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in Asia, Africa and
the Middle East

Notice of Annual General Meeting 2010

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should consult a stockbroker, solicitor, accountant or other appropriate independent professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with any accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so that they can pass these documents on to the person who now holds the shares. If you are not sure what to do, please contact an appropriate independent professional adviser. If you have sold or transferred some, but not all, of your shares you should contact the person who arranged the sale or transfer without delay for advice on what action you should take.

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This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the 'Hong Kong Listing Rules') for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

A Chinese translation of this document is available on request from Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Notice of the Annual General Meeting of Standard Chartered PLC to be held at The Honourable Artillery Company, Armoury House, City Road, London, EC1Y 2BQ on Friday 7 May 2010 at 12.00pm London time (7.00pm Hong Kong time) is set out on pages 8 to 11 of this document.

Whether or not you propose to attend the Annual General Meeting, if you are an ordinary shareholder please submit your proxy or voting instruction form electronically (please see page 12 for details). Alternatively, complete and return the enclosed form of proxy or voting instruction form.

The proxy votes must be received no later than 48 hours before the time of the holding of the Annual General Meeting.

26 March 2010

**Standard
Chartered** 
STANDARD CHARTERED PLC
(Stock Code: 02888)

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Letter from the Chairman



To ordinary shareholders and, for information only,
preference shareholders

26 March 2010

Dear Shareholder

I am pleased to be sending you details of our Annual General Meeting ('AGM'), which we are holding on Friday 7 May 2010 at 12.00pm London time (7.00pm Hong Kong time) at The Honourable Artillery Company, Armoury House, City Road, London, EC1Y 2BQ. The formal notice of our AGM starts on page 8 of this document.

At the AGM, I will present a review of the year's results and current business and there will be an opportunity for you to ask questions on the Company's performance and on each of the resolutions being proposed at the AGM.

Final dividend

Shareholders are being asked to approve a final dividend of 44.80 US cents per ordinary share for the year ended 31 December 2009. If approved, this will be payable on 13 May 2010 to all ordinary shareholders who were on our register of members on 12 March 2010. Payment will be made in either sterling, US dollars, Hong Kong dollars or in shares, according to each individual shareholder's choice. For details on the dividend arrangements, please refer to the 2009 Final Dividend circular and the Dividend Terms and Conditions which are available on our website <http://investors.standardchartered.com/dividend.cfm>.

Board changes

Sunil Mittal and Lord Davies resigned as directors during the year. The Board and I would like to take this opportunity to thank them for their dedicated service and the valuable contributions they have made to the Company and we wish them every success for the future.

Gareth Bullock will step down from the Board before the AGM. However, Mr Bullock will remain employed until 30 April 2011 in order to provide an orderly transition to his successor with the Group. The Board and I would like to express our sincere thanks and gratitude for his devotion after a long and distinguished career having joined in 1996 and held several important general management positions in the Company.

Since the last AGM, we have appointed two executive directors and three independent non-executive directors to the Board. These members will add significant financial and banking experience to the Board as well as increasing its diversity to include members with special insight from our key Asian markets. Mike Rees and Jaspal Bindra (executive directors) were appointed on 4 August 2009 and 1 January 2010 respectively, and Dr Han Seung-soo KBE, and Richard Delbridge (independent non-executive directors) were appointed on 1 January 2010. Simon Lowth will be appointed as an independent non-executive director from 1 May 2010. They will each stand for election at this year's AGM and their biographical details can be found on pages 17 to 19 of this document.

Under the Company's articles of association, a minimum of one third of the directors must retire from office and in addition any director who has held office with the Company other than employment or executive office for a continuous period of nine years or more must retire at the next AGM.

Rudy Markham has served on the Board for nine years. He has demonstrated a detailed understanding of financial, risk and governance issues in the nine years that he has served on the Board and has demonstrated excellent stewardship as Chairman of the Audit and Risk Committee. As a result of his length of service and commitment, he provides an in-depth knowledge of the Group that is invaluable to the Board. I have conducted a thorough review with Rudy to assess his independence and contributions to the Board and confirmed that he continues to be an effective independent non-executive director. Rudy was appointed Senior Independent Director on 8 December 2009 to provide a sounding board for the Chairman, to serve as an intermediary for the other directors, and to be available to shareholders if they have concerns. Rudy will retire and offer himself for re-election at this year's AGM. Thereafter he may submit himself for re-election each year if the Board considers him to be eligible.

Indian listing

The Company announced on 3 March 2010 that it was actively considering a listing of its shares in India via an issue of Indian Depository Receipts in order to grow brand presence and the Group's business in a key market. The Company continues to work with the Indian authorities on the listing and although the exact timing of the listing has not yet been settled, the Company expects to achieve a listing during the course of this year, subject to market conditions. Shareholders are accordingly being asked to approve specific authorities to enable the Company to allot shares in connection with the listing.

New articles of association

We are asking shareholders to approve a number of amendments to our articles of association primarily to reflect the implementation of the Shareholder Rights Directive in the UK in August 2009 and the remaining provisions of the Companies Act 2006 in October 2009. An explanation of the main changes between the proposed and the existing articles of association is set out in appendix 5 on pages 54 and 55 of this document.

Employee share schemes

At the AGM, we are also seeking shareholder approval for some proposed amendments to our 2006 Restricted Share Scheme ('RSS'), which we introduced in 2006. The RSS is an important tool for recruiting, motivating and retaining high performing and high potential staff at all levels of the organisation. It is also increasingly being used to deliver part of any deferred portion of annual performance awards. Over recent years there has been a trend of delivering an increasing proportion of discretionary annual performance awards (or bonuses) in shares as opposed to cash. Recent regulatory changes including the Financial Services Authority's remuneration code and the global Financial Stability Board (FSB) standards will increase this trend. While the Group has historically deferred a significant proportion of annual performance awards into shares notably for its directors and senior management, such deferrals have been delivered under more than one plan.

The Group is proposing some minor changes to the RSS so that going forward this plan can be used as the primary means for delivering deferrals (rather than relying on multiple plans). The changes will enable the Group to increase significantly the level of deferral of annual performance awards ('Deferred Annual Performance Awards') which can be delivered under the RSS, and ensure its remuneration arrangements remain aligned with both market practice and emerging regulatory practice.

Temasek

In addition to the Notice of AGM, this document contains information regarding transactions with Temasek Holdings (Private) Limited ('Temasek'), the Company's substantial shareholder. This is set out in the following letter from your Board.

Communications with shareholders

The Company is promoting electronic communication as part of a focus on the significant economic and environmental issues the world is facing, and you may have received a letter in late 2009 regarding this. This benefits shareholders by providing faster delivery of shareholder communications and dividend funds, and it benefits the environment by reducing paper and saving energy. If you would like to find out more about these electronic services please contact our registrar, Computershare Investor Services PLC on +44 (0)870 702 0138 or visit their website at www.investorcentre.co.uk.

Questions

If you would like a question to be addressed at the AGM we would encourage you to email your question to agm.2010@sc.com or to complete and return the form on page 59 before 12.00pm London time on Wednesday 5 May 2010. We will endeavour to address any questions raised when the item of business to which the question relates is under consideration at the AGM. Any questions submitted that are not relevant to the business of the AGM will be forwarded for the attention of an appropriate executive. Submitting a question in this way does not affect your rights as a shareholder to ask questions at the AGM.

Voting arrangements

As with last year, voting will be conducted by way of a poll, using an electronic poll voting system. The results of the polls will be announced to the London Stock Exchange and The Stock Exchange of Hong Kong Limited and published on the Company's website. A more detailed explanation of the electronic poll voting system is set out on pages 13 and 14 of this document.

If you are not able to attend the AGM but would like to vote on the resolutions, please vote electronically at www.investorcentre.co.uk/proxy. Instructions can be found on pages 12 and 13 of this document. Alternatively, you can complete the proxy form (or voting instruction form for ShareCare members) sent to you with this document and return it to

our registrar. All proxy forms must be received by 12.00pm London time (7.00pm Hong Kong time) on Wednesday 5 May 2010 (or 4 May 2010 for voting instruction forms for ShareCare members).

Explanatory notes on all the business to be considered at this year's AGM appear on pages 16 to 30 of this document. The Board considers that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole. The Board recommends all shareholders vote in favour of resolutions 1 to 28, and all Independent Shareholders vote in favour of resolutions 29 to 31, as the directors intend to do in respect of their own shares. In accordance with Rule 7.19(6) of the Hong Kong Listing Rules, the executive directors and their respective associates will abstain from voting in favour of resolution 19 for the reasons set out on page 21 of this document.

A light buffet lunch will be served after the AGM and the directors and I very much hope you will be able to join us.

Yours sincerely



John Peace

Chairman

Standard Chartered PLC does not contact its shareholders directly to provide recommendation advice, nor does it appoint third parties to do so. As required by law, our shareholder register is available for public inspection. As Standard Chartered PLC cannot control the use of information obtained by persons inspecting the register, please treat any approaches providing recommendation advice purporting to originate from Standard Chartered PLC with caution.

The Standard Chartered PLC shareholder register is administered by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8FB (for shareholder enquiries, telephone: +44 (0)870 702 0138 or web.queries@computershare.co.uk).

As at the date of this document, the Board of directors of the Company comprises:

Chairman:	John Wilfred Peace
Executive directors:	Peter Alexander Sands, Stefano Paolo Bertamini, Jaspal Singh Bindra, Gareth Richard Bullock, Richard Henry Meddings and Alun Michael Guest Rees
Independent non-executive directors:	Richard Delbridge, James Frederick Trevor Dundas, Valerie Frances Gooding CBE, Dr Han Seung-soo KBE, Rudolph Harold Peter Markham (Senior Independent Director), Ruth Markland, John Gregor Hugh Paynter, Paul David Skinner and Oliver Henry James Stocken

Standard Chartered PLC
1 Aldermanbury Square
London EC2V 7SB
Registered Office as above
Registered in England and Wales 966425

To ordinary shareholders and, for information only,
preference shareholders

26 March 2010

Dear Shareholder

Continuing Connected Transactions

We refer to the Announcement dated 25 March 2010 and the resolutions approved at the Annual General Meeting of the Company on 3 May 2007 in relation to the connected transactions, including the Ongoing Banking Transactions, between the Group and Temasek or any of its associates. By virtue of its 18.38 per cent stake in the Company and the 20 per cent stake held by two of its associates in three minor subsidiaries of the Company, Temasek, together with its associates, are related parties and connected persons of the Company for the purposes of the related party rules under the UK Listing Rules and the connected transaction rules under the Hong Kong Listing Rules respectively. This means that where any member of the Group enters into a transaction with Temasek or any of its associates, we may, depending on the size or nature of the transaction, be required to comply with the reporting, announcement and Independent Shareholders' approval requirements of these Rules.

The Rules are intended to ensure that there is no favourable treatment to Temasek as a substantial shareholder or to its associates to the detriment of other shareholders of the Company and also to prevent any perception that there may have been. While the Company always ensures that this is the case, the Board believes that strict compliance with the Hong Kong Listing Rules in respect of transactions with Temasek or its associates would be impractical and unduly onerous and would, in fact, be to the detriment of shareholders as a whole by restricting the Group's business. Accordingly, we are asking the Independent Shareholders to approve the Waivers which have been obtained from The Stock Exchange of Hong Kong Limited in this respect and also certain other matters relating to such transactions with Temasek and its associates, which would exempt the Company from strict compliance with certain aspects of the Hong Kong Listing Rules and permit the continuance of certain transactions with Temasek and its associates. Further details on these Waivers and other related matters are given on pages 24 to 30 of this document. The related party rules under the UK Listing Rules are less onerous and the Company is able to comply with them without the same restriction to its business. None of the resolutions being proposed for the purposes of the Hong Kong Listing Rules affect, or constitute a waiver of, the related party rules which apply to the Company under the UK Listing Rules.

Background on Temasek

Temasek is an investment company that has a diversified portfolio of investments spanning various industries. The Group itself has substantial banking and related businesses in many of the countries in which Temasek and its associates operate and the Group has entered into and would wish to continue to enter into an extensive number of banking and other financial services transactions with Temasek and its associates in the ordinary course of its business. Such transactions have been, and would continue to be, on normal commercial terms or on terms that are fair and reasonable and in the interests of the Group and shareholders as a whole. Our imperative from a business perspective is not to impede these dealings but to maintain a process which allows such ordinary course of business transactions to continue on the same basis as before (and since) Temasek became a substantial shareholder of the Company and to continue to develop this business as opportunities may arise, so far as this would be in the Group's interest.

In accordance with the Hong Kong Listing Rules, an Independent Board Committee comprising Mr R H P Markham, Mr R Delbridge, Mr J F T Dundas, Ms R Markland and Mr J G H Paynter has been formed to advise the Independent Shareholders in respect of the Resolutions. KBC Bank N.V. Hong Kong Branch, an Independent Financial Adviser, has also been appointed to make recommendations to the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the Resolutions. Their opinions and recommendations are set out in appendices 2 and 3 on pages 34 to 49 of this document.

Temasek and its associates will abstain from voting at the AGM in respect of Resolutions 29 to 31. Temasek and its associates control the exercise of 18.38 per cent of the voting rights of the Company.

Recommendation

After taking into account the principal factors and reasons considered by the Independent Financial Adviser and its advice, the Independent Board Committee is of the opinion that the issues for which Independent Shareholders' approval is being sought are in the interests of the Company and the shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the Resolutions.

Hong Kong Stock Exchange Consultation Paper on Proposed Changes to the Connected Transaction Rules

The Stock Exchange of Hong Kong Limited published a Consultation Paper on Proposed Changes to the Connected Transaction Rules in October 2009 (the 'Consultation Paper'). One of the proposals in the Consultation Paper was to introduce a new exemption from the reporting, annual review, announcement and independent shareholders' approval requirements for revenue transactions in the ordinary and usual course of business of a listed issuer with associates of a substantial shareholder who is a passive investor in a listed issuer. Based on the criteria set out in paragraph 59 of the Consultation Paper and the draft Rule 14A.33(4), we consider that Temasek would constitute a passive investor in the Company. Therefore, if this proposal is adopted by way of amendment to the Hong Kong Listing Rules in substantially the same form as set out in the Consultation Paper, the Company would be able to rely on this exemption for revenue transactions from the date of the Rule change rather than having to rely on the waivers obtained from The Stock Exchange of Hong Kong Limited which relate to Resolutions 30 and 31. However, there is no guarantee that the consultation exercise will result in the implementation of this change to the Hong Kong Listing Rules and The Stock Exchange of Hong Kong Limited has not yet published the results of the public consultation as at 19 March 2010, the latest practicable date prior to the publication of this document.

Additional Information

Definitions of the terms used in all sections of this document relating to the Continuing Connected Transactions are set out in appendix 4 on pages 50 to 53.

Yours sincerely



On behalf of the Board

John Peace

Chairman

As at the date of this document, the Board of directors of the Company comprises:

Chairman:	John Wilfred Peace
Executive directors:	Peter Alexander Sands, Stefano Paolo Bertamini, Jaspal Singh Bindra, Gareth Richard Bullock, Richard Henry Meddings and Alun Michael Guest Rees
Independent non-executive directors:	Richard Delbridge, James Frederick Trevor Dundas, Valerie Frances Gooding CBE, Dr Han Seung-soo KBE, Rudolph Harold Peter Markham (Senior Independent Director), Ruth Markland, John Gregor Hugh Paynter, Paul David Skinner and Oliver Henry James Stocken

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1 Aldermanbury Square
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Notice of Annual General Meeting 2010

This year's Annual General Meeting ('AGM') will be held at The Honourable Artillery Company, Armoury House, City Road, London, EC1Y 2BQ on Friday 7 May 2010 at 12.00pm London time (7.00pm Hong Kong time). You will be asked to consider and, if thought fit, to pass the resolutions below. Resolutions 22 to 27 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

Ordinary resolutions

1. To receive the Company's annual report and accounts for the financial year ended 31 December 2009, together with the reports of the directors and auditors.
2. To declare a final dividend of 44.80 US cents per ordinary share for the year ended 31 December 2009.
3. To approve the directors' remuneration report for the year ended 31 December 2009, as set out on pages 94 to 109 of the annual report and accounts.
4. To re-elect Mr J F T Dundas, a non-executive director.
5. To re-elect Miss V F Gooding CBE, a non-executive director.
6. To re-elect Mr R H P Markham, a non-executive director.
7. To re-elect Mr J W Peace as Chairman.
8. To re-elect Mr P A Sands, an executive director.
9. To re-elect Mr P D Skinner, a non-executive director.
10. To re-elect Mr O H J Stocken, a non-executive director.
11. To elect Mr J S Bindra, who has been appointed as an executive director by the Board since the last AGM of the Company.
12. To elect Mr R Delbridge, who has been appointed as a non-executive director by the Board since the last AGM of the Company.
13. To elect Dr Han Seung-soo KBE, who has been appointed as a non-executive director by the Board since the last AGM of the Company.
14. To elect Mr S J Lowth, who has been appointed as a non-executive director by the Board since the last AGM of the Company.
15. To elect Mr A M G Rees, who has been appointed as an executive director by the Board since the last AGM of the Company.
16. To re-appoint KPMG Audit Plc as auditor to the Company from the end of the AGM until the end of next year's AGM.
17. To authorise the Board to set the auditor's fees.
18. That in accordance with sections 366 and 367 of the Companies Act 2006, the Company and all companies that are its subsidiaries during the period for which this resolution has effect are authorised to:
 - (A) make donations to political parties and/or independent election candidates not exceeding £100,000 in total;
 - (B) make donations to political organisations other than political parties not exceeding £100,000 in total; and
 - (C) incur political expenditure not exceeding £100,000 in total,(as such terms are defined in sections 363 to 365 of the Companies Act 2006) provided that the aggregate amount of any such donations and expenditure shall not exceed £100,000 during the period beginning with the date of passing this resolution and expiring at the end of the next year's AGM, unless such authority has been previously renewed, revoked or varied by the Company in a general meeting.

19. That the Board be authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:
- (A) up to a nominal amount of US\$202,747,588.50 (such amount to be restricted to the extent that any allotments or grants are made under paragraphs (B) or (C) so that in total no more than US\$675,825,295 can be allotted);
 - (B) up to a nominal amount (when combined with any allotments made under paragraph (A)) of US\$337,912,647.50 (such amount to be restricted to the extent that any allotments or grants are made under paragraphs (A) or (C) so that in total no more than US\$675,825,295 can be allotted) in connection with:
 - (i) an offer or invitation:
 - (a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (b) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
 - (ii) a scrip dividend scheme or similar arrangement implemented in accordance with the articles of association of the Company;
 - (C) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of US\$675,825,295 (such amount to be restricted to the extent that any allotments or grants are made under paragraphs (A) or (B) so that in total no more than US\$675,825,295 can be allotted) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
 - (D) pursuant to the terms of any existing share scheme of the Company or any of its subsidiary undertakings adopted prior to the date of this meeting,

such authorities to apply until the end of next year's AGM (or, if earlier, until the close of business on 6 August 2011) but, in each such case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

20. That the authority granted to the Board to allot shares or grant rights to subscribe for or convert securities into shares up to a nominal amount of US\$202,747,588.50 pursuant to paragraph (A) of resolution 19 be extended by the addition of such number of ordinary shares of US\$0.50 each representing the nominal amount of the Company's share capital repurchased by the Company under the authority granted pursuant to resolution 24, to the extent that such extension would not result in the authority to allot shares or grant rights to subscribe for or convert securities into shares pursuant to resolution 19 exceeding US\$675,825,295.
21. That the Board be authorised to allot shares in the Company up to a nominal amount of US\$20,274,758.50 in connection with a listing of the Company's shares or of securities representing such shares in India, such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 6 August 2011) but during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted after the authority ends and the Board may allot shares under any such offer or agreement as if the authority had not ended.

Special resolutions

22. That if resolution 19 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (C) of resolution 19, by way of a rights issue only):
- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or, as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of resolution 19 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to a nominal amount of US\$50,686,897,

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 6 August 2011) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

23. That if resolution 21 is passed, the Board be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution as if section 561 of the Companies Act 2006 did not apply to such allotment, such power to be limited to the allotment of equity securities up to a nominal amount of US\$20,274,758.50 at a discount of no more than 15 per cent to the middle market price of the Company's ordinary shares at the close of business in London on the business day before the price range for the relevant offering is announced (calculated by reference to the spot rate of exchange for the purchase of sterling with Indian rupees as displayed on the appropriate page of the Reuters screen at or around 11.00am London time on such business day), such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 6 August 2011) but during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

24. That the Company be authorised to make market purchases (as defined in the Companies Act 2006) of its ordinary shares of US\$0.50 each provided that:

- (A) the Company does not purchase more than 202,747,588 shares under this authority;
- (B) the Company does not pay less for each share (before expenses) than US\$0.50 (or the equivalent in the currency in which the purchase is made, calculated by reference to a spot exchange rate for the purchase of US dollars with such other currency as displayed on the appropriate page of the Reuters screen at or around 11.00am London time on the business day before the day the Company agrees to buy the shares); and
- (C) the Company does not pay more for each share (before expenses) than five per cent over the average of the middle market prices of the ordinary shares according to the Daily Official List of the London Stock Exchange for the five business days immediately before the date on which the Company agrees to buy the shares,

such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 6 August 2011) but during this period the Company may agree to purchase shares where the purchase may not be completed (fully or partly) until after the authority ends and the Company may make a purchase of ordinary shares in accordance with any such agreement as if the authority had not ended.

25. That the Company be authorised to make market purchases (as defined in the Companies Act 2006) of up to 477,500 preference shares of US\$5.00 each and up to 195,285,000 preference shares of £1.00 each provided that:

- (A) the Company does not pay less for each share (before expenses) than the nominal value of the share (or the equivalent in the currency in which the purchase is made, calculated by reference to the spot exchange rate for the purchase of the currency in which the relevant share is denominated with such other currency as displayed on the appropriate page of the Reuters screen at or around 11.00am London time on the business day before the day the Company agrees to buy the shares); and
- (B) the Company does not pay more for each share (before expenses) than 25 per cent over the average of the middle market prices of such shares according to the Daily Official List of the London Stock Exchange for the ten business days immediately before the date on which the Company agrees to buy the shares,

such authority to apply until the end of next year's AGM (or, if earlier, until the close of business on 6 August 2011) but during this period the Company may agree to purchase shares where the purchase may not be completed (fully or partly) until after the authority ends and the Company may make a purchase of shares in accordance with any such agreement as if the authority had not ended.

26. That

- (A) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's articles of association; and
- (B) the articles of association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

27. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Ordinary resolutions

- 28. That the rules of the Standard Chartered 2006 Restricted Share Scheme be amended in accordance with the changes summarised in appendix 6 on page 56 and that the Board (or any duly authorised committee of the Board) be authorised to do anything which it considers necessary or desirable to give effect to these amendments.
- 29. That the waiver from strict compliance with the reporting and annual review requirements of Chapter 14A of the Hong Kong Listing Rules in respect of Ongoing Banking Transactions with associates of Temasek Holdings (Private) Limited that the Company has not been able to identify, despite having used all reasonable efforts to identify such associates, as more particularly described on pages 24 to 30 in the explanatory notes to the Notice of Annual General Meeting of the Company dated 26 March 2010, be and is hereby approved for a period of three years from the date of this resolution.
- 30. That the waiver from compliance with the requirement for any member of the Group to enter into a fixed-term written agreement with Temasek Holdings (Private) Limited or any of its associates in accordance with the Hong Kong Listing Rules in relation to any Ongoing Banking Transactions be and is hereby approved for a period of three years from the date of this resolution.
- 31. That the transactions contemplated under each of the Ongoing Banking Transactions, including any margin, collateral and other similar arrangements entered into in connection with them, and in the absence of a maximum aggregate annual value, be and are hereby approved for a period of three years from the date of this resolution.

By order of the Board

Annemarie Durbin
Group Company Secretary

Registered Office:
1 Aldermanbury Square
London EC2V 7SB

26 March 2010

Notes

Audio version of Notice of AGM

We have produced an audio version of our Notice of AGM. Copies are available (in limited numbers) on either audiocassette or CD. If you require an audio version, please contact our registrar, Computershare Investor Services PLC, on +44 (0)870 702 0138. Please specify whether you wish to receive an audiocassette or a CD and provide them with your full name and postal address. They will arrange for a copy to be sent to you.

Right to attend the AGM

If you want to attend the AGM and vote, you must be on the Company's register of members in the UK at 10.00pm London time on Wednesday 5 May 2010 or on the Company's branch register of members in Hong Kong at 5.00am Hong Kong time on Thursday 6 May 2010. This will enable us to determine how many votes you have on a poll. If the AGM is adjourned to a time after 10.00pm London time on Friday 7 May 2010, you must be on the appropriate register of members of the Company 48 hours before the time of the adjourned meeting. This will also allow us to confirm how many votes you will have on a poll at such a meeting. If we give you notice of an adjourned meeting we will tell you in the notice when you need to be on the register to be able to attend and vote. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Right to ask questions at the AGM

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Proxy appointments

If you are an ordinary shareholder you may attend, speak and vote at the AGM or appoint one or more proxy(ies) to exercise all or any of your rights to attend and to speak and vote on your behalf at the Company's AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy may be appointed by any of the following methods:

- Electronic proxy – shareholders on the UK register of members may appoint a proxy electronically, which is a quicker, simpler and more efficient method of appointment. If you wish to submit your proxy form electronically, you will need an internet-enabled PC. For best results we recommend that you use the latest vendor supported release of the following browsers: Microsoft Internet Explorer, Mozilla Firefox or Apple Safari. In addition to improving your experience on the site, upgrading your browser will provide the latest browser security updates. You can then appoint your proxy online at www.investorcentre.co.uk/proxy. You will need your Shareholder Reference Number (SRN), and Personal Identification Number (PIN) (both of which are stated on the accompanying proxy form or, voting instruction form) to access the service. Your PIN will expire at 12.00pm London time on Wednesday 5 May 2010. Before you can appoint a proxy electronically, you will be asked to agree to the terms and conditions for electronic proxy appointment. It is important that you read these terms and conditions carefully as they will govern the electronic appointment of your proxy;
- Completing and returning the enclosed proxy form to our registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, UK; or
- CREST voting – if you are a member of CREST you can use the CREST electronic proxy appointment service (see below).

IMPORTANT. Whichever method you choose, any proxy form or other instrument appointing a proxy must be received by the Company's registrar no later than 12.00pm London time (7.00pm Hong Kong time) on Wednesday 5 May 2010 (or 4 May 2010 for voting instruction forms for ShareCare members) to be valid.

Appointing a proxy electronically, via the CREST electronic proxy appointment service, or the return of a completed proxy form will not prevent a shareholder attending the AGM and voting in person if s/he wishes to do so.

Voting through ShareCare

If you hold your shares in ShareCare, you may submit your voting instruction electronically in the same way as set out above for the electronic appointment of proxies using your ShareCare Number and Personal Identification Number (PIN) (both of which are stated on the accompanying voting instruction form), or you can complete and return the enclosed voting instruction form to our registrar Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, UK. Your PIN will expire at 12.00pm London time on Tuesday 4 May 2010. Whichever method you choose, any voting instruction form or other instrument appointing a proxy must be received by our registrar no later than 12.00pm London time on Tuesday 4 May 2010 to be valid.

CREST Electronic proxy voting

If you are a CREST member and wish to appoint a proxy or proxies using the CREST electronic proxy appointment service, you may do so by following the procedures described in the CREST manual (available via www.euroclear.com/site/public/EUI). If you are a CREST Personal Member or other CREST sponsored member or a CREST member who has appointed a voting service provider, you should refer to your CREST sponsor or voting service provider, who will be able to take the appropriate action on your behalf.

In order for your proxy appointment using CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for these instructions, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by our agent (ID 3RA50) by 12.00pm London time on Wednesday 5 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which our agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, which regulates instructions containing incorrect information and instructions that are improperly sent.

Nominated persons

Any person to whom this document is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom s/he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, s/he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statements under the paragraphs headed 'Proxy appointments' do not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by ordinary shareholders (or by proxy(ies) appointed to act on their behalf) at a general meeting of the Company.

Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

Electronic poll voting procedure

The Company will call a poll on all resolutions at the AGM. The poll voting will be by electronic means. On arrival at the AGM, all those entitled to vote will be required to register and be given a hand held keypad containing a personalised smart

card with details of your shareholding to be used for the electronic poll vote. After each resolution is put to the AGM by the Chairman, you will be asked to cast your vote by pressing a button on your keypad. All the votes present will be counted and added to those received by proxy and the provisional final votes will be shown on the screen at the front of the meeting room. If you have already voted by proxy you will still be able to vote using the electronic poll voting system and your vote on the day will replace your proxy vote lodged previously. To facilitate these arrangements, it would be helpful if you could please arrive at the AGM venue in good time and have your attendance pass to hand. However, if you submitted your votes online you will not have an attendance pass and you will need to confirm your name and address details with our registrar prior to admittance. Before the AGM commences, you will be given instructions on how to use your keypad at the AGM.

On a poll, every ordinary shareholder present in person or by proxy has one vote for every US\$2.00 nominal value of ordinary shares held. The nominal value of each ordinary share being US\$0.50 means that a member needs to hold four ordinary shares to register one vote on a poll. As at 19 March 2010 (being the latest practicable date prior to the publication of this document), the Company had 2,027,475,885 ordinary shares of US\$0.50 each in issue, none of which were held in treasury. The ordinary shares carry in aggregate 506,868,971 voting rights on a poll.

You can obtain the results of the poll by telephoning our registrar on or after 10 May 2010. The results of the poll will be announced to the UK Listing Authority and The Stock Exchange of Hong Kong Limited and will appear on our website at <http://investors.standardchartered.com> on 10 May 2010.

Audit statement

Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Website

A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at <http://investors.standardchartered.com/downloads.cfm>.

Inspection of documents

The following documents will be available for inspection at 1 Aldermanbury Square, London EC2V 7SB and at the offices of Slaughter and May, 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong from the date of this document until the end of the AGM and at The Honourable Artillery Company from 15 minutes before the AGM until it ends:

- Copies of the executive directors' contracts of employment.
- Copies of the Chairman's contract of employment and the letters of appointment of non-executive directors.
- A copy of the proposed new articles of association of the Company, and a copy of the existing memorandum and articles of association marked to show the changes being proposed by resolution 26.
- A copy of the proposed new rules of the Standard Chartered 2006 Restricted Share Scheme, and a copy of the current rules of the Standard Chartered 2006 Restricted Share Scheme marked to show the changes being proposed by resolution 28.
- A copy of the written consent from the Independent Financial Adviser referred to in paragraph H of appendix 1.
- A letter from the Independent Financial Adviser, the text of which is set out in appendix 2 on pages 34 to 48 of this document.
- A letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in appendix 3 on page 49 of this document.

Interests in the share capital of the Company

As at 19 March 2010, being the latest practicable date prior to the publication of this document, the directors held the following interests:

Directors' interests in shares and options

	Total interest in ordinary shares	Total interest in ordinary shares under Deferred Bonus Plan	Total interest in ordinary shares under option	Range of option exercise prices	Range of option exercise periods
Mr J W Peace*	6,648	–	41,528	Nil	2011-2016
Mr P A Sands*	241,532	63,675	873,253	Nil – £10.8803	2011-2020
Mr R H P Markham*	3,462	–	–	–	–
Mr R H Meddings	120,000	43,777	555,339	Nil	2011-2020
Mr S P Bertamini	41,133	27,858	374,743	Nil – £11.46	2011-2020
Mr J S Bindra*	130,279	12,187	344,092	Nil – £11.46	2011-2020
Mr G R Bullock	80,000	12,187	313,510	Nil – £10.1712	2011-2020
Mr R Delbridge*	2,000	–	–	–	–
Mr J F T Dundas*	2,792	–	–	–	–
Miss V F Gooding CBE*	2,804	–	–	–	–
Dr Han Seung-soo KBE*	2,000	–	–	–	–
Ms R Markland	3,135	–	–	–	–
Mr J G H Paynter	5,000	–	–	–	–
Mr A M G Rees*	120,297	218,885	824,493	Nil	2011-2020
Mr P D Skinner*	8,951	–	–	–	–
Mr O H J Stocken*	15,820	–	–	–	–

* standing for election or re-election

Substantial and major shareholders' interests in the share capital of the Company

So far as the directors are aware, as at 19 March 2010, being the latest practicable date prior to the publication of this document, Temasek Holdings (Private) Limited is the only 'substantial shareholder' of the Company by virtue of its interest of more than 10 per cent in the Company's issued ordinary share capital exercisable at any general meeting of the Company.

The Company has been notified by the following companies of their interests in the total voting rights of the Company:

Shareholder	Number of ordinary shares	Percentage of total voting rights direct	Percentage of total voting rights indirect
Temasek Holdings (Private) Limited	369,468,445		18.38
BlackRock, Inc	126,050,546		6.23
Legal & General Group Plc	80,535,095	3.98	

In the case of any conflict between any translation and this English text, this English text shall prevail.

Preference shareholders

Only ordinary shareholders may attend, speak and vote at the AGM. This document is sent to holders of preference shares for information only.

Explanatory Notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 21 and 28 to 31 (inclusive) are proposed as ordinary resolutions. This means that, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 22 to 27 (inclusive) are proposed as special resolutions. This means that, for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Please note that a 'vote withheld' (as appears on the proxy form or voting instruction form) is not a vote in law and will not be counted in the calculation of the proportion of votes 'for' or 'against' a resolution.

Resolution 1: Annual report

The directors are required by law to present, for each financial year, copies of the Company's annual report and accounts to shareholders at a general meeting.

Resolution 2: Declaration of the final dividend (including share dividend alternative)

Final dividends must be approved by shareholders but cannot be more than the amount recommended by directors. If the AGM approves resolution 2, the final dividend of 44.80 US cents per ordinary share will be payable on 13 May 2010 to those shareholders registered on the UK register at the close of business London time on 12 March 2010 and to those shareholders registered on the branch register in Hong Kong at the opening of business Hong Kong time on 12 March 2010 in respect of each ordinary share. UK registered shareholders will receive their dividends in sterling unless they choose to receive US dollars, Hong Kong dollars or shares. Hong Kong registered shareholders will receive their dividends in Hong Kong dollars unless they choose to receive sterling, US dollars or shares. Please see the separate document entitled '2009 Final Dividend' and the related 'Dividend Terms and Conditions' which are available on our website, <http://investors.standardchartered.com/dividend.cfm>.

Resolution 3: Directors' remuneration report

The Company is required by law to seek the approval of shareholders of its annual report on remuneration policy and practice. Shareholders are invited to vote on the directors' remuneration report, which may be found on pages 94 to 109 of the annual report.

Resolutions 4 to 15: Election and re-election of directors

The Company's articles of association require any newly appointed director to retire at the first AGM following his or her appointment. Shareholders are therefore asked to elect as directors Mr Jaspal Bindra, Mr Richard Delbridge, Dr Han Seung-soo KBE, Mr Simon Lowth and Mr Mike Rees who have been appointed by the Board since the last AGM.

The Company's articles of association require any director who has held office with the Company for a continuous period of nine years or more to retire at the next AGM. Mr Rudy Markham is retiring by virtue of having held office as a director of the Company for a period of more than nine years and will submit himself for re-election at this AGM.

Under the Company's articles of association, a minimum of one third of the directors must retire from office at every AGM. The directors to retire by rotation are those directors who held office at the time of the two preceding AGMs and who did not retire at either of them. If the number of directors retiring is less than the minimum number required, additional directors up to that number shall also retire. The additional directors to retire shall be those directors who have been longest in office since they were last elected. If elected on the same day, those to retire shall be determined by lot. All of the directors are eligible to seek re-election by shareholders at the AGM, if they so wish.

Mr Jamie Dundas, Miss Valerie Gooding CBE, Mr John Peace, Mr Peter Sands, Mr Paul Skinner, and Mr Oliver Stocken are each retiring by rotation and will submit themselves for re-election at this AGM.

Mr Richard Delbridge, Mr Jamie Dundas, Miss Valerie Gooding CBE, Dr Han Seung-soo KBE, Mr Simon Lowth, Mr Rudy Markham, Mr Paul Skinner and Mr Oliver Stocken are all non-executive directors and therefore do not have contracts of employment.

Mr Jaspal Bindra, Mr John Peace, Mr Mike Rees and Mr Peter Sands each have a contract of employment with a notice period of one year.

The Nomination Committee is responsible for making recommendations to the Board on directorship appointments and the suitability of candidates required to produce a balanced board and establishing succession plans.

The Nomination Committee has reviewed the performance of the non-executive directors submitting themselves for election and re-election and has made recommendations to the Board on their election or re-election. The Board considers all the directors submitting themselves for election or re-election are highly experienced and have a broad understanding of the financial services industry. In view of their experience and performance, the Board considers that they will each continue to make a valuable contribution to the Company.

Biographical details of each of the directors standing for election and re-election are as follows:

Jaspal Singh Bindra, Group Executive Director

Jaspal was appointed as Group Executive Director from 1 January 2010, keeping his responsibilities for growth and governance in Asia. Jaspal joined the Bank in 1998 and is a director of Standard Chartered Bank, Standard Chartered Bank (Hong Kong) Limited, Standard Chartered Bank (Taiwan) Limited, Standard Chartered Bank (China) Limited and Prime Financial Holdings Limited, and Chairman of Standard Chartered Bank (Vietnam) Limited. He has a wide range of international experience including Global Head of Client Relationships where he played a key role in the introduction of the client-focused strategy that has served Wholesale Banking so well. As Chief Executive Officer in India, he oversaw the successful acquisition and integration of Grindlays Bank and set India on its path to become the second largest market in the Group today. Jaspal is a member of the Visa Asia Pacific Senior Advisory Council and a board member of Vital Voices Global Partnership. Jaspal is a qualified Chartered Accountant and an MBA. Age 49 at the date of the AGM.

Richard Delbridge, Independent Non-Executive Director

Richard joined the Board on 1 January 2010, and is a member of the Audit Committee and Risk Committee. Richard has been senior independent director of Tate & Lyle PLC since December 2003. In 1976, he joined JP Morgan and was group comptroller and later managing director of the London offices. In 1989, he was appointed director, group finance, at Midland Bank plc, later becoming group finance director, HSBC Holdings plc. In 1996, Richard was appointed director and group chief financial officer of National Westminster Bank Plc, a position he held until April 2000. Richard's previous non-executive directorships include JP Morgan Cazenove, Fortis N.V., Fortis SA/NV, Balfour Beatty plc, Gallaher Group Plc, Innogy plc and Egg plc. He was a council member and treasurer of the Open University for eight years until 2009. Richard brings with him banking and financial accounting knowledge. Richard studied economics at the London School of Economics, is a fellow of the Institute of Chartered Accountants and earned an MBA from University of California at Berkeley. Age 67 at the date of the AGM.

James Frederick Trevor Dundas, Independent Non-Executive Director

Appointed to the Board on 15 March 2004, he is a member of the Audit Committee, Nomination Committee, Brand and Values Committee, and Chairman of the Risk Committee. He is chairman of Jupiter Investment Management Holdings Limited and will be stepping down as non-executive director of Drax Group plc on 21 April 2010. He is also chairman of Macmillan Cancer Support. Over his career, Jamie has been chief executive of UK-based property company MEPC, finance director of the Airport Authority Hong Kong and a director of Morgan Grenfell & Co Limited. Jamie brings to the Board significant high level experience in Hong Kong and a strong background in banking, including a deep understanding of the wholesale banking marketplace. He read law at Oxford University and subsequently qualified as a barrister. Age 59 at the date of the AGM.

Valerie Frances Gooding CBE, Independent Non-Executive Director

Appointed to the Board on 1 January 2005, Val is a member of the Remuneration Committee and Brand and Values Committee. Val is a non-executive director of J Sainsbury plc, the Lawn Tennis Association and the BBC and a trustee of the British Museum. Between 1998 and 2008, Val was chief executive officer of healthcare organisation BUPA, which she joined from British Airways where she held several executive positions. One of Britain's most internationally recognised businesswomen, Val has a high level of knowledge of financial services and regulation, marketing and customer service as well as people management and corporate strategy. Val graduated from Warwick University with an honours degree in French Studies. Age 59 at the date of the AGM.

Dr Han Seung-soo KBE, Independent Non-Executive Director

Dr Han is a former prime minister of the Republic of Korea and joined the Board on 1 January 2010. He is a member of the Brand and Values Committee. He has had a distinguished political, diplomatic and administrative career serving as deputy prime minister and minister of finance, foreign affairs, and industry and trade before serving as prime minister in 2008 and 2009. He also served as Korean ambassador to the US, chief of staff to the president, president of the 56th Session of the United Nations General Assembly, special envoy of the UN Secretary-General on Climate Change and chairman of the 2009 OECD Ministerial Council Meeting in Paris. He is currently on the UN Secretary-General's Advisory board on Water and Sanitation as well as founding chair of the High-Level Expert Panel on Water and Disaster/UNSGAB. Dr Han brings with him valuable knowledge of Asia and economics. Dr Han received his bachelor's degree from Yonsei University in 1960. He acquired his master's from Seoul National University in 1963 and his doctorate in economics from University of York in 1968. Age 73 at the date of the AGM.

Simon Jonathan Lowth, Independent Non-Executive Director

Simon will be appointed to the Board on 1 May 2010. He is an executive director and chief financial officer of AstraZeneca PLC. Previously, he was financial director of Scottish Power plc and has 15 years' experience at McKinsey & Company, latterly as a senior director. Simon brings to the Board significant financial and risk management experience gained from his time with AstraZeneca PLC and Scottish Power plc. Simon has an engineering degree from Cambridge University and an MBA from London Business School. Age 48 at the date of the AGM.

Rudolph Harold Peter Markham, Independent Non-Executive Director

Rudy was appointed to the Board on 19 February 2001. He is Senior Independent Director, Chairman of the Audit Committee and a member of the Risk Committee, Governance Committee and Nomination Committee. He is a non-executive director of Legal & General Group Plc, AstraZeneca PLC and United Parcel Service, Inc. and a member of the board of the Financial Reporting Council. He is also a non-executive chairman of Moorfields Eye Hospital and non-executive director of the Operational Board of the Foreign and Commonwealth Office. He served as chief financial officer at Unilever from 2000 to 2007, having joined the board in 1998 as strategy and technology director. Rudy has considerable knowledge of the markets in which the Company operates and, through his time at Unilever, broad experience in one of the world's most successful international corporations, gaining multinational financial experience. He has demonstrated a detailed understanding of financial, risk and governance issues in the nine years that he has served on the Board. Rudy has demonstrated excellent stewardship as Chairman of the Audit and Risk Committee. As a result of his length of service and commitment, he provides an in-depth knowledge of the Group that is invaluable to the Board, the Audit Committee, Risk Committee and the Nomination Committee. Age 64 at the date of the AGM.

John Wilfred Peace, Chairman

John joined the Board as Deputy Chairman in August 2007. He was appointed Acting Chairman on 14 January 2009, and Chairman on 2 July 2009. He is Chairman of the Nomination Committee and Governance Committee, and a member of the Remuneration Committee and Brand and Values Committee. John is chairman of Experian plc and Burberry Group plc. He is also a member of the board of governors of Nottingham Trent University, deputy lieutenant for the County of Nottinghamshire, a fellow of the Royal Society of Arts and chairman of The Work Foundation. Between 2000 and 2006, he was chief executive of GUS plc, having joined the board in 1997. With a strong financial services, retailing background and chairmanship experience, John brings extensive international experience and exemplary governance credentials. He has a thorough working knowledge of Asia. Age 61 at the date of the AGM.

Alun Michael Guest Rees, Group Executive Director

Mike was appointed to the Board on 4 August 2009. He is also a director of Standard Chartered Bank and Standard Chartered Holdings Limited. He joined in 1990 as Chief Financial Officer for treasury, and was appointed regional treasurer in Singapore, responsible for the South East Asia treasury businesses, in October 1994. He was appointed Head of Global Markets in late 2000, and two years later was appointed Chief Executive, Wholesale Banking, with responsibility for all wholesale banking products in addition to his responsibilities for global markets products. Mike graduated in 1978 from the University of Aston, Birmingham (B.Sc. Hons.) and is a member of the Institute of Chartered Accountants in England and Wales and the UK Institute of Directors. Age 54 at the date of the AGM.

Peter Alexander Sands, Group Chief Executive

Appointed Group Chief Executive on 20 November 2006. Peter joined the Board on 14 May 2002 as Finance Director, with responsibility for finance, risk, strategy and technology and operations. He is also Chairman of Standard Chartered Bank and director of Standard Chartered Holdings Limited. He is a member of the Brand and Values Committee, Nomination Committee, and Governance Committee. He is director of The Hong Kong Association and Institute of International Finance, and non-executive director of The Roundhouse Trust. He joined Standard Chartered from consultancy McKinsey & Co,

where he was a director working in the banking and technology sectors in a wide range of international markets. Peter graduated from Oxford University and holds a Masters in Public Administration from Harvard University, where he was a Harkness Fellow. Age 48 at the date of the AGM.

Paul David Skinner, Independent Non-Executive Director

Appointed to the Board on 3 November 2003, Paul is Chairman of the Brand and Values Committee and a member of the Nomination Committee, Remuneration Committee and Risk Committee. He is chair of the advisory board of Infrastructure UK, a division of HM Treasury, mandated to bring a strategic focus to infrastructure development as a driver of economic growth in the UK. He is also a non-executive director of L'Air Liquide SA and the Tetra Laval Group. He was formerly group managing director of Royal Dutch Shell and chief executive officer of its global oil products business. Following his retirement from Shell in 2003 he was chairman of Rio Tinto from 2003 to 2009. He has also recently served as chair of the Commonwealth Business Council, as a member of the Defence board of the Ministry of Defence and as a board member of the INSEAD business school. Paul has extensive experience of customer-facing global businesses across our geographical footprint and of managing a large global commodities trading business. He read law at Pembroke College, Cambridge and has a diploma in Business Administration from the Manchester Business School. Age 65 at the date of the AGM.

Oliver Henry James Stocken, Independent Non-Executive Director

Appointed to the Board on 1 June 2004, he is a member of the Risk Committee. Oliver is chairman of Home Retail Group plc, Oval Limited and Stanhope Group Holdings Limited. He is also chairman of the MCC, trustee director of the Cricket Foundation and chairman of the trustees of the Natural History Museum. Previously he was deputy chairman of 3i Group plc and finance director of Barclays PLC. Oliver's financial, banking and international experience makes him a valuable contributor to the Board. Oliver read mathematics at Oxford University. Age 68 at the date of the AGM.

None of the directors standing for election or re-election has any relationship with any other director, member of senior management or substantial or controlling shareholder of the Company. The biographical information in respect of each of these directors complies with the disclosure requirements as set out in the Hong Kong Listing Rules. As such, there are no other matters that need to be brought to the attention of holders of securities of the Company and no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

The interests in the ordinary shares of the Company of the directors standing for election or re-election as at 19 March 2010, the latest practicable date for determining such information are set out on page 15.

None of the directors standing for election or re-election has an interest in the Company's preference shares or loan stock, nor the shares or loan stock of any subsidiary or associated undertaking of the Group.

Current basic annual fees for non-executive directors are £100,000 with additional fees for ordinary membership or chairmanship of a board committee as follows:

Committee	Ordinary membership	Chairmanship
Audit	£30,000	£65,000
Brand and Values	£25,000	£50,000
Nomination	£15,000	N/A
Remuneration	£25,000	£50,000
Governance	No fees	No fees
Risk	£30,000	£65,000

John Peace is the Chairman of the Company. He receives an annual base fee of US\$1,014,839 (£650,000) which is an all-inclusive fee, and is also eligible to receive an annual award of restricted shares of US\$780,645 (£500,000). Rudy Markham is the Senior Independent Director of the Company and he receives a fee of £30,000 in addition to his current fees.

Salary levels for executive directors are reviewed annually by the Remuneration Committee taking account of the latest available market data. Any increases in annual base salary are normally effective from 1 April of the relevant year. The annual base salary levels of executive directors standing for election or re-election were as follows:

	31 December 2008	1 July 2009	1 January 2010	Percentage Increase at 1 January 2010
Mr J S Bindra ¹	N/A	N/A	US\$780,650 (£500,000)	–
Mr A M G Rees ²	N/A	US\$702,585 (£450,000)	US\$936,780 (£600,000)	33.3%
Mr P A Sands	US\$1,562,045 (£850,000)	US\$1,561,300 (£1,000,000)	US\$1,561,300 (£1,000,000)	0.0%

1. Mr J S Bindra was appointed as an executive director with effect from 1 January 2010.

2. Mr A M G Rees was appointed as an executive director with effect from 4 August 2009.

3. The foreign exchange rates used in the above table are based on the average rates throughout the relevant financial year. The rates are £1: US\$1.5613 (2009) and £1: US\$1.8377 (2008).

In addition, the executive directors are eligible to receive a discretionary annual bonus and a long term incentive award as described more fully on pages 94 to 109 of the annual report and accounts.

Resolutions 16 and 17: Reappointment of auditor and setting of auditor's fees

At each general meeting at which accounts are presented, the Company is required to appoint an auditor to hold office until the end of the next such meeting. The performance of the auditor has been evaluated by the Company's Audit and Risk Committee which has recommended to the Board that KPMG Audit Plc be re-appointed. KPMG Audit Plc has also indicated that it is willing to continue as the Company's auditor for another year. Shareholders are asked to re-appoint KPMG Audit Plc as auditor and, following normal practice, to authorise the Board to set the auditor's fees.

Resolution 18: Authority to make donations to political parties, political organisations and independent election candidates and incur political expenditure

It is not the Group's policy to make political donations. However, it is possible that certain routine activities undertaken by the Company and its subsidiaries might unintentionally fall within the broad scope of the provisions controlling political donations and expenditure. Any political donations or expenditure regulated by the Companies Act 2006 must be approved by shareholders at a general meeting and be disclosed in the next year's annual report. Accordingly, the directors seek shareholders' approval to renew the authority for political donations and expenditure to be made by the Company. As permitted under the Companies Act 2006, the resolution covers any political donations made or political expenditure incurred by the Company's subsidiaries. The three categories set out in the Companies Act 2006 are: political parties and independent election candidates, political organisations and political expenditure. The resolution proposes a cap of £100,000 per category subject to an aggregate cap for authorised political donations or expenditure of £100,000. The authority being sought will be effective from 7 May 2010 until the end of the next year's AGM unless previously renewed, revoked or varied by the Company in a general meeting. The Companies Act 2006 permits shareholders to grant authority for up to four years. However the directors will seek to renew this authority at each AGM.

Resolutions 19, 20 and 21: Directors' authority to allot shares

Under section 551 of the Companies Act 2006, the directors may only allot shares, or grant rights to subscribe for or convert any security into shares, if shareholders in general meeting have given them authority to do so. The authority given to the directors at last year's AGM to allot ordinary shares or grant rights to subscribe for or convert any security into such shares will expire at the end of this year's AGM. Accordingly, resolution 19 seeks shareholders' approval to renew this authority.

Paragraph (A) of resolution 19 asks for a new authority to be given to allow the directors to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount equal to US\$202,747,588.50 (representing 405,495,177 ordinary shares of US\$0.50 each), such amount to be reduced to take into account amounts allotted or granted under paragraphs (B) and (C) of resolution 19. This amount represents approximately 20 per cent of the issued ordinary share capital of US\$1,013,737,942.50 as at 19 March 2010, the latest practicable date prior to the publication of this document. The Hong Kong Listing Rules do not permit the directors to allot, on a non pre-emptive basis, shares or rights to shares that would represent more than 20 per cent of the issued ordinary share capital as at the date on which the resolution granting them a general authority to allot is passed. Accordingly, paragraph (A) of resolution 19 restricts the authority of the directors to the 20 per cent threshold.

Paragraph (B) of resolution 19 would give the directors the authority to make allotments which exceed the 20 per cent authority under paragraph (A) of resolution 19 in connection with offers to ordinary shareholders or by way of share dividend (scrip), up to an aggregate nominal amount (when combined with any allotments made under the authority in paragraph (A)) equal to US\$337,912,647.50 (representing 675,825,295 ordinary shares of US\$0.50 each), such amount to be reduced to take into account amounts allotted or granted under paragraphs (A) and (C) of resolution 19. This amount represents approximately one-third of the issued ordinary share capital of the Company as at 19 March 2010, the latest practicable date prior to the publication of this document.

In line with guidance issued by the Association of British Insurers ('ABI'), paragraph (C) of resolution 19 would give the directors authority to allot shares or grant rights to subscribe for or convert any security into shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to US\$675,825,295 (representing 1,351,650,590 ordinary shares), as reduced by the nominal amount of any shares issued under paragraphs (A) or (B) of resolution 19. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 19 March 2010, the latest practicable date prior to the publication of this document. If the directors exercise the authority under paragraph (C), the directors intend to follow the ABI recommendation to stand for re-election where required.

Under Rule 7.19(6) of the Hong Kong Listing Rules, if a proposed rights issue would increase either the issued share capital or the market capitalisation of the Company by more than 50 per cent (on its own or when aggregated with any other rights issues or open offers announced within the previous 12 months), then the issue must ordinarily be made conditional on approval by shareholders in general meeting by a resolution on which the executive directors and their associates must abstain from voting. However, The Stock Exchange of Hong Kong Limited has granted a waiver to the Company from strict compliance with Rule 7.19(6) of the Hong Kong Listing Rules on 6 March 2009 in order to place the Company on an equal footing with other UK listed companies. The waiver has been granted on the basis that:

- (A) the executive directors and their associates would abstain from voting on the relevant resolution in their capacity as shareholders; and
- (B) if the Company were to do a rights issue, the Company would not need to obtain shareholder approval under Rule 7.19(6) of the Hong Kong Listing Rules provided that:
 - (i) the market capitalisation of the Company will not increase by more than 50 per cent as a result of the proposed rights issue; and
 - (ii) the votes of any new directors appointed to the Board since the AGM would not have made a difference to the outcome of the relevant resolution at the AGM if they had been shareholders at the time and they had in fact abstained from voting.

Under the Hong Kong Listing Rules the directors are required to seek authority from shareholders to allot shares and grant rights to subscribe for or convert any security into shares pursuant to the Company's existing share schemes or those of its subsidiary undertakings. Paragraph (D) of resolution 19 seeks such authority for schemes adopted prior to the date of the AGM.

The directors intend to use the authorities sought under resolution 19 to allot ordinary shares as share dividends instead of cash dividends and following the exercise of options and awards under the Company's share schemes. Otherwise, the authorities will also give the directors flexibility to issue shares where they believe it is in the interests of shareholders to do so.

As permitted by the Hong Kong Listing Rules, resolution 20 seeks to extend the directors' authority to allot shares and grant rights to subscribe for or convert any security into shares pursuant to paragraph (A) of resolution 19 to include the shares repurchased by the Company under the authority to be sought by resolution 24.

The Company announced on 3 March 2010 that it was actively considering a listing of its shares in India via an issue of Indian Depository Receipts. The aim of the listing in India would be to grow brand presence and the Group's business in a key market. The Company continues to work with the Indian authorities on the listing. Although the exact timing of the listing has not yet been settled, the Company expects to achieve a listing during the course of this year, subject to market conditions. The Company is seeking a specific authority from shareholders under resolution 21 to enable it to allot shares in connection with the listing. The authority being sought is to allow the directors to allot shares up to an aggregate nominal amount of US\$20,274,758.50 (representing 40,549,517 ordinary shares of US\$0.50 each). This amount represents approximately two per cent of the issued ordinary share capital of the Company as at 19 March 2010, the latest practicable date prior to the publication of this document.

The authorities sought under resolutions 19 and 21 will expire at the end of next year's AGM (or, if earlier, at the close of business on 6 August 2011).

As at the date of this document, no shares are held by the Company in treasury.

Resolutions 22 and 23: Power to allot equity securities for cash without certain formalities

Resolution 22 would give the directors the authority to allot shares (or sell any shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or otherwise up to an aggregate nominal amount of US\$50,686,897 (representing 101,373,794 ordinary shares of US\$0.50 each). This aggregate nominal amount represents approximately 5 per cent of the issued ordinary share capital of the Company as at 19 March 2010, the latest practicable date prior to the publication of this document. In respect of this aggregate nominal amount, the directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles (the 'Principles') regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5 per cent should not take place without prior consultation with shareholders.

As highlighted in the explanation to resolution 21 above, the Company is proposing to seek a listing of its shares in India. Resolution 21 seeks specific authority to allot shares in connection with this listing. The authority sought under resolution 23 is linked to this and would enable the Company to allot the relevant shares on a non-pre-emptive basis. The maximum number of shares which the Company could allot on this basis is 40,549,517, representing two per cent of the issued ordinary share capital as at 19 March 2010, the latest practicable date prior to the publication of this document. The process for the offering in India would require the Company to set a price range at the beginning of the process and then to fix an actual price based on and within this range at the end of the offering period, which typically last for four days. The price range for the offering would be set in compliance with UK Listing Rules requirements and would take account of institutional guidelines as to the discount to market price. Under UK Listing Rules, the price must not be at a discount of more than 10 per cent to the middle market price of the Company's shares at the relevant time unless shareholders specifically approve a greater discount. Institutional guidelines seek to restrict the discount to a maximum of five per cent of the middle of the best bid and offer prices of the Company's shares at the relevant time. It is common practice in India to offer retail investors and employees a discount to the offering price which is fixed as described above. Indian regulations require at least 30 per cent of the offering to be made available to these types of investor. Should the Company wish to offer such a discount, depending on where the price is fixed within the range, this could mean that shares would be issued to retail investors and employees at a greater discount than the maximum discount that would otherwise apply under the UK Listing Rules. In order to allow the Company flexibility in this circumstance, the Company is seeking specific authority under resolution 23 to enable it to issue shares at a discount of up to 15 per cent to the market price of the Company's shares at the time the price range is set.

The authorities sought pursuant to resolutions 22 and 23 will expire at the end of next year's AGM (or, if earlier, at the close of business on 6 August 2011).

Resolution 24: Authority to purchase ordinary shares

The effect of this resolution is to renew the authority granted to the Company to purchase its own shares up to a maximum of 202,747,588 ordinary shares until the AGM in 2011 at, or between, the minimum and maximum prices specified in this resolution. This is approximately 10 per cent of the Company's issued ordinary share capital as at 19 March 2010 (the latest practicable date prior to the publication of this document). No repurchases of shares will be conducted on The Stock Exchange of Hong Kong Limited.

The directors believe that it is in the best interests of the Company and all of its shareholders to have a general authority for the Company to buy back its ordinary shares in the market. The directors intend to keep under review the potential to purchase ordinary shares. Purchases will only be made if the directors consider that the purchase would be for the benefit of the Company and shareholders, taking into account relevant factors and circumstances at that time, for example the effect on earnings per share. The Companies Act 2006 permits the Company to hold any such bought back shares in treasury as an alternative to cancelling them immediately. If the Company purchases any of its ordinary shares and holds them in treasury, the Company may sell these shares (or any of them) for cash, transfer these shares (or any of them) for the purposes of or pursuant to an employee share scheme, cancel these shares (or any of them) or continue to hold them in treasury. Holding such shares in treasury gives the Company the ability to reissue them quickly and cost effectively and provides additional flexibility in the management of the Company's capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, shares held in treasury. The directors intend to decide whether to cancel shares purchased pursuant to this authority or hold them in treasury based on the interests of the Company and shareholders as a whole at the relevant time.

The total number of options to subscribe for ordinary shares outstanding at 19 March 2010, the latest practicable date prior to the publication of this document, was 70,108,238, which represented 3.46 per cent of the issued ordinary share capital at that date. If the Company were to purchase the maximum number of ordinary shares permitted under the existing authority given at the 2009 AGM and by this resolution, the options outstanding at 19 March 2010 would represent approximately 3.84 per cent of the issued ordinary share capital.

Resolution 25: Authority to purchase preference shares

The effect of this resolution is to renew the authority granted to the Company to purchase up to 195,285,000 sterling preference shares and up to 477,500 US dollar preference shares. No sterling and US dollar preference shares have been repurchased since the AGM on 7 May 2009.

Whilst it is important to have a capital base which is adequate to allow the business to grow in all areas and which appears to offer an appropriate balance between risk and profitability, it is equally important that the Company does not carry excessive amounts of capital and that it uses the most appropriate mix of capital instruments on the balance sheet. Having the authority to buy back all the issued preference shares would provide the Company with further flexibility in managing the capital base. Accordingly, the directors believe that it is in the best interests of the Company and its shareholders as a whole to have the authority sought by this resolution.

The directors intend to keep under review the potential to buy back preference shares, taking into account other investment and funding opportunities. The authority will be exercised only if the directors believe that to do so would be in the interests of shareholders generally. As noted above, the Companies Act 2006 permits the Company to hold any such bought back shares in treasury as an alternative to cancelling them immediately. Accordingly, if the Company purchases any of its preference shares, those shares may be cancelled or held in treasury by the Company. The directors intend to make such decision at the time of purchase based on the interests of the Company and shareholders generally.

Resolution 26: Adoption of new articles of association

It is proposed in resolution 26 to adopt new articles of association (the 'New Articles') in order to update the Company's current articles of association (the 'Current Articles') primarily to take account of the coming into force of the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations'), the implementation of the last parts of the Companies Act 2006 and amendments to the Uncertificated Securities Regulations 2001.

The principal changes introduced in the New Articles are summarised in appendix 5. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006, the Shareholders' Rights Regulations or the Uncertificated Securities Regulations 2001, or conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills have not been noted in appendix 5. The New Articles showing all the changes to the Current Articles are available for inspection, as noted on page 14 of this document.

Resolution 27: Notice of general meetings

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. (AGMs will continue to be held on at least 21 clear days' notice).

Before the coming into force of the Shareholders' Rights Regulations on 3 August 2009, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 27 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Resolution 28: To approve changes to the Restricted Share Scheme ('RSS')

In October 2009, along with other UK banks, the Group publicly committed to lead the way in complying with the Financial Services Authority's remuneration code, which is largely consistent with the recent global standards agreed by the G20 (and Financial Stability Board) in Pittsburgh.

The RSS was originally designed as a retention and/or incentive tool. In order to reinforce the Group's ability to comply with these regulatory changes and given the need to place greater reliance on restricted share awards as a means of deferring

bonuses, the Group proposes to make certain amendments to the RSS. The proposed changes will enable the Group to defer an appropriate amount of employee bonuses under a single employee share plan, consistent with regulatory demands.

Shareholder approval is sought to change the maximum limit on the amount of awards permitted to be granted to an employee in any one year. Going forward, there would be no limit on the amount of RSS awards that can be granted to any one employee if that RSS award is in respect of the Deferred Annual Performance Award. The value of all other RSS awards made to any individual in any financial year of the Company may not exceed 200 per cent of a participant's base salary and this limit will not change and Deferred Annual Performance Awards will not count towards it.

We are also seeking shareholder approval to allow the Remuneration Committee to impose a vesting period for Deferred Annual Performance Awards which is different from other awards made under the RSS to reflect that a larger proportion of awards is being deferred. Under the proposal, such awards would be released in three equal tranches on the first, second and third anniversary of the date of award, instead of 50 per cent after two years and the remainder after three years as under the current vesting rules. The current vesting rules will continue to apply to RSS awards which are not Deferred Annual Performance Awards.

In conjunction with the proposed changes described above, shareholder approval is also being sought to amend the 'leaver' provisions of the RSS in relation to Deferred Annual Performance Awards. Where a participant is treated as an 'eligible leaver' it is proposed that Deferred Annual Performance Awards will vest in full in accordance with the original vesting schedule rather than at the time employment is terminated. During the remainder of the vesting period, a participant who holds a Deferred Annual Performance Award may be subject to non-compete and non-solicitation restrictions. On the death of a participant who holds a Deferred Annual Performance Award, his award would be transferred as soon as practicable to the participant's personal representatives.

Finally, shareholder approval is being sought to allow additional shares (or cash equivalent payments) to be transferred to participants to reflect dividends that would have been paid during the period between the grant and the vesting of awards made under the RSS. These amendments are proposed to bring the RSS into line with current best practice in the UK and with banking peers in the US and the rest of Europe as well as current ABI guidelines. However, dividend-equivalent shares or cash equivalent payments will only apply in relation to shares that actually vest.

A copy of the full rules of the RSS showing all the changes to the RSS are available for inspection, as noted on page 14 of this document.

Resolution 29: Waiver from strict compliance with the reporting and annual review requirements of the Hong Kong Listing Rules in respect of Ongoing Banking Transactions with Temasek associates that the Company has not been able to identify

Given Temasek's diversified portfolio of investments and the extent of the definition of 'associate' under the Hong Kong Listing Rules, we have been liaising directly with Temasek in order to ascertain which companies are Temasek 'associates' within the Hong Kong Listing Rule definitions. Based on the most recent information received (applying the current definition of 'associate' under the Hong Kong Listing Rules), we have identified in excess of 4,200 entities which are associates of Temasek.

Beyond the list of its own subsidiaries, Temasek itself does not as a matter of course maintain details on its more remote 'associates' within the Hong Kong Listing Rule definition since there is no legal or other requirement on it to do so. Therefore, as a practical matter, it has not been and will not be possible for us to identify every single Temasek associate, particularly those that are more distantly related to Temasek. In view of the difficulty of identifying all of the Temasek associates, we have been granted a Waiver by The Stock Exchange of Hong Kong Limited (conditional on Independent Shareholders' approval and for a period of three years ending 7 May 2013) from strict compliance with the reporting and annual review requirements of Chapter 14A of the Hong Kong Listing Rules in respect of the Ongoing Banking Transactions with associates of Temasek that the Company has not been able to identify, despite having applied all reasonable efforts to identify such associates. This is on the basis that the Company will endeavour to identify Temasek associates utilising the following sources:

- a list of associates provided by Temasek that, in respect of its subsidiaries, will be updated on a quarterly basis, and that, in respect of the other associates which it identifies, will be updated on an annual basis;
- the Company's own records of ownership of its clients that are maintained for credit control purposes; and
- information which the Company may otherwise have from its dealings with Temasek and its associates or its knowledge in the market.

Further, transactions with Temasek and its associates have been and will continue to be on normal commercial terms or on terms that are fair and reasonable and in the interests of the Group and the shareholders taken as a whole. This is assured by the following processes and requirements within the Group:

- client-facing staff are required to maximise profits and minimise risk at all times;
- credit risk controls and transaction monitoring by the Group are designed to prevent business being done at rates or prices that are not economically profitable to the Group, or, in the case of market transactions, that are effected at off-market rates;
- transactions with Temasek and its associates have been and will continue to be subject to the same credit approval processes as before the time they became connected persons of the Company;
- all transactions involving credit exposure are subject to limits on credit risk that are set by risk officers located in the businesses but with separate reporting lines to the Group Chief Risk Officer (who reports to a Group Executive Director). Significant exposures are reviewed and approved centrally through a Group or regional level Credit Committee. In addition, internal controls on credit exposure require, amongst other things, an annual review and approval of credit exposures to individual client groups such as Temasek or its associates. All risk officers and Credit Committees are accountable to the Group Chief Risk Officer and are governed by policies laid down by the Group Risk Committee; and
- any procurement services sought from Temasek or its associates will follow the standard procurement policy and processes, which are applied to assist the Group in identifying suppliers that offer the best value in terms of pricing, quality and expertise.

Consistent with the purpose of the connected transaction rules and in line with the Company's running of its business, there has been no favourable treatment afforded to Temasek or any of its associates since 3 May 2007 (when the Temasek waivers granted by The Stock Exchange of Hong Kong Limited were last approved by the Independent Shareholders) and transactions with Temasek and its associates have at all times been, and will continue to be, undertaken on normal commercial terms or on terms that are fair and reasonable and in the interests of the Group and the shareholders taken as a whole.

Further details of the Ongoing Banking Transactions are set out in the explanatory notes to Resolution 31.

Resolution 30: No fixed-term written agreement

Under Rule 14A.35(1) of the Hong Kong Listing Rules, any member of the Group would be required to enter into a fixed-term written agreement with Temasek or its associates (as the case may be) in relation to non-exempt continuing connected transactions, including any Ongoing Banking Transactions. This written agreement would be required to (a) be for a fixed period (not exceeding three years, except in special circumstances); (b) provide that normal commercial terms would apply to such transactions; and (c) set out how the payments to be made in respect of such transactions would be calculated. However, it would be unduly burdensome to require the Company to enter into a written agreement with Temasek and its associates given the extensive number of associates and also the fact that Temasek does not exercise management control over a large number of them and would not be able to undertake to procure compliance by its associates with the terms of any such written agreement. Notwithstanding the fact that there will be no fixed-term written agreement in place in accordance with Rule 14A.35(1), there will of course be a contract (which may be written, oral or through course of conduct) between the relevant member of the Group and the client/counterparty, being Temasek or one of its associates, governing the individual transactions.

Therefore, conditional on approval by the Independent Shareholders of the Company, The Stock Exchange of Hong Kong Limited has granted a Waiver from compliance with the requirement to enter into a fixed-term written agreement with Temasek and each of its associates in respect of the Ongoing Banking Transactions for a period of three years ending 7 May 2013. The Waiver was requested and granted on the basis that it is not practicable for the Company to enter into such agreements with Temasek given the vast number of Temasek associates and the fact that Temasek does not exercise management control over a large number of such associates.

The Company has assured The Stock Exchange of Hong Kong Limited that such transactions with Temasek and its associates will continue to be entered into on normal commercial terms or on terms that are fair and reasonable and in the interests of the Group and the shareholders taken as a whole.

Further details of the Ongoing Banking Transactions are set out in the explanatory notes to Resolution 31.

Resolution 31: Ongoing Banking Transactions

The Ongoing Banking Transactions constitute continuing connected transactions within the meaning of Chapter 14A of the Hong Kong Listing Rules. Set out below are details of such Ongoing Banking Transactions which may be entered into between members of the Group and Temasek or its associates in the ordinary and usual course of business and on normal commercial terms (and with reference to prevailing market rates) or in accordance with the practice commonly adopted in the market.

Data on Ongoing Banking Transactions between the Group and Temasek and its associates is provided below for the financial year ended 31 December 2009.

Resolution 31 seeks approval for the transactions contemplated under each of the Ongoing Banking Transactions for a period of three years from the date of the AGM i.e. until 7 May 2013 (which is consistent with the maximum fixed period for non-exempt continuing connected transactions under Rule 14A.35(1) of the Hong Kong Listing Rules), as well as approval for the Waiver (which, if Temasek remains a connected person of the Company, will need to be renewed every three years) from strict compliance with the requirement to set a maximum aggregate annual value or a 'cap' for each of these transactions with Temasek and its associates. As explained above in respect of Resolution 29, consistent with the purpose of the connected transaction rules and in line with the Company's running of its business, there will continue to be no favourable treatment afforded to Temasek or its associates and transactions with such persons will continue to be undertaken on normal commercial terms.

During the Relevant Period, there have not been any Physical Commodity Dealing Transactions, Secured Financial Assistance Transactions, Fund Management Services, Insurance Transactions, or standalone Sale and Purchase in connection with Asset Leasing Transactions, all as set out below, with Temasek or any of its associates. However, these types of transactions are in the ordinary and usual course of business of the Group and may become increasingly important to the Group in the near future. Accordingly, Independent Shareholder approval is being sought for these types of transactions which may also be undertaken with Temasek or its associates in future.

Each of the Ongoing Banking Transactions, including those referred to in the preceding paragraph, is or potentially will be carried out frequently, on a regular basis and where Temasek or any of its associates, as a client, will need or expect the transaction to be executed or the service to be provided quickly.

In respect of each of the Ongoing Banking Transactions described below, references to 'associates' of Temasek are to such associates of Temasek as the Company is able to identify using all reasonable efforts in the manner described in the explanatory notes to Resolution 29. Furthermore, information on volumes and values of transactions with Temasek and its associates in respect of Ongoing Banking Transactions during the Relevant Period (as applicable) includes all transactions during such period with any entity that was an associate of Temasek at any time during the period even if they have since ceased to be an associate of Temasek.

Foreign Exchange Transactions

Members of the Group enter into spot, forward and foreign exchange swap contracts with counterparties and clients, including Temasek and its associates, for the purpose of foreign exchange risk management and in response to customer-driven transactions.

The notional amount of the outstanding Foreign Exchange Transactions between the Group and Temasek and its associates as at 31 December 2009 was US\$14,482 million. In the Relevant Period, the Group entered into 32,695 Foreign Exchange Transactions with a total of 97 companies which are associates of Temasek (as well as Temasek itself).

Derivatives and Financial Markets Transactions

The Group enters into over-the-counter and on-exchange derivative transactions with clients and counterparties, including Temasek and its associates, which include swaps, forwards, options and combinations thereof on currencies, interest rates, commodities, credit risk, bonds, equities and any other classes of underlying prices, rates, indices or instruments. The Derivatives and Financial Markets Transactions are entered into for a variety of reasons, including to allow Temasek and its associates to hedge their exposure to an underlying asset class or for the purpose of taking a risk position in relation to that underlying asset class.

The notional amount of the outstanding Derivatives and Financial Markets Transactions between the Group and Temasek and its associates as at 31 December 2009 was US\$47,739 million. In the Relevant Period, the Group entered into 7,336 Derivatives and Financial Markets Transactions with a total of 53 companies which are associates of Temasek.

Capital Markets Dealing Transactions

As part of its ordinary and usual course of business, the Group enters into capital markets dealing transactions with clients and counterparties, including Temasek and its associates, which include (but are not limited to) sales, purchases and participations of securities, loans and other financial instruments issued by independent third parties or by a member of the Group or by Temasek or any of its associates. From the Group's perspective, the Capital Markets Dealing Transactions are secondary market transactions for trading purposes.

The value of the Capital Markets Dealing Transactions between the Group and Temasek and its associates in the Relevant Period was US\$32,486 million. In the Relevant Period, the Group entered into 3,939 Capital Markets Dealing Transactions with a total of 27 companies which are associates of Temasek.

Physical Commodity Dealing Transactions

In the ordinary and usual course of its business, members of the Group deal in physical commodities with clients and counterparties, which may include Temasek or any of its associates. Some of these transactions relate to financing transactions, such as inventory finance in which a member of the Group takes title to or a security interest in the relevant commodities, and have the benefit of the financial assistance exemptions in the Hong Kong Listing Rules. However, transactions entered into for hedging purposes in connection with commodity derivatives and some other transactions in physical commodities are not connected with a financing and are not, therefore, exempt under the Hong Kong Listing Rules.

Although the Group has not entered into any such transactions with Temasek or its associates during the Relevant Period, physical commodity dealing transactions are part of the ordinary and usual course of business of the Group. It is possible, therefore, that the Group may enter into such transactions with Temasek and any of its associates in the future and, accordingly, Physical Commodity Dealing Transactions have been included in the definition of Ongoing Banking Transactions for which Independent Shareholder approval is being sought.

Underwriting Transactions

In the ordinary and usual course of its business, members of the Group act as an underwriter on issues of equity securities by clients (which may include Temasek or any of its associates) and activities associated with the role of an underwriter including acting as a sponsor, bookrunner, global co-ordinator and stabilisation agent. These transactions would include underwriting issues of shares (including preference shares), convertible equity securities and warrants or similar rights to subscribe or purchase shares or convertible equity securities and may also include post-issue stabilisation activities. The underwriting would also involve the payment by the Temasek issuer to the Group of an underwriting or managing or structuring fee and, in the event that the issue of securities is not fully subscribed, may involve the relevant member of the Group acquiring a portion of the equity securities under the underwriting arrangements. Any such securities acquired will be held on the relevant member of the Group's underwriting or trading book but, in accordance with internal guidelines, will be sold on to an independent third party at the earliest opportunity.

The fee income in relation to the Underwriting Transactions provided to Temasek and its associates in the Relevant Period was US\$3.2 million. In addition, in the Relevant Period, the Group entered into two Underwriting Transactions with two companies which are associates of Temasek.

Financial Assistance Transactions by Non-Banking Subsidiaries

Under the Hong Kong Listing Rules, certain financial assistance transactions entered into by banking companies which are duly licensed or authorised under the Banking Ordinance or under appropriate overseas legislation or authority are exempt from the connected transaction requirements of the Hong Kong Listing Rules (Rule 14A.65). However, there may be circumstances where a Non-Banking Subsidiary provides financial assistance in the ordinary course of its business to Temasek or its associates. Accordingly, Independent Shareholder approval is also being sought (on the basis that the financial assistance exemptions under the Hong Kong Listing Rules are ordinarily not available to such companies) to allow the Non-Banking Subsidiaries to continue to enter into Financial Assistance Transactions with Temasek and its associates as part of their ordinary course of business.

The Financial Assistance Transactions with clients and counterparties, including Temasek and its associates, include granting credit, lending money, providing security for or guaranteeing a loan. The notional amount of the outstanding Financial Assistance Transactions between the Non-Banking Subsidiaries within the Group and Temasek and its associates in the Relevant Period was US\$297 million in relation to the transactions entered into in 2008. In addition, in the Relevant Period, no new Financial Assistance Transactions were entered into by Non-Banking Subsidiaries within the Group with Temasek or its associates.

Secured Financial Assistance Transactions

Under the Hong Kong Listing Rules, certain financial assistance transactions are exempt from the connected transaction requirements of the Hong Kong Listing Rules. However, there may be circumstances where a member of the Group is required to grant security, in the form of margin, collateral or similar arrangements in connection with financial assistance provided by Temasek or any of its associates, in the ordinary and usual course of its business and on normal commercial terms; for example, as part of repurchase, reverse repurchase or stock borrowing and lending transactions. In these circumstances, the financial assistance exemption under Rule 14A.65(4) is not available to the relevant member of the Group. Accordingly, Independent Shareholder approval is being sought to allow the Group to continue to enter into financial assistance transactions even where such margin, collateral or other security is required to be granted by the Group as part of its ordinary course of business. More information on such margin and collateral arrangements is set out below in the section headed 'Margin arrangements for OTC foreign exchange, derivatives, repo and stock lending transactions'.

Although the Group has not entered into any such transactions with Temasek or its associates during the Relevant Period, Secured Financial Assistance Transactions are part of the ordinary and usual course of business of the Group. It is possible, therefore, that the Group may enter into such transactions with Temasek and any of its associates in the future and, accordingly, Secured Financial Assistance Transactions have been included in the definition of Ongoing Banking Transactions for which Independent Shareholder approval is being sought.

Fund Management Services

The Group provides fund management services to clients and, in the future, may receive fund management services from third parties, which may include Temasek and its associates, including the provision of discretionary fund and asset management services. This would involve the payment by Temasek or any of its associates to the Group (and vice versa where Temasek or its associates is providing services to the Group) of fees and commission.

Although the Group has not entered into any such transactions with Temasek or its associates during the Relevant Period, fund management services are part of the ordinary and usual course of business of the Group. It is possible, therefore, that the Group may enter into such transactions with Temasek and any of its associates in the future and, accordingly, Fund Management Services have been included in the definition of Ongoing Banking Transactions for which Independent Shareholder approval is being sought.

Securities Services

The Group provides securities services to clients including Temasek and its associates, which include the provision of custody, escrow agency, receiving bank, trustee, transfer agency, paying agency and funds administration and ancillary services, clearing and settlement services and facilities for custody clients to lend their securities.

The fee income in relation to the Securities Services provided to 18 companies which are associates of Temasek in the Relevant Period was US\$3.2 million.

Cash Management Services

The Group provides cash management services to clients including Temasek and its associates, which include account services (payments and collections) to enable clients to operate their current, savings and other accounts, liquidity management services (including allowing clients to optimise interest earned from credit balances and to minimise interest charged on debit balances across a number of the client's accounts by transferring balances at the end of each day to a single master account ('sweeping') or by notionally aggregating the balances ('pooling') for the purpose of calculating the interest on the net balance of the client) and clearing services.

The gross revenue from Cash Management Services provided to 137 companies which are associates of Temasek in the Relevant Period was US\$1.7 million.

Trade Services

The Group offers a wide range of trade finance products to clients including Temasek and its associates involving lending or other extensions of credit, including issuing, confirming, negotiating and discounting letters of credit; availing, negotiating and discounting trade bills; import finance; export and pre-export finance; shipping guarantees; performance and financial guarantees and letters of indemnity. However, the Group also participates in some transactions and provides some services that do not involve credit exposure, including export bills collection, advising of letters of credit, document preparation, processing and checking services, safekeeping of documents and risk participation. These non-credit services are generally provided to the same clients that use the Group's credit products, which includes Temasek and its associates, and are often provided as part of an overall banking package.

The gross revenue from non-credit Trade Services provided to Temasek and its associates in the Relevant Period was US\$0.3 million. Trade Services were provided to 34 companies which are associates of Temasek during that period.

Advisory and Arranging Services

The Group provides advisory and arranging services, in particular corporate finance and asset advisory and arranging services, arranging and advising on loans from third party lenders and public and private placements of securities (where the Group does not participate as lender, underwriter or subscriber) to clients including Temasek and its associates.

The fee income from the Advisory and Arranging Services provided to six companies which are associates of Temasek in the Relevant Period was US\$0.3 million.

Brokerage Services

In the ordinary and usual course of its dealing businesses, members of the Group use brokerage services from brokers, and also provide brokerage services to clients, which may, in both cases, include associates of Temasek.

The fee income in relation to the Brokerage Services provided to Temasek and its associates in the Relevant Period was less than US\$0.1 million and the fee paid to Temasek and its associates was less than US\$0.1 million. The Group provided Brokerage Services to one company which is an associate of Temasek and used Brokerage Services from one company which is an associate of Temasek during that period.

Insurance Transactions

In the ordinary and usual course of its business, members of the Group purchase insurance cover against credit, political and event risks, which may include insurance cover from Temasek or its associates.

Although the Group has not entered into any such transactions with Temasek or its associates during the Relevant Period, Insurance Transactions are part of the ordinary and usual course of business of the Group. It is possible, therefore, that the Group may enter into such transactions with Temasek and any of its associates in the future and, accordingly, Insurance Transactions have been included in the definition of Ongoing Banking Transactions for which Independent Shareholder approval is being sought.

Sale and Purchase in connection with Asset Leasing Transactions

In its asset leasing business members of the Group enter into arrangements with clients including Temasek and its associates involving the purchase of assets for the purposes of leasing. As part of the lease arrangement or if the lease has expired or terminated, there may also be a sale of the asset to a client including Temasek and its associates.

Although the Group has not entered into any such standalone transactions with clients including Temasek and its associates during the Relevant Period, Sale and Purchase in connection with Asset Leasing Transactions are part of the ordinary and usual course of business of the Group. It is possible, therefore, that the Group may enter into such transactions with Temasek and any of its associates in the future and, accordingly, Sale and Purchase in connection with Asset Leasing Transactions have been included in the definition of Ongoing Banking Transactions for which Independent Shareholder approval is being sought.

Islamic Ongoing Banking Transactions

Like conventional banking transactions, certain Islamic Ongoing Banking Transactions are exempt from the connected transaction requirements of the Hong Kong Listing Rules if they fall within the definition of 'financial assistance'. Accordingly, Independent Shareholder approval is being sought for any Islamic Ongoing Banking Transactions which are variations of the conventional Ongoing Banking Transactions outlined above and which may not be exempt under the Hong Kong Listing Rules. Islamic variations are treated exactly as the corresponding Ongoing Banking Transactions and classified under the respective Ongoing Banking Transactions category above.

Margin arrangements for OTC foreign exchange, derivatives, repo and stock lending transactions

The Group, in line with most international banks, uses the ISDA Master Agreement to govern most of its 'over-the-counter' or 'OTC' transactions in foreign exchange and derivatives, the Global Master Repurchase Agreement to govern most of its repurchase and reverse repurchase transactions and the Securities Lending Agreement to govern most of its stock borrowing and lending transactions. These master agreements are bilateral agreements designed to govern a course of dealing in a wide range of OTC transactions, and one of their primary purposes is to reduce the credit exposure inherent in the underlying transactions by providing for the netting of the close out values of transactions in the event of a default or failure of one of the parties.

In order to reduce credit exposure further, banks will often include in their master agreements a Credit Support Annex (CSA) unless the master agreement itself already provides for the parties to post collateral with each other. The collateral would normally be in the form of cash or securities, in order to reduce the credit exposure of one party to the other represented by the net mark-to-market value of transactions between them at any given time. The obligation to post collateral is usually mutual and the amount of collateral posted will vary over time with changes in the net mark-to-market value of transactions outstanding.

Collateral arrangements through master agreements or CSAs are a very common feature, and inherent part, of the overall transactions between banks and between banks and corporates.

From time to time, the Group may have collateral arrangements in place with a number of Temasek associates as well as Temasek itself. The transactions with Temasek and its associates that are governed by a master agreement and CSA will either constitute 'financial assistance' provided by the Group to Temasek or its associates, which may be exempt under Rules 14A.65 to 14A.66 of the Hong Kong Listing Rules, or will be subject to Independent Shareholder approval as Ongoing Banking Transactions.

Therefore, Resolution 31 also seeks approval for such margin, collateral and other similar arrangements in connection with the Ongoing Banking Transactions with Temasek and its associates for a period of three years from the date of the AGM i.e. until 7 May 2013 (which is consistent with the maximum fixed period for non-exempt continuing connected transactions under Rule 14A.35(1) of the Hong Kong Listing Rules).

Annual cap

Pursuant to the Hong Kong Listing Rules, the Company is required to set a maximum aggregate annual value or a 'cap' for each of the Ongoing Banking Transactions with Temasek and its associates. However, The Stock Exchange of Hong Kong Limited has granted a Waiver (conditional on Independent Shareholder approval, which will need to be renewed every three years if Temasek remains a connected person of the Company) from strict compliance with this requirement on the basis of (but not limited to) the following:

- (a) since each of the Ongoing Banking Transactions is entered into in the ordinary and usual course of business of the Group, the volume and aggregate value of each of these transactions varies from time to time and from year to year depending on a number of factors including (but not limited to) which companies constitute associates of Temasek, the range of banking products and services offered by the Group, and fluctuations in financial markets and economic conditions. In addition, given the volume and size of each of these transactions, it would be difficult and impracticable to estimate and set a maximum aggregate annual value for each of the transactions. Furthermore, references to previous figures for each of these transactions may not be a fair indication as to the expected value of the transactions for the next three years;
- (b) in respect of some of the Ongoing Banking Transactions, such as Foreign Exchange Transactions, Derivatives and Financial Markets Transactions, Capital Markets Dealing Transactions and certain Secured Financial Assistance Transactions, these are generally entered into in response to customer demand, are sensitive to market rates and require execution in a very short timeframe. If the relevant transactions were to exceed the maximum aggregate annual value, the obligation to seek Independent Shareholder approval in accordance with Chapter 14A of the Hong Kong Listing Rules would cause significant delay to such transactions and, as such, the Group would not be able to provide a responsive service to Temasek and its associates. This would, in turn, significantly limit the existing operations and potential business growth of the Group to the detriment of the Company and its shareholders as a whole; and
- (c) all of the Ongoing Banking Transactions with Temasek and its associates are, and will continue to be, entered into on an arm's length basis or on terms that are fair and reasonable and in the interests of the Group and the shareholders taken as a whole.

Resolution 31 also seeks approval of the Waiver that no maximum aggregate annual value or 'cap' be imposed on the Ongoing Banking Transactions in respect of such transactions for the three-year period ending 7 May 2013.

The Board recommends all shareholders vote in favour of resolutions 1 to 28, and all Independent Shareholders vote in favour of resolutions 29 to 31, as the directors intend to do in respect of their own shares (with the exception of resolution 19 (see below)) and consider that the resolutions are in the best interests of the Company and shareholders as a whole. In accordance with Rule 7.19(6) of the Hong Kong Listing Rules, the executive directors and their respective associates will abstain from voting in favour of resolution 19 for the reasons set out on page 21 of this document.

Appendices

Appendix 1

General information

A. Responsibility statement

This document includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company and the continuing connected transactions discussed above. The directors, whose names appear on page 5 of this document, collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

B. Information on the Company and Temasek

The Company

The Company, listed on both London and Hong Kong stock exchanges, ranks among the top 20 companies in the FTSE-100 by market capitalisation. The London-headquartered Group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. The Group has produced seven years of record income and profit, primarily as a result of organic growth.

Standard Chartered aspires to be the best international bank for its customers across its markets. The Group earns around 90 per cent of its income and profits in Asia, Africa and the Middle East, from its Wholesale and Consumer Banking businesses. The Group has 1,700 branches and outlets located in 70 countries. The extraordinary growth of its markets and businesses creates exciting and challenging international career opportunities.

Leading by example to be the right partner for its stakeholders, the Group is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. It employs around 75,000 people, nearly half of whom are women. The Group's employees are of 125 nationalities, of which about 70 are represented in the senior management.

Temasek

Temasek is an investment company headquartered in Singapore with a portfolio of investments that is concentrated principally in Singapore, Asia and the OECD economies. Temasek manages a diversified portfolio of S\$172 billion as at 31 July 2009 spanning various industries including telecommunications and media, financial services, real estate, transportation and logistics, energy and resources, infrastructure, industrial and engineering and technology, and consumer and lifestyle. The number of subsidiaries of Temasek is in excess of 1,400 companies (which include Temasek wholly-owned investment vehicles, subsidiaries in Temasek's portfolio and their subsidiaries). Companies in Temasek's portfolio are managed by their respective management, and guided and supervised by their respective boards. Temasek does not direct the commercial or operational decisions of its portfolio companies. Temasek is wholly-owned by the Singapore Government through the Minister for Finance (Incorporated).

C. Disclosure of interests

The Company and its directors, chief executives and shareholders have been granted a partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) ('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 Stock Exchange of Hong Kong Limited any disclosure of interests made in the UK. In addition, the Company has adopted a code of conduct regarding securities transactions by directors in accordance with the UK and Hong Kong Listing Rules. The interests of the directors, substantial and major shareholders in the share capital of the Company are set out on page 15.

D. Material adverse change

As at 19 March 2010, the latest practicable date prior to the publication of this document, the directors are not aware of any material adverse change in the financial or trading position of the Group's latest published audited accounts of 31 December 2009.

E. Contracts of employment

All of the Group executive directors are entitled to receive and required to give 12 months' notice. The contracts contain payment in lieu of notice (PILON) provisions which can be exercised at the Group's discretion. The PILON would comprise an amount equal to 12 months' base salary, pension contributions/entitlement and certain benefits and allowances (such as life assurance and car allowance). The amount of any bonus payable as part of the PILON is determined taking into consideration individual and Group performance.

The Chairman has a contract of employment with a notice period of one year, the independent non-executive directors do not have contracts of employment.

F. Directors' competing interests

None of the directors or their respective associates had, as at 19 March 2010, the latest practicable date prior to the publication of this document, any interest in a business which competes, or is likely to compete, either directly or indirectly, with the business of the Company and its subsidiaries as required to be disclosed pursuant to the Hong Kong Listing Rules. In addition, there are no contracts or arrangements subsisting, as at 19 March 2010, the latest practicable date prior to the publication of this document, in which a director is materially interested and which are significant in relation to the business of the Group.

G. Directors' interests in assets

None of the directors had, as at 19 March 2010, the latest practicable date prior to the publication of this document, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2009 or are proposed to be acquired or disposed of by or leased to any member of the Group.

H. Expert's qualification and consent

The following is the qualification of the Independent Financial Adviser whose advice or opinion is contained in this document:

Name	Qualification
KBC Bank N.V. Hong Kong Branch	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and a registered institution registered for type 6 (advising on corporate finance) regulated activities under the SFO .

As at 19 March 2010, the latest practicable date prior to the publication of this document, KBC Bank N.V. Hong Kong Branch does not hold, directly or indirectly, in aggregate a greater than five per cent shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, as at 19 March 2010, KBC Bank N.V. Hong Kong Branch did not have any interest in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2009 or are proposed to be acquired or disposed of by or leased to any member of the Group.

KBC Bank N.V. Hong Kong Branch has given and has not withdrawn its written consent to the issue of this document with the inclusion of its letter dated 26 March 2010 addressed to the Independent Board Committee and the Independent Shareholders of the Company and all references to its name (including its qualification) in the form and context in which it appears.

I. General

- (i) The Secretary of the Company is Annemarie Durbin, a barrister and solicitor of the High Court of New Zealand as well as a solicitor of the Supreme Court of England and Wales.
- (ii) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) Chinese Translation

If you would like a Chinese version of this document please contact: Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

年報之中文譯本可向香港中央證券登記有限公司索取，地址：香港皇后大道東**183**號合和中心**17M**樓。

- (iv) In the event of any inconsistency between the English text and the Chinese text of this document, the English version shall prevail.

26 March 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sirs

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Temasek related resolutions (i.e. resolutions numbered 29, 30 and 31) (the 'Resolutions') to be proposed at the AGM details of which are set out in the notice of the AGM dated 26 March 2010 (the 'AGM Notice'), of which this letter forms part. Terms defined in the AGM Notice shall have the same meanings when used in this letter unless otherwise stated or the context requires otherwise.

By virtue of the Temasek holding of approximately 18.38 per cent in the Company and the 20 per cent stake held by two of its associates in three subsidiaries of the Company, Temasek, together with its associates, are related parties and connected persons of the Company for the purposes of the related party rules under the UK Listing Rules and the connected transaction rules under the Hong Kong Listing Rules, respectively. In this connection, where any member of the Group enters into a transaction with Temasek and/or its associates, such transaction may constitute a connected transaction of the Company and, depending on the size or nature of the transaction, may be subject to the reporting, announcement and independent shareholders' approval requirements under these Rules.

Since Temasek became a substantial Shareholder, the Group has set up systems and procedures to capture data on transactions with Temasek and its associates for compliance with Chapter 14A (connected transaction rules) of the Hong Kong Listing Rules. However, due to the nature and size of Temasek's investment portfolio, the Company has found it impractical or onerous to fully comply with the relevant Hong Kong Listing Rules and strict compliance with some of the requirements under Chapter 14A of the Hong Kong Listing Rules might potentially hinder the Group's usual and ordinary banking businesses. As such, the Company had applied to and the Hong Kong Stock Exchange had granted the Company waivers (the 'Previous Waivers') from strict compliance with the Hong Kong Listing Rules (subject to the then Independent Shareholders' approval) relating to (i) the relevant reporting and annual review requirements in respect of 14 types of ongoing banking transactions with associates of Temasek that the Company were not able to identify and (ii) the written agreement and the annual caps requirements under Rule 14A.35 of the Hong Kong Listing Rules in respect of the said 14 types of ongoing banking transactions. The Previous Waivers had a term of three years up to 3 May 2010 and were all approved by the then Independent Shareholders at the Company's Annual General Meeting held on 3 May 2007. In view of the forthcoming expiry of the Previous Waivers, the Company has applied to and the Hong Kong Stock Exchange has granted the Waivers (which are of similar nature to the Previous Waivers) until 7 May 2013. The Company is seeking the Independent Shareholders' approval on the Waivers.

The Independent Board Committee, comprising Mr R H P Markham, Mr R Delbridge, Mr J F T Dundas, Ms R Markland and Mr J G H Paynter all being independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Resolutions. We, KBC Bank N.V. Hong Kong Branch, have been appointed as the Independent Financial Adviser to (i) advise the Independent Board Committee and the Independent Shareholders on the Resolutions as to whether the arrangements proposed under the Resolutions are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole; (ii) advise the Independent Shareholders as to how to vote on the Resolutions to be proposed at the AGM; and (iii) give our opinion in relation to the Resolutions for the Independent Board Committee's consideration in making its recommendation to the Independent Shareholders as to how to vote on the Resolutions.

In formulating our recommendation, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things, (i) the Company's notice of AGM dated 26 March, 2007; (ii) the AGM Notice; (iii) the Consultation Paper on Proposed Changes to the Connected Transaction Rules (the 'Consultation Paper') published by the

Hong Kong Stock Exchange in October 2009 and (iv) the annual report and the interim report of the Company for the year ended 31 December 2008 and the six months ended 30 June 2009 (the 'Annual Report' and the 'Interim Report'), respectively. We have assumed that all information, opinions and representations contained or referred to in the AGM Notice are true and accurate in all material respects at the time they were made and continue to be so at the date of despatch of the AGM Notice and we have relied on the same. Also, we have relied on the representations of the Company that having made all due enquiries and careful consideration, and to the best of their knowledge and belief, there is no other fact not contained in the AGM Notice, the omission of which would make any statement contained in the AGM Notice, including this letter, misleading.

We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide us with a reasonable basis for our recommendation. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances which would render the information supplied by the Company, and the representations made to us, untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company, nor have we conducted any independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent advice to the Independent Board Committee and the Independent Shareholders in relation to the Resolutions, we have taken into account the following principal factors:

1. Background of the Parties

The Company

The Company, listed on both London and Hong Kong stock exchanges, ranks among the top 20 companies in the FTSE-100 by market capitalisation. The London-headquartered Group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. The Group has produced seven years of record income and profit, primarily as a result of organic growth.

Standard Chartered aspires to be the best international bank for its customers across its markets. The Group earns around 90 per cent of its income and profits in Asia, Africa and the Middle East, from its Wholesale and Consumer Banking businesses. The Group has 1,700 branches and outlets located in 70 countries. The extraordinary growth of its markets and businesses creates exciting and challenging international career opportunities.

Leading by example to be the right partner for its stakeholders, the Group is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. It employs around 75,000 people, nearly half of whom are women. The Group's employees are of 125 nationalities, of which about 70 are represented in the senior management.

Temasek

Temasek is an investment company headquartered in Singapore with a portfolio of investments that is concentrated principally in Singapore, Asia and the Organisation for Economic Co-operation and Development economies. Temasek manages a diversified portfolio of S\$172 billion as at 31 July 2009 spanning various industries including telecommunications and media, financial services, real estate, transportation and logistics, energy and resources, infrastructure, industrial and engineering and technology, and consumer and lifestyle. The number of subsidiaries of Temasek is in excess of 1,400 companies (which include Temasek wholly-owned investment vehicles, subsidiaries in Temasek's portfolio and their subsidiaries). Companies in Temasek's portfolio are managed by their respective management, and guided and supervised by their respective boards. Temasek does not direct the commercial or operational decisions of its portfolio companies. Temasek is wholly-owned by the Singapore Government through the Minister for Finance (Incorporated).

Since both the Group and Temasek have placed strong focus in Asia and other emerging countries, the Group has banking operations in many of the countries in which Temasek and its associates operate. As such, it is not unusual that the Group has entered into a large number of banking and other financial services transactions with Temasek in the past years in its ordinary and usual course of business. Set out below is a summary of the transactions entered into between the Company and Temasek and its associates for each of the two years ended 31 December 2007 and 2008:

	Aggregate notional value/principal amounts during the year		Total number of transactions during the year		Total number of Temasek associates with whom transactions were entered	
	<i>US\$ Million</i>					
	2007	2008	2007	2008	2007	2008
Foreign exchange	145,160	323,940	17,157	29,147	83	89
Derivatives and financial markets	66,734	94,402	5,294	6,848	29	39
Capital markets dealing	1,665	8,403	832	2,177	12	7
Physical commodity dealing	18	–	8	–	2	–
Financial assistance by non-banking subsidiaries	16	378	1	5	1	1
Total	<u>213,593</u>	<u>427,123</u>	<u>23,292</u>	<u>38,177</u>	<u>127</u>	<u>136</u>

	Gross fee revenue to the Group		Total number of Temasek associates with whom transactions were entered	
	<i>US\$ Million</i>			
	2007	2008	2007	2008
Securities services	4.0	3.4	18	16
Cash management services	0.7	0.5	111	120
Trade services	2.9	3.2	74	67
Advisory and arranging services	1.5	37.9	10	12
Total	<u>9.1</u>	<u>45.0</u>	<u>213</u>	<u>215</u>

Source: the Annual Report

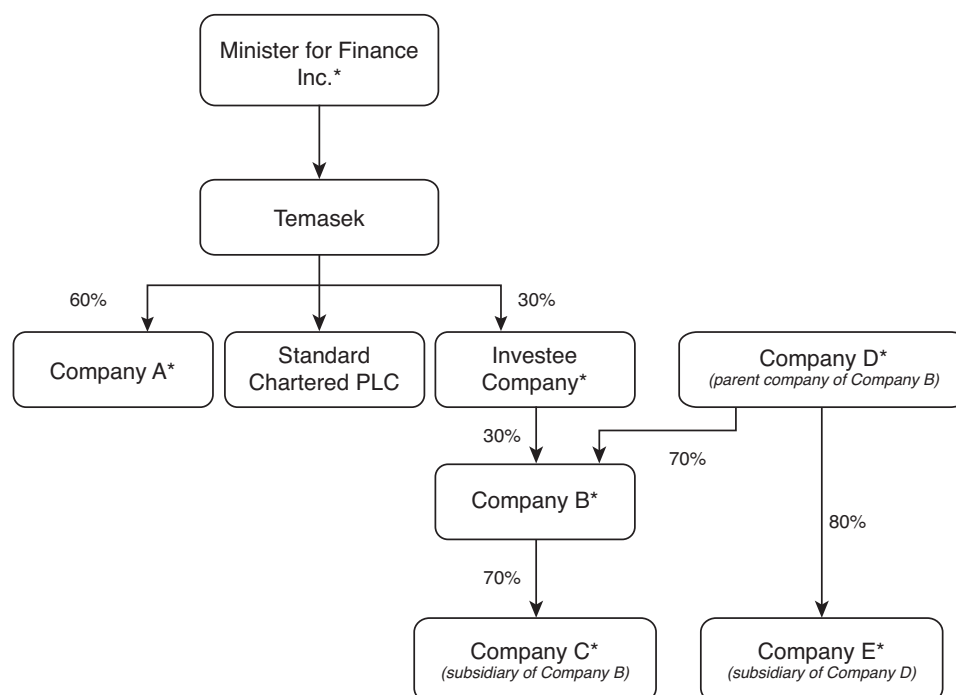
Under the Previous Waivers, there has been significant growth in the number of transactions conducted with Temasek and its associates and the corresponding monetary value during the two years ended 31 December 2007 and 2008. As stated in the AGM Notice, the Group intends to continue to enter into banking and other financial services transactions with Temasek and its associates in the future and such transactions have been, and would continue to be, on normal commercial terms and on terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. In addition, the Company believes that strict compliance with the Hong Kong Listing Rules in respect of certain transactions with Temasek and its associates would be impractical and unduly onerous and would, in fact, be to the detriment of the Company and the Shareholders as a whole by restricting the Group's business. Accordingly, the Company is seeking the approval of the Independent Shareholders on the Waivers which have been granted by the Hong Kong Stock Exchange conditional upon the Independent Shareholders' approval under the Resolutions to exempt the Group from strict compliance with certain requirements under the Hong Kong Listing Rules.

2. The Resolutions

Resolution 29 – Waiver from strict compliance with the reporting and annual review requirements of the Hong Kong Listing Rules in respect of the Ongoing Banking Transactions with Temasek associates that the Company has not been able to identify

Under Chapter 14A of the Hong Kong Listing Rules, an associate of a substantial shareholder of a listed company is considered to be a connected person of that listed company. Accordingly, the entering into of any transactions between any members of the Group and Temasek and its associates will constitute connected/continuing connected transactions under

the Hong Kong Listing Rules. The definition of ‘associate’ covers a wide range of companies, including Temasek’s holding company, subsidiary companies and 30 per cent investee companies and subsidiaries, holding companies, fellow subsidiaries of such holding companies and 30 per cent investee companies of such 30 per cent investee companies. For illustration purpose, the following diagram sets out the various types of companies which fall within the definition of ‘associate’ of Temasek:



*: all being the “associates” of Temasek under the definition of the Hong Kong Listing Rules

As disclosed in the AGM Notice, as at 19 March 2010, the latest practicable date prior to the publication of this document, the Company has identified in excess of 4,200 entities which are considered associates of Temasek, but this may not include all of those remote associates of Temasek which also fall within the definition of ‘associates’ under the Hong Kong Listing Rules such as (i) the holding companies of an investee company of Temasek (an investee company in this context refers to the company in the equity capital of which Temasek is directly or indirectly interested so as to exercise or control the exercise of 30 per cent or more of the voting power at the general meeting of such investee company and such said investee company is not a subsidiary of Temasek); (ii) a fellow subsidiary of the holding company as described in (i) above; (iii) a company in the equity capital of which the investee company (as described in (i) above) of Temasek is directly or indirectly interested so as to exercise or control the exercise of 30 per cent or more of the voting power at general meeting of such company and such said company is not a subsidiary of the investee company; and (iv) a subsidiary or holding company of the Company as described in (iii) above or a fellow subsidiary of such said holding company. In consideration of the extensive coverage of definition of ‘associates’ under the Hong Kong Listing Rules and the impracticality of the Company to strictly comply with the relevant Hong Kong Listing Rules, the Company has applied for and the Hong Kong Stock Exchange has granted a waiver to modify the definition of ‘associates’ in respect of Temasek to carve out the entities as described in (i) to (iv) above.

However, even with the benefit of the ‘modified’ definition of the associates of Temasek that would carve out a large number of remote ‘associates’ of Temasek and lessen the Company’s burden in identifying many of the remote associates of Temasek, the facts that (i) Temasek, including its associates which are managed by their respective management teams and guided by their respective boards of directors and operate independently of one another, will, in their ordinary course of business, increase, consolidate or divest their shareholdings in investee companies from time to time; and (ii) Temasek, being an investor and not involving itself in the daily commercial or operational decisions of its investee companies, does not naturally maintain details on its more remote ‘associates’ within the ‘modified’ definition of associates under the Hong Kong Listing Rules (and there are no legal or other requirements for Temasek to do so) beyond the list of its own subsidiaries, still render it impractical for the Company to identify every single associate of Temasek. Accordingly, the Company has applied for and the Hong Kong Stock Exchange has, on the basis that the Company will endeavour to identify Temasek’s associates

utilising the following sources and conditional upon approval by the Independent Shareholders, granted the waiver from strict compliance with the reporting and annual review requirements of Chapter 14A of the Hong Kong Listing Rules (for a term of three years until 7 May 2013) in respect of the Ongoing Banking Transactions with the associates of Temasek that the Company has not been able to identify despite having applied all reasonable efforts to identify such associates including:

- (a) from a list of associates provided by Temasek which, in respect of its subsidiaries, will be updated on a quarterly basis, and which, in respect of the other associates which it identifies, will be updated on an annual basis;
- (b) from the Group's own records of ownership of its clients which are maintained for credit control purposes; and
- (c) from information which the Group may otherwise have from its dealings with Temasek and its associates or its knowledge in the market.

We have reviewed the Group's internal guidelines and systems (the 'Internal Guidelines') and noted that the Group has procedures in place to monitor the Ongoing Banking Transactions (including the Foreign Exchange Transactions, the Derivatives and Financial Markets Transactions, the Capital Markets Dealing Transactions, the Physical Commodity Dealing Transactions, the Underwriting Transactions, the Financial Assistance Transactions by Non-Banking Subsidiaries, the Secured Financial Assistance Transactions, the Fund Management Services transactions, the Securities Services transactions, the Cash Management Services transactions, the Trade Services transactions, the Advisory and Arranging Services transactions, the Brokerage Services Transactions, the Insurance Transactions, the Sale and Purchase in connection with Asset Leasing Transactions, the Islamic Ongoing Banking Transactions as well as the underlying margin, collateral and other similar arrangements in connection with the Ongoing Banking Transactions (including over-the-counter foreign exchange, derivatives, repo, and stock lending transactions)) entered into with Temasek and its associates to ensure that they are on normal commercial terms, irrespective of whether the transactions are or will be entered into with Temasek and its associates or independent third parties, and the terms of all Ongoing Banking Transactions with Temasek and its associates will be generally not more favourable than those offered to independent third parties, including:

- (a) client-facing staff are required to maximise profits and minimise risk at all times;
- (b) credit risk controls and transaction monitoring by the Group are designed to prevent business being done at rates or prices that are not economically profitable to the Group, or, in the case of market transactions, that are effected at off-market rates;
- (c) transactions with Temasek and its associates have been and will continue to be subject to the same credit approval processes as before the time they became connected persons of the Company;
- (d) all transactions involving credit exposure are subject to limits on credit risk that are set by risk officers located in the businesses but with separate reporting lines to the Group Chief Risk Officer (who reports to the Group Executive Director for Risk). Significant exposures are reviewed and approved centrally through a Group or regional level credit committee. In addition, internal controls on credit exposure require, amongst other things, an annual review and approval of credit exposures to individual client groups such as Temasek and its associates. All risk officers and credit committees are accountable to the Group Chief Risk Officer and are governed by policies laid down by the Group Risk Committee; and
- (e) any procurement services sought from Temasek and its associates will follow the standard procurement policy and processes, which are applied to assist the Group in identifying suppliers which offer the best value in terms of pricing, quality and expertise.

In addition, we also noted that the Company's auditors have performed certain agreed-upon procedures on the Ongoing Banking Transactions during the two years ended 31 December 2008 and confirmed that the samples of Ongoing Banking Transactions as selected were entered into in accordance with the Group's pricing policies and procedures.

Given the above, particularly (i) the procedures imposed for the Company to endeavor to identify the associates of Temasek; and (ii) the Internal Guidelines in place to monitor the procedures for entering into the Ongoing Banking Transactions to ensure that they are on normal commercial terms, irrespective of whether the transactions are or will be entered into with Temasek and its associates or independent third parties, we are of the view that it is in the interests of the Company and the Independent Shareholders as a whole to endorse the grant of the waiver from strict compliance with the reporting and annual review requirements of the Hong Kong Listing Rules in respect of the Ongoing Banking Transactions with Temasek's associates that the Company has not been able to identify and to vote in favour of Resolution 29.

Resolution 30 – No fixed term written agreement:

Waiver from strict compliance with the written agreement requirement of the Hong Kong Listing Rules in respect of the Ongoing Banking Transactions with Temasek and its associates

Pursuant to Chapter 14A of the Hong Kong Listing Rules, all members of a listed issuer are required to enter into fixed-term written agreements with its connected persons and their respective associates (as the case may be) in relation to any non-exempt continuing connected transactions, including any Ongoing Banking Transaction in the case of the Company. The written agreements are required to (i) cover a fixed period of not more than 3 years (except in special circumstances); (ii) reflect normal commercial terms; and (iii) set out how the bases of the payments to be made in respect of such transactions are calculated. Strict compliance with this requirement would mean that the Group would have to enter into fixed-term written agreements in respect of any non-exempt Ongoing Banking Transactions with Temasek and its associates.

The corporate strategy of the Company is to focus on building close ‘core bank’ relationships with its clients (including Temasek and its associates), which would inevitably involve the provision of a broad range of value-added banking services to them on a continuing or recurring basis over a long period of time. In view of (i) the vast number of companies which constitute associates of Temasek; (ii) the fact that Temasek does not exercise management control over a large number of its associates and thus Temasek would not be able to undertake to procure compliance by its associates with the terms of any such written agreements; and (iii) the nature and terms of the Ongoing Banking Transactions, which may vary from time to time, from clients to clients (including Temasek’s associates) and from transactions to transactions (even if they are under the same categories), particularly the Foreign Exchange Transactions, the Derivative and Financial Marketing Transactions, the Underwriting Transactions and the Advisory and Arranging Services transactions, having fixed term written agreements would not be suitable to accommodate the various banking needs of the Company’s customers (including Temasek and its associates), we concur with the management of the Company that it would not be practicable to require the Group to enter into fixed term written agreements with Temasek and its associates in respect of the Ongoing Banking Transactions.

As set out in the AGM Notice, the Hong Kong Stock Exchange has granted a waiver, conditional upon approval by the Independent Shareholders, from compliance with the requirements to enter into fixed-term written agreements with Temasek and each of its associates in respect of the Ongoing Banking Transactions for a period of three years ending 7 May 2013.

Having considered the above, particularly that Temasek does not exercise management control over many of its associates, we are of the view that it would be impractical and unduly burdensome to require the Group to enter into written agreements with Temasek and its associates in respect of the Ongoing Banking Transactions and that it is in the interests of the Company and the Shareholders as a whole to endorse the grant of the waiver from the strict compliance requirement to enter into fixed-term written agreements with Temasek and its associates and to vote in favour of Resolution 30.

Resolution 31 – Ongoing Banking Transactions:

Ongoing Banking Transactions with Temasek and its associates and Waiver from strict compliance with the setting of annual caps requirement under the Hong Kong Listing Rules on the Ongoing Banking Transactions with Temasek and its associates

The Group has entered into, and is expected to continue to enter into or may in the future enter into, the Ongoing Banking Transactions with Temasek and its associates during the ordinary and usual course of its business. Under Chapter 14A of the Hong Kong Listing Rules, the Group is required to set a maximum aggregate annual value (the ‘Annual Cap(s)’) for each of the transactions contemplated under the Ongoing Banking Transactions with Temasek and its associates and obtain the Independent Shareholders’ approval in respect of the Annual Caps.

As advised by the management of the Company, it is impracticable for the Company to determine the Annual Caps on the Ongoing Banking Transactions as the volume and aggregate value of each of these transactions required by the associates of Temasek from time to time and from year to year are uncertain and unknown to the Group and depend on a number of factors, including (but not limited to) which companies constitute associates of Temasek, the range of banking products and services offered by the Group and fluctuations in the wide range of industries of which Temasek and its associates operate, and financial market and economic conditions. In this connection, we concur with the management of the Company that it is impracticable to estimate and set the Annual Cap for each type of the Ongoing Banking Transactions with Temasek and its associates.

In addition to the impracticality encountered by the Group in setting the Annual Caps, imposing caps on any of these Ongoing Banking Transactions would also, given the vast number of Temasek's associates, place an onerous administrative burden on the Group and seriously impede the Group's business with Temasek and its associates, for instance, the Foreign Exchange Transactions, the Derivatives and Financial Markets Transactions and the Capital Markets Dealing Transactions (i) are generally entered into in response to customer demand; (ii) are sensitive to market rates; and (iii) require execution in a very short time frame. In the event that the relevant transactions were to exceed the Annual Caps, the obligation to seek Independent Shareholders' approval to revise the Annual Caps in accordance with the Hong Kong Listing Rules would cause delay to such transactions and would, in turn, significantly limit the existing operations and potential business growth of the Group to the detriment of the Company and the Shareholders as a whole.

As set out in the AGM Notice, the Hong Kong Stock Exchange has granted a waiver, conditional on the approval by the Independent Shareholders, to the Company from strict compliance with the requirement under Rule 14A.35 (2) of the Hong Kong Listing Rules to set the Annual Caps for each type of the Ongoing Banking Transactions with Temasek and its associates for a period of three years until 7 May 2013.

Given the above, we are of the view that it is in the interests of the Company and the Shareholders as a whole to endorse the grant of the waiver from strict compliance with the annual caps requirement under the Hong Kong Listing Rules in respect of the Ongoing Banking Transactions with Temasek and its associates.

In assessing whether the Ongoing Banking Transactions entered into between the Group with Temasek and its associates are conducted in the ordinary and usual course of the business of the Group and on normal commercial terms, we have (i) discussed with the management of the Company about the normal execution procedures and compliance policies in relation to the Ongoing Banking Transactions; (ii) reviewed the Internal Guidelines for monitoring the procedures for entering into the Ongoing Banking Transactions with Temasek and its associates to ensure that they are on normal commercial terms, irrespective of whether the transactions are or will be entered into with Temasek and its associates or independent third parties; (iii) reviewed the terms of certain Ongoing Banking Transactions under each category (the 'Samples') entered into between the Group and Temasek and its associates during the three years ended 31 December 2009 (the 'Review Period'); and (iv) reviewed the terms of certain transactions (the 'Comparables') with similar nature to the Samples entered into between the Group and independent third parties for comparison purpose. We have compared the terms of the Samples and the Comparables and discussed our findings with the management of the Company as well as making reference to independent sources (such as Bloomberg).

(i) Foreign Exchange Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Foreign Exchange Transactions with clients and counterparties, including Temasek and its associates, including (but not limited to) spot, forward and foreign exchange swap contracts, for the purpose of foreign exchange risk management and in response to customer-driven transactions. As disclosed in the Annual Report, the AGM Notice and information provided by the Company, the Foreign Exchange Transactions of the Group have accounted for the largest portion in terms of both volume and amount of transactions among various types of the Ongoing Banking Transactions entered into with Temasek and its associates for each of the three years ended 31 December 2009, which amounted to 17,157, 29,147 and 32,695 and approximately US\$145,160 million, US\$323,940 million and US\$226,680 million, respectively.

As advised by the management of the Company, all Foreign Exchange Transactions are normally entered into by corporate clients for foreign currency to pay for goods and services. Corporate clients of the Group, including Temasek and its associates, usually enter into Foreign Exchange Transactions by either (a) making a request through an e-channel, if they subscribe; (b) phoning the sales desk; or (c) as part of another transaction e.g. a letter of credit or bill of exchange. The exchange rate provided will be based on the prevailing market exchange rate through an electronic broker system, plus a spread. If the rate is accepted by the client, the transaction is executed and recorded in the Group's system. In addition, all Foreign Exchange Transactions undertaken by the Group are processed in accordance with a standard operating model wherein transactions are booked directly into a front end deal capture system, which publishes automatically into a back office system. We have discussed with the management of the Company and noted that the operating procedures described above comply with the Group's standard operational risk management and IT security policies, which are subject to periodic independent external audits. In addition, each of the Foreign Exchange Transactions is subject to review to ensure that it has been executed at the prevailing market rate. The existing standard policy of the Group generally does not

allow transactions to be executed at 'off-market' rates or prices, i.e. at a rate or price that is outside the prevailing market rates and there are controls in place in the form of post-transaction monitoring of dealing transactions to provide assurance that this does not take place. In addition, we have reviewed the off-market policy of the Group and discussed with the management of the Company and noted that the Foreign Exchange Transactions of the Group are reviewed by the product control department and the market risk department, including comparison of the terms of such transactions with the relevant market exchange rate. On occasions, there may be valid reasons to enter into an off-market transaction, however, in such instance, authorisation must be obtained by the relevant business head with the oversight of the market risk department.

We have reviewed certain Samples and Comparables in respect of the Foreign Exchange Transactions during the Review Period. Such Comparables were selected based on the same currencies and dates as the Samples. We have compared the foreign exchange rates under the Samples with those offered under the Comparables and have not noted any material differences. We have also carried out independent verifications on the rates of the Samples by making reference to the market rates quoted from independence sources (such as Bloomberg) and have not noted any significant deviations.

Accordingly, we concur with the management of the Company that the Foreign Exchange Transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(ii) Derivatives and Financial Markets Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into over-the-counter and on-exchange derivative transactions with clients and counterparties, including Temasek and its associates, including (but not limited to) swaps, forwards, options and combinations thereof on currencies, interest rates, commodities, credit risk, bonds, equities and any other classes of underlying prices, rates, indices or instruments. As disclosed in the Annual Report, the AGM Notice and information provided by the Company, the volume and the amount of the Derivatives and Financial Markets Transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to 5,294, 6,848 and 7,336 and approximately US\$66,734 million, US\$94,402 million and US\$91,002 million, respectively.

The Group enters into Derivatives and Financial Markets Transactions for a variety of reasons, including allowance of Temasek and its associates to hedge their exposure to an underlying asset class for the purpose of taking a risk position in relation to that underlying asset class. In addition, the Group's derivatives dealings with its clients are an ordinary part of its banking business, which enable its clients to hedge their exposures to price and market risks affecting their business or for the purpose of the client taking a risk position. As advised by the management of the Company, it is a common practice for parties entering into over-the-counter and on-exchange derivative transactions to enter into a bilateral agreement in the form published by the International Swaps and Derivatives Association, which provides a set of standard terms and conditions for executing derivative contracts (the 'ISDA Agreements') and, as at end of the Review Period, 70 Temasek associates had entered into such ISDA Agreements with the Group. Prior to entering into the Derivatives and Financial Market Transactions, clients, including Temasek and its associates, will request the relevant rate quote/premium from the Group's dealers. The Group's dealers will then obtain market rate/premium information using readily available inter-bank rate quotes from market sources such as Bloomberg, Reuters or through other independent financial institutions, before reverting to the clients. If the rate/premium offered by the Group is accepted by the clients, the terms of each transaction will be recorded in a written confirmation which refers to the ISDA Agreement under which the transaction has been dealt and which is sent to the client. All Derivatives and Financial Markets Transactions undertaken by the Group are captured into a core internal system in accordance with a standard operating model. We have discussed with the management of the Company and noted that the operating procedures stated above comply with the Group's standard operational risk management and IT security policies, which are subject to periodic independent external audits. In addition, all individual transactions are subject to review by the product control department by comparing the terms of such transactions with the relevant market rate/premium.

We have reviewed certain Samples and the Comparables in respect of the Derivatives and Financial Markets Transactions during the Review Period. Such Comparables were selected based on the same currencies as and similar transaction size and duration to the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. We have also carried out independent verifications by comparing the rates of certain Samples with the market rates quoted from independent sources (such as Bloomberg) and have not noted any significant deviations. Accordingly, we concur with the management of the Company that the Derivatives and

Financial Markets Transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(iii) Capital Markets Dealing Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Capital Markets Dealing Transactions with clients and counterparties, including Temasek and its associates, including (but not limited to) sales, purchases and participations of securities, loans and other financial instruments issued by independent third parties or by a member of the Group, Temasek or any of its associates. As disclosed in the Annual Report and the AGM Notice, the volume and the amount of the Capital Markets Dealing Transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to 832, 2,177 and 3,939 and approximately US\$1,665 million, US\$8,403 million and US\$32,486 million, respectively.

As advised by the management of the Company, all Capital Markets Dealing Transactions, be it with Temasek and its associates or with independent third parties financial institutions, (i) are determined after arms' length negotiation and (ii) are entered into at an amount determined with reference to market quotations on comparable transactions. We have reviewed certain Samples and Comparables in respect of the Capital Markets Dealing Transactions during the Review Period. Such Comparables were selected based on the same capital market products and dates as the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. We have also carried out independent verifications on the quoted rates of certain capital market products under the Samples by making reference to their prices quoted from independent sources (such as Bloomberg) and have not noted any significant deviations. Accordingly, we concur with the management of the Company that the Capital Markets Dealing Transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(iv) Physical Commodity Dealing Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Physical Commodity Dealing Transactions with clients and counterparties, including Temasek and its associates, including (but not limited to) financing transactions, such as inventory finance in which a member of the Group takes title to or a security interest in the relevant commodities, and has the benefit of the financial assistance exemptions under the Hong Kong Listing Rules. However, transactions entered into for hedging purposes in connection with commodity derivatives and some other transactions in physical commodities which are not connected with a financing are not, therefore, exempt under the Hong Kong Listing Rules. As disclosed in the Annual Report and the AGM Notice, the volume and the amount of the Physical Commodity Dealing Transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to eight, nil and nil and approximately US\$18 million, nil and nil, respectively.

We have reviewed certain Samples and Comparables in respect of the Physical Commodity Dealing Transactions during the Review Period. Such Comparables were selected based on the same physical commodity products as and dates close to the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. We have also carried out independent verifications on the quoted rates of certain physical commodity products under the Samples by making reference to prices quoted from independent sources (such as Bloomberg) and have not noted any significant deviations. Accordingly, we concur with the management of the Company that the Physical Commodity Dealing Transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(v) Underwriting Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Underwriting Transactions with clients and counterparties, including Temasek and its associates, including (but not limited to) underwriting issues of shares (including preference shares), convertible equity securities and warrants or similar rights to subscribe or purchase shares or convertible equity securities. As disclosed in the Annual Report and the AGM Notice, the Group entered into the Underwriting Transactions with Temasek and its associates only for the year ended 31 December 2009, the volume of and the gross fee revenue received from which amounted to two and approximately US\$3.2 million, respectively.

As advised by the management of the Company, the Underwriting Transactions would involve a payment made by a client, including Temasek or any of its associates, to the Group of an underwriting fee. In the event that the issue of the securities is

not fully subscribed, it may involve members of the Group acquiring a portion of the equity securities being issued under the underwriting arrangements. Any such securities acquired will be held on the trading book of the relevant member but will be sold to external parties at the earliest opportunity in accordance with the Group's internal guidelines. We have reviewed certain Samples and Comparables in respect of the Underwriting Transactions during the Review Period. Such Comparables were selected based on the same nature as and dates close to the Samples. We have compared the respective terms offered under the Samples with those offered under the Comparables and have not noted any material differences. Accordingly, we concur with the management of the Company that the Underwriting Transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(vi) Financial Assistance Transactions by Non-Banking Subsidiaries

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Financial Assistance Transactions by Non-Banking Subsidiaries with clients and counterparties, including Temasek and its associates. There are exemptions from the connected transaction requirements under Rule 14A.65 of the Hong Kong Listing Rules where the Financial Assistance Transactions are entered into by the banking companies of the Group which are duly licensed or authorised under the Banking Ordinance or under appropriate overseas legislation or authority. However, there may be circumstances where a Non-Banking Subsidiary provides financial assistance in the ordinary course of its business to Temasek or its associates (in which case the above exemption is not applicable). As advised by the management of the Company, these Non-Banking Subsidiaries, which were set up because these companies cannot be, or do not need to be, licensed banking companies within the relevant jurisdiction for the purpose of carrying on their business, are part of the Group whose principal activities are providing banking and financial services and the Financial Assistance Transactions are part of the ordinary course of business of these Non-Banking Subsidiaries. As disclosed in the Annual Report and the AGM Notice, the volume and the amount of the Financial Assistance Transactions entered into by the Non-Banking Subsidiaries with Temasek and its associates for each of the two years ended 31 December 2008 amounted to one and five and approximately US\$16 million and US\$378 million. The notional amount of the outstanding Financial Assistance Transactions between the Non-Banking Subsidiaries within the Group and Temasek and its associates for the financial year ended 31 December 2009 was US\$297 million in relation to the transactions entered in 2008.

As advised by the management of the Company, all Financial Assistance Transactions, be it with Temasek and its associates or with independent financial institutions, (i) are determined after arms' length negotiation; and (ii) are entered into standard terms and at an interest rate determined with reference to the prevailing market interest rates. We have reviewed certain Samples and Comparables in respect of the Financial Assistance Transactions by Non-Banking Subsidiaries during the Review Period. Such Comparables were selected based on the same nature as and dates close to the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. Accordingly, we concur with the management of the Company that the Financial Assistance Transactions by Non-Banking Subsidiaries with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(vii) Secured Financial Assistance Transactions

Under Chapter 14A of the Hong Kong Listing Rules, certain financial assistance transactions are exempt from the reporting, announcement and independent shareholders' approval requirements. However, there may be circumstances where a member of the Group is required to grant security, in the form of margin, collateral or similar arrangements in connection with financial assistance provided by Temasek or any of its associates in the ordinary and usual course of its business and on normal commercial terms, for example, the situation may arise as part of repurchase or stock borrowing and lending transactions. In these circumstances, the financial assistance exemption under Rule 14A.65(4) of the Hong Kong Listing Rules is not applicable to the relevant members of the Group. During the Review Period, the Group did not enter into any Secured Financial Assistance Transactions with Temasek and its associates.

As advised by the management of the Company, in the event that the Group enters into the Secured Financial Assistance Transactions with Temasek and any of its associates in the future, the terms of such transactions will be determined after arm's length negotiation. The Internal Guidelines have also set out the procedures, including internal periodic system review and external system audit to ensure that transactions with Temasek and its associates will be entered into according to the Group's standard policies and, accordingly, would be on normal commercial terms and on no more favourable terms than those offered to independent third parties. Accordingly, we concur with the management of the Company that the Secured

Financial Assistance Transactions with Temasek and its associates will be entered into on normal commercial terms and such terms will generally be no more favourable than those offered to independent third parties.

(viii) Fund Management Services

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Fund Management Services transactions (including the provision of discretionary fund and asset management services). Depending on the types of services required, the fees and commission payable from third parties which may in the future include Temasek and its associates (and vice versa where Temasek or its associates are providing services to the Group) are calculated with reference to the prevailing market rates, transaction volumes and assets under administration based on an agreed fee schedule. During the Review Period, the Group did not enter into any Fund Management Services transactions with Temasek and its associates.

As advised by the management of the Company, in the event that the Group enters into the Fund Management Services transactions with Temasek and any of its associates in the future, the terms of such transactions will be determined after arm's length negotiation. The Internal Guidelines have also set out the procedures, including internal periodic system review and external system audit to ensure that transactions with Temasek and its associates will be entered into according to the Group's standard policies and, accordingly, would be on normal commercial terms and on no more favourable terms than those offered to independent third parties. Accordingly, we concur with the management of the Company that the Fund Management Services transactions with Temasek and its associates will be entered into on normal commercial terms and such terms will generally be no more favourable than those offered to independent third parties.

(ix) Securities Services

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, provides securities services to clients which includes the provision of custody, escrow agency, receiving bank, trustee, transfer agency, paying agency and funds administration services, derivatives clearing services and facilities for custody clients to lend their securities. As disclosed in the Annual Report and the AGM Notice, the volume of and the gross fee revenue received from the Securities Services transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to 18, 16 and 18 and approximately US\$4.0 million, US\$3.4 million and US\$3.2 million, respectively.

As advised by the management of the Company, fees and commission receivable are calculated based on transaction volumes and assets under administration as per an agreed fee schedule. We have reviewed the fee schedules of certain Samples and Comparables in respect of the Securities Services transactions during the Review Period. Such Comparables were selected based on the same nature of services as the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. Accordingly, we concur with the management of the Company that the Securities Services transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(x) Cash Management Services

As set out in the AGM Notice, the Group offers a wide range of cash management services to clients including Temasek and its associates, involving account services (payments and collections), clearing and liquidity management services. The liquidity management services are an extension of account services and revenues are derived from the use of funds from credit balances and interest charged on debit balances, plus a monthly maintenance fee. As disclosed in the Annual Report and the AGM Notice, the volume of and the gross fee revenue received from the Cash Management Services transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to 111, 120 and 137 and approximately US\$0.7 million, US\$0.5 million and US\$1.7 million, respectively.

As advised by the management of the Company, interest charged and the monthly maintenance fees receivable are calculated with reference to the Group's fee schedules, which are subject to revision by the Group's products and sales team with reference to the market rates. We have reviewed the fee schedules of certain Samples and Comparables in respect of the Cash Management Services transactions during the Review Period. Such Comparables were selected based on the same nature of services as the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. Accordingly, we concur with the management of

the Company that the Cash Management Services transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(xi) Trade Services

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, offers a wide range of trade finance products to clients including Temasek and its associates involving lending and other extensions of credit (including issuing, confirming, negotiating and discounting letters of credit; availing, negotiating and discounting trade bills; import finance; export and pre-export finance; shipping guarantees; performance and financial guarantees and letters of indemnity). The Group also participates in some transactions and provides some services that do not involve credit exposure, including export bills collection, advising on letters of credit, document preparation, processing and checking services and safekeeping of documents and risk participation. These non-credit services are generally provided to the same clients that use the Group's credit products, which includes Temasek and its associates, and are often provided as part of an overall banking package. As disclosed in the Annual Report and the AGM Notice, the volume of and the gross fee revenue received from the Trade Services transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to 74, 67 and 34 and approximately US\$2.9 million, US\$3.2 million and US\$0.3 million, respectively.

As advised by the management of the Company, the Group's revenues from the Trade Services transactions are derived from a combination of interest charged, discount trade finance products and transaction fees, for example, in discounting letters of credit or trade bills, the calculation basis of the discount fee is based on the face value, tenor and credit rating of the issuing bank and/or counterparty, which is a generally accepted mechanism in trade finance. We have reviewed certain Samples and Comparables in respect of the Trade Services transactions during the Review Period. Such Comparables were selected based on the same nature of services as and dates close to the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. Accordingly, we concur with the management of the Company that the Trade Services transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(xii) Advisory and Arranging Services

As set out in the AGM Notice, the Group provides Advisory and Arranging Services, including the provision of corporate finance and asset advisory and arranging services, arranging and advising on loans from third party lenders and public and private placements of securities (where the Group does not participate as lender, underwriter or subscriber). As disclosed in the Annual Report and the AGM Notice, the volume of and the gross fee revenue received from the Advisory and Arranging Services transactions entered into between the Group and Temasek and its associates for each of the three years ended 31 December 2009 amounted to 10, 12 and 6 and approximately US\$1.5 million, US\$37.9 million and US\$0.3 million, respectively.

As advised by the management of the Company, advisory and arranging services are ordinary and usual course of businesses of the Group and the fee income receivable by the Group depends on the complexity of such advisory transactions. We have reviewed certain Samples and Comparables in respect of the Advisory and Arranging Services transactions during the Review Period. Such Comparables were selected based on the same nature as and dates close to the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. Accordingly, we concur with the management of the Company that the Advisory and Arranging Services transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(xiii) Brokerage Services Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, uses brokerage services from brokers and, on the other hand, provides brokerage services to clients, including Temasek and its associates in both cases. As disclosed in the Annual Report and the AGM Notice, the Group entered into Brokerage Services Transactions with Temasek and its associates only for the year ended 31 December 2009 for provision of brokerage services to one Temasek associate and use of brokerage services from an associate of Temasek and the fee income received and paid were less than US\$0.1 million.

We have reviewed certain Samples and Comparables in respect of the Brokerage Services Transactions during the Review Period. Such Comparables were selected based on the same type of securities as and dates close to the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. We have compared the commission rates of the Samples against those of the Comparables and have not noted any significant deviations. Accordingly, we concur with the management of the Company that the Brokerage Services Transactions with Temasek and its associates are entered into on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

(xiv) Insurance Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, purchases insurance cover against credit, political and event risks, which include insurance cover from Temasek or its associates. During the Review Period, the Group did not enter into any Insurance Transactions with Temasek and its associates. However, members of the Group may purchase insurance cover from Temasek or its associates during their ordinary and usual course of business in the future.

Prior to purchasing any insurance coverage, the Group will obtain various insurance quotes from different insurance companies. In the event that the Group purchases insurance cover from Temasek or any of its associates in the future, the Group will ensure the same purchase policies will be adopted and that the insurance cover will be on normal commercial terms. As advised by the management of the Company, in the event that the Group enters into the Insurance Transactions with Temasek and any of its associates in the future, the terms of such transactions will be determined after arm's length negotiation. The Internal Guidelines have also set out the procedures to ensure that transactions with Temasek and its associates will be entered into according to the Group's standard policies and, accordingly, would be on normal commercial terms and on no more favourable terms than those offered to independent third parties. Accordingly, we concur with the management of the Company that the Insurance Transactions with Temasek and its associates will be entered into on normal commercial terms and such terms will generally be no more favourable than those offered to independent third parties.

(xv) Sale and Purchase in connection with Asset Leasing Transactions

As set out in the AGM Notice, members of the Group enter into arrangements with clients including Temasek and its associates involving the purchase of assets for the purposes of leasing. As part of the lease arrangement or if the lease has expired or terminated, there may also be a sale of the asset to a client (including Temasek and its associates). During the Review Period, the Group did not enter into any standalone Sale and Purchase in connection with Asset Leasing Transactions with Temasek and its associates.

As advised by the management of the Company, in the event that the Group enters into the Sale and Purchase in connection with Asset Leasing Transactions with Temasek and any of its associates in the future, the terms of such transactions will be determined after arm's length negotiation. The Internal Guidelines have also set out the procedures to ensure that transactions with Temasek and its associates will be entered into according to the Group's standard policies and, accordingly, would be on normal commercial terms and on no more favourable terms than those offered to independent third parties. Accordingly, we concur with the management of the Company that the Sale and Purchase in connection with Asset Leasing Transactions with Temasek and its associates will be entered into on normal commercial terms and such terms will generally be no more favourable than those offered to independent third parties.

(xvi) Islamic Ongoing Banking Transactions

As set out in the AGM Notice, the Group, in the ordinary and usual course of its business, enters into Islamic Ongoing Banking Transactions, some of which are like conventional banking transactions which are exempted from the connected transactions requirements under the Hong Kong Listing Rules if they fall within the definition of 'financial assistance'. However, in case where there are variations of the conventional Ongoing Banking Transactions as listed above, such Islamic Ongoing Banking Transactions may not be exempted under the Hong Kong Listing Rules. As the Islamic variations are treated exactly as the corresponding Ongoing Banking Transactions, the observations made above for the Ongoing Banking Transactions apply equally to the corresponding Islamic variations.

As advised by the management of the Company, all Islamic Ongoing Banking Transactions, be it with Temasek and its associates or with independent financial institutions, (i) are determined after arms' length negotiation and (ii) are entered into

at an amount determined with reference to market quotations on comparable transactions. The Internal Guidelines have also set out the procedures to ensure that transactions with Temasek and its associates will be entered into according to the Group's standard policies and, accordingly, would be on normal commercial terms and on no more favourable terms than those offered to independent third parties. Accordingly, we concur with the management of the Company that the Islamic Ongoing Banking Transactions with Temasek and its associates will be entered into on normal commercial terms and such terms will generally be no more favourable than those offered to independent third parties.

Margin arrangements for over-the-counter foreign exchange, derivatives, repo and stock lending transactions

In conducting the Ongoing Banking Transactions, the Group, in line with most international banks, uses the ISDA Agreements to govern most of its over-the-counter transactions in foreign exchange and derivatives, the Global Master Repurchase Agreement to govern most of its reverse repurchase transactions and the Securities Lending Agreement to govern most of its stock borrowing and lending transactions. As set out in the AGM Notice, these master agreements are bilateral agreements adopting standard terms and conditions (which may be amended in a schedule) and are designed to govern a course of dealing in a wide range of over-the-counter transactions, and one of their primary purposes is to reduce the credit exposure inherent in the underlying transactions by providing for the netting of the close out values of transactions in the event of a default or failure of one of the parties. In order to further reduce credit exposure, banks will often include in their ISDA Agreements a credit support annex, which provides for the parties to post collateral with each other (unless the ISDA Agreement itself already provides for the parties to post collateral with each other), normally in the form of cash or securities, in order to reduce the credit exposure of one party to the other represented by the net mark-to-market value of transactions between them at any given time. The obligation to post collateral is usually mutual and the amount of collateral posted will vary over time with changes in the net mark-to-market value of transactions outstanding. As advised by the management of the Company, collateral arrangement through ISDA Agreements or credit support annex is a common industry practice between banks and between banks and corporates and is an inherent part of such overall transactions between them, including over-the-counter foreign exchange transactions, derivatives, repurchase and reverse repurchase, and stock borrowing and lending transactions.

As disclosed in the AGM Notice, the Group may, from time to time, enter into collateral arrangements which are governed by the above-mentioned ISDA Agreements and credit support annex with Temasek and its associates and form part of certain Ongoing Banking Transactions between the Group and Temasek and/or its associates. As such, such collateral arrangements will either (i) constitute 'financial assistance' provided by the Group to Temasek and its associates (which may be exempt under Rules 14A.65 to 14A.66 of the Hong Kong Listing Rules or (ii) be subject to Independent Shareholders' approval.

We have reviewed certain Samples and Comparables in respect of the margin arrangements for over-the-counter foreign exchange, derivatives, repo and stock lending transactions for over-the-counter foreign exchange, derivatives, repo and stock lending transactions. Such Comparables were selected based on the same nature and dates as the Samples. We have compared the respective terms offered under the Samples with those under the Comparables and have not noted any material differences. Accordingly, we concur with the management of the Company that the margin arrangements, which form part of the Ongoing Banking Transactions, with Temasek and its associates entered into are on normal commercial terms and such terms are generally no more favourable than those offered to independent third parties.

Our Analysis

Given that (i) each of the Ongoing Banking Transactions is/will be entered into in the ordinary and usual course of business of the Group, and will continue to be entered into on normal commercial terms; and (ii) each of the Ongoing Banking Transactions entered into with Temasek or its associates is subject to the same operating procedures and scrutiny as for other independent third parties, we are of the view that sufficient assurance is in place to ensure that transactions with Temasek and its associates are and will be entered into on normal commercial terms and on terms generally no more favourable than offered to independent third parties. In this connection, we concur with the view of the Company that it would be fair and reasonable and is in the interests of the Company and the Shareholders as a whole to continue to enter into the Ongoing Banking Transactions with Temasek and its associates.

In addition, Temasek, an investment company, or its associates may, from time to time, divest of and invest in different percentages of voting rights of companies in different industries with different operating scales and locations as well as banking needs. It is not possible for the Company to predict the investment portfolios of Temasek or its associates and

hence the potential candidates which will become or cease to become Temasek's associates and the different banking needs of those Temasek's associates (in terms of monetary amount and types of banking services). Therefore, we are of the view that the historical statistics regarding the Ongoing Banking Transactions with Temasek and its associates are not meaningful benchmarks for the Company to estimate the future monetary amount of the Ongoing Banking Transactions with Temasek's associates who may have different banking and financing needs in different industries and at different operating scales and locations, stages of development and under different circumstances. As such, setting the Annual Caps would be difficult and impracticable, particularly due to the different factors in arriving at the monetary cap, i.e. different banking products and services offered by the Group, the unknown identity of the associates of Temasek, the unknown financing and financial services requirements of the associates of Temasek resulted from the wide range of their industries, operating scales, operating locations, stages of business development and banking strategies.

Given the above, we are of the view that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole to endorse the grant of the Waiver in setting the Annual Caps in respect of the Ongoing Banking Transactions and to vote in favour of Resolution 31.

OVERALL RECOMMENDATION

Having considered the principal factors referred above, in particular:

- (i) the Group's intention to continue its existing relationship with, and, in the ordinary course of business so far as opportunities arise to further develop its business relationship with Temasek and its associates;
- (ii) strict compliance with Chapter 14A of the Hong Kong Listing Rules in relation to the requirements for (a) the reporting and annual review for the Ongoing Banking Transactions with Temasek's associates that the Company has not been able to identify; and (b) the entering into fixed-term written agreements and setting annual caps for the Ongoing Banking Transactions with Temasek and its associates would be detrimental to the Company and the Shareholders as a whole by restricting the business of the Group;
- (iii) the Group is also subject to the 'related party' transaction rules under the UK Listing Rules, which are also intended to ensure that there is no favourable treatment to Temasek and its associates to the detriment of the Company and its Shareholders;
- (iv) the Company's confirmation that the transactions with Temasek and its associates have been and will continue to be subject to the same credit approval processes (where relevant) as before the time Temasek became a connected person of the Company; and
- (v) the Company's Internal Guidelines having set out the procedures to ensure that transactions with Temasek and its associates will be entered into according to the Group's standard policies and, accordingly, would be on normal commercial terms and on no more favourable terms than those offered to independent third parties,

we consider that (i) the transactions contemplated under the Waivers have been and will be conducted in the Group's ordinary and usual course of business and on normal commercial terms; (ii) the Waivers are fair and reasonable in so far as the Independent Shareholders are concerned; and (iii) the arrangements proposed under the Resolutions are in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour for each of the Resolutions to be proposed at the AGM.

Yours faithfully,

For and on behalf of

KBC Bank N.V. Hong Kong Branch

Kenneth Chan

Head of Corporate Finance, Greater China

Gaston Lam

Corporate Finance

Appendix 3

To the Independent Shareholders

26 March 2010

Dear Shareholder

We, being those persons listed below, have been appointed as the Independent Board Committee to advise you in connection with Resolutions 29 to 31 in relation to transactions with Temasek and its associates, details of which are set out in the Notice of Annual General Meeting and the Explanatory Notes contained in the Notice of Annual General Meeting to the Shareholders of the Company dated 26 March 2010 (the 'Notice'), of which this letter forms part. Terms defined in the Notice shall have the same meanings when used herein unless the context otherwise requires.

Having taken into account the issues relating to Resolutions 29 to 31; the terms of the Ongoing Banking Transactions with Temasek and its associates; the reasons for these transactions not being subject to a maximum aggregate annual value; the arrangements proposed by the Company set out in the Letter from the Board, Resolutions 29 to 31 and the Explanatory Notes to Resolutions 29 to 31; and the principal factors and reasons considered by the Independent Financial Adviser and its advice in relation thereto set out in pages 34 to 48 of the Notice, we are of the opinion that Resolutions 29 to 31 are in the interests of the Company and its shareholders as a whole and that the terms thereof and of the Ongoing Banking Transactions are fair and reasonable so far as the Independent Shareholders are concerned. **We therefore recommend that you vote in favour of Resolutions 29 to 31 to be proposed at the AGM in connection with transactions with Temasek and its associates.**

Yours sincerely

Rudolph Harold Peter Markham

*Independent non-executive director
(Chairman of the Independent Board Committee)*

Richard Delbridge

Independent non-executive director

James Frederick Trevor Dundas

Independent non-executive director

Ruth Markland

Independent non-executive director

John Gregor Hugh Paynter

Independent non-executive director

Appendix 4

Definitions

In this document, unless the context otherwise requires, the following words and phrases have the following meanings:

'Advisory and Arranging Services'	the advisory and arranging services transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Advisory and Arranging Services' on page 29 of this document
'AGM'	The Annual General Meeting of the Company to be held on 7 May 2010
'Announcement'	the announcement dated 25 March 2010 issued by the Company
'associates'	has the meaning ascribed thereto under the Hong Kong Listing Rules and in relation to Temasek, has a modified meaning so that it does not include the entities described below: (a) the holding companies of 30 per cent or more investee companies, which are not subsidiaries, of Temasek; (b) fellow subsidiaries of these holding companies; (c) a company in which a 30 per cent or more investee company of Temasek is a 30 per cent or more shareholder, and it is not a subsidiary of the investee company; and (d) the subsidiaries or holding companies of the company as described in paragraph (c) above or fellow subsidiaries of such holding companies
'Banking Ordinance'	the Banking Ordinance (Cap.155 of the Laws of Hong Kong)
'Board'	the Board of directors of the Company
'Brokerage Services'	the brokerage services transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Brokerage Services' on page 29 of this document
'Capital Markets Dealing Transactions'	the capital markets dealing transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Capital Markets Dealing Transactions' on page 26 of this document
'Cash Management Services'	the cash management services transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Cash Management Services' on page 28 of this document
'Company'	Standard Chartered PLC
'Continuing Connected Transactions'	has the meaning ascribed thereto under the Hong Kong Listing Rules and includes transactions contemplated under the Ongoing Banking Transactions

'Derivatives and Financial Markets Transactions'	the derivatives transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Derivatives and Financial Markets Transactions' on page 26 of this document
'directors'	the directors of the Company whose names are set out on page 5 of this document
'financial assistance'	has the meaning ascribed to 'financial assistance' under the Hong Kong Listing Rules and includes granting credit, lending money, providing security for or guaranteeing a loan by any member of the Group
'Financial Assistance Transactions'	has the meaning ascribed to 'financial assistance' under the Hong Kong Listing Rules and includes granting credit, lending money, providing security for or guaranteeing a loan by Non-Banking Subsidiaries
'Foreign Exchange Transactions'	the foreign exchange transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Foreign Exchange Transactions' on page 26 of this document
'Fund Management Services'	the fund management services transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Fund Management Services' on page 28 of this document
'Group'	the Company and its subsidiaries
'Hong Kong Listing Rules'	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
'Independent Board Committee'	the independent committee of the independent non-executive directors of the Company comprising Mr R H P Markham, Mr R Delbridge, Mr J F T Dundas, Ms R Markland and Mr J G H Paynter formed to advise the Independent Shareholders in respect of the Resolutions
'Independent Financial Adviser'	KBC Bank N.V., acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and a registered institution registered for type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
'Independent Shareholders'	shareholders other than Temasek and its associates
'Insurance Transactions'	transactions involving one or more members of the Group purchasing insurance cover from Temasek or any of its associates, details of which are set out under the heading 'Insurance Transactions' on page 29 of this document
'Islamic Ongoing Banking Transactions'	the Islamic Ongoing Banking transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Islamic Ongoing Banking Transactions' on page 29 of this document
'Non-Banking Subsidiaries'	subsidiaries of the Company that are not licensed or authorised to conduct banking business under the Banking Ordinance or under appropriate overseas legislation or authority
'normal commercial terms'	has the meaning ascribed thereto under the Hong Kong Listing Rules

'Ongoing Banking Transactions'	include the Advisory and Arranging Services, the Brokerage Services, the Capital Markets Dealing Transactions, the Cash Management Services, the Derivatives and Financial Markets Transactions, the Financial Assistance Transactions, the Foreign Exchange Transactions, the Fund Management Services, the Insurance Transactions, the Islamic Ongoing Banking Transactions, the Physical Commodity Dealing Transactions, the Sale and Purchase in connection with Asset Leasing Transactions, the Secured Financial Assistance Transactions, the Securities Services, the Trade Services and the Underwriting Transactions
'Physical Commodity Dealing Transactions'	the physical commodity dealing transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Physical Commodity Dealing Transactions' on page 27 of this document
'Relevant Period'	the financial year ended 31 December 2009
'Resolutions'	the ordinary resolutions 29 to 31 set out on page 11 of this document
'Rules'	the Hong Kong Listing Rules and the UK Listing Rules
'Sale and Purchase in connection with Asset Leasing Transactions'	the sale and purchase in connection with asset leasing transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) clients (including Temasek and any of its associates) from time to time, details of which are set out under the heading 'Sale and Purchase in connection with Asset Leasing Transactions' on page 29 of this document
'Secured Financial Assistance Transactions'	financial assistance transactions where security over the assets of a Group company is provided to Temasek or any of its associates in respect of the financial assistance, details of which are set out under the heading 'Secured Financial Assistance Transactions' on page 27 of this document
'Securities Services'	the securities services transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Securities Services' on page 28 of this document
'SFO'	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
'shareholders'	holders of the shares
'shares'	ordinary shares of US\$0.50 each in the share capital of the Company
'Temasek'	Temasek Holdings (Private) Limited
'Trade Services'	the trade services transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Trade Services' on page 28 of this document
'UK Listing Rules'	the UK Listing Rules, which are part of the Financial Services Authority's UKLA Sourcebook
'Underwriting Transactions'	the underwriting transactions entered into, or to be entered into (as the context requires), between (a) members of the Group and (b) Temasek or any of its associates from time to time, details of which are set out under the heading 'Underwriting Transactions' on page 27 of this document

'Waivers'

the waivers from strict compliance with:

- (a) Rules 14A.37 to 14A.40 and 14A.45 in relation to the reporting and annual review requirements for the Ongoing Banking Transactions with associates of Temasek that the Company has not been able to identify; and
- (b) Rules 14A.35(1) and (2) in relation to entering into written agreements and setting annual caps for the Ongoing Banking Transactions with Temasek and its associates,

granted by The Stock Exchange of Hong Kong Limited on 9 February 2010

Appendix 5

Explanatory notes of principal changes to the Company's articles of association

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the Company's articles of association but the Company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 26 (A) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

2. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

3. Change of name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

4. Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

5. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

6. Use of seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

7. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member. If this is the case, the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Current Articles dealing with proxy voting on the basis that these are dealt with in the Companies Act 2006 and contain a provision clarifying how the provision of the Companies Act 2006 giving a proxy a second vote on a show of hands should apply to discretionary authorities.

8. Chairman's casting vote

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

9. Adjournments for lack of quorum

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.

10. Directors' fees

As a result of the proposed appointment of three non-executive directors, and to remain market competitive in the recruitment and retention of directors, the New Articles increase the maximum fees payable to the Company's non-executive directors from £750,000 to £1,500,000. This limit does not include fees paid for Committee membership or fees paid to the Chairman and executive directors who have contracts of employment.

Appendix 6

Summary of the amendments to the Standard Chartered 2006 Restricted Share Scheme (the 'RSS') amendments for which shareholder approval is being sought at the Annual General Meeting on 7 May 2010.

1. Exercise of awards

It is proposed to amend the rules of the RSS so that, unless the Remuneration Committee determines otherwise, an RSS award which relates to a Deferred Annual Performance Award shall vest in relation to one-third of the shares to which it relates on each of the first, second and third anniversaries of the date of grant. Where a Deferred Annual Performance Award is made in the form of an option, it shall remain exercisable until the seventh anniversary of the date on which it was granted (or such shorter period as determined by the Remuneration Committee unless it lapses earlier in accordance with the rules of the RSS).

2. Leavers

It is also proposed to amend the rules of the RSS so that if a participant who holds a Deferred Annual Performance Award ceases employment in certain specified 'eligible leaver' circumstances (such as ill-health, injury, disability, retirement, redundancy or termination by the participant's employer for a reason not related to the performance or conduct of the participant, the sale of the relevant employing company or the transfer of the business in which the participant is employed) the Deferred Annual Performance Award will continue to vest on its original terms, provided that the participant does not breach any non-compete and non-solicitation restrictions which continue to apply to him after he ceases employment. In the event of such breach, his Deferred Annual Performance Award shall lapse immediately.

3. Individual limit

The current value of shares awarded under the RSS in any financial year to any individual may not exceed a maximum of 200 per cent of his annual base salary. It is proposed to amend the rules of the RSS so that, for the purposes of calculating this limit, no account shall be taken of Deferred Annual Performance Awards.

4. Dividend equivalents

It is proposed to amend the rules of the RSS so that the Remuneration Committee may grant any type of award under the RSS on the basis that the number of shares subject to a participant's award shall be increased by reference to the dividends paid on those shares that ultimately vest, as if the participant had been the holder of such shares during the vesting period. Alternatively, the Remuneration Committee may determine that the cash amount of such dividends (or shares equivalent in value to such dividends) be transferred to a participant when vested shares are transferred to him/her.

Additional Information for Shareholders Attending the AGM

The AGM

The AGM will be held at The Honourable Artillery Company, Armoury House, City Road, London, EC1Y 2BQ on 7 May 2010. A map showing the location of the venue can be found on your shareholder attendance pass or at the venue's website www.hac.org.uk. The AGM will start promptly at 12.00pm London time; you should allow 15 to 20 minutes for security and registration formalities.

Registration

Upon arrival, please go to the registration desks which are clearly positioned. Please bring your shareholder attendance pass with you. If you do not have an attendance pass, you will need to confirm your name and address details with our registrar prior to admittance.

At the discretion of the Company, a shareholder may bring one guest to the AGM.

Security

For your safety and security, all hand baggage may be subject to examination on entry to The Honourable Artillery Company. Please note that you will be asked to leave large bags in the cloakroom. Laptop computers, tape recorders, cameras, briefcases and umbrellas and any other bulky items are not permitted into the AGM. Mobile phones, blackberries and pagers should be turned off throughout the AGM.

Refreshments

Tea and coffee will be available in the reception areas before the AGM. After the business of the AGM has concluded a light buffet lunch will be served in reception areas outside the hall.

Attending the AGM

All shareholders, proxies and joint shareholders may attend and speak at the AGM. However, in the case of a joint shareholder only the vote of the most senior shareholder present (in person or by proxy) at the AGM (as determined by the order in which the names are listed on the register of members) shall be accepted. Voting will be conducted on a poll using an electronic handset device. You will be given instructions on how to use it before voting commences.

Asking questions

If you would like a question or questions to be addressed at the AGM we would encourage you to email your question to agm.2010@sc.com before 12.00pm London time on Wednesday 5 May 2010. Alternatively fill in and return the form on page 59. If you have not submitted a question by this deadline, you will still have the opportunity to ask questions at the AGM. If you wish to ask a question, please raise your hand and wait for the Chairman to invite you to ask your question.

Persons with disabilities

The Honourable Artillery Company has full wheelchair access. If you are hard of hearing, an induction loop system will be available in the room.

Anyone accompanying a shareholder in need of assistance will be admitted to the AGM. If any shareholder with a disability has a question regarding attendance, please contact Group Corporate Secretariat at Standard Chartered PLC, 1 Basinghall Avenue, London EC2V 5DD (telephone +44 (0)207 885 7030).

First Aid

First aid facilities will be available. Please approach any member of Standard Chartered staff.

Enquiries

Computershare Investor Services maintain the Company's share register. If you have any queries about the AGM or about your shareholding, you should contact Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY Telephone +44 (0)870 702 0138 between 9.00am and 5.00pm London time, Monday to Friday (excluding UK public holidays).

Form for Question(s) to be addressed at the AGM



Annual General Meeting – 7 May 2010

If there is a question or questions you would like to have addressed at the AGM on 7 May 2010, please write your question(s) here and return this form as indicated below. Alternatively send your question by email to agm.2010@sc.com.

Question(s) _____

We will endeavour to address any issues raised when the item of business to which the question relates is under consideration at the AGM. Any questions submitted that are not relevant to the business of the AGM will be forwarded for the attention of an appropriate executive.

Submitting a question in advance of the AGM does not affect your rights as a shareholder to ask questions at the AGM.

Signed: _____

Full Name: _____

Shareholder/ShareCare Reference Number: _____

Please return this form to our registrar (together with your proxy form/voting instruction form if you are submitting that form by post) using the prepaid envelope. Shareholders registered in the UK should return their form to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, UK to arrive **no later than 12.00pm London time on Wednesday 5 May 2010**. Shareholders registered in Hong Kong should return their form to Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong to arrive **no later than 7.00pm (Hong Kong time) on Wednesday 5 May 2010**.

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March 2010

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