLR Ross (all signed and completed in 2014).
- Stake in Travelex (signed in 2014 and completed in H1 2015).
- Sale of residual client portfolio of Standard Chartered Bank (Switzerland) (signed and completed in H1 2015).

## **Risk management**

### ***General***

The Group manages risks in order to build a sustainable franchise in the interests of all of its stakeholders. The risk profile is aligned to the Group's business strategy and risk tolerance. It is consistent with the Group's business model and the core business activities undertaken in each of the Group's markets.

The Group has a defined Risk Tolerance Statement, approved by the Board, which is an expression of the maximum level of risk the Group is prepared to take. This plays a central role in the development of the Group's strategy and policies.

The Group has a well-established risk governance structure and risks are closely managed to maintain the Group's risk profile in compliance with the Risk Tolerance Statement.

The Group reviews and adjusts underwriting standards and limits in response to observed and anticipated changes in the external environment and the evolving expectations of Shareholders.

### ***Management of Financial Crime Risk***

The Group has established a Board-level Financial Crime Risk Committee and, since 2013, a Financial Crime Risk Mitigation Programme (which includes a supervisory remediation programme), which is a comprehensive, multi-year programme designed to review and enhance many aspects of the Group's existing approach to money laundering prevention, to combating terrorism finance, the approach to sanctions compliance and the prevention of bribery and corruption.

The Group recognises that its compliance with historical, current and future sanctions, as well as Anti-Money Laundering and Bank Secrecy Act requirements, and customer due diligence practices, not just in the US but throughout its footprint, are and will remain a focus of the relevant authorities. The Group continues to work closely with its home regulators on financial crime compliance and improving its policies, procedures, systems and controls. This has prompted changes to the processes in a number of the Group's markets and client segments. As a result, the Group has tightened client on-boarding procedures to reduce inherent risk, while continuing to improve controls.

In meeting regulatory expectations and demonstrating active risk management, the Group also takes steps to restrict or restructure or otherwise to mitigate higher risk business activities which could include divesting or closing businesses that exist beyond risk tolerances.

### **COMPETITION**

In almost all activities in which the Group is engaged and in all geographic areas in which it operates, the Group experiences competition from major international financial institutions (including commercial banks, consumer finance companies and investment banks), as well as from local banks and niche players. Such a competitive landscape is fast changing, which in turn provides significant opportunities and challenges for the Group. Competitors vary by geography with only a handful of names competing in multiple geographies. Typically, local banks are the principal competitors for both Retail Banking and Commercial Banking given their extensive local distribution networks and large market shares. Corporate & Institutional Banking also competes with a range of international financial institutions given client requirements for a comprehensive product offering and an international banking network to mirror their financial needs

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.

The Group, however, believes that it has a strong competitive position in the markets in which it operates and that in many of these markets, regulatory or other barriers to entry are still high. The Group's network has been built over an extended period of time and is one which the Group believes is not easily replicated. The Group also believes that its wide product offering and large scale of operations in many of the emerging markets in which it operates is a competitive advantage.

## **PART XI**

### **INFORMATION CONCERNING THE NEW ORDINARY SHARES**

#### **1. Description of the type and class of securities admitted**

The New Ordinary Shares will be Ordinary Shares with a nominal value of US\$0.50 each. The ISIN of the New Ordinary Shares will be GB0004082847. The New Ordinary Shares will be created under the Companies Act and the Articles.

The New Ordinary Shares will be credited as fully paid and free from all liens, equities, charges, encumbrances and other interests, and rank in full for all dividends and distributions on the ordinary share capital of the Company declared, made or paid after the date of allotment and issue of the New Ordinary Shares.

#### **2. Listing**

Application has been made to the UK Listing Authority for the New Ordinary Shares (nil and fully paid) to be admitted to the premium segment of the Official List, to the London Stock Exchange for the New Ordinary Shares (nil and fully paid) to be admitted to trading on the London Stock Exchange's main market for listed securities and to the Hong Kong Stock Exchange for listing of, and permission to deal in, the New Ordinary Shares (nil and fully paid) on the Main Board of the Hong Kong Stock Exchange. UK Admission is expected to become effective, and dealings commence in the New Ordinary Shares, on 23 November 2015. HK Admission is expected to become effective, and dealings commence in the New Ordinary Shares, on 25 November 2015. Listing of the New Ordinary Shares will not be sought on any stock exchange in connection with the Rights Issue other than the London Stock Exchange and the Main Board of the Hong Kong Stock Exchange.

#### **3. Form and currency of the New Ordinary Shares**

The New Ordinary Shares resulting from the Rights Issue will be issued in registered form and will be capable of being held in certificated and uncertificated form.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will, in respect of UK Shareholders, be evidenced by entry in the operator register maintained by Euroclear (which forms part of the register of the Company). The registrars of the Company are Computershare Investor Services PLC in the United Kingdom and Computershare Hong Kong Investor Services Limited in Hong Kong.

If any New Ordinary Shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with the Articles and applicable legislation.

The New Ordinary Shares will be denominated in US dollars.

#### **4. Rights attached to the New Ordinary Shares**

Each New Ordinary Share will rank *pari passu* in all respects with each Existing Ordinary Share and has the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as the Existing Ordinary Shares, as set out in the Articles. Certain of these rights are summarised in paragraph 6 of Part XVI (*Additional Information*).

#### **5. Dividends**

There is no guarantee that any future dividends will be declared or paid. The declaration and payment of dividends will depend upon, among other things, expected future earnings, capital requirements of the Group and the general financial and business conditions of the Company at the time. Under the Companies Act, dividends may be paid out of the profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous financial years.

Subject to the provisions of the Companies Act and the Articles, the Company may pay dividends upon a recommendation by the Board and approval by a majority of the Shareholders, who have the right to decrease but not to increase the amount of the dividend recommended by the Board. Such dividends

are known as final dividends and become a debt payable to Shareholders when they are approved by the Shareholders. Subject to the provisions of the Companies Act and the Articles, the Board may declare and pay dividends without Shareholder approval. Such dividends are known as interim dividends and, unlike final dividends, become a debt payable to the Shareholders only upon actual payment. The Board may also pay any dividend payable at a fixed rate at intervals settled by the Board in accordance with the terms of issue of the shares to which such dividend attaches.

In light of the strategic review and the Rights Issue, the Board has decided that no final dividend will be paid for the current financial year ending 31 December 2015. The total dividend for 2015 will therefore be the 14.4 US cents that was declared with the H1 2015 results and paid to shareholders on 19 October 2015.

The Board recognises the importance of dividends to shareholders and believes in balancing returns to shareholders with investment in the franchise to support future growth while at the same time preserving strong capital ratios. The size of future ordinary dividends will be a function of future earnings and our capital position relative to regulatory and market expectations. The Board intends to declare dividends on the Ordinary Shares in respect of FY 2016.

Dividends are declared in US dollars but are paid in Pounds Sterling, US dollars or Hong Kong dollars. Cash dividends are paid to UK Shareholders in Pounds Sterling unless the UK Shareholder has elected to receive payment in either US dollars or Hong Kong dollars and to Hong Kong Shareholders in Hong Kong dollars unless the Hong Kong Shareholder has elected to receive payment in either US dollars or Pounds Sterling.

In addition, the Company may, subject to certain exceptions, offer holders of Ordinary Shares the right to elect to receive new Ordinary Shares instead of all or part of a cash dividend (scrip dividend alternative). In such circumstances, the Company will send a circular to holders of Ordinary Shares giving details of the terms of the election and how an election can be made, together with a form of election stating the number of new Ordinary Shares such holder is entitled to receive instead of the cash dividend.

The Articles give the Board the power to set a record date for any dividend such that all Shareholders who appear on the register of members of the Company as of the “record date” are entitled to the dividend declared by the Company. Any Shareholder who ceases to be a Shareholder prior to the record date or becomes a Shareholder after the record date will not be entitled to the dividend declared by the Company. The Company is only obliged to pay dividends to those Shareholders who are on the register of members of the Company on the record date.

**(a) Ordinary Shares**

The dividends paid on the Ordinary Shares in 2015 and in respect of the last three financial years were as follows:

	<b>Dividend per Ordinary Share (US cents)</b>
<b>FY 2015 Interim</b>	14.40
<b>FY 2014 Final</b>	57.20
<b>FY 2014 Interim</b>	28.80
<b>FY 2013 Final</b>	57.20
<b>FY 2013 Interim</b>	28.80
<b>FY 2012 Final</b>	56.77
<b>FY 2012 Interim</b>	27.23



**(b) Preference Shares**

The total dividends paid on Preference Shares in FY 2015 and in respect of the last three financial years were as follows:

	Total Dividend Paid (US\$ million)				
	8.25% irredeemable preference shares of GB£1 each <sup>*(1)</sup>	7.375% irredeemable preference shares of GB£1 each <sup>*(1)</sup>	6.409% redeemable preference shares of US\$5 each <sup>** (2)</sup>	7.014% redeemable preference shares of US\$5 each <sup>** (2)</sup>	8.125% redeemable preference shares of US\$5 each <sup>*(3)</sup>
<b>FY 2015</b>	13	11	48	53	–
<b>FY 2014</b>	13	12	48	53	–
<b>FY 2013</b>	13	11	48	53	75
<b>FY 2012</b>	13	11	48	53	75

\* Instruments which are classified as liabilities for which dividends are recorded as interest expense and accrued accordingly.

\*\* Dividends on Preference Shares Classified as Equity are recorded in the period in which they are declared.

Notes:

- (1) Payable date: 1 April and 1 October
- (2) Payable date: 30 July and 30 January
- (3) Payable date: 27 May and 27 November

**6. Resolutions, authorisations and approvals relating to the New Ordinary Shares**

At an annual general meeting of the Company held on 6 May 2015, the Board was authorised, generally and without conditions, to allot equity securities (as defined in the Companies Act) up to a maximum of US\$824,663,893.50 nominal value in connection with an offer by way of rights issue to Shareholders. The New Ordinary Shares are being allotted under this authority.

**7. Dates of issue and settlement**

The New Ordinary Shares were provisionally allotted on 16 November 2015. The provisional allotment is expected to be confirmed on 10 December 2015 and those entitled to New Ordinary Shares are expected to be entered on the Company's register of members on 10 December 2015.

**8. Description of restrictions on free transferability**

Save as set out below, the New Ordinary Shares are freely transferable.

The Company may, under the Articles and the Companies Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its Ordinary Shares, asking for details of those who have an interest and the extent of their interest in a particular holding of Ordinary Shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of the Ordinary Shares which are the subject of the statutory notice is void.

The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid.

**9. Mandatory takeover bids, squeeze-out and sell-out rules**

Other than as provided by the City Code, the Hong Kong Code on Takeovers and Mergers and Chapter 3 of Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Ordinary Shares.

**10. Public takeover bids in the last and current financial years**

There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

## **11. Taxation**

Please see Part XV (*Taxation*) of this document for information relating to UK taxation (including a discussion of UK stamp duty and SDRT which is relevant to holders of New Ordinary Shares, irrespective of their tax residence), as well as for information relating to Hong Kong and US taxation.

## PART XII

### DIRECTORS AND EMPLOYEES

#### 1. Directors

Biographical details of the Directors are given on pages 128 to 132 of the Company's 2014 Annual Report and Accounts, which are incorporated into this document by reference.

Except as disclosed below, no Director has been, at any time during the five years preceding the date of this document, a director (or otherwise a member of any administrative, management or supervisory body) or partner of any companies or partnerships other than the directorships or partnerships of any member of the Group from time to time.

Director	Company	Position	Still held
Sir John Wilfred Peace Chairman Age 66	Burberry Group plc*	Director	Yes
	Burberry Foundation	Director	Yes
	The Hong Kong Association	Director	Yes
	Working for Youth	Director	Yes
	Nottingham High School	Director	Yes
	Experian Holdings Limited	Director	No
	Experian Holdings, Inc	Director	No
	Experian plc (Jersey)	Director	No
	Experian Holdings Ireland Limited	Director	No
	Musto Topco Limited	Director	No
	The Work Foundation	Director	No
William Thomas Winters Group Chief Executive Age 54	Novartis International AG*	Director	Yes
	Coronet Ondine LLP	LLP member	Yes
	Young Vic Company	Director	Yes
	The Print Room Theatre	Director	Yes
	Pension Insurance Corporation plc	Director	No
	J Rothschild Capital Management Limited	Director	No
	RB REFS 1 Limited	Director	No
	RB REFS 2 Limited	Director	No
	RIT Capital Partners PLC	Director	No
Andrew Nigel Halford Group Chief Financial Officer Age 56	Marks and Spencer Group plc	Director	Yes
	Business Forum on Tax and Competitiveness	Member	Yes
	Verizon Wireless Partnership	Director	No
	Vodafone Nominees Limited	Director	No
	Vodafone Group PLC	Director	No
	Vodafone International Operations Limited	Director	No
Alun Michael Guest Rees Deputy Chief Executive Age 59			
Om Prakash Bhatt Non-Executive Director Age 64	Hindustan Unilever Ltd*	Director	Yes
	Tata Consultancy Services, India*	Director	Yes
	Tata Steel Limited*	Director	Yes
	Centre for Creative Leadership, USA	Director	Yes
	Oil and Natural Gas Corporation	Director	No
	State Bank of India	Director	No
	State Bank of Patiala	Director	No
	State Bank of Bikaner and Jaipur	Director	No
	State Bank of Hyderabad	Director	No
	State Bank of Mysore	Director	No
	State Bank of Travancore	Director	No
	SBI Funds Management Pvt Ltd	Director	No

Director	Company	Position	Still held
	SBI Life Insurance Company Ltd	Director	No
	SBI Capital Markets Ltd	Director	No
	SBICaps Ventures Ltd	Director	No
	SBIDFHI Ltd	Director	No
	SBI Cards and Payment Services P Ltd	Director	No
	SBI Global Factors Ltd	Director	No
	SBI Pension Funds P Ltd	Director	No
	SBI SG Global Securities P Ltd	Director	No
	SBI General insurance Company Ltd	Director	No
	SBI (Mauritius) Ltd	Director	No
	State Bank of India (California)	Director	No
	State Bank of India (Canada)	Director	No
	Indian Banks' Association	Director	No
	GE Capital Business Process Management Services P Ltd	Director	No
	Export Import Bank of India	Director	No
Dr Kurt Michael Campbell Non-Executive Director Age 58	The Asia Group LLC	Director	Yes
	National Committee on United States-China Relations	Board Member	Yes
	Centre for a New American Security	Director	Yes
Dr Louis Chi-Yan Cheung Non-Executive Director Age 52	Fubon Financial Holding Co Limited*	Director	Yes
	Boyu Overseas Services Limited*	Director	Yes
	Boyu Capital General Partner I Limited*	Director	Yes
	Boyu Capital SLP General Partner I Limited*	Director	Yes
	Boyu Capital General Partner II Ltd*	Director	Yes
	Boyu Capital SLP General Partner II, Ltd*	Director	Yes
	Boyu Capital Equity Strategy 2014, Limited*	Director	Yes
	Boyu Capital Public Investment Limited*	Director	Yes
	JH Capital Limited	Director	Yes
	MLSA Reserve Limited	Director	No
	Ping An Insurance (Group) Company of China Ltd	Director	No
Gay Huey Evans Non-Executive Director Age 61	ConocoPhillips*	Director	Yes
	Bank Itau BBA International plc*	Director	Yes
	The Financial Reporting Council Limited	Director	Yes
	The Beacon Fellowship Charitable Trust	Director	Yes
	Citibank International plc	Director	No
	Aviva Plc	Director	No
	Falcon Private Wealth Limited	Director	No
	The Wigmore Hall Trust	Director	No
	London Stock Exchange Group Plc	Director	No
	London String Quartet Foundation	Director	No
Dr Byron Elmer Grote Non-Executive Director Age 67	Tesco plc*	Director	Yes
	Anglo American plc*	Director	Yes
	Akzo Nobel NV*	Director	Yes
	Unilever plc	Director	No
	Unilever NV	Director	No
	BP plc	Director	No
	BP International Limited	Director	No
	BP Car Finance Limited	Director	No
	BP Holdings North America Limited	Director	No
	BP Finance plc	Director	No
	BP Global Investments Limited	Director	No
	The BP Share Plans Trustees Limited	Director	No
	BP Capital Markets plc	Director	No
	BP Corporate Holdings Limited	Director	No

Director	Company	Position	Still held
Christine Mary Hodgson Non-Executive Director Age 51	Ladbroke PLC	Director	Yes
	Capgemini UK plc*	Director	Yes
	The Prince of Wales' Business in the Community	Director	Yes
	The Careers and Enterprise Company Limited	Director	Yes
	Gemini Consulting Holding Limited	Director	Yes
	Gemini Consulting Limited	Director	Yes
	Capgemini Oldco Limited	Director	Yes
	CGS Holdings Ltd	Director	Yes
	Macintyre Care	Director	No
	IBX (UK) Limited	Director	No
	Strategic Back-Office Solutions Limited	Director	No
	Strategic Systems Solutions Limited	Director	No
	Capgemini NV	Director	No
	Capgemini Belgium NV	Director	No
Naguib Kheraj Non-Executive Director Age 51	Rothsay Life Limited	Director	Yes
	Rothsay Assurance Limited	Director	Yes
	Rothsay Holdco UK Limited	Director	Yes
	Wellcome Trust Investment Committee	Member	Yes
	Aga Khan Development Network (including Aga Khan Fund for Economic Development*)	Advisor	Yes
	Fifty Seven 7 Services Limited	Director	Yes
	The Institute of Ismaili Studies	Director	Yes
	Islamic Publications Limited	Director	Yes
	NHS England	Director	No
	The US-UK Fulbright Commission	Director	No
	The High Street Fund	Director	No
Simon Jonathan Lowth Non-Executive Director Age 54	BG Group plc*	Director	Yes
	BG International Limited	Director	Yes
	BG Energy Holdings limited	Director	Yes
	AstraZeneca PLC	Director	No
	AstraZeneca UK Limited	Director	No
	AstraZeneca Intermediate Holdings Limited	Director	No
	British Pharma Group Limited	Director	No
Ruth Markland Non-Executive Director Age 62	Deloitte LLP*	Director	Yes
	The Sage Group plc*	Director	Yes
	Arcadis NV	Director	Yes
	Goudies Limited	Director	Yes
	Royal Voluntary Service	Director	No
	Royal Voluntary Service Meals on Wheels Service	Director	No
	WRVS	Director	
	WRVS Enterprises Limited	Director	No
	WRVS Food Services Limited	Director	No
	WRVS Office Premises Limited	Director	No
	WRVS Services Welfare Limited	Director	No
Dr Han Seung-soo, KBE Non-Executive Director Age 78	Seoul Semiconductor Inc	Director	Yes
	Doosan Infracore Co Ltd*	Director	Yes
	UN Secretary-General's Advisory Board on Water & Sanitation	Board Member	Yes
	UN High Level Expert Panel on Water and Disaster	Chair	Yes
	Water Advisory Group at the Asian Development Bank*	Co-Chair	Yes
	Maureen and Mike Mansfield Foundation	Member	Yes
	International Finance Forum of China	Co-Chair	Yes
	UN Secretary-General's Special Envoy for Disasters Risk Reduction and Water	Special Envoy	Yes
	Yonsei University Foundation	Director	Yes



Director	Company	Position	Still held
	Global Green Growth Institute	Founding Chair	No
	UN Secretary-General's High Level Panel on Global Sustainability	Board Member	No
Paul David Skinner CBE Non-Executive Director Age 70	Norton Rose Fulbright LLP* – Advisory Body	Member	Yes
	PriceWaterhouseCoopers LLP – Public Interest Body	Member	Yes
	L'Air Liquide S.A.	Director	Yes
	MoD – Defence Board and Defence Equipment and Support Board	Member	Yes
	INSEAD	Director	No
	Tetra Laval International SA	Director	No
	Lunar Missions Trust	Director	No
Dr Lars Henrik Thunell Non-Executive Director Age 67	Blackstone Group:*	Director	Yes
	• Sithe Global LLP*		
	• Fistera Energy*		
	• Global Water Development Partners*	Director	Yes
	Bjornberget Fastighets Forvaltning AB	Director	Yes
	Middle East Investment Initiative	Director	Yes
	Access Health International	Director	Yes
	African Risk Capacity Insurance Company Limited	Director	Yes
	African Development Bank*	Advisory Panel	Yes
	Kosmos Energy	Director	No
	International Finance Corporation	Director	No
Jasmine Mary Whitbread Non-Executive Director Age 52	BT Group plc*	Director	Yes
	Save the Children International*	Director	Yes
	Valldata Group Limited	Director	Yes
	Dragon School Trust Limited	Director	No

\* Potential conflicts of interest, previously approved by the Board, between a Director's duties to the Company and his or her private interests and/or other duties arising from his or her role as a director of or adviser to companies or partnerships with customer or supplier relationships with members of the Group.

## 2. Other managerial personnel

All the managerial personnel mentioned below are permanent employees. The address of each of the managerial personnel mentioned below is the Company's principal place of business in the United Kingdom at 1 Basinghall Avenue, London EC2V 5DD.

As announced by the Company on 20 July 2015, which announcement is incorporated into this document by reference, a new management team being led by Bill Winters, Group Chief Executive Officer, has been put into place. This team comprises Bill Winters, Mike Rees and Andy Halford (whose details are given above) and the managerial personnel mentioned below.

### • **Tracy Jayne Clarke**

*Director, Compliance and Human Resources, Regional CEO Europe and Americas*

Tracy Clarke joined Standard Chartered Bank in 1985 and has held a number of roles in branch banking operations, client coverage and group functions roles both in the UK and in Hong Kong. More recently Tracy has played an instrumental role in driving the Group's compliance and conduct agenda and led a broad portfolio including Legal and Compliance and the Financial Crime Risk Mitigation Programme, Human Resources, Corporate Affairs and Brand and Marketing.

Tracy was appointed as a Director of Standard Bank in January 2013. Effective 1 October 2015, she became Regional CEO Europe and Americas in addition to her responsibilities for Compliance and Human Resources. She was a non-executive director of SC First Bank in Korea from 2005-2007 and also a non-executive director of Eaga plc from 2007-2011. In June 2012, Tracy was appointed to the board of British Sky Broadcasting Group plc as an independent non-executive

director. She also became a trustee of WORKing for YOUTH, a charitable fund established in May 2012 aimed at tackling youth unemployment. On 19 September 2015, Tracy joined the Board of England Netball.

She is a fellow of the Chartered Institute of Personnel Development and a member of the Institute of Financial Services. Tracy also holds an MBA from Henley Management College and Brunel University.

- **Mark Peter Loudon Dowie**

*Interim CEO, Corporate & Institutional Banking*

Mark Dowie was appointed as Interim CEO, Corporate & Institutional Banking on 1 October 2015. He steps into this role after four years of leading Corporate Finance, overseeing tremendous growth in this business. In addition to this role, Mark also spent time as Acting Group Head, Financial Markets.

Mark has extensive corporate experience including several senior roles in the banking and finance industry. Prior to joining Standard Chartered Bank he was with UBS where he was Managing Director and Joint Head of Investment Banking for Asia. He was responsible for equity and debt financing as well as M&A and advisory activities in the Asia region. He returned to London with UBS as Vice Chairman, Investment Banking. Prior to UBS, Mark worked at Jardine Fleming, where his experience included co-leading the investment banking business and developing a leading M&A franchise in Asia, and Barings in Asia and London.

Mark is also a former naval officer and Justice of The Peace (UK).

- **Karen Fawcett**

*CEO Retail Banking*

Karen Fawcett was appointed Chief Executive Officer (CEO) of Retail Banking for Standard Chartered Bank on 1 October 2015. Karen is responsible for directing the global strategy and performance of the Retail Banking business, which spans more than 30 countries, serving over nine million clients through more than 1,000 branches and 4,500 ATMs, as well as digital channels. Prior to this, she was Group Head of Retail Clients. Karen is a member of Standard Chartered Bank's management team which is responsible for leadership of the bank and the interests of our clients.

She led Transaction Banking from 2005 until March 2014 and represented Standard Chartered Bank externally as a member of the Transaction Banking Global Leaders Group. She was also a Non-Executive Director of Standard Chartered Bank Malaysia Bhd for eight years, until October 2013. Prior to this, Karen was Group Head of Business Strategy, where she was responsible for the repositioning strategy. Karen joined the Group from Booz Allen Hamilton where she was a Vice President and Partner focused on financial services in Asia Pacific.

Karen is currently a member of the INSEAD board. Karen earned her MBA from INSEAD and her MA in Economics from Cambridge.

- **David Fein**

*Group General Counsel*

David Fein was appointed Group General Counsel in September 2013 and is a key advisor to the Board and the Court of the Bank on all material legal matters.

Before joining the Group, David was United States Attorney for the District of Connecticut, appointed by President Obama and confirmed by the United States Senate. As United States Attorney, David created the Connecticut Securities, Commodities and Investor Fraud Task Force and launched Project Longevity, a comprehensive initiative to reduce gun and gang violence in Connecticut's major cities. He convened public conferences on Civil Rights, Human Trafficking, Investor Fraud, Prescription Drug Abuse and Violent Crime and was appointed Vice Chair of the Attorney General's Advisory Committee's White-Collar Crime Sub-committee.

Prior to his appointment as United States Attorney, David was a partner at the law firm of Wiggin and Dana, where he co-chaired the firm's White-Collar Defence, Investigations and Corporate Compliance Practice Group and served on the firm's Executive Committee. He represented public

and private financial institutions, leading public accounting firms, Fortune 100 companies and not-for-profit institutions. Previously, he was a Visiting Lecturer in Law at Yale Law School, Associate White House Counsel, and Assistant United States Attorney for the Southern District of New York.

- **Dr Michael Andres Gorriz**

*Group Chief Information Officer*

Dr Michael Gorriz is Group Chief Information Officer at Standard Chartered Bank. He is based in Singapore after having joined the Group in July 2015.

In this role, he is responsible for the banking operations, systems development and technology infrastructure which underpin the Group's client services. He is also instrumental in defining and implementing the Group's digital and innovation agenda.

Prior to joining Standard Chartered, Michael was Vice President and CIO at Daimler AG. He is a physicist and engineer by background. During his time at Daimler, Michael progressed through specialist research and design roles in aerospace to a general management role. In his career, he has held CIO roles with responsibility for strategy, planning and development of all IT systems, as well as the operation of all data centres and communication networks.

- **Doris Honold**

*Group Chief Operating Officer*

Doris Honold is the Group Chief Operating Officer. She joined Standard Chartered in March 2007 and has served as the Group Head of Market Risk and the Chief Operating Officer for Wholesale Banking.

Doris started her career at Dresdner Bank in Frankfurt working on the set up of the market risk division. After this Doris transferred to Tokyo setting up the risk function for the equity and equity derivatives division of Dresdner Kleinwort in Asia. Returning to London she took over global responsibility for Dresdner Kleinwort's market risk function. Doris joined the Group in 2007 as the Group Head of Market Risk responsible for ensuring that Standard Chartered Bank's market risk is appropriately identified, measured, limited and allocated according to best practice.

As Group Chief Operating Officer, Doris supports the Group Chief Executive in defining and executing the business strategy, reinforcing exemplary control and governance, ensuring strategic functional alignment and enabling business growth through productivity and discipline. Doris is a member of Standard Chartered Bank's Management Team. She is involved in several cross-functional initiatives to steer the Group's on-going control and governance and thought-leadership in culture and values.

Having worked in Germany, Los Angeles, Tokyo, London and most recently Singapore, Doris understands and values the diversity of the Standard Chartered team. Doris leverages this strategic strength in her leadership of the Group COO team to support Standard Chartered Bank's growth strategy.

Doris holds a German Diploma in Mathematics and Economics and Master Degree of Applied Mathematics from the University of Southern California, Los Angeles, where she studied under a Fulbright Scholarship.

- **Benjamin Hung Pi Cheng**

*Regional Chief Executive Officer Greater China & North Asia*

Ben Hung joined Standard Chartered in 1992 and has held a number of senior management positions spanning corporate, commercial and retail banking. Outside of Hong Kong, Mr Hung has international banking experience in the United Kingdom and in Canada.

From 2008 to 2014, he was the Chief Executive Officer of Standard Chartered Bank (Hong Kong) Limited. Following six years at the helm of the Hong Kong market, his role then expanded to cover the Greater China region, fostering synergy between Hong Kong, China and Taiwan. In October 2015, Mr Hung took up the role of Chief Executive Officer for Greater China and North Asia, covering Japan and Korea.

Mr Hung is a member of the Financial Services Development Council. He sits on the Exchange Fund Advisory Committee and is a member of the General Committee of the Hong Kong General Chamber of Commerce. He is also a Council Member of the University of Hong Kong, and a member of the Board of Directors of the Community Chest.

He holds a Masters degree in Business Administration.

- **Ajay Chamanlal Kanwal**

*Regional Chief Executive Officer ASEAN and South Asia*

A career banker, he started in Citibank India and joined Standard Chartered Bank in 1992. He moved to his current role from Korea where he managed Korea, Taiwan and Mongolia as Regional CEO.

Ajay's 26-year career has seen him taking on different functions from risk to marketing, as well as steering and growing many businesses like Retail, SME and Private Banking. His diverse roles is accentuated having stayed and worked in multiple countries; from the first 11 years in India to the last 15 years in different parts of Asia, including the Philippines, Thailand, Singapore, Korea and Taiwan

Ajay holds a Bachelor's degree in Engineering as well as a Master's degree in Marketing Management from India.

- **Sunil Kaushal**

*Regional Chief Executive Officer Africa & Middle East*

Sunil Kaushal is a Singapore National of Indian origin who has been with the bank for 18 years. Sunil has recently has taken over the responsibility as Regional Chief Executive, Africa & Middle East from 1 October 2015.

Sunil Kaushal has been responsible for Standard Chartered Bank's operations in South Asia (which includes India, Bangladesh, Sri Lanka, and Nepal). Standard Chartered has a history of over 150 years in banking in the region and India is one of the largest contributors to Standard Chartered Bank's profits globally.

Sunil has over 27 years of banking experience in diverse markets and has been with the bank for approximately 16 years, holding senior roles across the Wholesale and Consumer Bank. He is represented on senior forums within Standard Chartered Bank including the Executive Business Strategy Group, Executive Leadership Team, GEMCO and Business Leadership Team. Sunil is a part of the National Council of the Confederation of Indian Industries (CII), Co-Chair of the Banking Committee, and member on important committees like Services and Financial Inclusion. The Sunday Standard Best Banker's Award's 2013 awarded Sunil Kaushal as the Best Foreign Banker in the large bank category.

Prior to his current role, Sunil was the President and Chief Executive Officer for Standard Chartered Bank (Taiwan) Limited. During his tenure of 3.5 years in Taiwan, Sunil led the team to successfully integrate 3 acquisitions, building a strong platform for growth which was recognized via several first-time business and corporate social responsibility awards. He also served on the board of the local European Chamber of Commerce and co-chaired the Chambers Banking Committee.

Before moving to Taiwan, Sunil was the Global Head Small and Medium Enterprises (SME) and New Ventures for Standard Chartered Bank based in Singapore. As Global Head of SME, he managed teams across 27 markets and grew SME Banking to become one of the two leading businesses and growth engines for Consumer Bank. Sunil and his team successfully integrated the SME business acquired in Korea, Pakistan, and Taiwan.

- **Anna Elizabeth Marrs**

*CEO, Commercial & Private Banking*

Anna Marrs is the head of Standard Chartered's Commercial & Private Banking Clients segments globally. She joined Standard Chartered Bank as Group Head of Strategy and Corporate Development in January 2012.

Prior to joining Standard Chartered, she was a Partner in McKinsey & Company's Banking Practice. Before joining McKinsey in 2003, Anna was the CEO of a financial information company based in London. She started her career at D. E. Shaw, a New York-based investment firm.

Anna holds an MBA from London Business School and an undergraduate degree from Northwestern University in Chicago.

- **Pamela Ann Walkden**

*Interim Group Chief Risk Officer*

Pam Walkden graduated from Cambridge University in 1981 with a Masters degree in Economics and is an Associate of the Chartered Institute of Bankers. Pam has been employed with Standard Chartered Bank since 1991, following a period with National Westminster Bank and Kleinwort Benson.

Pam's initial career was spent in various roles across Global Markets and Client Relationships, largely focused on sales and relationship management. Pam was appointed Group Investor Relations Manager in 1997 and in 1999 became Group Head of Corporate Affairs. In this role she was responsible for all internal and external communication, government and investor relations.

From 2002 to 2004 Pam was Group Head of Internal Audit. In 2004 Pam was appointed Group Head of ALM and Regional Markets. In this role, she was responsible for managing the Group's liquidity as well as the day to day operation of the trading rooms worldwide. In July 2009, Pam moved to become Group Treasurer, where she was responsible for the management of the Group's Balance Sheet. In 2014 she became Group Business Head, Regions working closely with the Global Business Heads and Regional CEOs.

In 2015, Pam was appointed Group Chief Risk Officer on an interim basis, pending an external hire.

- **Mark Smith**

*Proposed Group Chief Risk Officer (from January 2016)*

Mark will join the Company in January 2016 as the new Group Chief Risk Officer, and will be based in London. Mark will be responsible for managing Credit, Market, and Operational Risk across the Group, and will be a member of the Management Team. Pam Walkden will continue as interim Group Chief Risk Officer until Mark joins Standard Chartered Bank.

Mark previously worked at HSBC Bank PLC as Chief Risk Officer Europe, Middle East and Africa and Global Head, Wholesale Credit and Traded Risk. He enjoyed a long and successful career at HSBC, having joined Midland Bank as a graduate trainee in 1982 prior to its acquisition by HSBC. Mark has also served as Chief Operating Officer, Global Corporate & Institutional Banking, and held roles in London and Hong Kong.

Except as disclosed below, no Senior Manager<sup>10</sup> has been, at any time during the five years preceding the date of this document, a director (or otherwise a member of any administrative, management or supervisory body) or partner of any companies or partnerships other than the directorships or partnerships of any member of the Group from time to time.

Senior Manager	Company	Position	Still held
Tracy Jayne Clarke	SKY plc	Director	Yes
Director, Compliance,	WORKing for YOUTH	Director	Yes
People and	All England Netball Association Limited	Director	Yes
Communication	Carillion Energy Services Limited	Director	No
Age 48			

10 This table does not include Mark Smith who is not joining the Company until January 2016.



Senior Manager	Company	Position	Still held
Mark Peter Loudon Dowie Vice Chairman, Clients & Products Age 54			
Karen Fawcett CEO Retail Banking Age 52	INSEAD* Exonomy Limited	Board Member Director	Yes No
David Fein Group General Counsel Age 55	Turn 2 Foundation, Inc. Guiding Eyes for the Blind	Director Director	Yes Yes
Dr Michael Andres Gorriz Group Chief Information Officer Age 56	Mercedes-Benz Research and Development India Ltd	Director	No
Doris Honold Group Chief Operating Officer Age 49			
Benjamin Hung Pi Cheng Regional Chief Executive Officer Greater China & North Asia Age 51	The Community Chest of HK* Community Business Limited Hong Kong Institute for Monetary Research Airport Authority Hospital Authority Hong Kong Interbank Clearing Limited HKICL Services Limited	Board Member Board Member Board Member Board Member Board Member Chairman Director	Yes Yes Yes No No No No
Ajay Chamanlal Kanwal Regional Chief Executive Officer ASEAN and South Asia Age 49	PT Bank Permata Tbk	Commissioner	No
Sunil Kaushal Regional Chief Executive Officer Africa & Middle East Age 50	United Way of Mumbai	Director	No
Anna Elizabeth Marrs CEO, Commercial & Private Banking Clients Age 42			
Pamela Ann Walkden Interim Group Chief Risk Officer Age 55	Aldeburgh Breaks LTD	Director	No

\* Potential conflicts of interest between a Senior Manager's duties to the Company and his or her private interests and/or other duties arising from his or her role as a director of or adviser to companies or partnerships with customer or supplier relationships with members of the Group.

### 3. Directors' and Senior Managers' emoluments and service contracts

#### (a) Base salary, fees, bonuses and benefits in kind

The amount of remuneration paid and benefits in kind granted to the Executive Directors by the Group for FY 2014 (being the last full financial year for the Company) is set out on pages 170 to 209 of the Company's 2014 Annual Report and Accounts, which are incorporated into this document by reference.

For FY 2014, the aggregate total remuneration paid and the benefits in kind granted to the Directors and Senior Managers by members of the Group was US\$36.7 million.

#### (b) Retirement benefits

The retirement benefits of the Executive Directors, including the amount accrued by the Group to provide pension, retirement or similar benefits for FY 2014 (being the last full financial year for the Company) are set out on page 187 of the Company's 2014 Annual Report and Accounts, which is incorporated into this document by reference.

Non-Executive Directors are not provided retirement benefits by the Group

For FY 2014, the total amount set aside or accrued by the Group to provide pension, retirement or other benefits to the Executive Directors and Senior Managers was US\$6.4million.

#### (c) Service contracts

Information about the Executive Directors' contracts of employment with the Company, including the terms of those contracts and benefits upon termination of employment, and the terms of employment for Non-Executive Directors in relation to FY 2014 (being the last full financial year for the Company) is set out on page 195 of the Company's 2014 Annual Report and Accounts, which are incorporated into this document by reference.

Save as mentioned above, there are no service agreements between any Director and any member of the Group.

Key details of the contracts of employment for each Executive Director and Senior Manager are shown below.

Directors/ Senior Managers	Effective Date	Notice period from Company	Notice period from the Director
Executive Director			
W T Winters	25 Feb 2015	12 months	12 months
A M G Rees	7 June 2010	12 months	12 months
A N Halford	19 May 2014	12 months	12 months
Senior Manager			
T J Clarke	17 May 2013	12 months	6 months
M Dowie	3 Feb 2015	6 months	6 months
K Fawcett	25 Aug 2015	12 months	6 months
D Fein	6 Aug 2015	6 months	6 months
Dr M Gorriz	14 Oct 2015	6 months	6 months
D Honold	6 Aug 2015	12 months	6 months
B Hung Pi Cheng	8 Aug 2015	12 months	6 months
A Kanwal	6 Aug 2015	6 months	6 months
S Kaushal	6 Aug 2015	12 months	6 months
A Marrs	7 Aug 2015	6 months	6 months
P Walkden	5 Aug 2015	12 months	6 months

On notice from members of the Group, each Executive Director and Senior Manager is entitled under their respective contracts of employment to receive either six or twelve months' salary payable and the continuation of certain contractual benefits whilst employed (such as cash benefit allowance, medical and pension). Where notice is not served, termination of employment may happen through an appropriate payment in lieu of notice. Executive Directors and Senior Managers have no automatic contractual entitlement to variable compensation on termination, but this may be considered.

Executive Directors and Senior Managers do not receive on-going entitlement to receive benefits post termination other than the payment of any retirement related benefit accrued during their employment.

#### **Chairman – Term of Office**

Sir John Peace's contract of employment may be terminated by either party upon 12 months' written notice. His appointment is and remains subject to re-election by Shareholders. Sir John Peace has announced that he intends to step down from the Board during the course of 2016.

#### **Non-Executive Directors – Terms of Office**

<b>Directors</b>	<b>Date of expiration of current term of office</b>
O P Bhatt	4 May 2016
Dr K M Campbell	4 May 2016
Dr L Cheung	4 May 2016
G Huey Evans	4 May 2016
Dr B E Grote	4 May 2016
C M Hodgson	4 May 2016
N Kheraj	4 May 2016
S J Lowth	4 May 2016
R Markland	4 May 2016
Dr Han Seung-soo, KBE	4 May 2016
P D Skinner, CBE	4 May 2016
Dr L H Thunell	4 May 2016
J M Whitbread	4 May 2016

#### **4. Directors' and Senior Managers' interests in shares**

As at the Reference Date, and except as set out below, no Director or Senior Manager has any interest in the issued share capital of the Company which is required to be notified to the Company pursuant to the Disclosure and Transparency Rules.

<b>Director</b>	<b>Personal interests</b>	<b>Family interests</b>	<b>Total interests</b>
Sir John Peace	183,111	–	183,111
W T Winters	229,035	–	229,035
A M G Rees	268,747	–	268,747
A N Halford	109,550	–	109,550
O P Bhatt	2,000	–	2,000
Dr K M Campbell <sup>(4)</sup>	0	–	0
Dr L C Cheung	2,000	–	2,000
G Huey Evans	2,000	–	2,000
Dr B E Grote	25,000	–	25,000
C M Hodgson	2,000	–	2,000
N Kheraj	2,000	–	2,000
S J Lowth	11,437	–	11,437
R Markland	4,364	–	4,364
Dr Han Seung-soo, KBE	2,702	–	2,702
P D Skinner CBE	17,122	–	17,122
Dr L H Thunell	6,773	–	6,773
J M Whitbread	2,000	–	2,000

- (1) The beneficial interests of Directors and their families in the Ordinary Shares of the Company are set out above. The Directors do not have any non-beneficial interests in the Company's shares.
- (2) No Director had an interest in the Company's Preference Shares or loan stock, nor the shares or loan stocks of any subsidiary or associated undertaking of the Group.
- (3) No Director has any corporate interest in the Company's Ordinary Shares.
- (4) Non-Executive Directors are required to hold shares with a nominal value of US\$1,000. All the directors, other than Dr Kurt Campbell, have met this requirement. Shareholders approved a resolution to disapply the shareholding qualification in relation to Dr Kurt Campbell at the Company's 2014 Annual General Meeting.

Senior Manager	Personal interests	Family interests	Total interests
T J Clarke	135,436	3,564	139,000
M Dowie	122,801	–	122,801
K Fawcett	75,667	–	75,667
D Fein	8,728	–	8,728
Dr M Gorriz	8,403	–	8,403
D Honold	45,815	–	45,815
B Hung Pi Cheng	133,875	–	133,875
A Kanwal	29,327	–	29,327
S Kaushal	38,988	–	38,988
A Marrs	12,264	–	12,264
P Walkden	108,867	37,158	146,025

## 5. Directors' and Senior Managers' interests in options

As at the Reference Date, the Directors and Senior Managers held options over Ordinary Shares under the Standard Chartered Share Schemes as set out below.

Director	Vested but unexercised deferred share awards	Deferred share awards not subject to performance conditions	Deferred share awards subject to performance conditions
Sir John Peace	–	33,977	–
W T Winters	–	899,031	–
A M G Rees	304,701	202,564	344,384
A N Halford	–	36,930	182,853

Senior Manager	Vested but unexercised deferred share awards	Deferred share awards not subject to performance conditions	Deferred share awards subject to performance conditions
T J Clarke	–	55,384	213,461
M Dowie	–	138,949	101,964
K Fawcett	–	43,301	42,239
D Fein	7,134	38,712	–
Dr M Gorriz	–	98,117	–
D Honold	2,679	30,453	46,984
B Hung Pi Cheng	10,164	36,007	41,747
A Kanwal	6,356	11,043	27,023
S Kaushal	–	19,682	34,224
A Marrs	7,473	53,066	36,890
P Walkden	–	25,992	25,276

## Sharesave

Directors and Senior Managers	Date of grant	As at 1 January 2015	Exercise price (pence)	Awarded during the year	Exercised	As at 5 November 2015	Period of exercise
A N Halford	7 Oct 2015	–	586	1,535	–	1,535	2018-2019
T J Clarke	4 Oct 2010	1,040	1,463	–	–	1,040	2015-2016
D Honold	11 Oct 2012	781	1,140	–	–	781	2015-2016
B Hung	11 Oct 2011	844	1,065	–	844	–	2014-2015
B Hung	8 Oct 2014	913	985	–	–	913	2017-2018
A Kanwal	11 Oct 2012	789	1,140	–	–	789	2015-2016
S Kaushal	9 Oct 2013	763	1,178	–	–	763	2016-2017
P Walkden	9 Oct 2013	764	1,178	–	–	764	2016-2017

The Company and its Directors, chief executives and shareholders have been granted a partial exemption from the disclosure requirements under Part XV of the SFO. As a result of this exemption, Directors, chief executives and shareholders no longer have an obligation under the SFO to notify the Company of shareholding interests, and the Company is no longer required to maintain a register of Directors' and chief executives' interests under section 352 of the SFO nor a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with the Hong Kong Stock Exchange any disclosure of interests made in the United Kingdom. In addition, the Company has adopted a code of conduct regarding securities transactions by Directors in accordance with the UK Listing Rules and Hong Kong Listing Rules. Save as set out above, there are no additional interests to be disclosed in this document pursuant to these codes of conduct.

## **6. Corporate governance and board committees**

### ***Board committees***

In 2015, the Board has six existing Board Committees: the Audit Committee, Board Risk Committee, Board Financial Crime Risk Committee, Brand, Values and Conduct Committee, Remuneration Committee, and the Governance and Nomination Committee.

Summaries of each of the Board Committee's roles and terms of reference are outlined below.

#### *(i) The Audit Committee*

The Audit Committee comprises four independent Non-Executive Directors. The committee meets at least six times each year and the external auditors or the Group Internal Audit may request a meeting if they consider that one is necessary.

The committee's role is to review, on behalf of the Board, the Group's internal financial controls, to identify, assess, manage and monitor financial risks. It is also responsible for the oversight, and advice to the Board on matters relating to financial reporting. It also reviews the role and effectiveness of the Group's internal audit function and oversees the relationship with the external auditors, including the terms of their appointment and the level of their fees.

#### *(ii) The Board Risk Committee*

The Board Risk Committee comprises five independent Non-Executive Directors. The committee meets at least six times each year and the Group Chief Financial Officer or Group Chief Risk Officer may request a meeting if they consider that one is necessary. The Group Chief Financial Officer and/or the Group Chief Risk Officer or their nominee (subject to prior clearance by the chairman of the committee) attends each meeting.

The committee's role is to exercise oversight on behalf of the Board of Group enterprise-wide risk, and to provide assurance to the Board that the overall framework for complying with the Risk Management Principles (as set out on page 105 of the Company's 2014 Annual Report and Accounts) and Risk Tolerance Statement (as set out on pages 14 and 107 of the Company's 2014 Annual Report and Accounts) is operating effectively. In the few instances where it does not have primary oversight for a given type of risk, the committee interacts closely with the other Board committees where the remits of those other committees clearly cover risk-related issues.

#### *(iii) The Board Financial Crime Risk Committee*

The Board Financial Crime Risk Committee comprises five independent Non-Executive Directors and four external experts. The committee meets at least four times each year.

The committee's responsibilities include oversight of the Group's policies, procedures, systems, controls and assurance for its anti-money laundering, sanctions, compliance, corruption and tax crime prevention efforts. The committee is also responsible for approving the Group's risk tolerance for financial crime, considering key external trends in relation to financial crime risks and reviewing the performance of the financial crime compliance leadership team.

#### *(iv) The Brand, Values and Conduct Committee*

The Brand, Values and Conduct Committee comprises five independent Non-Executive Directors. The committee meets at least five times each year.



The Committee's remit includes oversight of the positioning of the Group's brand, reputational risk management, government and regulatory relationships, environmental and sustainability issues, and its conduct, culture and values.

*(v) The Remuneration Committee*

The Remuneration Committee comprises seven independent Non-Executive Directors. The committee meets at least five times a year and the Group Chairman, Group Chief Executive and Director, Compliance, People and Communication normally attend each meeting except when issues regarding their own remuneration are discussed. Other relevant persons may also be invited to attend all or part of any meeting.

The committee is responsible for setting the principle parameters and governance framework of the Group remuneration policy and more specifically for managing executive remuneration. The committee's responsibilities include determining and agreeing with the Board the framework and broad policy for the remuneration of the Group's Chairman, Group Chief Executive, the Executive Directors and other senior executives. It also approves the remuneration including variable compensation awards for certain staff. The committee is responsible for reviewing both design and expenditure under key incentive plans across the Group.

*(vi) The Governance and Nomination Committee*

The Governance and Nomination Committee comprises the Chairman of the Board and four independent Non-executive directors. The committee meets at least twice each year. The Group Chief Executive and the Director, Compliance, People and Communication and other relevant persons are invited to attend all or part of any meeting.

The committee is responsible for the review of the Board's structure, size and composition, including the identification, assessment and recommendation of potential Board candidates. The committee keeps under review the leadership needs of, and succession planning for, the Group in relation to both Directors and other senior executives. In addition, on behalf of the Board, the committee monitors progress towards the implementation of the Board diversity policy and considers any potential situational conflicts of interest declared by our Board members. The committee's role also includes oversight of Board effectiveness and governance issues.

**Corporate governance**

The Board is firmly committed to high standards of corporate governance. The Company complies with all the provisions of the UK Corporate Governance Code save as disclosed on page 135 of the Company's 2014 Annual Report and Accounts, which are incorporated into this document by reference.

**7. Employees**

The average number of the Group's employees in H1 2015 was 88,543. The number of the Group's employees at the end of each of the last three financial years was approximately 90,040 in FY 2014, 86,640 in FY 2013 and 89,058 in FY 2012.

A summary of the Group's employee people strategy is given on pages 23 to 25 of the Company's 2014 Annual Report and Accounts, which are incorporated into this document by reference.

**8. Standard Chartered Share Schemes**

The Group currently operates two main share plans. A summary of the key terms of these is set out below.

More information on Standard Chartered Share Schemes (including plans that are no longer used) is given in both a) pages 170 to 209 of the Company's directors' remuneration report in the 2014 Annual Report and Accounts and b) Note 36 to the consolidated financial statements in the Company's 2014 Annual Report and Accounts, both of which are incorporated into this document by reference.

**a) 2011 Standard Chartered Share Plan (the "2011 Plan")**

The 2011 Plan was approved by Shareholders at the Annual General Meeting of the Company on 5 May 2011.

This is the Group's main share plan, applicable to all employees with the flexibility to provide a variety of award types. The 2011 Plan is designed to deliver performance shares, deferred awards and restricted shares, Incentive Stock Options for US based employees and deferred cash awards, giving the Group sufficient flexibility to meet the challenges of a changing regulatory and competitive environment. Share awards are a key part of both Executive Directors' and Senior Management's variable compensation and their significance as a proportion of total remuneration is one of the strongest indicators of the Group's commitment to pay for sustainable performance ensuring there is an appropriate return for the risk taken and that the measure is aligned with the Group's risk appetite.

#### *Eligibility*

The Remuneration Committee may select any Group employee to participate in the 2011 Plan, including Executive Directors.

#### *Grant of awards*

Awards may normally only be granted in the period of six weeks beginning with the dealing day after the date on which the Company announces its results for any period. No awards may be granted after 4 May 2021. Awards may be granted by the Remuneration Committee over fully paid Ordinary Shares or over other securities or over cash sums. Awards are personal to the participant and may not be transferred except on death. Benefits under the 2011 Plan are not pensionable.

#### *Limits*

An award shall not be granted under the 2011 Plan in any calendar year if, at the time of its proposed grant date, it would cause the number of fully paid ordinary shares in the capital of the Company allocated in the period of ten calendar years ending with that calendar year under the 2011 Plan and under any other discretionary share plan adopted by the Company to exceed such number as represents 5 per cent. of the ordinary share capital of the Company in issue at that time.

Commitments to issue new shares (when aggregated with awards made under any other employee share plan operated by the Group) will not exceed 10 per cent. of the ordinary share capital in issue from time to time in any rolling ten-year period. In addition (and to comply with the Hong Kong Listing Rules), during the life of the 2011 Plan, no options, whether satisfied by new issue or existing shares, shall be granted which would cause the number of shares in the Company which may be issued or transferred in pursuance of options granted under the 2011 Plan to exceed such number as represents ten per cent. of the ordinary share capital of the Company in issue at that time. To further comply with the Hong Kong Listing Rules, the total number of shares which shall have been or may be issued pursuant to options granted under the 2011 Plan in any 12 month period must not exceed one per cent. of the Company's issued share capital.

For the purposes of these limits, treasury shares will count as newly issued shares while this remains best practice. However, awards or other rights to acquire shares which lapse or have been realised do not count.

#### *Cash alternative*

The Remuneration Committee may decide at the point of exercise (or vesting in the case of awards made in the form of conditional rights) that an award under the 2011 Plan should be settled in cash equal to the value of the fully paid Ordinary Shares subject to the award rather than in shares.

#### *Variation of the Company's share capital*

In the event of any variation of the share capital of the Company, or in the event of a demerger, special dividend or other similar event which affects the market price of fully paid Ordinary Shares to a material event, the Remuneration Committee may make such adjustments as it considers appropriate to the number of Ordinary Shares comprised in an award or, where applicable, to the option price.

#### *Performance shares*

Performance shares may be granted under the 2011 Plan. Such awards are currently subject to a combination of three performance measures: relative total shareholder return (TSR), earnings per share (EPS) growth and return on risk-weighted assets (RoRWA). The weighting between the three elements is split equally, one-third of the award depending on each measure, assessed independently.

Performance shares form part of the variable compensation awarded to executive directors. In line with regulatory requirements, discretionary variable compensation for Executive Directors and other material risk takers will not exceed 200 per cent. of each individual's fixed pay in line with the EBA rules.

For performance shares granted to Executive Directors in 2015 in respect of 2014 performance, the Remuneration Committee concluded that earnings per share (EPS) growth, return on risk-weighted assets (RoRWA) and relative total shareholder return (TSR) continue to provide a balanced set of metrics with an equal weighting between performance, investor interests and prudent risk taking. These performance share awards will vest on the fifth anniversary of grant subject to meeting the following performance conditions measured after the third anniversary of award.

<b>Performance measure</b>	<b>Weighting</b>	<b>Threshold (25% vesting)</b>	<b>Maximum (100% vesting)</b>
EPS growth over three years	One-third	15%	30% of higher
RoRWA average over three years	One-third	1.2%	1.4%
Relative TSR against peer group	One-third	Median	Upper quartile or higher

Straight-line vesting applies between the threshold and maximum points for EPS growth, RoRWA and TSR.

#### *Deferred share awards/restricted shares*

Deferred awards are used to deliver the deferred portion of total variable compensation, in line with both market practice and regulatory requirements. These awards are typically subject to a three-year deferral period, vesting equally one-third on each of the first, second and third anniversaries. Deferred awards are not subject to any plan limit to ensure that regulatory requirements relating to deferral levels can be met and in line with market practice of our competitors. Deferred awards will not be subject to any further performance criteria, although the Group's clawback policy will apply.

Restricted share awards which are made outside of the annual performance process, as additional incentive or retention mechanisms, are provided as restricted shares under the 2011 Plan. These awards typically vest in equal instalments on the second and third anniversaries of the award date. In line with similar plans operated by our competitors, restricted share awards are not subject to an annual limit and do not have any performance conditions.

Special provisions apply in respect of participants who cease employment with the Group before the normal vesting date by reason of retirement with the agreement of the employer, ill-health, injury or disability, redundancy, death or because the company or business that employs the participant is transferred out of the Group, if the individual is dismissed by the employer other than for reasons of performance or misconduct or for any other reason, if the Remuneration Committee so decides. In that circumstance an individual's award will normally vest, subject to achievement of performance conditions, on the normal vesting date. If a participant ceases employment for any other reason, his award lapses. In the event of a takeover, reconstruction or winding-up of the Company, awards will also usually vest on the date on which that event becomes effective, subject to achievement of performance conditions and, unless the Remuneration Committee otherwise determines, pro-rated by time.

#### *Amendment*

The Board may amend the 2011 Plan. No alteration may be made to the provisions concerning eligibility, individual and overall limits, the basis for determining the participant's entitlement or adjustments on a variation of capital without the approval of shareholders in general meeting, save for minor alterations to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or a member of the Group.

#### **b) All Employee Sharesave**

Under sharesave, employees have the choice of opening a savings contract. Within a period of six months after the third or fifth anniversary, as appropriate, employees may purchase ordinary shares in the Company at a discounted price of up to 20 per cent. on the share price at the date of invitation. There are no performance conditions attached to options granted under sharesave. In some countries

in which the Group operates, it is not possible to operate Sharesave plans, typically due to securities law and regulatory restrictions. In these countries, the Group offers an equivalent cash-based plan to its employees.

The Standard Chartered 2013 Sharesave Plan was approved by Shareholders at the Annual General Meeting of the Company on 8 May 2013 and since then all sharesave invitations have been made under this plan. The remaining life of the 2013 Sharesave plan is eight years. This plan replaced the previous 2004 UK Sharesave Scheme and 2004 International Sharesave Scheme, under which no further options will be granted. Outstanding options under these existing schemes will be honoured.

Part of the 2013 Sharesave Plan has been designed to meet the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003. Options granted under this part of the 2013 Sharesave Plan (the “UK Sub-Plan”) are potentially subject to more tax effective treatment for UK based employees.

#### *Eligibility and participation*

All employees working in designated companies and territories on the date on which invitations to apply for options are issued (or on such earlier date during a period of up to five years ending on such invitation date as the Board may determine) are eligible to participate in the 2013 Sharesave Plan, as are any further employees or directors nominated by the Board for this purpose (“Eligible Employees”). In relation to the UK Sub-Plan, a full-time director is someone obliged to devote not less than 25 hours per week to his duties with the company concerned.

#### *Invitations and granting of options*

Invitations can be issued under the 2013 Sharesave Plan during the period of six weeks following the announcement of annual or interim results (or at other times in exceptional circumstances), subject to any options granted in relation to such invitations complying with the UK Listing Rules, the Model Code for transactions in securities by Directors/Persons discharging managerial responsibility, the Hong Kong Listing Rules and other similar local regulations that may apply.

Options are personal to the participant and may not be transferred except on death. Benefits under sharesave are not pensionable.

#### *Savings contracts*

An eligible employee who applies for an option under the 2013 Sharesave Plan must enter into a savings contract which requires monthly payments of currently not less than GB£5 and not more than GB£250. The amount which a participant can save in aggregate under all sharesave contracts cannot exceed GB£250 per month. The funds saved (plus interest) are used by the participant to exercise the option. The number of shares covered by the option will be calculated according to the savings to be made, together with an amount of interest expected to be payable at the end of the contract period.

#### *Exercise of options*

An option granted under the 2013 Sharesave Plan may not normally be exercised before the maturity date under the relevant savings contract. Special provisions, permitting the early exercise of options in certain circumstances, apply in respect of participants who cease employment with the Group before completing their savings contracts in the event of injury, death, disability, redundancy, retirement (including early retirement if the participant retires more than three years after the date of grant) or because the company or business which employs the participant is transferred out of the Group. If a participant ceases employment for any other reason, his option lapses. Options are personal to the participant and, except on the death of the participant, may not be transferred. The early exercise of options is also permitted in the exceptional circumstances of a take-over, reconstruction or winding-up of the Company.

Other than under the UK Sub-Plan, following the exercise of an option, the Board may decide that, in lieu of a right to receive ordinary shares, a participant shall be paid a cash sum equivalent to the gain in his option (the Board may also decide to grant “phantom options”, i.e. options which from the outset are intended to be settled in cash). Such cash provisions are typically operated in those jurisdictions where, due to securities laws or other regulatory issues, it is not possible to deliver shares to participants. The ordinary shares to be allotted under the 2013 Sharesave Plan will rank equally in all respects with the Ordinary Shares already in issue, except for any rights attaching to such shares by reference to a record date that falls before the date of allotment.

### *Limits*

The minimum exercise price of the options under the 2013 Sharesave Plan shall not be less than 80 per cent. of (a) the average middle market quotation of an ordinary share on the London Stock Exchange Daily Official List for the five dealing days immediately before the date on which invitations to apply for options are given (the “Invitation Date”) and (b) the middle-market quotation of shares on the London Stock Exchange Daily Official List on the dealing day immediately before the Invitation Date.

Commitments to issue new shares (when aggregated with awards made under any other employee share plans operated by the Group) will not exceed 10 per cent. of the issued ordinary share capital in issue from time to time in any rolling ten-year period. In addition (and to comply with the Hong Kong Listing Rules), during the life of the 2013 Sharesave Plan, no options, whether satisfied by new issue or existing shares, shall be granted which would cause the number of shares in the Company which may be issued or transferred in pursuance of options granted under the 2013 Sharesave Plan to exceed such number as represents 10 per cent. of the ordinary share capital of the Company in issue at that time. To further comply with the Hong Kong Listing Rules, the total number of shares which shall have been or may be issued pursuant to options granted under the 2013 Sharesave Plan in any 12 month period must not exceed one per cent. of the Company’s issued share capital.

For the purposes of these limits, treasury shares will count as newly issued shares while this remains best practice. However, awards or other rights to acquire shares which lapse or have been released do not count.

### *Variation of the Company’s share capital*

In the event of any variation of share capital, demerger or other corporate event affecting the value of shares to a material extent, the Board may make such adjustments as it considers appropriate to the number of shares subject to an option and the exercise price, in order that a participant’s option retains the same economic value. It is not considered feasible or appropriate to disclose the value of all options that can be granted under the 2013 Sharesave Plan as the limits set out above do not apply to any one plan in isolation.

### *Amendment*

The Board may amend the 2013 Sharesave Plan. No alteration may be made to the provisions concerning eligibility, individual and overall limits, the basis for determining a participant’s entitlement or adjustments on a variation of capital without the approval of shareholders in general meeting, save for minor alterations to take account of changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or a member of the Group.

### **c) Legacy share plans**

#### *2001 Performance Share Plan (“2001 PSP”) – closed to new grants*

The Group’s previous plan for delivering performance shares was the 2001 PSP and there remain outstanding vested awards. Under the 2001 PSP, half the award is dependent upon TSR performance and the balance is subject to a target of defined EPS growth. Both measures use the same three-year period and are assessed independently.

#### *2006 Restricted Share Scheme (“2006 RSS”)/2007 Supplementary Restricted Share Scheme (“2007 SRSS”)*

The Group’s previous plans for delivering restricted shares were the 2006 RSS and 2007 SRSS both now replaced by the 2011 Plan. There are vested awards outstanding under these plans. Awards were generally in the form of nil cost options and do not have any performance conditions. Generally, deferred restricted share awards vest equally over three years and for non-deferred awards, half vests two years after the date of grant and the balance after three years. No further awards will be granted under the 2006 RSS and 2007 SRSS.

## **9. Directors’ and Senior Managers’ confirmations**

None of the Directors or Senior Managers has, during the last five years, been:

- (a) convicted in relation to an offence of fraud;
- (b) associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;



- (c) subject to any official public incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
- (d) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

As highlighted in the tables of external directorships and advisory or management roles within paragraphs 1 and 2 of this Part XII (*Directors and Employees*), certain Directors and Senior Managers have potential conflicts of interest between their private interests and/or other duties and their duties to the Company arising from their roles as directors of or advisers to companies or partnerships with customer or supplier relationships with members of the Group. Save for these potential conflicts of interest, no Director or Senior Manager has any actual or potential conflicts of interest between his or her private interests and/or other duties and his or her duties to the Company.

No Director, Senior Manager or any of the experts named in this document have any interest in any assets which have been, or which are proposed to be, acquired by, disposed of by or leased to any member of the Group since 31 December 2014.

There are no contracts or arrangements subsisting at the date of this document in which a Director or Senior Manager is materially interested and which is significant in relation to the business of the Group.

## PART XIII

### KEY FINANCIAL INFORMATION ON THE GROUP

#### 1. Selected financial information

The selected historical financial information set out below for FY 2014, FY 2013 and FY 2012 has, unless otherwise stated, been extracted without material adjustment from the audited Consolidated Financial Statements included in the 2014 Annual Report and Accounts, the 2013 Annual Report and Accounts and the 2012 Annual Report and Accounts respectively. The selected historical financial information set out below for H1 2015 and H1 2014 has, unless otherwise stated, been extracted without material adjustment from the unaudited condensed financial information in the 2015 H1 Interim Report, which includes comparative unaudited financial information for H1 2014.

As a result of adopting IFRS 11 Joint Arrangements on 1 January 2013, the Company has restated certain amounts in the 2012 comparative financial information included in the 2013 Annual Report and Accounts. For 2012 numbers restated in 2013, Note 43 to the financial statements in the 2013 Annual Report and Accounts, is incorporated into this document by reference. All financial information for FY 2012 is, unless otherwise stated, presented after giving effect to such restatement.

The profit after tax for FY 2012 was not impacted by the above restatement, but total assets and total liabilities were reduced by US\$5.31 billion. There was no impact on total equity resulting from such restatement.

The following are incorporated by reference into this document.

- The Consolidated Financial Statements included in the 2014 Annual Report and Accounts, 2013 Annual Report and Accounts and 2012 Annual Report and Accounts for FY 2014, FY 2013 and FY 2012 respectively. These Consolidated Financial Statements have been audited by KPMG Audit Plc, independent auditors. KPMG Audit Plc is a firm of chartered accountants registered with the Institute of Chartered Accountants in England and Wales.
- The condensed financial information in the 2015 H1 Interim Report in relation to H1 2015, including the comparative financial information for H1 2014. This condensed financial information is unaudited.
- The summary financial information in the Q3 Interim Management Statement as at 30 September 2015 and in relation to the three month and nine month periods ended 30 September 2015. This summary financial information is unaudited and unreviewed, and has been prepared solely for the purposes of the Q3 Interim Management Statement. Such financial information excludes Own Credit Adjustment, gains and losses on businesses sold/held for sale and civil monetary penalties.

(a) *Summary consolidated income statement*

	For the six months ended 30 June (unaudited)		For the year ended 31 December (audited)		
	2015	2014	2014	2013	2012 <sup>(1)</sup>
	(US\$ million)				
Interest income	7,687	8,603	16,984	17,593	17,827
Interest expense	(2,695)	(2,999)	(5,981)	(6,437)	(7,046)
<b>Net interest income</b>	<b>4,992</b>	<b>5,604</b>	<b>11,003</b>	<b>11,156</b>	<b>10,781</b>
Fees and commission income	2,213	2,284	4,651	4,581	4,575
Fees and commission expense	(255)	(223)	(472)	(480)	(496)
Net trading income	969	954	1,896	2,514	2,739
Other operating income	850	635	1,256	1,006	1,184
<b>Non-interest income</b>	<b>3,777</b>	<b>3,650</b>	<b>7,331</b>	<b>7,621</b>	<b>8,002</b>
<b>Operating income</b>	<b>8,769</b>	<b>9,254</b>	<b>18,334</b>	<b>18,777</b>	<b>18,783</b>
Staff costs	(3,320)	(3,454)	(6,788)	(6,570)	(6,492)
Premises costs	(402)	(441)	(910)	(877)	(863)
General administrative expenses	(985)	(875)	(2,708)	(2,032)	(2,707)
Depreciation and amortisation	(335)	(313)	(639)	(714)	(660)
<b>Operating expenses</b>	<b>(5,042)</b>	<b>(5,083)</b>	<b>(11,045)</b>	<b>(10,193)</b>	<b>(10,722)</b>
<b>Operating profit before impairment losses and taxation</b>	<b>3,727</b>	<b>4,171</b>	<b>7,289</b>	<b>8,584</b>	<b>8,061</b>
Impairment losses on loans and advances and other credit risk provisions	(1,652)	(846)	(2,141)	(1,617)	(1,196)
Other impairment	–	–	(758)	(1,000)	–
Goodwill impairment	–	–	(758)	(1,000)	–
Other	(86)	(185)	(403)	(129)	(196)
Profit from associates and joint ventures	109	113	248	226	182
<b>Profit before taxation</b>	<b>2,098</b>	<b>3,253</b>	<b>4,235</b>	<b>6,064</b>	<b>6,851</b>
Taxation	(567)	(849)	(1,530)	(1,864)	(1,866)
Profit for the period	1,531	2,404	2,705	4,200	4,985
Profit attributable to:					
Non-controlling interests	19	44	92	110	98
Parent company shareholders	1,512	2,360	2,613	4,090	4,887
<b>Profit for the period</b>	<b>1,531</b>	<b>2,404</b>	<b>2,705</b>	<b>4,200</b>	<b>4,985</b>
	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
<b>Earnings per share:</b>					
<b>Basic earnings per ordinary share</b>	58.6	94.6	102.2	164.4	199.7
<b>Diluted earnings per ordinary share</b>	58.3	94.0	101.6	163.0	197.7

(1) Restated

**(b) Summary consolidated balance sheet**

	At 30 June		At 31 December		
	2015	2014	2014	2013	2012 <sup>(1)</sup>
	(US\$ million)				
<b>ASSETS</b>					
Cash and balances at central banks	77,274	62,182	97,282	54,534	60,537
Financial assets held at fair value through profit or loss	29,809	36,497	32,623	29,335	27,076
Derivative financial instruments	60,858	48,105	65,834	61,802	49,495
Loans and advances to banks	80,425	87,324	83,890	83,702	67,797
Loans and advances to customers	279,188	299,209	284,695	290,708	279,638
Investment securities	111,231	100,907	104,238	102,716	99,225
Other assets	37,809	37,084	38,689	33,570	28,548
Current tax assets	387	290	362	234	215
Prepayments and accrued income	2,563	2,807	2,647	2,510	2,552
Interests in associates and joint ventures	1,991	1,932	1,962	1,767	1,684
Goodwill and intangible assets	5,223	6,200	5,190	6,070	7,145
Property, plant and equipment	7,740	6,967	7,984	6,903	6,620
Deferred tax assets	458	634	518	529	676
<b>Total assets</b>	<b>694,956</b>	<b>690,138</b>	<b>725,914</b>	<b>674,380</b>	<b>631,208</b>
<b>LIABILITIES</b>					
Deposits by banks	49,707	49,189	54,391	43,517	36,427
Customer accounts	377,479	380,609	405,353	381,066	372,874
Financial liabilities held at fair value through profit or loss	25,328	26,916	22,390	23,030	23,064
Derivative financial instruments	58,651	47,785	63,313	61,236	47,192
Debt securities in issue	71,165	71,272	71,951	64,589	55,979
Other liabilities	34,313	34,006	31,274	27,338	24,285
Current tax liabilities	781	1,162	891	1,050	1,066
Accruals and deferred income	5,206	5,154	5,915	4,668	4,811
Subordinated liabilities and other borrowed funds	22,197	24,691	22,947	20,397	18,588
Deferred tax liabilities	273	218	246	176	161
Provisions for liabilities and charges	103	102	92	107	215
Retirement benefit obligations	409	472	413	365	491
<b>Total liabilities</b>	<b>645,612</b>	<b>641,576</b>	<b>679,176</b>	<b>627,539</b>	<b>585,153</b>
<b>EQUITY</b>					
Share capital	1,273	1,235	1,236	1,214	1,207
Reserves	45,807	47,042	45,196	45,032	44,155
<b>Total parent company shareholders' equity</b>	<b>47,080</b>	<b>48,277</b>	<b>46,432</b>	<b>46,246</b>	<b>45,362</b>
Other equity instruments	1,987				
Non-controlling interests	277	285	306	595	693
<b>Total equity</b>	<b>49,344</b>	<b>48,562</b>	<b>46,738</b>	<b>46,841</b>	<b>46,055</b>
<b>Total equity and liabilities</b>	<b>694,956</b>	<b>690,138</b>	<b>725,914</b>	<b>674,380</b>	<b>631,208</b>

(1) Restated

(c) **Summary consolidated cash flow statement**

	For the six months ended 30 June		For the year ended 31 December		
	2015	2014	2014	2013	2012 <sup>(1)</sup>
	(US\$ million)				
<b>Cash flow from operating activities</b>					
Profit before taxation	2,098	3,253	4,235	6,064	6,851
Adjustment for:					
Non-cash items and other adjustments included within income statement	2,116	1,540	4,470	4,121	2,421
Change in operating assets	9,221	(1,024)	(13,657)	(44,138)	(8,409)
Change in operating liabilities	(31,375)	7,835	59,321	45,252	18,970
Contributions to defined benefit schemes	(31)	(25)	(98)	(168)	(203)
UK and overseas taxes paid	(623)	(832)	(1,708)	(1,716)	(1,767)
<b>Net cash (used in)/from operating activities</b>	<b>(18,594)</b>	<b>10,747</b>	<b>52,563</b>	<b>9,415</b>	<b>17,863</b>
<b>Net cash flows from investing activities</b>					
Purchase of property, plant and equipment	(51)	(74)	(189)	(205)	(162)
Disposal of property, plant and equipment	58	21	67	156	195
Acquisition of investment in subsidiaries, associates and joint ventures, net of cash acquired	–	–	(64)	(46)	(63)
Disposal of subsidiaries	665	–	–	–	–
Purchase of investment securities	(119,785)	(93,521)	(196,054)	(142,892)	(156,883)
Disposal and maturity of investment securities	111,719	96,450	192,055	137,161	145,327
Dividends received from investment in associates and joint ventures	11	11	13	5	14
<b>Net cash from (used in) investing activities</b>	<b>(7,383)</b>	<b>2,887</b>	<b>(4,172)</b>	<b>(5,821)</b>	<b>(11,572)</b>
<b>Net cash flows from financing activities</b>					
Issue of ordinary and Preference Share Classified as Equity capital, net of expenses	5	9	11	24	59
Issue of Additional Tier 1 Capital, net of expenses	1,987	–	–	–	–
Purchase of own shares	(39)	(105)	(110)	(154)	(425)
Exercise of share options through ESOP	9	16	17	30	39
Interest paid on subordinated liabilities	(581)	(530)	(1,090)	(813)	(989)
Gross proceeds from issue of subordinated liabilities	–	4,056	4,684	5,448	3,390
Repayment of subordinated liabilities	–	(285)	(2,114)	(2,616)	(1,701)
Repayment to non-controlling interests	–	(300)	(298)	(104)	–
Interest paid on senior debts	(265)	(408)	(740)	(563)	(867)
Gross proceeds from issue of senior debts	4,842	3,394	6,579	6,816	11,453
Repayment of senior debts	(3,114)	(4,255)	(6,408)	(3,730)	(5,938)
Dividends paid to non-controlling interests and preference shareholders, net of scrip	(67)	(97)	(161)	(178)	(161)
Dividends paid to ordinary shareholders, net of scrip	(418)	(668)	(1,350)	(1,967)	(1,306)
<b>Net cash from financing activities</b>	<b>2,359</b>	<b>827</b>	<b>(980)</b>	<b>2,193</b>	<b>3,554</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(23,618)</b>	<b>14,461</b>	<b>47,411</b>	<b>5,787</b>	<b>9,845</b>
Cash and cash equivalents at beginning of period	129,870	84,156	84,156	79,518	69,566
Effect of exchange rate movements on cash and cash equivalents	(771)	224	(1,697)	(1,149)	107
<b>Cash and cash equivalents at end of period</b>	<b>105,481</b>	<b>98,841</b>	<b>129,870</b>	<b>84,156</b>	<b>79,518</b>

(1) Restated



### Capitalisation and indebtedness

The following table sets out the unaudited consolidated capitalisation of the Company as at 30 June 2015 and indebtedness of the Group as at 30 September 2015 prepared in accordance with IFRS.

	30 June 2015 (US\$ million)
<b>Shareholders' equity</b>	
<b>Allotted, called-up and fully paid share capital</b>	
Ordinary shares	1,273
Share premium	5,450
Merger reserve	12,421
Reserves and retained earnings	27,936
<b>Total shareholders' equity</b>	<b>47,080</b>

**Subordinated loan capital – issued by subsidiary undertakings**

GB£675 million 5.375 per cent. undated Step-Up Subordinated Notes (callable and floating rate from 2020)	677
GB£600 million 8.103 per cent. Step-Up Callable Perpetual Preferred Securities (callable 2016)	943
GB£700 million 7.75 per cent. Subordinated Debt due 2018	1,151
GB£200 million 7.75 per cent. undated Step Up Subordinated Notes (callable and floating rate from 2022)	380
€1,100 million 5.875 per cent. Subordinated Debt due 2017	1,328
US\$1 billion 6.4 per cent. Subordinated Debt due 2017	1,080
US\$750 million 5.875 per cent. Subordinated Notes 2020	812
US\$700 million 8.0 per cent. Subordinated Notes due 2031	647
BWP 127.26 million 8.2 per cent. subordinated notes 2022 (callable 2017)	12
BWP 70 million floating rate subordinated notes 2021 (callable 2016)	7
BWP 50 million floating rate notes 2022 (callable 2017)	5
JPY 10 billion 3.35 per cent. Subordinated Note 2023 (callable 2018)	87
KRW 270 billion 4.67 per cent. subordinated debt 2021 (callable 2014)	227
KRW 90 billion 6.05 per cent. Subordinated debt 2018	85
PKR 2.5 billion floating rate notes 2022 (callable 2017)	24
SGD 750 million 4.15 per cent. Subordinated Notes 2021 (callable 2016)	497
SGD 450 million 5.25 per cent. Subordinated Notes 2023	324
TZS 10 billion 11 per cent. subordinated notes 2020 (callable 2015)	5
UGX 40 billion 13 per cent. subordinated notes 2020 (callable 2015)	11
	<b>8,302</b>

**Subordinated loan capital – issued by Standard Chartered PLC**

Primary Capital Floating Rate Notes:	
US\$400 million Undated Primary Capital Floating Rate Notes (Series 1)	44
US\$300 million Undated Primary Capital Floating Rate Notes (Series 2)	80
US\$400 million Undated Primary Capital Floating Rate Notes (Series 3)	64
US\$200 million Undated Primary Capital Floating Rate Notes (Series 4)	50
GB£150 million Undated Primary Capital Floating Rate Notes: Issued	46
€750 million 3.625 per cent. subordinated notes 2022	885
US\$1.25 billion 4 per cent. subordinated notes 2022 (callable 2017)	1,253
US\$1 billion 5.7 per cent. subordinated notes 2022	1,018
€1.25 billion 4 per cent. subordinated debt 2025 (callable 2020)	1,465
US\$2 billion 3.95 per cent. subordinated debt 2023	2,013
US\$750 million 5.3 per cent. subordinated debt 2043	803
US\$1 billion 5.2 per cent. subordinated debt 2024	996
SGD 700 million 4.4 per cent. subordinated notes 2026 (callable 2021)	473
US\$2 billion 5.7 per cent. subordinated debt 2044	2,423
GB£900 million 5.125 per cent. subordinated debt 2034	1,559
€500 million 3.125 per cent. subordinated debt 2024	552
	<b>13,724</b>

**Other borrowings – issued by Standard Chartered PLC**

GB£96 million 7.375 per cent. irredeemable preference shares	169
GB£99 million 8.25 per cent. irredeemable preference shares	175
	344

**Total indebtedness for Group** **22,370**

Notes:

- (1) All subordinated liabilities are unsecured, unguaranteed and subordinated to the claims of other creditors including, without limitation, customer deposits and deposits by banks. The Group has the right to settle these debt instruments in certain circumstances as set out in the contractual agreements.
- (2) Liabilities denominated in foreign currencies are translated into US Dollars at market exchange rates prevailing at 30 September 2015. The exchange rates used were GB£1.00:US\$1.5135; US\$1.00:HK\$7.7501; US\$1.00:BWP10.5401; US\$1.00:KRW1185.1645; US\$1.00:TZS2159.2258; US\$1.00:EUR0.8952; US\$1.00:IDR14627.1429; US\$1.00:PKR104.4817.

- (3) Contingent liabilities amounted to US\$40 billion as at 30 September 2015, of which US\$30 billion related to guarantees and irrevocable letters of credit.
- (4) The total amount of all other financial liabilities as at 30 September 2015 was US\$605 billion, comprising deposits by banks US\$51 billion, customer accounts US\$367 billion and other debt securities in issue such as certificates of deposits US\$79 billion. These liabilities are not in the nature of subordinated loan Capital. These liabilities are unsecured and are not guaranteed, except US\$8 billion of the deposits by banks and US\$10 billion of the customer accounts include liabilities under repurchase agreements, which are collateralised with treasury bills/bonds.
- (5) There has been no material change in the total capitalisation of the Company from 30 June 2015 up to the Reference Date.

## **2. Capital and liquidity management**

Information on capital management is set out on pages 57 to 64 of the Company's 2015 H1 Interim Report, which is incorporated into this document by reference. Information on liquidity risk and management is set out on pages 52 and 54 of the Company's 2015 H1 Interim Report, which is incorporated into this document by reference.

## PART XIV

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* financial information set out in this Part XIV (*Unaudited Pro Forma Financial Information*) has been prepared on the basis set out in the notes below and in a manner consistent with the accounting policies adopted by the Company in its FY 2014 financial statements to illustrate the effect of the Rights Issue on the consolidated net assets of the Company as if it had occurred on 30 June 2015. The unaudited *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, the *pro forma* statement of financial information addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results following the Rights Issue.

#### ***Basis of preparation***

The financial information as at 30 June 2015 has been extracted without material adjustment from the Company's unaudited condensed consolidated historical financial information for H1 2015. No account has been taken of the trading activity or other transactions of the Group which have occurred since H1 2015.

### ***Rights Issue adjustment\****

The adjustment of GB£3.4 billion comprises the gross proceeds of issuing 728,432,451 New Ordinary Shares at 465 pence per New Ordinary Share less expenses estimated to be incurred in connection with the Rights Issue of GB£74.5 million (exclusive of VAT).

	As at 30 June 2015 Note 1 Unaudited	Adjustments for Rights Issue Note 2, 3 and 4	Pro forma net assets Unaudited
	(US\$ million)		
<b>Assets</b>			
Cash and balances at central banks	77,274	5,111	82,385
Financial assets held at fair value through profit or loss	29,809	–	29,809
Derivative financial instruments	60,858	–	60,858
Loans and advances to banks	80,425	–	80,425
Loans and advances to customers	279,188	–	279,188
Investment securities	111,231	–	111,231
Other assets	37,809	–	37,809
Current tax assets	387	–	387
Prepayments and accrued income	2,563	–	2,563
Interests in Associates	1,991	–	1,991
Goodwill and Intangible assets	5,223	–	5,223
Property, plant and equipment	7,740	–	7,740
Deferred tax assets	458	–	458
<b>Total assets</b>	<b>694,956</b>	<b>5,111</b>	<b>700,067</b>
<b>Liabilities</b>			
Deposits by banks	49,707	–	49,707
Customer accounts	377,479	–	377,479
Financial liabilities held at fair value through profit or loss	25,328	–	25,328
Derivative financial instruments	58,651	–	58,651
Debt securities in issue	71,165	–	71,165
Other liabilities	34,313	–	34,313
Current tax liabilities	781	–	781
Accruals and deferred income	5,206	–	5,206
Subordinated liabilities and other borrowed funds	22,197	–	22,197
Deferred tax liabilities	273	–	273
Provisions for liabilities and charges	103	–	103
Retirement benefit obligations	409	–	409
<b>Total liabilities</b>	<b>645,612</b>	<b>–</b>	<b>645,612</b>
<b>Net assets (note 5)</b>	<b>47,567</b>	<b>5,111</b>	<b>52,678</b>
<b>Net tangible assets (note 5)</b>	<b>42,344</b>	<b>5,111</b>	<b>47,455</b>
Shares in issue (number in millions) (notes 6 and 7)	2,547	728	3,275
<b>Net assets per share (cents)</b>	<b>1,868</b>	<b>0</b>	<b>1,608</b>
<b>Net tangible assets per share (cents)</b>	<b>1,663</b>	<b>0</b>	<b>1,449</b>
<b>Key Capital Measures (note 8)</b>			
<b>Common Equity Tier 1 Capital</b>	<b>37,567</b>	<b>5,111</b>	<b>42,678</b>
<b>RWA</b>	<b>326,171</b>		<b>326,171</b>
<b>CET1 Capital ratio (note 9)</b>	<b>11.5%</b>	<b>1.6%</b>	<b>13.1%</b>

Notes:

- (1) Information on the net assets and net tangible assets of the Group as at 30 June 2015 has been extracted without material adjustment from the unaudited condensed consolidated historical financial information of the Group for H1 2015 as referred to in Part XIX (*Documents Incorporated by Reference*) of this document.
- (2) The Company proposes to raise approximately GB£3.4 billion before expenses by means of the Rights Issue. The proceeds of the Rights Issue have been included in cash and balances at central banks.



- (3) The expenses of the Rights Issue have been estimated at GB£74.5 million (excluding any amounts in respect of VAT) and have been deducted from cash and balances at central banks.
  - (4) The exchange rate used is GB£1:US\$1.5429 (being the exchange rate as at 2 November 2015, the latest practicable date prior to the announcement of the Rights Issue)
  - (5) Net assets are after deducting minority interests of US\$277 million and Preference Shares Classified as Equity (including premium) of US\$1,500 million. Net tangible assets are also stated net of goodwill and intangible assets at 30 June 2015.
  - (6) Number of shares in issue at 30 June 2015 of 2,547 million after deducting own shares held in employee trusts aggregating 2.5 million.
  - (7) No account has been taken of any Ordinary Shares which may have been issued on the exercise of options granted or which may be granted under the Standard Chartered Share Schemes after 30 June 2015.
  - (8) The key capital measures include unaudited *pro forma* regulatory capital ratios of the Group before and immediately after the Rights Issue as if it had occurred on 30 June 2015. The 30 June 2015 historical unadjusted amounts and ratios have been extracted from the Company's unaudited condensed consolidated historical financial information for H1 2015. For the purpose of calculating RWA, the information presented assumes proceeds of the Rights Issue are held at a 0 per cent. risk weight.
  - (9) The CET1 Capital ratio is calculated as the Group's Common Equity Tier 1 Capital divided by the Group's RWA.
- \* No account has been taken of the trading results of the Group since 30 June 2015.

The Directors  
Standard Chartered PLC  
1 Basinghall Avenue  
London EC2V 5DD

18 November 2015

Ladies and Gentlemen

### **Standard Chartered PLC**

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part XIV of the prospectus dated 18 November 2015, which has been prepared on the basis described therein, for illustrative purposes only, to provide information about how the rights issue might have affected the financial information presented on the basis of the accounting policies adopted by Standard Chartered PLC in preparing the financial statements for the period ended 30 June 2015.

#### **I. Opinion required by paragraph 7 of Annex II of the Prospectus Directive Regulation:**

The opinion set out in this Part I is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of Standard Chartered PLC to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

#### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Standard Chartered PLC.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Standard Chartered PLC.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions, apart from the United Kingdom, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Standard Chartered PLC.

### **II. Opinion required by paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”):**

The opinion set out in this Part II is required by paragraph 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants and is given for the purpose of complying with that paragraph and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of Standard Chartered PLC to prepare the Unaudited Pro forma statement of net assets in accordance with Paragraph 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Hong Kong Listing Rules, on the Unaudited Pro forma statement of net assets and to report our opinion to you. In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Unaudited Pro forma statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under the Hong Kong Listing Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Hong Kong Listing Rules, consenting to its inclusion in the prospectus.

### **Basis of Opinion**

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro forma statement of net assets with the directors of Standard Chartered PLC. The engagement did not involve independent examination of any of the underlying financial information. Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro forma statement of net assets and net tangible assets.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Unaudited Pro forma statement of net assets has been properly compiled by the directors of Standard Chartered PLC on the basis stated, that such basis is consistent with the accounting policies of Standard Chartered PLC and that the adjustments are appropriate for the purposes of the Unaudited Pro forma statement of net assets as disclosed pursuant to paragraph 4.29(1) of the Hong Kong Listing Rules. The Unaudited Pro forma statement of net assets is for illustrative purposes only, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of Standard Chartered PLC at the date stated or any future date.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions apart from Hong Kong and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- the Unaudited Pro forma statement of net assets has been properly compiled by the directors of Standard Chartered PLC on the basis stated;
- such basis is consistent with the accounting policies of Standard Chartered PLC; and
- the adjustments are appropriate for the purposes of the Unaudited Pro forma statement of net assets as disclosed pursuant to Paragraph 4.29(1) of the Hong Kong Listing Rules.

**Declaration**

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

## PART XV

### TAXATION

#### 1. United Kingdom taxation

##### (a) **General**

The following statements set out in this paragraph 1 do not constitute tax advice and are intended only as a general guide to current UK law and the published practice of HMRC, as currently understood (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Qualifying Shareholders and are intended to apply only (except to the extent stated otherwise) to persons who are resident and, in the case of individuals, domiciled in the United Kingdom for UK tax purposes, who are the absolute beneficial owners of Existing Ordinary Shares and who hold them as investments. They may not apply to certain Qualifying Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Qualifying Shareholders who are exempt from taxation and Qualifying Shareholders who have (or who are deemed to have) acquired their Existing Ordinary Shares by virtue of an office or employment or anyone who is or has been an officer or employee of the Company. Such persons may be subject to special rules.

Any person who is in any doubt as to their tax position, or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional adviser without delay.

##### (b) **Taxation of chargeable gains**

###### (i) *Issue of New Ordinary Shares pursuant to the Rights Issue*

For the purposes of UK taxation of chargeable gains, the issue of the New Ordinary Shares to a Qualifying Shareholder should be regarded as a reorganisation of the Company's share capital. Accordingly, a Qualifying Shareholder should not be treated as making a disposal of all or any part of his holding of Existing Ordinary Shares by reason of taking up his rights to New Ordinary Shares and, therefore, no liability to UK taxation of chargeable gains should arise to a Qualifying Shareholder to the extent that the Qualifying Shareholder takes up in full his entitlement to New Ordinary Shares.

On that basis, for the purposes of UK taxation of chargeable gains, New Ordinary Shares allotted to a Qualifying Shareholder pursuant to the Rights Issue will be treated as the same asset as, and having been acquired at the same time as, the Qualifying Shareholder's Existing Ordinary Shares. The amount paid to acquire the New Ordinary Shares should be added to the base cost of the Qualifying Shareholder's existing holding(s).

###### (ii) *Disposal or lapse of rights to acquire New Ordinary Shares*

If a Qualifying Shareholder disposes of all or some of his rights to acquire New Ordinary Shares, or if he allows or is deemed to have allowed his rights to lapse and receives a cash payment in respect of them, he may, depending on his circumstances, incur a liability to UK taxation of any chargeable gain realised. If, however, the proceeds resulting from the disposal or lapse of those rights are "small" as compared with the value of the Existing Ordinary Shares in respect of which the rights arose, the proceeds will instead be deducted from the base cost of his holding of Existing Ordinary Shares for the purposes of computing any chargeable gain or allowable loss on a subsequent disposal of Existing Ordinary Shares to which the rights related. HMRC will normally treat proceeds as "small" if the amount of the proceeds either does not exceed 5 per cent. of the market value of the Existing Ordinary Shares held (measured immediately before disposal or lapse) or does not exceed GB£3,000. This treatment will not apply where the base cost of the relevant Qualifying Shareholder's Existing Ordinary Shares is less than the proceeds.

###### (iii) *Disposal of New Ordinary Shares*

###### A. Individual Qualifying Shareholders

A disposal of New Ordinary Shares by a Qualifying Shareholder who is an individual may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief.



Capital gains tax should be charged at 18 per cent. where and to the extent that the total chargeable gains and, generally, total taxable income arising in a tax year, after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount, which is currently GB£11,100), are less than the upper limit of the income tax basic rate band (which is currently GB£31,785). To the extent that any chargeable gains (or part of any chargeable gains) arising in a tax year exceed the upper limit of the income tax basic rate band when aggregated with any such income (in the manner referred to above), capital gains tax should be charged at 28 per cent..

In working out the capital gains tax payable in the current tax year, taxpayers will generally be able to deduct losses and the annual exempt amount in the way which minimises the capital gains tax due.

Indexation allowance will not apply to the amount paid for the New Ordinary Shares.

**B. Corporate Qualifying Shareholders**

A disposal of New Ordinary Shares by a Qualifying Shareholder within the charge to corporation tax may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief.

Corporation tax is charged on chargeable gains at the rate applicable to that Qualifying Shareholder. Indexation allowance will apply to the amount paid for the New Ordinary Shares only from the date on which the payment to acquire the New Ordinary Shares is made or becomes liable to be made. Indexation allowance may reduce the amount of a chargeable gain that is subject to corporation tax, but may not create or increase any loss.

**(iv) Non-UK resident Qualifying Shareholders**

A Qualifying Shareholder who is an individual and who is only temporarily resident outside the United Kingdom for UK tax purposes at the date of a disposal of the New Ordinary Shares may be liable to UK tax on chargeable gains on becoming resident or, in certain circumstances, ordinarily resident in the United Kingdom within five years of ceasing to be so resident or ordinarily resident, where applicable in respect of disposals made while he was temporarily resident outside the United Kingdom, subject to any available exemption or relief.

A Qualifying Shareholder who is not resident in the United Kingdom (and is not temporarily resident outside the United Kingdom) should not be liable for UK tax on chargeable gains realised on a disposal of New Ordinary Shares unless such Qualifying Shareholder carries on:

- (in the case of a Qualifying Shareholder who is an individual) a trade, profession or vocation in the United Kingdom through a branch or agency and the New Ordinary Shares either have been used in or for the purposes of the trade, profession or vocation, or have been used or held for the purposes of the branch or agency, or acquired for use by or for the purposes of the branch or agency; or
- (in the case of a Qualifying Shareholder which is a company) a trade in the United Kingdom through a permanent establishment and the New Ordinary Shares either have been used in or for the purposes of the trade carried on through the permanent establishment, or have been used or held for the purposes of the permanent establishment or acquired for use by or for the purposes of the permanent establishment.

**(c) Taxation of dividends**

**(i) General**

There is no UK withholding tax on dividends in respect of the New Ordinary Shares.

**(ii) Individual Qualifying Shareholders within the charge to UK income tax**

When the Company pays a dividend to a Qualifying Shareholder who is an individual resident (for tax purposes) in the United Kingdom, the Qualifying Shareholder will generally be entitled to a tax credit equal to one-ninth of the dividend received. The dividend received plus the related tax credit (the "gross dividend") will be part of the Qualifying Shareholder's total income for UK income tax

purposes and will be regarded as the top slice of that income. However, in calculating the Qualifying Shareholder's liability to income tax in respect of the gross dividend, the tax credit (which equates to 10 per cent. of the gross dividend) is set off against the tax chargeable on the gross dividend.

A. Basic rate taxpayers

In the case of a Qualifying Shareholder who is liable to income tax at the basic rate, the Qualifying Shareholder will be subject to tax on the gross dividend at the rate of 10 per cent.. The tax credit will, in consequence, satisfy in full the Qualifying Shareholder's liability to income tax on the gross dividend.

B. Higher rate taxpayers

To the extent that the gross dividend falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax, the Qualifying Shareholder will be subject to tax on the gross dividend at the rate of 32.5 per cent.. This means that the tax credit will satisfy only part of the Qualifying Shareholder's liability to income tax on the gross dividend, so that to that extent the Qualifying Shareholder will have to account for income tax equal to 22.5 per cent. of the gross dividend (which equates to 25 per cent. of the dividend received). For example, assuming the entire gross dividend falls above the higher rate threshold and below the additional rate threshold, a dividend of GB£90 from the Company would represent a gross dividend of GB£100 (after the addition of the tax credit of GB£10) and the Qualifying Shareholder would be required to account for income tax of GB£22.50 on the dividend, being GB£32.50 (i.e. 32.5 per cent. of GB£100.00) less GB£10 (the amount of the tax credit).

C. Additional rate taxpayers

To the extent that the gross dividend falls above the threshold for the additional rate of income tax, the Qualifying Shareholder will be subject to tax on the gross dividend at the rate of 37.5 per cent.. This means that the tax credit will satisfy only part of the Qualifying Shareholder's liability to income tax on the gross dividend, so that to that extent the Qualifying Shareholder will have to account for income tax equal to 27.5 per cent. of the gross dividend (which equates to approximately 30.55 per cent. of the dividend received). For example, assuming the entire gross dividend falls above the additional rate threshold, a dividend of GB£90 from the Company would represent a gross dividend of GB£100 (after the addition of the tax credit of GB£10) and the Qualifying Shareholder would be required to account for income tax of GB£27.50 on the dividend, being GB£37.50 (i.e. 37.5 per cent. of GB£100.00) less GB£10 (the amount of the tax credit).

D. Proposed changes to the taxation of dividends

The UK Government announced in the Summer Budget 2015 that the regime for the taxation of dividends will change with effect from April 2016. If enacted, the tax credit for individuals will be abolished and will be replaced by a tax-free dividend allowance of GB£5,000 per year. Dividend income in excess of this allowance will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. It is expected that these changes will be included in the Finance Bill 2016 and Qualifying Shareholders should follow any developments and details published as part of the process of enacting the Finance Bill 2016.

(iii) *Corporate Qualifying Shareholders within the charge to UK corporation tax*

Qualifying Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other Qualifying Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and that are not redeemable and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

(iv) *No payment of tax credit*

A Qualifying Shareholder (whether an individual or a company) who is not liable to tax on dividends from the Company will not be entitled to claim payment of any tax credit in respect of those dividends.

(d) **Stamp duty and stamp duty reserve tax (SDRT)**

The following statements are intended as a general guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Qualifying Shareholder is resident or ordinarily resident in the United Kingdom. They are based on what is understood to be the practice of HMRC.

No UK stamp duty or SDRT should generally be payable on the issue of Provisional Allotment Letters or split Provisional Allotment Letters or on the crediting of Nil Paid Rights or Fully Paid Rights to stock accounts in CREST. Where New Ordinary Shares represented by such documents or rights are registered in the name of the Qualifying Shareholder entitled to such shares, or where New Ordinary Shares are credited to the Qualifying Shareholder entitled to such shares in uncertificated form in CREST, no liability to UK stamp duty or SDRT should generally arise.

Persons who purchase (or are treated as purchasing) rights to New Ordinary Shares represented by Provisional Allotment Letters or split Provisional Allotment Letters (whether nil paid or fully paid but excluding Provisional Allotment Letters relating to shares on the Hong Kong register), or Nil Paid Rights or Fully Paid Rights held in CREST will normally be liable to pay UK SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable.

Where such a purchase is effected through a stockbroker or other financial intermediary, that person will normally account to HMRC for the SDRT and should indicate that this has been done in any contract note issued to the purchaser. In other cases, the purchaser of the rights to the New Ordinary Shares represented by a Provisional Allotment Letter or a split Provisional Allotment Letter is liable to pay the SDRT and must account for it to HMRC. Any SDRT arising on the transfer of Nil Paid Rights or Fully Paid Rights held in CREST should be collected and accounted for to HMRC by CREST.

Subject to the following paragraphs, the issue or transfer of Provisional Allotment Letters, split Provisional Allotment Letters, New Ordinary Shares, Nil Paid Rights or Fully Paid Rights to a person whose business is or includes the provision of clearance services (or their nominee or agent) or a person whose business is or includes issuing depository receipts (or their nominee or agent) may give rise to UK stamp duty or SDRT at the higher rate of 1.5 per cent. of the issue price, the amount or value of the consideration payable or, in certain circumstances, the value of the Provisional Allotment Letters, split Provisional Allotment Letters, New Ordinary Shares, Nil Paid Rights or Fully Paid Rights, as the case may be, unless, in the case of an issue or transfer to a person whose business is or includes the provision of clearance services (or their nominee or agent), that person has made an election under section 97A of the Finance Act 1986 which has effect in relation to such securities.

Following the decision of the European Court of Justice in HSBC Holdings and Vidacos Nominees (Case 569/07) and the First-tier Tax Tribunal decision in HSBC Holdings and The Bank of New York Mellon, HMRC has confirmed that 1.5 per cent.. SDRT is no longer payable when new shares are issued into a clearance service or depository receipt service.

It is understood to be HMRC's practice that no UK stamp duty or SDRT should be payable on the entry into, or subsequent settlement or clearance in, CCASS of shares registered on the Hong Kong register of members or Provisional Allotment Letters relating to shares registered on the Hong Kong register of members, provided that no instrument of transfer is executed in the United Kingdom in respect of them.

Transfers of, or agreements to transfer, New Ordinary Shares which are registered on the Hong Kong register of members outside of CCASS should not in practice give rise to any UK stamp duty or SDRT provided that no instrument of transfer is executed in the United Kingdom in respect of them and, in the case of both stamp duty and SDRT, subject to the special rules relating to clearance services and depository receipts referred to above.

Subject to a stamp duty exemption for certain low value transactions and to the special rules relating to clearance services and depository receipts referred to above, subsequent dealings in Existing Ordinary Shares and New Ordinary Shares which are not registered on the Hong Kong register of members will generally be subject to UK stamp duty or SDRT in the normal way. The transfer on sale of Existing Ordinary Shares or New Ordinary Shares should generally be liable to ad valorem stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration paid (rounded up to the nearest multiple of GB£5). An unconditional agreement to transfer such shares should generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable, but such liability will be cancelled, or a right to a repayment of the SDRT paid will arise, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Stamp duty is normally paid by the purchaser and SDRT is the liability of the purchaser.

Subject to the special rules relating to clearance services and depository receipts referred to above, no UK stamp duty or SDRT should arise on a transfer of New Ordinary Shares which are not registered on the Hong Kong register of members into the CREST system provided that, in the case of SDRT, the transfer is not for money or money's worth. Transfers of such shares within CREST are liable to SDRT (at the rate of 0.5 per cent. of the amount or value of the consideration payable) and SDRT on relevant transactions settled in, or reported through, CREST will be collected by CREST.

It should be noted that certain categories of person, including market makers, brokers, dealers and other specified market intermediaries, are entitled to an exemption from UK stamp duty and SDRT in respect of purchases of securities in certain circumstances and there is an exemption for transfers to charities.

## **2. Hong Kong taxation**

### **(a) General**

This section addresses the taxation of income and capital gains of holders of Nil Paid Rights and New Ordinary Shares under the laws and practices of Hong Kong. The following summary of the tax position in Hong Kong is based on current law and practice, is subject to changes therein and does not constitute legal or tax advice. This summary provides a general outline of the material tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the New Ordinary Shares and does not deal with all possible Hong Kong tax consequences applicable to all categories of investors.

### **(b) Dividends**

No tax will be payable in Hong Kong in respect of dividends the Company pays to its shareholders. Dividends distributed to the Company's shareholders will be free of withholding taxes in Hong Kong.

### **(c) Taxation on gains of sale**

No tax is imposed in Hong Kong in respect of capital gains. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where the trading gains are derived from or arise in Hong Kong will be chargeable to Hong Kong profits tax, which is currently charged at the rate of 16.5 per cent. on corporations and at a maximum rate of 15 per cent. on individuals. Certain categories of taxpayers whose business consists of buying and selling shares are likely to be regarded as deriving trading gains rather than capital gains (e.g. financial institutions, insurance companies and securities dealers) unless these taxpayers could prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the Nil Paid Rights or New Ordinary Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Nil Paid Rights or New Ordinary Shares effected on the Hong Kong Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

**(d) Stamp duty**

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1 per cent. on the higher of the consideration for or the value of the Nil Paid Rights or the New Ordinary Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Nil Paid Rights or New Ordinary Shares (i.e. a total of 0.2 per cent. is currently payable on a typical sale and purchase transaction involving New Ordinary Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of New Ordinary Shares.

**(e) Estate duty**

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of New Ordinary Shares whose deaths occur on or after 11 February 2006.

**3. United States taxation**

This section describes the material US federal income tax consequences of the receipt of the Nil Paid Rights pursuant to the Rights Issue and the subsequent disposition, expiration or exercise of those Nil Paid Rights, the receipt of Fully Paid Rights through exercise of Nil Paid Rights and the subsequent disposition or exchange of those Fully Paid Rights, the issuance of New Ordinary Shares to the holders of Fully Paid Rights, and the ownership and disposition of those New Ordinary Shares. This discussion does not cover all aspects of US federal income taxation that may be relevant to the ownership and disposition of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares, nor does it address any tax consequences arising under any state, local, non-US or other tax laws. In particular, this summary applies to you only if you are a US Holder (as defined below) that acquires the Nil Paid Rights pursuant to the Rights Issue, acquires the Fully Paid Rights through exercise of such Nil Paid Rights, or acquires New Ordinary Shares through issuance to the holders of such Fully Paid Rights, and hold those Nil Paid Rights, Fully Paid Rights or New Ordinary Shares as capital assets for US federal income tax purposes. This section does not apply to depository receipt holders in respect of their depository receipts (including IDRs). This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- financial institutions;
- individual retirement accounts and other tax-deferred accounts;
- persons that own (directly or indirectly) 10 per cent. or more of the voting stock of the Company;
- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organisation;
- a life insurance company;
- a person liable for alternative minimum tax;
- a person that holds the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, as part of a straddle or a hedging or conversion transaction;
- a person deemed to sell the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, under the constructive sale provisions of the Internal Revenue Code of 1986, as amended (the "Code");
- a person that receives, purchases or sells Nil Paid Rights, Fully Paid Rights or New Ordinary Shares as part of a wash sale for US federal income tax purposes;



- a person owning the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, through a partnership or other pass-through entity;
- persons that have ceased to be US citizens or lawful permanent residents of the United States; or
- a US Holder whose functional currency is not the US dollar.

This section is based on the Code, its legislative history, existing and proposed regulations, published rulings and court decisions, and the income tax convention between the United States and the United Kingdom (the “Treaty”), all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

You are a US Holder if you are a beneficial owner of the Nil Paid Rights, the Fully Paid Rights or the New Ordinary Shares, and you are:

- a citizen or individual resident (or electing to be treated as a resident) of the United States;
- a corporation or other entity treated as a corporation for US federal income tax purposes, created or organised under the laws of the United States or any State thereof, or the District of Columbia;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if a US court can exercise primary supervision over the trust’s administration and one or more US persons are authorised to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

**You should consult your tax adviser regarding the US federal, state, local and other tax consequences of receiving, owning and disposing of the Nil Paid Rights, the Fully Paid Rights and/or the New Ordinary Shares, in your particular circumstances.**

**(a) Taxation of Nil Paid Rights**

**(i) Distribution of Nil Paid Rights**

Although the tax consequences of the distribution of Nil Paid Rights to a US Holder are not free from doubt, the distribution should be a non-taxable event to a US Holder, rather than taxable to the US Holder as a dividend to the extent of the Company’s current or accumulated earnings and profits, as described under “Taxation of New Ordinary Shares - Dividends”. The remainder of this US federal income tax discussion assumes the distribution of the Nil Paid Rights will not constitute a taxable event to the US Holder for US federal income tax purposes.

**(ii) Basis and holding period in Nil Paid Rights**

The tax basis of the Nil Paid Rights received by a US Holder will be zero, unless either (i) the fair market value of the Nil Paid Rights on the date the Nil Paid Rights are distributed is 15 per cent. or more of the value of the underlying Existing Ordinary Shares with respect to which the Nil Paid Rights are distributed, or (ii) the US Holder elects to allocate to the Nil Paid Rights a portion of its basis in the underlying Existing Ordinary Shares with respect to which the Nil Paid Rights were distributed. If either of these applies, basis will be allocated in proportion to the relative fair market values of the Existing Ordinary Shares and the Nil Paid Rights on the date the Nil Paid Rights are distributed. A US Holder who wishes to make the election to allocate a portion of its basis to the Nil Paid Rights must attach a statement to this effect to its US federal income tax return for the tax year in which the Nil Paid Rights are received. The election will apply to all of the Nil Paid Rights received by the US Holder pursuant to the Rights Issue and, once made, will be irrevocable.

In the event that the value of the Nil Paid Rights is less than 15 per cent. of the value of the underlying Existing Ordinary Shares, US Holders should consult their own tax advisers regarding the advisability of making such an election.

The holding period of the Nil Paid Rights in the hands of a US Holder will include the US Holder’s holding period in the underlying Existing Ordinary Shares with respect to which the Nil Paid Rights were distributed (whether or not basis is allocated to the Nil Paid Rights).

(iii) *Sale or exchange of Nil Paid Rights*

Subject to the rules described below under “Passive foreign investment company (PFIC) rules”, a US Holder will recognise capital gain or loss on the sale or other disposition (including a disposition pursuant to a Cashless Take-Up) of the Nil Paid Rights in an amount equal to the difference between (i) the US dollar value of the amount realised on the disposition and (ii) the US Holder’s tax basis (if any), determined in US dollars in the Nil Paid Rights. Capital gain of a non-corporate US Holder is generally taxed at preferential rates if the holder has a holding period greater than one year, or at the same rates as ordinary income if the holder has a holding period of one year or less. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. A US Holder’s ability to deduct any capital losses may be subject to significant limitations.

The amount realised on a sale or other disposition of the Nil Paid Rights for an amount in a currency other than the US dollar (a “foreign currency”) will be the US dollar value of this amount on the date of sale or disposition. To the extent the amount realised differs from the US dollar value of the foreign currency received on the settlement date, US Holders will recognise ordinary gain or loss. If a US Holder is a cash basis taxpayer (or an accrual basis taxpayer that so elects) and such Nil Paid Rights are traded on an established securities market, the amount realised will be based on the exchange rate in effect on the settlement date for the sale. If a US Holder is an accrual basis taxpayer and wishes to make such election, the US Holder must apply it consistently from year to year and cannot revoke it without the consent of the US Internal Revenue Service (“IRS”).

(iv) *Expiration of Nil Paid Rights*

Subject to the PFIC rules described below, if a US Holder does not sell or exercise a Nil Paid Right and, as a result, receives an amount pursuant to paragraph 8 entitled “Procedure in respect of New Ordinary Shares not taken up and withdrawal rights” of Part IX (*Terms of the Rights Issue*) of this document the US Holder should recognise capital gain or loss as if it had sold the Nil Paid Right as described above in “Sale or exchange of Nil Paid Rights” with an amount realised equal to the amount received pursuant to paragraph 8 of Part IX (*Terms of the Rights Issue*) of this document.

If a US Holder does not sell or exercise a Nil Paid Right but does not receive any amount pursuant to paragraph 8 entitled “Procedure in respect of New Ordinary Shares not taken up and withdrawal rights” of Part IX (*Terms of the Rights Issue*) of this document, the US Holder should not recognise a loss for US federal income tax purposes (even if the holder has a tax basis in the Nil Paid Right). Instead, if the US Holder had previously allocated to that Nil Paid Right a portion of the tax basis of the US Holder’s Existing Ordinary Shares, that basis should be re-allocated to the Existing Ordinary Shares.

(v) *Exercise of Nil Paid Rights*

A US Holder will not recognise taxable income upon the receipt of the Fully Paid Rights pursuant to the exercise of the Nil Paid Rights.

**(b) *Taxation of Fully Paid Rights***

(i) *Basis and holding period in Fully Paid Rights*

A US Holder’s basis in the Fully Paid Rights will equal the sum of the US dollar value of the Issue Price (including amounts paid on behalf of the US Holder pursuant to a Cashless Take-Up) determined at the spot rate on the date of exercise and the US Holder’s basis, if any, in the Nil Paid Rights exercised to obtain the Fully Paid Rights. Subject to the PFIC rules discussed below, a US Holder’s holding period in each Fully Paid Right will begin with and include the date of exercise of the Nil Paid Right.

(ii) *Sale or exchange of Fully Paid Rights*

Subject to the PFIC rules described below, a US Holder will recognise capital gain or loss on the sale or other disposition of the Fully Paid Rights in an amount equal to the difference between (i) the US dollar value of the amount realised on the disposition and (ii) the US Holder’s tax basis, determined in US dollars, in the Fully Paid Rights. Capital gain of a US Holder from the sale or exchange of Fully Paid Rights will be taxed at the same rates as ordinary income. The gain or loss

will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. A US Holder's ability to deduct any capital losses may be subject to significant limitations.

The foreign currency rules discussed above under "Taxation of Nil Paid Rights – Sale or exchange of Nil Paid Rights" are applicable to a sale or exchange of the Fully Paid Rights for an amount in a foreign currency.

*(iii) Exchange of Fully Paid Rights for New Ordinary Shares*

The receipt of the New Ordinary Shares issued to holders of the Fully Paid Rights should not constitute a taxable event to the US Holder for US federal income tax purposes.

**(c) Taxation of New Ordinary Shares**

*(i) Basis and holding period in New Ordinary Shares*

A US Holder's basis in the New Ordinary Shares acquired upon issuance to a holder of a Fully Paid Right should equal the US Holder's basis in the Fully Paid Right with respect to which the New Ordinary Shares were issued. The holding period of any New Ordinary Share acquired will not include that of the corresponding Nil Paid Right. The holding period of any New Ordinary Share acquired will include the US Holder's holding period in the Fully Paid Right.

*(ii) Dividends*

Subject to the PFIC rules described below, any distributions paid by the Company to US Holders would be treated as dividends to the extent such distributions are from the Company's current or accumulated earnings and profits, as determined for US federal income tax purposes. Because the Company does not currently maintain calculations of its earnings and profits under US federal income tax principles, it is expected that all distributions on the New Ordinary Shares will generally be reported to US Holders as dividends.

Subject to the PFIC rules described below, distributions paid by the Company with respect to the New Ordinary Shares that are treated as dividends for US federal income tax purposes generally will be qualified dividend income taxable to non-corporate holders at the preferential rates applicable to long-term capital gains, provided that holders hold the New Ordinary Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Amounts the Company pays with respect to the New Ordinary Shares will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

If a distribution is paid in Pounds Sterling or Hong Kong dollars, a US Holder will be treated as receiving the US dollar value of the Pounds Sterling or Hong Kong dollar amount, determined at the relevant spot rate in effect on the day the distribution is actually or constructively received, regardless of whether the payment is in fact converted to US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date a US Holder is treated as receiving the Pounds Sterling or Hong Kong dollars to the date the US Holder actually converts the Pounds Sterling or Hong Kong dollars into US dollars will be treated as ordinary income or loss and will not be eligible for the reduced tax rates applicable to qualified dividend income. In addition, any such currency gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

US Holders that are offered and elect the scrip dividend alternative should consult their own tax advisers regarding the tax consequences of electing the scrip dividend alternative.

*(iii) Sale or exchange of New Ordinary Shares*

Subject to the PFIC rules described below, gain or loss realised by a US Holder on the sale or other disposition of any New Ordinary Shares is subject to US federal income taxation as capital gain or loss in an amount equal to the difference between (i) the US dollar value of the amount realised on the disposition and (ii) the US Holder's adjusted tax basis, determined in US dollars, in the relevant New Ordinary Shares.

Capital gain of a non-corporate US Holder is generally taxed at preferential rates if the holder has a holding period greater than one year, or at the same rates as ordinary income if the holder has a holding period of no more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. A US Holder's ability to deduct any capital losses may be subject to significant limitations.

**(d) *Passive foreign investment company (PFIC) rules***

The Company does not believe that it is and does not expect to become a passive foreign investment company ("PFIC") for US federal income tax purposes for the current taxable year or the foreseeable future. Therefore the Company believes that the Nil Paid Rights, Fully Paid Rights and Ordinary Shares should not be treated as stock of a PFIC, but this conclusion is a factual determination made annually and thus may be subject to change. In general, the Company will be a PFIC with respect to a holder if, for any taxable year in which a holder holds the Nil Paid Rights, Fully Paid Rights and/or Ordinary Shares, either (i) at least 75 per cent. of the gross income of the Company for the taxable year is passive income or (ii) at least 50 per cent. of the value, determined on the basis of a quarterly average, of the Company's assets is attributable to assets that produce or are held for the production of passive income (including cash). To the extent the Company owns (directly or indirectly) at least 25 per cent. (by value) of the stock of another corporation, for the purpose of determining whether the Company is a PFIC, the Company is treated as if it holds its proportionate share of the assets and income of such corporation. If the Company were to be treated as a PFIC, US Holders of Nil Paid Rights, Fully Paid Rights and/or Ordinary Shares could, among other things, be required (i) to pay a special addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale or other disposition of Nil Paid Rights, Fully Paid Rights or Ordinary Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Holders should consult their tax advisers regarding the potential application of the PFIC regime.

**(e) *Medicare tax***

A US Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8 per cent. tax on the lesser of (1) the US Holder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year and (2) the excess of the US Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between US\$125,000 and US\$250,000, depending on the individual's circumstances). A holder's net investment income generally includes its dividend income and its net gains from the disposition of the Nil Paid Rights, the Fully Paid Rights, and the New Ordinary Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A US Holder that is an individual, estate or trust is urged to consult its tax advisers regarding the applicability of the Medicare tax to its income and gains in respect of its investment in the Nil Paid Rights, the Fully Paid Rights, and the New Ordinary Shares.

**(g) *Information with respect to foreign financial assets***

Owners of "specified foreign financial assets" with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold) may be required to file IRS Form 8938, Statement of Specified Foreign Financial Assets, an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, such as the Nil Paid Rights, the Fully Paid Rights and the New Ordinary Shares, (ii) financial instruments and contracts held for investment that have non-United States issuers or counterparties, and (iii) interests in foreign entities. US Holders are urged to consult their tax advisers regarding the application of this reporting requirement to their ownership of the Nil Paid Rights, the Fully Paid Rights, and the New Ordinary Shares.

**(h) *United States information reporting and backup withholding***

Information reporting requirements, on IRS Form 1099, generally will apply to dividend payments or other taxable distributions made to non-corporate US Holders within the United States, and the payment of proceeds to such holders from the sale of Nil Paid Rights, Fully Paid Rights or

Ordinary Shares effected at a US office of a broker. Additionally, backup withholding may apply to such payments if the US holder fails to comply with applicable certification requirements or such holder is notified by the IRS that it has failed to report all interest and dividends required to be shown on its federal income tax returns. Payment of the proceeds from the sale of Nil Paid Rights, Fully Paid Rights or Ordinary Shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

A US Holder subject to backup withholding generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the holder's US federal income tax liability by filing a refund claim with the IRS.

**(i) FATCA withholding**

A 30 per cent. withholding tax will be imposed on certain payments to certain non-US financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect US shareholders and/or US accountholders. To avoid becoming subject to the 30 per cent. withholding tax, the Issuer and other non-US financial institutions may be required to report information to the IRS regarding the holders of New Ordinary Shares and to withhold on a portion of payments in respect of the New Ordinary Shares to certain holders that fail to comply with the relevant information reporting or certification requirements (or hold New Ordinary Shares directly or indirectly through certain non-compliant intermediaries). However, such withholding will not apply to payments made before 1 January 2019. Further, the rules for implementing withholding on the New Ordinary Shares, including how such withholding would be applied pursuant to an intergovernmental agreement, have not yet been written, so it is unclear at this time what the impact of any such withholding would be on holders of New Ordinary Shares.

If withholding is required in respect of this withholding tax, the Issuer will not be required to pay any additional amounts with respect to any amounts withheld. A beneficial owner of New Ordinary Shares that is not a foreign financial institution generally will be entitled to a refund of any amounts withheld in respect of this withholding tax, but this may entail significant administrative burden. Holders are urged to consult their tax advisors and any banks or brokers through which they will hold the New Ordinary Shares as to the consequences of these rules to them.



## PART XVI

### ADDITIONAL INFORMATION

#### 1. Persons responsible

##### (a) *UK compliant responsibility statement*

The Company and the Directors accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

##### (b) *Hong Kong compliant responsibility statement*

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement herein or this document misleading.

#### 2. Incorporation and registered office

The Company is a public limited company domiciled in England and Wales. It was incorporated and registered in England and Wales as a company limited by shares on 18 November 1969 with registered number 966425. The principal law and legislation under which the Company operates, and under which the Ordinary Shares have been created, are the Companies Act and the regulations made thereunder.

The registered office of the Company is at 1 Basinghall Avenue, London EC2V 5DD (telephone +44(0)20 7885 8888).

#### 3. Share capital of the Company

##### (a) *Issued share capital*

The issued and fully paid share capital of the Company as at the close of business on the Reference Date consists of:

<b>Class of share capital</b>	<b>Number of shares issued</b>	<b>Nominal value of shares issued</b>
Ordinary Shares	2,549,513,581	US\$0.50
6.409 per cent. non-cumulative redeemable preference shares	7,500	US\$5.00
7.014 per cent. non-cumulative redeemable preference shares	7,500	US\$5.00
8.25 per cent. non-cumulative irredeemable preference shares	99,250,000	GB£1.00
7.375 per cent. non-cumulative irredeemable preference shares	96,035,000	GB£1.00

The following table shows the movements in issued share capital of the Company during FY 2014, FY 2013 and FY 2012 and the period from 31 December 2014 to the Reference Date.

	Notes	Number of Ordinary Shares (million)	Ordinary Share capital (US\$ million)	Preference share capital (US\$ million)	Share premium account (US\$ million)	Total (US\$ million)
<b>At 1 January 2012</b>		2,384	1,192	—	5,432	6,624
Issued instead of dividends	1	25	13	—	(13)	—
Issued under employee share schemes	2	4	2	—	57	59
<b>At 31 December 2012</b>		2,413	1,207	—	5,476	6,683
Issued instead of dividends	3	4	2	—	(2)	—
Issued under employee share schemes	4	10	5	—	19	24
<b>At 31 December 2013</b>		2,427	1,214	—	5,493	6,707
Issued instead of dividends	5	38	19	—	(19)	—
Issued under employee share schemes	6	8	3	—	8	11
<b>At 31 December 2014</b>		2,473	1,236	—	5,482	6,718
Issued instead of dividends	7	71	36	—	(36)	—
Issued under employee share schemes as at the Reference Date	8	6	3	—	5	8
<b>At the Reference Date</b>		2,550	1,275	—	5,451	6,726

Notes:

- (1) On 14 May 2012, the Company issued 6,961,782 Ordinary Shares instead of the 2011 final dividend. On 11 October 2012 the Company issued 18,454,741 Ordinary Shares instead of the interim dividend in respect of FY 2012.
- (2) 3,559,652 Ordinary Shares were issued under the Standard Chartered Share Schemes during 2012.
- (3) On 13 May 2013, the Company issued 1,727,682 Ordinary Shares instead of the final dividend in respect of FY 2012. On 17 October 2013, the Company issued 2,081,685 Ordinary Shares instead of the interim dividend in respect of FY 2013.
- (4) 10,542,375 Ordinary Shares were issued under the Standard Chartered Share Schemes during 2013.
- (5) On 14 May 2014, the Company issued 36,260,040 Ordinary Shares instead of the final dividend in respect of FY 2013. On 17 October 2014, the Company issued 1,315,836 Ordinary Shares instead of the interim dividend in respect of FY 2014.
- (6) 7,736,568 Ordinary Shares were issued under the Standard Chartered Share Schemes during 2014.
- (7) On 14 May 2015, the Company issued 69,186,004 Ordinary Shares instead of the final dividend in respect of FY 2014. On 19 October 2015, the Company issued 2,154,390 Ordinary Shares instead of the interim dividend in respect of FY 2015.
- (8) 5,481,791 Ordinary Shares were issued under the Standard Chartered Share Schemes between 1 January 2015 and the Reference Date.

**(b) Issued Ordinary Share capital immediately following completion of the Rights Issue**

The issued and fully paid Ordinary Share capital of the Company immediately following completion of the Rights Issue will be as follows (assuming no exercise of options under the Standard Chartered Share Schemes after the UK Record Date):

Number of Ordinary Shares	Ordinary Share capital
3,277,946,032	US\$ 1,638,973,016

**(c) Dilution on Rights Issue**

The New Ordinary Shares represent approximately 28.6 per cent. of the Ordinary Shares in issue immediately prior to the Rights Issue. Qualifying Shareholders who take up their *pro rata* entitlement in full will suffer no dilution to their interests in the Company (assuming no exercise of options under the Standard Chartered Share Schemes). Qualifying Shareholders who do not take up any of their rights to take up the New Ordinary Shares will suffer an immediate dilution of 22.2 per cent. in their interests in the Company (assuming no exercise of options under the Standard Chartered Share Schemes after the UK Record Date).

**(d) Share options**

A description of the Standard Chartered Share Schemes for its Directors and employees is given in Note 36 to the consolidated financial statements in the 2014 Annual Report and Accounts, which is incorporated into this document by reference.

As at the Reference Date, options over 48,741,162 Ordinary Shares (amounting to 2 per cent. of the issued share capital as at the Reference Date) had been granted and were outstanding under the Standard Chartered Share Schemes, as follows:

	2011 Plan		Other discretionary plans			All employee plans	
	Performance shares	Deferred/ Restricted Shares	Performance shares	Restricted Shares	Supplementary Restricted Share Scheme	Sharesave	Weighted average sharesave exercise price (GB£)
<b>Outstanding as at 30 June 2015</b>	9,476,032	21,897,561	162,260	1,564,621	222,597	9,795,852	10.95
<b>Granted</b>	—	1,215,457	—	—	—	7,744,134	5.86
<b>Lapsed</b>	216,544	413,401	34,223	382,196	72,519	1,584,268	—
<b>Exercised</b>	30,491	498,882	27,895	61,902	15,031	—	—
<b>Outstanding as at the Reference Date 2015</b>	9,228,997	22,200,735	100,142	1,120,523	135,047	15,955,718	8.52
<b>Range of exercise prices (pence)</b>	—	—	—	—	—	586-1463	—

Save as disclosed above and under sub-paragraph 9(b)(i) of this Part XVI (*Additional Information*), no share or loan capital of the Company or any member of the Group is under option, or is agreed, conditionally or unconditionally, to be put under option.

**(e) Convertible Securities**

On 2 April 2015, the Company issued the AT1 Securities which constitute AT1 Capital. The AT1 Securities are listed on Hong Kong Stock Exchange. The principal terms of the AT1 securities are described below.

- The AT1 Securities are perpetual and redeemable, at the option of the Company in whole but not in part, on the first call date or on any fifth anniversary after the first call date.
- The AT1 Securities are also redeemable for certain regulatory or tax reasons on any date at 100 per cent. of their principal amount together with any accrued but unpaid interest to (but excluding) the date fixed for redemption. Any redemption is subject to the Company giving notice to relevant regulator and the regulator granting permission to redeem.
- The interest rate in respect of the AT1 Securities for the period from (and including) the issue date to (but excluding) 2 April 2020 is a fixed rate of 6.50 per cent. per annum. The reset date for the interest rate is 2 April 2020 and each date falling five, or an integral multiple of five, years after the first reset date.
- The interest rate on the AT1 Securities will be payable semi-annually in arrear on 2 April and 2 October in each year, commencing on 2 October 2015 and will be accounted for as a dividend.
- Interest on the AT1 Securities is due and payable only at the sole and absolute discretion of the Company, subject to certain additional restrictions set out in the terms and conditions. Accordingly, the Company may at any time elect to cancel any interest payment (or part thereof) which would otherwise be payable on any interest payment date.
- The AT1 Securities convert into Ordinary Shares, at a pre-determined price, should the fully loaded CET1 Capital ratio of the Group fall below 7.0 per cent..
- The AT1 Securities rank behind the claims against the Company of (a) unsubordinated creditors, (b) which are expressed to be subordinated to the claims of unsubordinated creditors of the Company but not further or otherwise; or (c) which are, or are expressed to be, junior to the claims of other creditors of the Company, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, *pari passu* with, or junior to, the claims of holders of the AT1 Securities in a winding-up occurring prior to the conversion trigger.

#### 4. Interests of natural and legal persons involved in the Rights Issue

Save as otherwise disclosed in this document, no person involved in the Rights Issue had an interest which was material to the Rights Issue.

#### 5. Major shareholders and related party transactions

##### (a) Significant shareholdings

As at the Reference Date and so far as is known to the Company, the Directors and the chief executive by virtue of the notifications made to the Company pursuant to the Companies Act and/or the Disclosure and Transparency Rules, the name of each person (other than any Director) who, directly or indirectly, is interested in 3 per cent. or more of the issued share capital of the Company (being the threshold of notification under the Disclosure and Transparency Rules), and the amount of such person's interest, is as follows:

Shareholder	Number of Ordinary Shares	Percentage of voting rights
Temasek Holdings (Private) Limited <sup>(1)</sup>	438,346,484	17.19 <sup>(2)</sup>
Aberdeen Asset Managers Limited (and/or acting for its affiliates) as discretionary investment manager on behalf of multiple managed portfolios	176,027,688	6.9
Dodge & Cox	137,661,272	5.4

Notes:

(1) Temasek Holdings (Private) Limited's interest is held indirectly through Dover Investments Pte Ltd.

(2) 1.4 per cent. of this holding is the subject of a stock loan with a right of recall

Save as disclosed above and assuming all other Shareholders take up their rights in full under the Rights Issue, the Company is not aware of any person who is, or who will be, immediately following the Rights Issue, directly or indirectly interested in 3 per cent. or more of the issued share capital of the Company.

None of the Shareholders holding a notifiable interest as set out above has different voting rights to those of the other Shareholders.

As at the Reference Date and so far as is known to the Company, the Directors and the chief executive of the Company, the name of each person who, directly or indirectly, is interested in 10 per cent. or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital, is as follows:

Subsidiary	Business Description	Name of External Shareholder	Percentage of voting rights
Standard Chartered Bank Angola SA (Angola)	Banking Services	ENSA Seguros de Angola S.A.	40
Merlion India Managers Limited (In Liquidation)	Fund Manager	Seletar Fund Investments Pte Ltd	20
Standard Chartered Bank Gambia Limited (Gambia)	Banking Services	Social Security and Housing Finance Corporation (Gambia)	16.48
Standard Chartered Bank Ghana Limited (Ghana)	Banking Services	Social Security and National Insurance Trust (SSNIT). SSNIT is a statutory public Trust charged with the administration of Ghana's National Pension Scheme	14.34

As at the Reference Date, the Company was not aware of any person who would, or could, immediately following the Rights Issue, directly or indirectly, jointly or severally, exercise control over the Company.

As at the Reference Date, the Company was not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

**(b) Related Party Transactions**

Other than as disclosed in Note 46 to the consolidated financial statements in the 2012 Annual Report and Accounts, in Note 47 to the consolidated financial statements in the 2013 Annual Report and Accounts, in Note 45 to the consolidated financial statements in the 2014 Annual Report and Accounts and Note 23 to the unaudited condensed financial statements in the 2015 H1 Interim Report, respectively, each of which are incorporated into this document by reference, and the information disclosed below, the Company has not entered into any Related Party Transactions during FY 2012, FY 2013, FY 2014, H1 2015 or the period 1 July 2015 to the Reference Date.

Please note that between 30 June 2015 and the Reference Date, the following material changes to the total assets and total liabilities disclosed in Note 23 to the unaudited condensed financial statements in the 2015 H1 Interim Report have taken place:

- (i) a decrease of approximately US\$31 million in total assets to US\$214 million, mainly due to the maturity of a loan to Asia Commercial Bank; and
- (ii) an increase of approximately US\$9 million in total liabilities to US\$64 million, mainly due to an increase in liabilities relating to China Bohai Bank.

**(c) Shares held by or on behalf of experts**

As at the Reference Date, none of the experts named in this document had any shareholding in any member of the Group or any right to subscribe for securities in any member of the Group.

**6. Summary of the Articles of Association of the Company**

The following is a summary of the Company's Articles of Association, which are incorporated by reference into this document and which are available for inspection as set out in paragraph 17 of this Part XVI (*Additional Information*).

**Articles of Association**

**(a) Share capital**

- (i) Subject to any requirements of the Hong Kong Listing Rules and to any rights attaching to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide.
- (ii) Subject to any rights attaching to existing shares, redeemable shares may be issued. The Board may determine the terms, conditions and manner of redemption of any such shares.
- (iii) Save to the extent inconsistent with the Articles, limited voting sterling preference shares, limited voting dollar preference shares and other currency denominated preference shares (for the purposes of this paragraph 6, the "preference shares") may be issued with such rights and subject to such restrictions and limitations as the Board may determine. Key rights attaching to the preference shares are described below:
  - A. On a winding-up or other return of capital (other than, unless otherwise provided by their terms of issue, a redemption, reduction or purchase by the Company of any of its issued shares), the assets available to shareholders shall be applied, in priority to any payment to Shareholders and in priority to, or *pari passu* with holders of other classes of shares, in payment to the holder of preference shares of each series of a sum equal to the aggregate of:
    - an amount equal to dividends accrued thereon for the then current dividend period to the date of commencement of the winding up (to the extent any such amount was, or would have been, payable as a cash dividend);
    - an amount equal to any dividend resolved to be paid on or after the date of commencement of the winding up but payable in respect of a dividend period ending on or before such date; and
    - the amount paid up or credited as paid up in respect of the nominal value of such preference shares and any premium determined by the Board prior to allotment.



- B. Unless otherwise determined by the Board, each class of preference shares shall be redeemable at the option of the Company.
- C. Save as provided by the terms of issue, no preference share shall carry any right to attend or vote at any general meeting of the Company.
- D. Each preference share confers the right to the payment of a non-cumulative dividend (payable in the relevant currency) in priority to the payment of any dividend to the Shareholders and in priority to or *pari passu* with any payment to the holders of any other class of shares in the Company in issue (other than shares which by their terms rank in priority to the preference shares as regards participation in profits).

**(b) Voting Rights**

- (i) Subject to any special terms as to voting attaching to any class of shares, members shall be entitled to vote at a general meeting on a show of hands. On a poll, every member who is present in person or by proxy shall, subject to any special terms as to voting, have one vote for every US\$2 nominal value of share capital held by him.
- (ii) In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

**(c) Restrictions on voting**

- (i) No member shall, unless the Board otherwise decides, be entitled to attend or vote at any general meeting in respect of any share held by him unless all calls or other sums then payable by him in respect of that share have been paid.
- (ii) If any member is required under the Hong Kong Listing Rules to abstain from voting on any particular resolution or to vote only for or against any particular resolution, any vote cast by or on behalf of such member in contravention of such requirement shall not be counted.

**(d) Dividends and Other Distributions**

- (i) The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board.
- (ii) The Board may pay interim dividends, or any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies their payment. If the Board acts in good faith, it will not incur any liability to holders of any shares for any losses suffered in consequence of the payment of such an interim or fixed dividend on any other class of shares ranking *pari passu* with or after those shares.
- (iii) Subject to the rights attaching to, or the terms of issue of, any shares, no dividend payable or any other monies payable by the Company on or in respect of any share shall bear interest against the Company.
- (iv) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the share in respect of which the dividend is paid and apportioned and paid *pro rata* according to the amounts paid up on the share during any portion or portions of the period in respect of which the dividend is paid. Dividends may be declared or paid in any currency.
- (v) The Board may if authorised by an ordinary resolution of the Company, offer ordinary shareholders (excluding any member holding shares as treasury shares) the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part) of any dividend specified by the ordinary resolution.
- (vi) Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company unless the Board decides otherwise.

- (vii) The Company may cease to send cheques, warrants or similar financial instruments by post or to employ any other means of payment for dividends if either (i) at least two consecutive dividend payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable enquiries have failed to establish any new postal address or account of the holder. The Company must resume sending cheques, warrants or similar financial instruments or employing such other means of payment if the person entitled to payment requests such resumption in writing.

**(e) Variation of Rights**

- (i) Subject to the Companies Acts (as defined in the Articles), rights attached to any class of shares may from time to time be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares held as treasury shares).
- (ii) The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

**(f) Transfer of shares**

- (i) Subject to the uncertificated securities rules (as defined in the Articles) the Board may permit title to shares of any class to be evidenced otherwise than by a certificate and title to shares of such a class to be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form, the transfer of title to shares by means of a relevant system or any provision of the uncertificated securities rules.
- (ii) Any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.
- (iii) The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register in respect of it.
- (iv) The Board can decline to register any transfer of any share which is not a fully paid share.
- (v) The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:
- is duly stamped or certified or otherwise shown to the satisfaction of the board to be exempt from stamp duty and is accompanied by the relevant share certificate and is left at the office accompanied by the certificate for the share to which it relates and such other evidence of the right to transfer as the board may reasonably require;
  - is in respect of only one class of share; and
  - if to joint transferees, is in favour of not more than four such transferees.
- (vi) Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

**(g) Subdivision of share capital**

Any resolution authorising the Company to sub-divide its shares or any of them, may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

**(h) General Meetings**

- (i) The Articles rely on the Companies Act provisions dealing with the calling of general meetings. The Companies Act provides that a general meeting must be called by notice of at least 21 days in the case of an annual general meeting and at least 14 days in any other case. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every Director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. A notice calling an annual general meeting must state that the meeting is an annual general meeting. Save as otherwise provided by the Articles five members present in person or by proxy and entitled to vote shall be a quorum.
- (ii) Each Director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person to attend and speak at any general meeting where he considers that this will assist in the deliberations of the meeting.

**(i) Directors**

*(i) Number of Directors*

Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate directors) shall be not less than five and not more than 30 in number.

*(ii) Directors' shareholding qualification*

Unless otherwise determined by the Company in general meeting, the qualification of a Director shall be the holding alone, and not jointly with any other person, of US\$1,000 nominal amount of share capital of the Company. A Director may act before acquiring his qualification but if not already qualified shall acquire his qualification within two months of the adoption of the Articles or the date of his appointment as Director, whichever is the later.

*(iii) Appointment of Directors*

- A. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following annual general meeting of the Company and is then eligible for re-appointment but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.
- B. The Board or any committee authorised by the Board may from time to time appoint one or more Directors to hold any employment or executive office with the Company for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

*(iv) Retirement of Directors*

- A. At every annual general meeting a minimum of one third of the Directors shall retire. If their number is not three or a multiple of three then the minimum number required to retire shall be that nearest to and not less than one third. Those to retire by rotation on each occasion shall be those of the Directors who held office at the time of the two preceding annual general meetings and who did not retire at either of them. If the number so retiring is still less than the minimum number required, additional Directors up to that number shall also retire. Those additional Directors shall be those who have been longest in office since they were last elected. If they have been last elected on the same day, those to retire (unless they agree among themselves) shall be determined by lot.
- B. A Director who would not otherwise be required to retire shall retire if he has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting.

- C. The Directors to retire on each occasion (both number and identity) shall be determined by the composition of the Board at start of business on the date of the notice convening the annual general meeting and no Director shall be required to retire by rotation or be relieved from retiring by rotation by reason of any change in the number or identity of the Directors after that time on the date of the notice but before the close of the meeting.
- (v) *Removal of Directors by special resolution*  
The Company may by special resolution remove any Director before the expiration of his period of office.
- (vi) *Vacation of office*  
The office of a Director shall be vacated if:
- he resigns his office by notice in writing to the Company;
  - he resigns or offers to resign by notice in writing and the Board resolve to accept such offer;
  - he is or has been suffering from mental or physical ill health or he becomes a patient for the purposes of any statutes relating to mental health and the Board resolves that his office be vacated;
  - he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for three consecutive months and the Board resolves that his office is vacated;
  - he becomes bankrupt or compounds with his creditors generally;
  - he is prohibited by a law from being a Director;
  - he ceases to be a Director by virtue of the Companies Acts;
  - he is removed from office pursuant to the Articles; or
  - his resignation is requested by three-quarters of his co-directors;
- If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.
- (vii) *Alternate Directors*  
Any Director may appoint any person to be his alternate and may at his discretion remove such an alternate director. If the alternate Director is not already a Director, the appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved.
- (viii) *Proceedings of the Board*
- A. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be five.
- B. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.
- C. The Board may appoint a Director to be the chairman or a deputy chairman and may at any time remove him from that office. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

- D. All or any of the members of the Board may participate in a meeting of the Board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.
- E. The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be Directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

*(ix) Remuneration of Directors*

- A. Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the Directors shall not exceed GB£1,500,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company.
- B. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a Director.
- C. In addition, any Director, who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine.
- D. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board, or committees of the Board, or of the Company or any other meeting which as a Director he is entitled to attend, and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. The Company may also fund a Director's expenditure and that of a Director of any holding company of the Company for the purposes permitted under the Companies Acts (as defined in the Articles) and may do anything to enable a Director or a Director of any holding company of the Company to avoid incurring such expenditure as provided in the Companies Acts.

*(x) Pensions and gratuities for Directors*

The Board or any committee authorised by the Board may exercise the powers of the Company to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any Director or former Director or his relations, dependants or persons connected to him, but no benefits (except those provided for by the Articles) may be granted to or in respect of a Director or former Director who has not been employed by or held an executive office or place of profit under the Company or any of its subsidiary undertakings or their respective predecessors in business of the Company without the approval of an ordinary resolution of the Company.

*(xi) Directors' interests*

- A. The Board may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Acts to avoid conflicts of interest. Where the Board gives authority in relation to a conflict of interest, the Board may (a) require the relevant Director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest; (b) impose upon the relevant Director such other terms for the purpose of dealing with the conflict of interest as it may determine; and (c) provide that the relevant Director will not be obliged to disclose information obtained otherwise



than through his position as a Director and that is confidential to a third party or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

- B. Provided he has declared the nature and extent of his interest to the Board as required by the Companies Acts, a Director may:
- be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
  - hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including remuneration, as the Board may decide;
  - act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);
  - be or become a Director or other officer of, or employed by or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
  - be or become a Director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a Director of that other company.
- C. A Director shall not, by reason of his office be liable to account to the Company or the members for any remuneration, profit or benefit realised by reason of having an interest permitted as described above or by reason of having a conflict of interest authorised by the Board and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

*(xii) Restrictions on voting*

- A. No Director may vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.
- B. Subject to certain limited exceptions set out in the Articles, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he or his associates (as defined in the Articles) has an interest (which to his knowledge is a material interest) and, if he does so, his vote shall not be counted.
- C. The Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any transaction not properly authorised by reason of a contravention of such provisions.

*(xiii) Borrowing and other powers*

Subject to the Articles and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital of the Company and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

(xiv) *Indemnity of Directors*

To the extent permitted by the Companies Acts, the Company may indemnify any Director or former director of the Company or any associated company against any liability and may purchase and maintain for any Director or former director of the Company or any associated company insurance against any liability.

## **7. Litigation and Investigation**

The Group is co-operating with a number of ongoing reviews, requests for information and investigations by governmental authorities in various jurisdictions into compliance with applicable law and regulation.

### **2012 Settlements**

As discussed in the “Regulatory compliance” section on page 32 of the 2015 H1 Interim Report and Note 21 “Legal and regulatory matters” on page 103 of the 2015 H1 Interim Report (which are incorporated by reference herein), in 2012 the Group reached settlements regarding US sanctions compliance with the US Authorities (collectively, the “2012 settlements”). In connection with the 2012 Settlements, the Group entered into DPAs with the DOJ and the DANY which include a number of conditions and ongoing obligations with regard to improving sanctions, Anti-Money Laundering (“AML”) and Bank Secrecy Act (“BSA”) controls such as remediation programmes, reporting requirements, compliance reviews and programmes, banking transparency requirements, training measures, audit programmes, disclosure obligations and, in connection with the NYDFS consent order, the appointment of an independent monitor, Navigant Consulting, Inc. (“the Monitor”). In connection with the 2012 settlements, the Group was fined and agreed to pay approximately US\$667 million.

### **2014 Settlement**

On 19 August 2014, the Group announced that it had reached a final settlement with the NYDFS regarding deficiencies identified by the Monitor in the anti-money laundering transaction surveillance system in its New York branch (the “Branch”). The system, which is separate from the sanctions screening process, is one part of the Group’s overall financial crime controls and is designed to alert the Branch to unusual transaction patterns that require further investigation on a post-transaction basis.

The settlement provisions are summarised as follows:

- i) civil monetary penalty of US\$300 million;
- ii) enhancements to the transaction surveillance system at the Branch;
- iii) a two-year extension to the term of the Monitor; and
- iv) a set of temporary remediation measures, which will remain in place until the transaction surveillance system’s detection scenarios are operating to a standard approved by the Monitor.

These temporary remediation measures include a restriction on opening (without prior consent of the NYDFS) a dollar demand deposit account for any client that does not already have such an account with the Branch, a restriction on US dollar clearing services for higher risk retail business clients in one jurisdiction and enhanced monitoring of certain high-risk clients in another jurisdiction.

### **Extension of DPAs**

On 9 December 2014, the Group announced that the DOJ, DANY and the Group had agreed to a three-year extension of the DPAs entered into in 2012 until 10 December 2017, resulting in the subsequent retention of the Monitor to evaluate and make recommendations regarding the Group’s sanctions compliance programme. The agreement with the DOJ acknowledged that the Group had taken a number of steps to comply with the requirements of the original DPAs and to enhance and optimise its sanctions compliance, including the implementation of more rigorous US sanctions policies and procedures, certified staff training, hiring of senior legal and financial crime compliance staff and implementing additional measures to block payment instructions for countries subject to US sanctions laws and regulations. The Group is working closely with the authorities to make additional substantial improvements to its US sanctions programme to reach the standard required by the DPAs.

### ***US ongoing investigation***

The Group is co-operating with an investigation by the US Authorities and the New York State Attorney General relating to possible historical violations of US sanctions laws and regulations. In contrast to the 2012 settlements, which focused on the period before the Group's 2007 decision to stop doing new business with known Iranian parties, the ongoing investigation is focused on examining the extent to which conduct and control failures permitted clients with Iranian interests to conduct transactions through Standard Chartered Bank after 2007 and the extent to which any such failures were shared with the relevant US Authorities in 2012.

The nature and timing of the outcome of this matter is uncertain and difficult to predict. As such, it is not possible to predict the extent of liabilities or other adverse consequences that may arise to the Group. 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, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations, and there can be no assurance that future penalties will not be of a different type or increased severity.

### ***FCA investigations***

The FCA is investigating Standard Chartered Bank's financial crime controls, looking at the effectiveness and governance of those controls within the correspondent banking business carried out by Standard Chartered Bank's London branch, particularly in relation to the business carried on with respondent banks from outside the European Economic Area, and the effectiveness and governance of those controls in one of Standard Chartered Bank's overseas branches and the oversight exercised at Group level over those controls.

The nature and timing of the outcome of these matters is uncertain and difficult to predict. As such, it is not possible to predict the extent of liabilities or other adverse consequences that may arise to the Group. Regulatory and enforcement authorities have broad discretion to pursue prosecutions and impose a wide range of penalties for non-compliance with laws and regulations. In recent years, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations.

Save in relation to the matters described above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company and/or the Group nor is the Company aware that any such proceedings are pending or threatened.

## **8. Group Structure and Principal subsidiaries**

### ***Group Structure***

The Company is the ultimate parent company of the Group and indirectly owns 100 per cent. of the ordinary shares of Standard Chartered Bank through which substantially all of the Group's business is transacted.

### **Principal subsidiaries**

The principal subsidiary undertakings of the Company, all indirectly held and principally engaged in the business of banking and provision of other financial services, are as follows:

<b>Name and place of incorporation or registration</b>	<b>Main areas of operation</b>	<b>Percentage ownership interest and voting power</b>
Standard Chartered Bank, England and Wales	UK, Middle East, South Asia, Asia Pacific, Americas and, through Group companies, Africa	100
Standard Chartered Bank Korea Limited, Korea	Korea	100
Standard Chartered Bank Malaysia Berhad, Malaysia	Malaysia	100
Standard Chartered Bank (Pakistan) Limited, Pakistan	Pakistan	98.99
Standard Chartered Bank (Taiwan) Limited, Taiwan	Taiwan	100
Standard Chartered Bank (Hong Kong) Limited, Hong Kong	Hong Kong	100
Standard Chartered Bank (China) Limited, China	China	100
Standard Chartered Bank (Thai) Public Company Limited, Thailand	Thailand	99.99
Standard Chartered Bank Nigeria Limited, Nigeria	Nigeria	100
Standard Chartered Bank Kenya Limited, Kenya	Kenya	74.3
Standard Chartered Bank (Singapore) Limited	Singapore	100
Standard Chartered Private Equity Limited, Hong Kong	Hong Kong	100

### **Joint Ventures**

The Group has a 44.56 per cent. interest through a joint venture company, which holds a majority investment in PT Permata Bank Tbk. PT Permata Bank Tbk is a national bank in Indonesia.

### **Principal Associates**

The Group's principal associates are:

<b>Associate</b>	<b>Main areas of operation</b>	<b>Percentage Group interest in ordinary share capital</b>
China Bohai Bank Co. Ltd.	China	19.9
Asia Commercial Bank	Vietnam	15.0

The investments in China Bohai Bank and Asia Commercial Bank are less than 20 per cent. but they are considered to be associates because of the significant influence the Group is able to exercise over the management of these companies and their financial and operating policies.

## **9. Material contracts**

Other than the following contracts, there are no contracts (not being contracts entered into in the ordinary course of business) which are, or may be, material and which have been entered into by the Group during the two years immediately preceding the date of this document or which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

### **(a) Underwriting Agreement**

The Company, and the Joint Global Coordinators entered into an Underwriting Agreement dated 3 November 2015 and as amended on 17 November 2015, pursuant to which the Joint Global Coordinators agreed to act as joint global coordinators and joint bookrunners in relation to the Rights Issue, with J.P. Morgan Cazenove agreeing to act as sponsor to the Rights Issue. On 4 November 2015, BNP Paribas, Goldman Sachs International, UBS Limited and Barclays Bank PLC signed deeds of adherence to the Underwriting Agreement also to become underwriters. Pursuant to the Underwriting Agreement, the Joint

Global Coordinators have agreed severally to use reasonable endeavours to procure acquirers for, or failing which the Underwriters shall acquire in their Due Underwriting Proportions (or procure acquirers for), the New Ordinary Shares to the extent not taken up under the Rights Issue.

In consideration of the Underwriters Agreement to underwrite the New Ordinary Shares and subject to their obligations under the Underwriting Agreement having become unconditional, the Company shall pay to the Underwriters a commission of 1.8 per cent. on the aggregate value at the Issue Price of the total number of New Ordinary Shares, save for 125,241,853 New Ordinary Shares (relating to Temasek Holdings (Private) Limited), in respect of which the Company shall pay the Underwriters a commission of 0.9 per cent. on the aggregate value at the Issue Price of such 125,241,853 New Ordinary Shares, and no commission shall be payable to the Underwriters in relation to New Ordinary Shares to which the Directors and Management Team, or their nominees, are entitled under the Rights Issue.

Such commission shall be shared between the Underwriters. The underwriting commissions were determined in accordance with market rates.

Out of such underwriting commissions payable to the Underwriters, the Underwriters will pay any sub-underwriting or placing commissions (to the extent that sub-underwriters or committed placees are or have been procured). The Underwriters may arrange sub-underwriting for some, all or none of the New Ordinary Shares.

The Company shall pay (whether or not the Underwriters' obligations under the Underwriting Agreement become unconditional) all costs and expenses of, or in connection with, the Rights Issue, the allotment and issue of the New Ordinary Shares and the Underwriting Agreement, including (but not limited to) the UK Listing Authority, the London Stock Exchange and the Hong Kong Stock Exchange listing and trading fees and transaction levies, other regulatory fees and expenses, printing and advertising costs, postage, the Receiving Agent's charges, the Company's own, and (subject to limitation) the Underwriters' and Joint Global Coordinators' legal and other out of pocket expenses and all stamp duty and SDRT (if any) subject to certain exemptions, and other duties and taxes (other than corporation tax incurred by any of the Underwriters on the commissions payable to them and recoverable VAT).

The obligations of the Underwriters under the Underwriting Agreement are subject to certain conditions including, among others:

- (i) UK Admission becoming effective by not later than 8.00 a.m. on 26 November 2015 (or such later time and date as the Company and Joint Global Coordinators may agree);
- (ii) each condition to enable the Nil Paid Rights and the Fully Paid Rights to be admitted as a participating security in CREST (other than UK Admission) being satisfied on or before 26 November 2015; and
- (iii) to the extent material, the fulfilment by the Company of its obligations under a number of provisions of the Underwriting Agreement by the times specified therein.

If these conditions are not satisfied or (where permitted) waived by the Joint Global Coordinators, the Underwriting Agreement will terminate. After UK Admission, the Underwriters have no right to terminate the Underwriting Agreement.

Since the Company is a regulated entity in a number of jurisdictions, the Underwriting Agreement contains provisions which may delay the confirmation of allotment of New Ordinary Shares to any of the Underwriters (but does not delay their obligation to pay for those New Ordinary Shares) until such time as certain regulatory approvals are obtained (up to a maximum of 12 months). This mechanism does not render the underwriting conditional after UK Admission. Where allotment of New Ordinary Shares is deferred as referred to in this paragraph, the Underwriters are entitled, subject to certain conditions, to place such New Ordinary Shares in the market.

The Company has given certain warranties and indemnities to the Underwriters and Joint Global Coordinators. The liabilities of the Company are unlimited as to time and amount.



The Underwriters and Joint Global Coordinators have agreed that neither they nor any person acting on their behalf will procure acquirers for any of the New Ordinary Shares, the Nil Paid Rights and the Fully Paid Rights other than in accordance with certain selling restrictions.

**(b) Subscription and Transfer Deed and Subscription Put and Call Option Deed**

In connection with the Rights Issue, the Company, J.P. Morgan Cazenove and Standard Chartered Jersey have entered into the Subscription and Transfer Deed and the Subscription and Put and Call Option Deed, each dated 3 November 2015, in relation to the subscription and transfer of ordinary shares and redeemable preference shares in Standard Chartered Jersey. Under the terms of these agreements:

- (i) J.P. Morgan Cazenove agreed to take up ordinary shares in Standard Chartered Jersey and entered into put and call options with the Company in respect of the ordinary shares in Standard Chartered Jersey subscribed for by J.P. Morgan Cazenove that are exercisable if the Rights Issue does not proceed;
- (ii) J.P. Morgan Cazenove will apply the proceeds of the Rights Issue (including relevant amounts received from acquirers procured by the Joint Global Coordinators and amounts received from the Underwriters) in subscribing for redeemable preference shares in Standard Chartered Jersey to an aggregate value equal to such proceeds; and
- (iii) the Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration of J.P. Morgan Cazenove undertaking to transfer its holding of redeemable preference shares and ordinary shares in Standard Chartered Jersey to the Company.

Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Rights Issue the Company will own the entire issued ordinary share capital and entire preference share capital of Standard Chartered Jersey whose only assets will be its cash reserves, which will represent an amount equal to the proceeds of the Rights Issue. The Company will be able to use this amount (including to pay the costs and expenses of the Rights Issue) on redemption of the redeemable preference shares it will hold in Standard Chartered Jersey and, during any interim period prior to redemption, by procuring that Standard Chartered Jersey lends the amount to the Company (or one of the Company's subsidiaries).

Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against the Underwriters pursuant to these arrangements. The Company will be responsible for enforcing the obligations of J.P. Morgan Cazenove and Standard Chartered Jersey thereunder.

**10. Material Shareholder**

Temasek, the Company's largest Shareholder, is supportive of the Rights Issue and has informed the Company that it is intending to take up its rights in respect of 15.8 per cent. of the existing share capital. The Company has been informed by the Joint Global Coordinators that Temasek is also participating in the Rights Issue as a sub-underwriter. Temasek will receive a commission of 0.9 per cent. on the aggregate value at the Issue Price of the number of New Ordinary Shares sub-underwritten by it. Such sub-underwriting commission will be payable to Temasek by the Underwriters out of the underwriting commission they receive from the Company.

**11. No significant change**

There has been no significant change in the financial or trading position of the Group since 30 June 2015, the date to which the unaudited consolidated financial statements in the 2015 H1 Interim Report were prepared (which are incorporated by reference into this document), except for the following:

- Income in the three month period ended 30 September 2015 of US\$3.7 billion was down 10 per cent. from the three month period ended 30 June 2015, reflecting a decline in client activity as a result of volatile market conditions and the impact of de-risking actions.
- The Group continues to assess the quality of its loan book critically and has taken a loan impairment charge of US\$1.2 billion in the three month period ended 30 September 2015, broadly in line with the three month period ended 30 June 2015, which reflects continued adverse trends,

in particular in India and commodities, offset by further improvement in Retail Clients. Total impairment for the three month period ended 30 September 2015 was US\$1.2 billion, up from approximately US\$0.5 billion for the three month period ended 30 September 2014.

- The Group made a loss before taxation of US\$139 million in the three month period ended 30 September 2015.

The above financial information for the three month period ended 30 September 2015 is unaudited and unreviewed and has been prepared for the purposes of the Q3 IMS, and excludes Own Credit Adjustment, gains and losses on businesses sold/held for sale and civil monetary penalties.

## **12. No material adverse change**

There has been no material adverse change in the financial or trading position of the Group since 31 December 2014, the date to which the latest audited accounts were prepared except as described below.

- Income of US\$12.2 billion in the year to date ended 30 September 2015 was down 12 per cent. year on year. Income in the three month period ended 30 September 2015 of US\$3.7 billion was down 18 per cent. year on year, or 10 per cent., from the three month period ended 30 June 2015, reflecting a decline in client activity as a result of volatile market conditions and the impact of de-risking actions.
- The Group continues to assess the quality of its loan book critically and has taken a loan impairment charge of US\$1.2 billion in the three month period ended 30 September 2015, broadly in line with the three month period ended 30 June 2015, which reflects continued adverse trends, in particular in India and commodities, offset by further improvement in Retail Clients. Total impairment for the nine months ended 30 September 2015 was US\$2.9 billion, up from US\$1.4 billion for the nine months ended 30 September 2014.
- The Group made a loss before taxation of US\$139 million in the three month period ended 30 September 2015. The Group's profit before taxation for the year to date ended 30 September 2015 of US\$1.7 billion was down 65 per cent. year on year.

The above financial information for the three month period ended 30 September 2015, and the year to date ended 30 September 2015, is unaudited and unreviewed and has been prepared for the purposes of the Q3 IMS, and excludes Own Credit Adjustment, gains and losses on businesses sold/held for sale and civil monetary penalties.

## **13. Working capital statement**

The Company is, and the Directors are, of the opinion that, after taking into account existing available bank and other facilities and the net proceeds of the Rights Issue, the working capital available to the Group is sufficient for its present requirements, that is, for at least the 12 months following the date of this document.

## **14. Property, plant and equipment**

As at 1 November 2015, the Group occupied 1,781 properties, of which 249 were held as freeholds directly owned and 1,532 as leaseholds.

## **15. Mortgages and charges**

As at 1 November 2015, being the last practicable date prior to publication of this document, there are no mortgages or charges over the assets of the Group which are material on a consolidated basis.

## **16. General**

- (a) The Sponsor is regulated in the United Kingdom by the FCA.
- (b) The registrar of the Company in the United Kingdom is Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AG, United Kingdom. The registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (c) The total expenses of the Rights Issue are estimated to amount to approximately GB£74.5 million (excluding any amounts in respect of VAT), which includes estimated total underwriting commission of approximately GB£56 million. These expenses will be paid by the Company from the proceeds of the Rights Issue.
- (d) Annemarie Verna Florence Durbin is the secretary of the Company. She is a barrister and solicitor of the High Court of New Zealand as well as a solicitor of the Supreme Court of England and Wales.
- (e) The authorised representatives of the Company are Benjamin Hung Pi Cheng and Bill Wei Min Wang, c/o 1 Basinghall Avenue, London EC2V 5DD, c/o 32nd Floor, 4-4A Des Voeux Road, Central, Hong Kong.
- (f) The English version of this document prevails over the Chinese translation.
- (g) The financial information contained in this document, which relates to the Company and/or the Group, does not constitute statutory accounts as referred to in Section 434(3) of the Companies Act. Statutory accounts for each of FY 2012, FY 2013 and FY 2014 have been delivered to the Registrars, and each included an unqualified audit report.
- (h) KPMG LLP, whose address is 15 Canada Square, London E14 5GL, United Kingdom, has given and has not withdrawn its consent to the inclusion in this document of its report in Part XIV (*Unaudited Pro Forma Financial Information*) in the form and context in which it appears and has authorised the contents of that report for the purposes of Prospectus Rule 5.5.3R (2)(f). As the New Ordinary Shares have not been and will not be registered under the Securities Act, KPMG has not filed and will not file a consent under the Securities Act.
- (i) KPMG LLP, whose address is 15 Canada Square, London E14 5GL, United Kingdom, has given and has not withdrawn its consent to the inclusion in this document of its report in Part XIV (*Unaudited Pro Forma Financial Information*) in the form and context in which it appears and has authorised the contents of that report for the purposes of paragraph 5(2) of Appendix 1, Part B of the Hong Kong Listing Rules.
- (j) Where third party information is used in this document, the source of such information has been given. The Company confirms that the information sourced from third parties has been accurately reproduced and so far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## 17. Documents on display

Copies of the following documents will be available for inspection during normal business hours on each Business Day from 18 November 2015 up to and including 10 December 2015 at the Company's principal place of business at 1 Basinghall Avenue, London EC2V 5DD and at the offices of Slaughter and May in Hong Kong at 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong:

- (a) this document;
- (b) all documents incorporated by reference into this document as set out in Part XIX (*Documents Incorporated by Reference*) of this document;
- (c) the material contracts referred to in paragraph 9 of this Part XVI (*Additional Information*);
- (d) the consent letters referred to in sub-paragraphs 16(h) and (i) of this Part XVI (*Additional Information*); and
- (e) the service agreements and terms of appointment referred to in paragraph 3 of Part XII (*Directors and Employees*) of this document.

Copies of the documents described above will be made available free of charge upon request.

## **PART XVII**

### **OPERATING AND FINANCIAL REVIEW**

#### **1. Information incorporated by reference**

The Q3 Interim Management Statement (which contains the unaudited and unreviewed summary financial information for the three month and nine month periods ended 30 September 2015, which has only been prepared for the purposes of the Q3 Interim Management Statement, and excludes Own Credit Adjustment, gains and losses on businesses sold/held for sale and civil monetary penalties).

The operating and financial reviews included in the following documents (as identified in paragraph 2 below) are incorporated by reference into this document:

- (i) the 2013 Annual Report and Accounts;
- (ii) the 2014 Annual Report and Accounts; and
- (iii) the 2015 H1 Interim Report.

#### **2. Cross-reference list**

The following list is intended to enable investors to identify easily the items of information which have been incorporated by reference into this document.

##### **(a) 2013 Annual Report and Accounts**

The page numbers below refer to the relevant pages of the 2013 Annual Report and Accounts for:

- Group Chief Executive's Review – pages 6 to 11;
- Key Performance Indicators – pages 14 to 15;
- Business environment – pages 26 to 29; and
- Operating and Financial Review – pages 38 to 61.

##### **(b) 2014 Annual Report and Accounts**

The page numbers below refer to the relevant pages of the 2014 Annual Report and Accounts:

- Group Chief Executive's Review – pages 5 to 7;
- Key Performance Indicators – pages 10 to 11;
- Business environment – pages 20 to 22; and
- Operating and Financial Review – pages 30 to 55.

##### **(c) 2015 H1 Interim Report**

The page numbers below refer to the relevant pages of the Group's 2015 H1 Interim Report:

- Group Chief Executive's Review – pages 3 to 5;
- Group Chief Financial Officer's Review – pages 6 to 10;
- Segmental analysis – pages 11 to 18;
- Geographic analysis – pages 19 to 24;
- Group Balance sheet – page 26; and
- Risk and Capital review – pages 27 to 65.

## PART XVIII

### FINANCIAL INFORMATION RELATING TO THE GROUP

#### 1. Basis of financial information

The consolidated financial statements of the Group for FY 2012, FY 2013 and FY 2014, including the audit reports thereon and the notes thereto, have been published in the 2012 Annual Report and Accounts, the 2013 Annual Report and Accounts and the 2014 Annual Report and Accounts, respectively, and are incorporated by reference into this document. The unaudited condensed consolidated financial statements of the Group for H1 2015, including the notes thereto, have been published in the Group's 2015 H1 Interim Report, and are incorporated by reference into this document. In addition, the unaudited and unreviewed condensed financial information for the three months ended 30 September 2015, which has only been prepared for the purposes of the 2015 Q3 Interim Management Statement and is contained therein, and excludes Own Credit Adjustment, gains and losses on businesses sold/held for sale and civil monetary penalties, is incorporated by reference into this document.

The 2012 Annual Report and Accounts, 2013 Annual Report and Accounts, 2014 Annual Report and Accounts, 2015 H1 Interim Report, and Q3 Interim Management Statement are available on the Company's website at [www.sc.com](http://www.sc.com) and the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

#### 2. Cross-reference list

The following list is intended to enable investors to identify easily the items of information which have been incorporated by reference into this document.

##### (a) *Financial statements for FY 2012 and audit report thereon*

The page numbers below refer to the relevant pages of the 2012 Annual Report and Accounts:

- auditor's report – page 196;
- consolidated income statement – page 197;
- consolidated statement of comprehensive income – page 198;
- consolidated balance sheet – page 199;
- consolidated statement of changes in equity – page 200;
- cash flow statement – page 201;
- Company balance sheet – page 202;
- Company statement of changes in equity – page 203;
- notes to the financial statements – pages 204 to 267; and
- supplementary financial information (which has not been audited by the auditors) – pages 270 to 284.

##### (b) *Financial statements for FY 2013 and audit report thereon*

The page numbers below refer to the relevant pages of the 2013 Annual Report and Accounts:

- auditor's report – pages 226 to 228;
- consolidated income statement – page 229;
- consolidated statement of comprehensive income – page 230;
- consolidated balance sheet – page 231;
- consolidated statement of changes in equity – page 232;
- cash flow statement – page 233;
- Company balance sheet – page 234;
- Company statement of changes in equity – page 235;



- notes to the financial statements – pages 236 to 311; and
- supplementary financial information (which has not been audited by the auditors) – pages 314 to 329.

**(c) *Financial statements for FY 2014 and audit report thereon***

The page numbers below refer to the relevant pages of the 2014 Annual Report and Accounts:

- auditor's report – pages 222 to 224;
- consolidated income statement – page 225;
- consolidated statement of comprehensive income – page 226;
- consolidated balance sheet – page 227;
- consolidated statement of changes in equity – page 228;
- cash flow statement – page 229;
- Company balance sheet – page 230;
- Company statement of changes in equity – page 231;
- notes to the financial statements – pages 232 to 307; and
- supplementary financial information (which has not been audited by the auditors) – pages 310 to 325.

**(d) *Financial statements for H1 2015 (unaudited)***

The page numbers below refer to the relevant pages of the Group's 2015 H1 Interim Report which has not been audited by the auditors:

- condensed consolidated income statement – page 65;
- condensed consolidated statement of comprehensive income – page 66;
- condensed consolidated interim balance sheet – page 67;
- condensed consolidated statement of changes in equity – page 68;
- condensed consolidated cash flow statement – page 69;
- notes to the financial statements – pages 70 to 105; and
- additional information – pages 108 to 125.

which includes comparative financial information for the consolidated income statement, consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for H1 2014.

## PART XIX

### DOCUMENTS INCORPORATED BY REFERENCE

The following information, available for inspection in accordance with paragraph 17 of Part XVI (*Additional Information*) of this document and also otherwise available on the Company's website at [www.sc.com](http://www.sc.com), is incorporated by reference into this document so as to provide the information required under the Prospectus Rules and the Hong Kong Listing Rules, and to ensure that Shareholders and others are aware of all information, which according to the particular nature of the Company and the New Ordinary Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the rights attaching to the New Ordinary Shares.

Document	Section	Page numbers in such document
<b>2012 Annual Report and Accounts</b>	Capital	116-121
	Auditor's report	196
	Consolidated income statement	197
	Consolidated statement of comprehensive income	198
	Consolidated balance sheet	199
	Consolidated statement of changes in equity	200
	Cash flow statement	201
	Company balance sheet	202
	Company statement of changes in equity	203
	Notes to the financial statements	204-267
	Supplementary financial information (Unaudited)	270-284
<b>2013 Annual Report and Accounts</b>	Capital	128-135
	Auditor's report	226-228
	Consolidated income statement	229
	Consolidated statement of comprehensive income	230
	Consolidated balance sheet	231
	Consolidated statement of changes in equity	232
	Cash flow statement	233
	Company balance sheet	234
	Company statement of changes in equity	235
	Notes to the financial statements	236-311
	Supplementary financial information (Unaudited)	314-329
<b>2014 Annual Report and Accounts</b>	Entire Report	
<b>2015 H1 Interim Report</b>	Entire Report	
<b>Announcement released by the Company on 20 July 2015 containing information about the new management team</b>	Entire Announcement	
<b>Announcement released by the Company on 3 November 2015 containing the Q3 Interim Management Statement</b>	Entire Announcement	
<b>Articles of Association</b>	Entire Document	

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. It should be noted that, except as set forth above, no other portion of the above documents are incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

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

**Hong Kong Stock Exchange waiver**

The Hong Kong Stock Exchange has granted a waiver to the Company to allow certain information that would otherwise need to be included in this document in accordance with Appendix 1, Part B of the Hong Kong Listing Rules to be incorporated by reference instead. The information relates to the requirement to disclose:

- paragraph 34 – biographical details relating to the Directors and other managerial personnel; and
- paragraph 39 – details of Directors' service contracts (excluding those expiring or determinable within one year without payment of compensation (other than statutory compensation)).

The waiver has been granted on the basis that the detailed disclosure outlined above is unnecessary, unduly burdensome and its exclusion will not otherwise prejudice the interests of the investing public.

## PART XX

### DEFINITIONS AND INTERPRETATION

The definitions set out below apply throughout this document, unless the context requires otherwise:

<b>“2012 Annual Report and Accounts”</b>	the Company’s annual report and accounts for FY 2012, together with the audit report thereon;
<b>“2013 Annual Report and Accounts”</b>	the Company’s annual report and accounts for FY 2013, together with the audit report thereon;
<b>“2014 Annual Report and Accounts”</b>	the Company’s annual report and accounts for FY 2014, together with the audit report thereon;
<b>“2015 H1 Interim Report”</b>	the unaudited interim results of the Group for H1 2015;
<b>“Additional Tier 1 Capital” or “AT1 Capital”</b>	additional tier 1 securities as defined in Basel III, CRD IV and/or the rules or guidance of the PRA, depending on the context;
<b>“Admission”</b>	UK Admission and HK Admission;
<b>“ALM”</b>	Asset and Liability Management;
<b>“Articles”</b>	the articles of association of the Company;
<b>“ASEAN”</b>	the Association of South East Asian Nations;
<b>“AT1 Securities”</b>	the US\$2 billion Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities issued by the Company on 2 April 2015;
<b>“Available for Sale assets”</b>	non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements or changes in interest rates, exchange rates, commodity prices or equity prices;
<b>“BofA Merrill Lynch”</b>	Merrill Lynch International;
<b>“Banking Act 2009”</b>	the Banking Act 2009, as amended;
<b>“Banks”</b>	the Underwriters;
<b>“Barclays”</b>	Barclays Bank PLC;
<b>“Basel II”</b>	International Convergence of Capital Measurement and Capital Standards published by the Basel Committee in June 2006 as amended (including, without limitation, the measures to strengthen the rules governing trading book capital and to enhance the three pillars of the Basel II framework published in July 2009);
<b>“Basel III”</b>	the package of proposals for new capital and liquidity requirements to strengthen existing capital standards and to establish minimum liquidity standards published by the Basel Committee on 17 December 2009 as

	supplemented and modified by subsequent Basel Committee press releases including, in particular, those dated 26 July 2010 and 12 September 2010;
<b>“Basel Committee” or “BCBS”</b>	the Basel Committee on Banking Supervision;
<b>“BIPRU”</b>	the Prudential Sourcebook for Banks, Building Societies and Investment Firms;
<b>“Board”</b>	the board of directors of the Company;
<b>“BRRD” or “EU Bank Recovery and Resolution Directive”</b>	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council;
<b>“Business Day”</b>	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
<b>“BWP”</b>	Botswana Pula;
<b>“Cashless Take-Up”</b>	the procedure described in Part IX ( <i>Terms of the Rights Issue</i> ) of this document enabling Qualifying Non-CREST Shareholders to sell a sufficient number of Nil Paid Rights to raise money to take up the remainder of their entitlement to New Ordinary Shares;
<b>“CCASS”</b>	the Central Clearing and Settlement System established and operated by HKSCC;
<b>“CCASS Clearing Participant”</b>	a person admitted to participate in CCASS as a direct clearing or a general clearing participant;
<b>“CCASS Custodian Participant”</b>	a person admitted to participate in CCASS as a custodian participant;
<b>“CCASS Investor Participant”</b>	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation;
<b>“CCASS Participant”</b>	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant;
<b>“CCSS”</b>	the CREST Courier and Sorting Service established by Euroclear to facilitate, among other things, the deposit and withdrawal of securities;
<b>“certificated” or “in certificated form”</b>	where a share or other security is not in uncertificated form (that is, not in CREST or CCASS);
<b>“City Code”</b>	the UK City Code on Takeovers and Mergers;
<b>“Common Equity Tier 1 Capital” or “CET1 Capital”</b>	common equity tier 1 as defined in Basel III and/or CRD IV, depending on the context;



<b>“Companies Act”</b>	the Companies Act 2006, as amended;
<b>“Companies (Winding Up and Miscellaneous Provisions) Ordinance”</b>	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32 of the Laws of Hong Kong), as amended;
<b>“Company”</b>	Standard Chartered PLC, a company incorporated in England and Wales with registered number 00966425, whose registered office is at 1 Basinghall Avenue, London EC2V 5DD;
<b>“Computershare Dealing Facility”</b>	the share dealing service described in Part IX ( <i>Terms of the Rights Issue</i> ) of this document provided by the Receiving Agent;
<b>“Computershare Online Facility”</b>	the facility described in Part IX ( <i>Terms of the Rights Issue</i> ) of this document which is being made available by the Receiving Agent and under which Qualifying Non-CREST Shareholders are able to elect online to take up some or all of their Nil Paid Rights, effect a Cashless Take-Up or to sell all of their Nil Paid Rights and to make any associated payment online using a debit card;
<b>“CRD IV”</b>	the legislative package consisting of the CRD IV Directive and the CRR;
<b>“CRD IV Directive”</b>	Directive 2013/36/EU on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear;
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, CREST CCSS Operations Manual and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since);
<b>“CREST Member”</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
<b>“CREST Shareholders”</b>	Shareholders holding Ordinary Shares in CREST in uncertificated form;
<b>“CREST Sponsor”</b>	a CREST participant admitted to CREST as a CREST Sponsor;

<b>“CREST Sponsored Member”</b>	a CREST Member admitted to CREST as a sponsored member;
<b>“CRR”</b>	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, as amended;
<b>“DANY”</b>	the New York District Attorney’s Office;
<b>“Directors”</b>	the directors of the Company at the date of this document and <b>“Director”</b> means one of them;
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the UK Listing Authority under Part VI of FSMA, as amended;
<b>“Dodd-Frank Act”</b>	the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended;
<b>“DOJ”</b>	the US Department of Justice;
<b>“DPAs”</b>	Deferred Prosecution Agreements;
<b>“Due Underwriting Proportions”</b>	in the case of J.P. Morgan Cazenove, 33.33 per cent., in the case of Merrill Lynch International, 33.33 per cent., in the case of Barclays Bank PLC, 8.33 per cent., in the case of BNP Paribas 8.33, in the case of Goldman Sachs International 8.33 per cent., and in the case of UBS Limited 8.33 per cent.;
<b>“EBA”</b>	the European Banking Authority;
<b>“ECB”</b>	the European Central Bank;
<b>“Eligible Shareholders”</b>	in the case of Cashless Take-Up or the sale of Nil Paid Rights under the Computershare Online Facility, Eligible Shareholders are Qualifying Shareholders with registered addresses in any of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, or the United Kingdom, and in the case of Cashless Take-up or the sale of Nil Paid Rights under the Computershare Dealing Facility, Eligible Shareholders are those Qualifying Shareholders with registered addresses in any of the aforesaid countries or in any of Argentina, Botswana, Brazil, Chile, Gibraltar, Guinea, Indonesia, Korea, Mexico, Namibia, Paraguay, Peru, or Taiwan, subject in all cases to paragraph 9 of Part IX ( <i>Terms of the Rights Issue</i> ) of this document;
<b>“EMIR”</b>	Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as amended;

<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company following the issue of the New Ordinary Shares pursuant to the Rights Issue, assuming that no Ordinary Shares are issued pursuant to the exercise of options granted under the Standard Chartered Share Schemes between the Reference Date and completion of the Rights Issue;
<b>“EU”</b>	the European Union;
<b>“Euro” or “€”</b>	the single currency of the member states of the European Union that adopt or have adopted the euro as their lawful currency under the Treaty on the Functioning of the European Union;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“European Economic Area” or “EEA”</b>	the member states of the EU, Iceland, Norway and Liechtenstein;
<b>“Excluded Territories”</b>	Canada, South Africa, India, the UAE, Malaysia and any other jurisdiction where the extension or availability of the Rights Issue would breach any applicable law;
<b>“Executive Director”</b>	an executive director of the Company;
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares at the Record Date;
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority of the United Kingdom and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Financial Conduct Authority;
<b>“FCA Handbook”</b>	the handbook of rules and guidance made by the FCA under FSMA;
<b>“FPC”</b>	the Financial Policy Committee of the Bank of England;
<b>“FSB”</b>	the Financial Stability Board;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“Fully Paid Rights”</b>	rights to acquire the New Ordinary Shares, fully paid;
<b>“FY 2012”</b>	the financial year of the Company ended 31 December 2012;
<b>“FY 2013”</b>	the financial year of the Company ended 31 December 2013;
<b>“FY 2014”</b>	the financial year of the Company ended 31 December 2014;
<b>“FY 2015”</b>	the financial year of the Company ending 31 December 2015;
<b>“FY 2016”</b>	the financial year of the Company ending 31 December 2016;
<b>“G-SIBs”</b>	global systemically important banks;

<b>“Group”</b>	the Company or, where the context requires, the Company and its subsidiaries and subsidiary undertakings and, where the context requires, <b>“Group”</b> also means any member of the Group;
<b>“H1 2014”</b>	the six month period ended 30 June 2014;
<b>“H1 2015”</b>	the six month period ended 30 June 2015;
<b>“High Quality Liquid Assets”</b>	assets that are unencumbered and liquid in markets during a time of stress and, ideally, central bank-eligible, for example, cash and claims on central governments and central banks;
<b>“HK Admission”</b>	admission of the New Ordinary Shares, nil paid, to trading on the Main Board of the Hong Kong Stock Exchange;
<b>“HK Business Day”</b>	a day (other than a Saturday, Sunday or a day on which either a tropical cyclone signal warning number 8 or a “black rainstorm warning” signal is hoisted in Hong Kong) upon which the Hong Kong Stock Exchange is open for dealings;
<b>“HK Closing Price”</b>	the closing price in Hong Kong dollars of an Ordinary Share, as stated in the HKSE’s daily quotation sheets;
<b>“HKMA”</b>	the Hong Kong Monetary Authority;
<b>“HK Record Date”</b>	4.30 p.m. (Hong Kong time) on 18 November 2015;
<b>“HK Registrar”</b>	Computershare Hong Kong Investor Services Limited;
<b>“HKSCC”</b>	Hong Kong Securities Clearing Company Limited;
<b>“HKSCC Nominees”</b>	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC;
<b>“HK Shareholders”</b>	Shareholders whose Ordinary Shares are registered on the Hong Kong register of members;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Hong Kong dollar” or “HK\$”</b>	the lawful currency of Hong Kong;
<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended;
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted for use by the EU;
<b>“IDRs”</b>	Indian Depository Receipts representing Ordinary Shares; ten IDRs represent one Ordinary Share;

<b>“Indian QIBs”</b>	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
<b>“Intermediary”</b>	in relation to a Qualifying CCASS Shareholder whose Existing Ordinary Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Qualifying CCASS Shareholder’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Qualifying CCASS Shareholder’s Existing Ordinary Shares with a CCASS Participant;
<b>“Issue Price”</b>	465 pence per New Ordinary Share or, for HK Shareholders, HK\$55.60 per New Ordinary Share;
<b>“Joint Global Coordinators”</b>	J.P. Morgan Cazenove and Merrill Lynch International;
<b>“Joint Lead Managers”</b>	Barclays Bank PLC, BNP Paribas, Goldman Sachs International and UBS Limited;
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove);
<b>“JPY”</b>	Japanese Yen;
<b>“KRW”</b>	South Korean Won;
<b>“LCR”</b>	liquidity coverage ratio requirement;
<b>“London Stock Exchange”</b>	London Stock Exchange plc or its successor(s);
<b>“Management Team”</b>	the management team of the Company as set out in the announcement released by the Company on 20 July 2015;
<b>“MENAP”</b>	the Middle East, North Africa and Pakistan;
<b>“Money Laundering Regulations”</b>	the UK Money Laundering Regulations 2007, as amended;
<b>“Monitor”</b>	Navigant Consulting, Inc.;
<b>“MREL”</b>	Minimum Requirement for Own Funds and Eligible Liabilities;
<b>“MTM”</b>	Many to Many;
<b>“New Ordinary Shares”</b>	the Ordinary Shares to be issued by the Company pursuant to the Rights Issue;
<b>“Nil Paid Rights”</b>	New Ordinary Shares in nil paid form provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue;
<b>“Non-Executive Director”</b>	a non-executive director of the Company;
<b>“Normalised”</b>	excludes fair value movements on Own Credit Adjustment, gains and losses on disposal of property, net gains and losses arising on sale of business, fair

	value loss on businesses classified as held for sale, amortisation of intangible assets arising on business combinations, civil monetary penalties, impairment of associates, impairment of acquired intangibles, impairment of goodwill and the tax effect of the foregoing;
<b>“NSFR”</b>	net stable funding ratio requirement;
<b>“NYDFS”</b>	the New York Department of Financial Services;
<b>“OECD”</b>	Organisation for Economic Co-operation and Development;
<b>“Official List”</b>	the official list of the UK Listing Authority;
<b>“Ordinary Shares”</b>	ordinary shares of US\$0.50 each in the capital of the Company;
<b>“OTC”</b>	over-the-counter;
<b>“Overseas Shareholders”</b>	Qualifying Shareholders who have registered addresses outside the United Kingdom, the Republic of Ireland or Hong Kong, or who are citizens, residents or nationals of jurisdictions outside the United Kingdom, Republic of Ireland or Hong Kong;
<b>“Own Credit Adjustment”</b>	the movement in the period of the fair value of the Group’s own credit risk for those non-derivative financial liabilities classified as fair value through profit or loss;
<b>“participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST Member or CREST participant;
<b>“PFIC”</b>	a “passive foreign investment company” as described in sub-paragraph 3(d) of Part XV ( <i>Taxation</i> ) of this document;
<b>“PKR”</b>	Pakistani Rupee;
<b>“Pounds Sterling” or “GB£” or “pence”</b>	the lawful currency of the United Kingdom;
<b>“PRA” or “Prudential Regulation Authority”</b>	the Prudential Regulation Authority of the United Kingdom and, where applicable, includes any successor body or bodies carrying out the functions currently carried out by the Prudential Regulation Authority;
<b>“PRA Handbook”</b>	the handbook of rules and guidance made by the PRA under FSMA;
<b>“PRC” or “China”</b>	The People’s Republic of China (excluding Hong Kong and the Special Administrative Region of Macau);
<b>“Preference Shares”</b>	8.25 per cent. non-cumulative irredeemable preference shares of GB£1 each; 7.375 per cent. non-cumulative irredeemable preference shares of GB£1 each, 6.409 per cent. non-cumulative redeemable preference



	shares of US\$5 each, and 7.014 per cent. non-cumulative redeemable preference shares of US\$5 each;
<b>“Preference Shares Classified as Equity”</b>	6.409 per cent. non-cumulative redeemable preference shares of US\$5 each, and 7.014 per cent. non-cumulative redeemable preference shares of US\$5 each;
<b>“Prospectus”</b>	this document;
<b>“Prospectus Rules”</b>	the prospectus rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
<b>“Provisional Allotment Letter”</b>	the renounceable provisional allotment letter to be sent to Qualifying Non-CREST Shareholders and Qualifying Non-CCASS Shareholders;
<b>“Q3 Interim Management Statement” or “Q3 IMS”</b>	the interim management statement of the Group for the third quarter of 2015;
<b>“QIB”</b>	qualified institutional buyer, within the meaning of Rule 144A under the Securities Act;
<b>“Qualifying CCASS Shareholders”</b>	persons holding Ordinary Shares in the name of HKSCC Nominees on the Hong Kong register and deposited directly into CCASS at the Record Date;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares on the UK register through CREST;
<b>“Qualifying Non-CCASS Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares on the Hong Kong register in certificated form (other than those being held in the name of HKSCC Nominees);
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares on the UK register in certificated form (that is, not through CREST);
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the register of members of the Company on the Record Date;
<b>“Receiving Agent”</b>	Computershare Investor Services PLC;
<b>“Record Date”</b>	the UK Record Date or, for HK Shareholders, the HK Record Date;
<b>“Reference Date”</b>	16 November 2015 (being the latest practicable date prior to the publication of this document);
<b>“Registrars”</b>	the HK Registrar and the UK Registrar;
<b>“Regulation S”</b>	Regulation S under the Securities Act;
<b>“Regulatory Information Service”</b>	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information from listed companies;
<b>“Related Party Transactions”</b>	those set out in the Standards adopted according to the Regulation (EC) No. 1606/2002;

<b>“Rights Issue”</b>	the issue by way of rights of New Ordinary Shares to Qualifying Shareholders, on the terms and conditions set out in: this document; and, in the case of Qualifying Non-CREST Shareholders, Qualifying Non-CCASS Shareholders and HKSCC Nominees only, the Provisional Allotment Letter;
<b>“RTGS”</b>	real time gross settlement;
<b>“RWA”</b>	risk weighted assets;
<b>“SDRT”</b>	stamp duty reserve tax;
<b>“SEBI”</b>	the Securities and Exchange Board of India;
<b>“SEC”</b>	United States Securities and Exchange Commission;
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended;
<b>“Securities Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended;
<b>“Senior Manager”</b>	any member of the Management Team other than William Thomas Winters, Mike Rees and Andy Halford;
<b>“SFO”</b>	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong), as amended;
<b>“SGD”</b>	Singapore Dollar;
<b>“Shareholder(s)”</b>	holder(s) of Ordinary Shares;
<b>“SMEs”</b>	small and medium sized enterprises;
<b>“Sponsor”</b>	J.P. Morgan Cazenove;
<b>“Standard Chartered” or “the Group”</b>	the Company or, where the context requires, the Company and its subsidiaries and subsidiary undertakings and, where the context requires, “ <b>Group</b> ” also means any member of the Group;
<b>“Standard Chartered Bank”</b>	Standard Chartered Bank, a company headquartered in London incorporated with limited liability by Royal Charter on 29 December 1853 with reference number ZC000018, whose principal place of business is at 1 Basinghall Avenue, London EC2V 5DD;
<b>“Standard Chartered Jersey”</b>	Standard Chartered Funding (Jersey) Limited, a company incorporated in Jersey;
<b>“Standard Chartered ShareCare Nominee Account”</b>	the service provided by the UK Registrar whereby Computershare Company Nominees Limited holds Ordinary Shares as nominee;
<b>“Standard Chartered Share Schemes”</b>	the Standard Chartered 2004 UK Sharesave Scheme, the Standard Chartered 2004 International Sharesave Scheme, the Standard Chartered 2013 Sharesave Plan, the Standard Chartered 2001 Performance Share Plan, the Standard Chartered 2006 Restricted Share Scheme, the Standard Chartered 2007 Supplementary Restricted Share Scheme and the 2011 Standard Chartered Share Plan;

<b>“stock account”</b>	an account within a member account in CREST or CCASS to which a holding of a particular share or other security in CREST or CCASS is credited;
<b>“subsidiary”</b>	has the meaning given in section 1159 of the Companies Act;
<b>“subsidiary undertaking”</b>	has the meaning given in section 1162 of the Companies Act;
<b>“Summary”</b>	the summary of this Prospectus;
<b>“Temasek”</b>	Dover Investments Pte Ltd, a wholly owned subsidiary of Temasek Holdings (Private) Limited;
<b>“Tier 1 Capital”, “Tier 2 Capital”</b>	have the meanings given in Basel III and/or CRD IV (including EBA regulatory technical standards), depending on the context;
<b>“TLAC”</b>	total loss-absorbing capacity;
<b>“TZS”</b>	Tanzanian Shilling;
<b>“UAE”</b>	United Arab Emirates;
<b>“UGX”</b>	Ugandan Shilling;
<b>“UK Admission”</b>	admission and commencement of dealings of the New Ordinary Shares, nil paid, to the premium segment of the Official List and to trading on the market for listed securities of the London Stock Exchange;
<b>“UK Closing Price”</b>	the closing middle market quotation in Pounds Sterling of an Ordinary Share, as published in the daily official list of the London Stock Exchange;
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code of the Financial Reporting Council dated September 2012;
<b>“UK Listing Authority”</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of FSMA;
<b>“UK Listing Rules”</b>	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
<b>“UK Record Date”</b>	5.00 p.m. (UK time) on 18 November 2015;
<b>“UK Registrar”</b>	Computershare Investor Services PLC;
<b>“UK Shareholders”</b>	Shareholders whose Ordinary Shares are registered on the UK register of members;
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the UK register as being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>“Underwriters”</b>	J.P. Morgan Cazenove, Merrill Lynch International, BNP Paribas, Goldman Sachs International, UBS Limited and Barclays Bank PLC;

<b>“Underwriting Agreement”</b>	the underwriting agreement between the Company and the Joint Global Coordinators, as the same may be supplemented by one or more deeds of adherence from time to time, and as described in paragraph 9 of Part XVI ( <i>Additional Information</i> ) of this document;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>“US Authorities”</b>	The Board of Governors of the Federal Reserve System, DANY, NYDFS, DOJ and the US Office of Foreign Assets Control;
<b>“US\$” “US dollars” or “US\$ cents”</b>	the lawful currency of the United States; and
<b>“VaR”</b>	Value at Risk.

## **PART XXI**

### **DOCUMENTS REGISTERED WITH THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of this document, the Provisional Allotment Letter and the written consent given by KPMG LLP as referred to in paragraph 16 of Part XVI (*Additional Information*) of this document have been registered with the Registrar of Companies in Hong Kong.

