



Standard Chartered PLC

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

Standard Chartered Bank

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

Standard Chartered Bank (Hong Kong) Limited

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

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

This supplement (the “**Supplement**”, which definition shall include all information incorporated by reference herein) to the base prospectus dated 9 October 2015 (the “**Base Prospectus**”, which definition includes the base prospectus and all information incorporated by reference therein), as supplemented by the supplementary prospectus dated 9 November 2015 constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (“**FSMA**”) and is prepared in connection with the U.S.\$77,500,000,000 Debt Issuance Programme (the “**Programme**”) established by Standard Chartered PLC (“**SCPLC**”), Standard Chartered Bank (“**SCB**”) and Standard Chartered Bank (Hong Kong) Limited (“**SCBHK**”) (each of SCPLC, SCB and SCBHK in such capacity an “**Issuer**” and together the “**Issuers**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, updates, must be read in conjunction with, and forms part of, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuers. This Supplement is for distribution to professional investors only.

The purpose of this Supplement is to:

1. update the risk factors set out in the Base Prospectus with information in relation to: (i) macroeconomic risks that could result in a material adverse effect on the Group's financial condition, results of operations and prospects; (ii) the Group's operations in Asia, Africa and the Middle East which expose it to risks arising from the political and economic environment of markets in these areas that could adversely affect the Group's financial condition, results of operations and prospects; (iii) changes in the credit quality and the recoverability of loans and amounts due from counterparties which may have a material adverse effect on the Group's financial condition, results of operations and prospects; (iv) using financial models to determine the value of certain financial instruments recorded at fair value; (v) country cross-border risk; (vi) potential adverse consequences for the Group arising from a failure to manage legal and regulatory risk properly; (vii) the Group's capital position in relation to the Group's exposure to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements; (viii) the Financial Stability Board's (“**FSB**”) total loss-absorbency capacity (“**TLAC**”) standards; (ix) the Bank of England stress tests for 2016-2018; (x) UK macro-prudential regulation and in particular, the Prudential Regulation Authority (the “**PRA**”) buffer, regulations which are currently under construction or yet to be finalised and the adequacy of capital requirements by local regulators; (xi) the potential impact on funding in non-EU jurisdictions of resolution measures developed by the Group's regulators, including those introduced in accordance with the EU Bank Recovery and Resolution Directive and the Banking Act 2009; (xii) increased compliance costs as a result of tax legislation passed in the United States and intergovernmental agreements entered into with respect thereto; (xiii) regulatory reviews and investigations and internal practice and process reviews which may result in adverse

consequences for the group; and (xiv) the risk that the Group may not fully deliver its strategic plan or achieve the targeted benefits of such plan;

2. incorporate by reference the following sections of the prospectus published by SCPLC and dated 18 November 2015 relating to SCPLC's proposed 2 for 7 rights issue of 728,432,451 New Ordinary Shares at 465 pence each (the "**Rights Issue Prospectus**"): (i) "Part VIII - Letter from the Chairman" but excluding paragraph 4 entitled "2015 Bank of England Stress Tests" therein; and (ii) "Part XIV - Unaudited Pro Forma Financial Information";
3. update the disclosures in the Base Prospectus relating to the 2015 Bank of England stress tests; and
3. update the litigation statements of the Issuers in the Base Prospectus.

This Supplement has been approved by the United Kingdom Financial Conduct Authority ("**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a supplement to the Base Prospectus. The Base Prospectus constitutes a base prospectus prepared in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes under the Programme.

The Issuers accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuers (which have taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuers. The Issuers accept full responsibility for the accuracy of the information contained in this Supplement 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.

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

Updating the risk factors set out in the Base Prospectus

1. The second paragraph under the heading "**Macroeconomic risks could result in a material adverse effect on the Group's financial condition, results of operations and prospects**" in the section headed "**RISK FACTORS**" on page 16 of the Base Prospectus shall be supplemented and updated so that the following words are inserted at the end of that paragraph:

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

In addition, reduced corporate activity and credit growth in certain markets, such as that experienced by the Group in India, coupled with a challenging refinancing environment, may further impact the Group's financial performance (including as a result of increasing loan and credit impairments (see further in the risk factor entitled "*Changes in the credit*

quality and the recoverability of loans and amounts due from counterparties may have a material adverse effect on the Group's financial condition, results of operations and prospects")))."

2. The paragraph under the heading "***The Group operates primarily in Asia, Africa and the Middle East, and these operations expose it to risks arising from the political and economic environment of markets in these areas that could adversely affect the Group's financial condition, results of operations and prospects***" in the section headed "***RISK FACTORS***" on page 17 of the Base Prospectus shall be supplemented and updated so that the following words are inserted at the end of that paragraph:

"The occurrence of a number of such risks, such as the recent renminbi devaluation in August 2015 and other currency volatility in, or affecting, a number of the Group's key markets, have impacted the Group's financial condition and recent results of operations. In addition, surplus liquidity in the key markets in which the Group operates has adversely impacted margins and may continue to do so if such surplus liquidity persists."

3. The paragraph under the heading "***Changes in the credit quality and the recoverability of loans and amounts due from counterparties may have a material adverse effect on the Group's financial condition, results of operations and prospects***" in the section headed "***RISK FACTORS***" on page 17 of the Base Prospectus shall be supplemented and updated so that the following words are inserted at the end of that paragraph:

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

4. The last sentence of the paragraph under the heading "***The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgments and estimates which may change over time***" in the section headed "***RISK FACTORS***" on page 18 of the Base Prospectus shall be supplemented and updated by the following words:

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

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

5. The first paragraph under the heading “**Country cross-border risk could have a material adverse effect on the Group’s financial condition, results of operations and prospects**” in the section headed “**RISK FACTORS**” on page 20 of the Base Prospectus shall be supplemented and updated so that the following words are inserted at the end of that paragraph:

“Specifically, in response to a deterioration in economic and political conditions, certain governments have imposed and may impose new, or more severe, restrictions on the movement of capital and transferability of currency, which could result in counterparties being unable to honour their contractual obligations to the Group.”

6. The second paragraph under the heading “**Failure to manage legal and regulatory risk properly can impact the Group adversely**” in the section headed “**RISK FACTORS**” on page 21 of the Base Prospectus shall be supplemented and updated by the following paragraphs:

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

- the Group has been, and continues to be, subject to regulatory actions, reviews, requests for information and investigations relating to compliance with applicable laws and regulations (see further the risk factor entitled “*Regulatory reviews and investigations and internal practice and process reviews may result in adverse consequences to the Group*”);
- the Group may incur costs and expenses in connection with proceedings resulting from non-compliance by the Group (or its employees, representatives, agents or third party service providers) with applicable laws and regulations, or a suspicion or perception of such non-compliance (including costs associated with the conduct of such proceedings and any associated liability for damages) and such non-compliance may also give rise to reputational damage; and
- a failure by the Group to comply with applicable laws or regulations may result in the Group deciding to implement restrictions on its businesses or the markets in which it operates (or offering to relevant regulators to implement such restrictions or accepting proposed restrictions or being required by relevant regulators to do so). These restrictions may be accompanied by a requirement on the Group to make periodical attestations to the relevant regulators as to its compliance with the relevant restrictions (and, if the Group does not comply with such restrictions, or is unable to give any required attestations, this may give rise to the adverse consequences described above).”

7. The third and fourth paragraphs under the heading “**The Group is subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements**” in the section headed “**RISK FACTORS**” on page 23 of the Base Prospectus shall be supplemented and updated by the following paragraphs:

“However, the Group’s Common Equity Tier 1 Capital (“**CET1 Capital**”) ratio has increased from 10.7 per cent. as at the start of 2015 to 11.5 per cent. as at 30 June 2015, approximately 260 basis points higher than the current known minimum capital requirement in 2019. As at 30 September 2015, the Group’s CET1 Capital Ratio was 11.4 per cent. In addition, the updated strategy announced on 3 November 2015 comprises a comprehensive programme of actions which are intended to strengthen the Group’s financial resilience. In this regard, SCPLC’s proposed 2 for 7 rights issue of 728,432,451 New Ordinary Shares at 465 pence each announced on 3 November 2015 (the “**Rights Issue**”) will significantly strengthen the Group’s balance sheet, increasing its capacity to absorb potential changes in regulation and the external environment.

Moreover, in order to ensure that the Group maintains an efficient capital structure, the Group intends to continue issuing Additional Tier 1 Capital securities to build its Additional Tier 1 Capital levels over time, although the timing of issuance is subject to market conditions.”

8. The paragraphs under the sub-heading “**The FSB’S TLAC proposals**”, under the heading “**The Group is subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements**” in the section headed “**RISK FACTORS**” on page 25 of the Base Prospectus shall be supplemented and updated by the following sub-heading and paragraphs:

“The FSB’s TLAC standards

In 2013, the G20 called on the FSB to assess and develop proposals by the end of 2014 regarding the adequacy of loss absorbing capacity held by G-SIBs. The FSB published its draft proposals for consultation in November 2014 and issued its final standards on 9 November 2015. The FSB’s central principle regarding TLAC for G-SIBs is that there must be sufficient loss absorbing and recapitalisation capacity available in resolution to implement an orderly resolution that minimises any impact on financial stability, ensures the continuity of critical functions and avoids exposing taxpayers (that is, public funds) to loss with a high degree of confidence. The FSB’s other principles elaborate on this main guiding principle.

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

Under the FSB’s TLAC term sheet, regulatory capital resources counting towards satisfying the minimum regulatory capital requirements of Basel III (as reflected in the EU through CRD IV) may count towards satisfying the minimum TLAC requirement, subject to certain conditions. In particular, CET1 Capital used to meet minimum TLAC

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

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

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

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

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

9. The fifth and sixth paragraphs under the sub-heading "**UK Macro-prudential Regulation**", under the heading "**The Group is subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements**" in the section headed "**RISK FACTORS**" on page 27 of the Base Prospectus shall be supplemented and updated by the following sub-headings and paragraphs:

"2016 – 2018 Bank of England stress tests

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

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

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

10. The sub-heading “**UK Macro-prudential Regulation**”, under the heading “**The Group is subject to the risk of regulators imposing more onerous prudential standards, including increased capital, leverage and liquidity requirements**” in the section headed “**RISK FACTORS**” on page 26 of the Base Prospectus shall be supplemented and updated so that the following sub-headings and paragraphs are inserted at the end of that section:

“The PRA Buffer

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

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

Regulations under consultation

The Group may be impacted by the implementation of further regulations which are currently under consultation or yet to be finalised. By way of example, these include the Basel Committee on Banking Supervision (“**BCBS**”) consultations on (i) the design of a capital floor framework based on standardised approaches for credit risk (BCBS CP306), (ii) revisions to the standardised approach for credit risk (BCBS CP307), (iii) revisions to the standardised approach for operational risk (BCBS CP291), (iv) proposals for a fundamental review of the trading book, which may affect the market risk framework (BCBS CP305), and (v) proposals to review the Credit Valuation Adjustment (“**CVA**”) risk framework (BCBS325).

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

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

Application of capital requirements by local regulators

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

11. The paragraph under the sub-heading "**Potential impact on funding in non-EU jurisdictions**", under the heading "**The business and operations of the Group may be affected by resolution measures developed by its regulators, including those introduced in accordance with the EU Bank Recovery and Resolution Directive and the Banking Act 2009**" in the section headed "**RISK FACTORS**" on page 28 of the Base Prospectus shall be supplemented and updated so that the following words are inserted at the end of that paragraph:

"However, the EBA regulatory technical standards under Article 55 have not yet been adopted by the European Commission and the Group understands the PRA intends to consult on amendments to its rule implementing Article 55 after publication by the European Commission of its final delegated regulation implementing the EBA regulatory technical standards for the contractual recognition of write-down and conversion powers. Implementation when the requirements may be subject to further consultation and change could result in the Group, and other banks, having to withdraw or amend previous communications with clients on this sensitive topic, which could be disruptive in the Group's markets. Furthermore, the Group has encountered resistance from some local regulators in relation to Article 55 implementation. Therefore, the Group has delayed the implementation of Article 55."

12. The paragraphs under the heading "**Regulatory reviews and investigations and internal practice and process reviews may result in adverse consequences to the Group**" in the section headed "**RISK FACTORS**" on page 30 of the Base Prospectus shall be supplemented and updated by the following paragraphs:

"Since the global financial crisis, the banking industry has been subject to increased regulatory scrutiny. There has been an unprecedented volume of regulatory changes and requirements, as well as a more intensive approach to supervision and oversight and conduct, resulting in an increasing number of regulatory reviews, requests for information (including subpoenas and requests for documents) and investigations, often with enforcement consequences, involving banks.

The Group has been, and continues to be, subject to regulatory actions, reviews, requests for information and investigations in various jurisdictions which relate to compliance with applicable laws and regulations. The Group is co-operating with a number of reviews, requests for information and investigations, but both the nature and timing of the outcome of these matters is uncertain and difficult to predict. As such, it is not possible to predict the extent of liabilities or other adverse consequences that may arise for the Group. Regulatory and enforcement authorities have broad discretion to pursue prosecutions and impose a wide range of penalties for non-compliance with laws and regulations. Penalties imposed by authorities have included substantial monetary

penalties, additional compliance and remediation requirements and additional business restrictions. In recent years, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations, and there can be no assurance that future penalties will not be of a different type or increased severity. As a result, the outcome of such reviews, requests for information and investigations may, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In particular:

- The terms of settlements regarding US sanctions compliance reached with the US Authorities in 2012 (collectively, the "**2012 settlements**") include a number of conditions and ongoing obligations with regard to improving sanctions, Anti-Money Laundering ("**AML**") and Bank Secrecy Act ("**BSA**") controls such as remediation programmes, reporting requirements, compliance reviews and programmes, banking transparency requirements, training measures, audit programmes, disclosure obligations and, in connection with the New York Department of Financial Services ("**NYDFS**") consent order, the appointment of an independent monitor, Navigant Consulting, Inc. (the "**Monitor**"). In connection with the 2012 settlements, the Group was fined and agreed to pay approximately US\$667 million.
- On 19 August 2014, the Group announced that it had reached a final settlement with the NYDFS regarding deficiencies identified by the Monitor in the anti-money laundering transaction surveillance system in its New York branch (the "**Branch**"). The system, which is separate from the sanctions screening process, is one part of the Group's overall financial crime controls and is designed to alert the Branch to unusual transaction patterns that require further investigation on a post-transaction basis. The settlement provisions are summarised as follows: (i) a civil monetary penalty of US\$300 million; (ii) enhancements to the transaction surveillance system at the Branch; (iii) a two-year extension to the term of the Monitor; and (iv) a set of temporary remediation measures, which will remain in place until the transaction surveillance system's detection scenarios are operating to a standard approved by the Monitor. Those temporary remediation measures include a restriction on opening (without the prior consent of the NYDFS) a dollar demand deposit account for any client that does not already have such an account with the Branch, a restriction on US dollar clearing services for higher risk retail business clients in one jurisdiction and enhanced monitoring of certain high-risk clients in another jurisdiction.
- On 9 December 2014, the Group announced that the Department of Justice ("**DOJ**"), District Attorney of New York ("**DANY**") and the Group had agreed to a three-year extension of the Deferred Prosecution Agreements ("**DPAs**") entered into in 2012 until 10 December 2017, resulting in the subsequent retention of the Monitor to evaluate and make recommendations regarding the Group's sanctions compliance programme. The agreement with the DOJ acknowledged that the Group had taken a number of steps to comply with the requirements of the original DPAs and to enhance and optimise its sanctions compliance,

including the implementation of more rigorous US sanctions policies and procedures, certified staff training, hiring of senior legal and financial crime compliance staff and implementing additional measures to block payment instructions for countries subject to US sanctions laws and regulations. The Group is working closely with the authorities to make additional substantial improvements to its US sanctions programme to reach the standard required by the DPAs.

- The Group is co-operating with an investigation by the US Authorities and the New York State Attorney General relating to possible historical violations of US sanctions laws and regulations, but at this stage the authorities have not reached any conclusion as to whether any violations have occurred. In contrast to the 2012 settlements, which focused on the period before the Group's 2007 decision to stop doing new business with known Iranian parties, the ongoing investigation is focused on examining the extent to which conduct and control failures permitted clients with Iranian interests to conduct transactions through Standard Chartered Bank after 2007 and the extent to which any such failures were shared with the relevant US Authorities in 2012. At the current stage of this investigation, the Group cannot predict the nature or timing of its outcome.
- The FCA is investigating Standard Chartered Bank's financial crime controls, looking at the effectiveness and governance of those controls within the correspondent banking business carried out by Standard Chartered Bank's London branch, particularly in relation to the business carried on with respondent banks from outside the European Economic Area, and the effectiveness and governance of those controls in one of Standard Chartered Bank's overseas branches and the oversight exercised at Group level over those controls. Again, at the current stage of this investigation, the Group cannot predict the nature or timing of its outcome.
- Regulators and other agencies in certain markets are conducting investigations or requesting reviews into a number of areas of regulatory compliance and market conduct (including sales and trading) involving a range of financial products, and submissions made to set various market interest rates and other financial benchmarks, such as foreign exchange. At relevant times, certain of the Group's branches and/or subsidiaries were (and are) participants in some of those markets, in some cases submitting data to bodies that set such rates and other financial benchmarks. At this stage, the Group cannot predict the nature or timing of the outcome of such investigations or reviews.
- In meeting regulatory expectations and demonstrating active risk management, the Group also takes steps to restrict, restructure or otherwise to mitigate higher risk business activities which could include divesting or closing businesses that exist beyond risk tolerances.
- The Group's compliance with historical, current and future sanctions, as well as AML and BSA requirements and customer due diligence practices are, and will remain, a focus of relevant authorities.

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

13. The first paragraph under the heading "***The Group may face increased compliance costs as a result of tax legislation passed in the United States and intergovernmental agreements entered into with respect thereto***" in the section headed "***RISK FACTORS***" on page 31 of the Base Prospectus shall be supplemented and updated so that the following words are inserted at the end of that paragraph:

"In addition, the Organisation for Economic Co-operation and Development (the "***OECD***") has developed a draft common reporting standard ("***CRS***") and model competent authority agreement to enable the multilateral, automatic exchange of financial account information although, unlike FATCA, CRS does not include a potential withholding element. Under the CRS financial institutions will be required to identify and report the tax residence status of customers in the 90 plus countries that have endorsed the plans. In December 2014, the European Union incorporated the CRS into a revised Directive on Administrative Cooperation (Council Directive 2014/107/EU amending Directive 2011/16/EU) ("***DAC***") providing the CRS with a legal basis within the EU. EU Member States must adopt and publish legislation necessary to comply with the revised DAC by 31 December 2015, and must comply with the revised DAC's provisions from 1 January 2016."

14. The sub-section headed "***Operational risks***" in the section headed "***RISK FACTORS***" on page 32 of the Base Prospectus shall be supplemented and updated so that the following paragraphs are inserted after the paragraphs under the heading "***Operational risks are inherent in the Group's business***":

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

The Group is in the process of implementing a significant strategic repositioning to re-establish itself as a strong, lean, focused and profitable bank. Achieving this will require the delivery of several inter-dependent management actions and the management and implementation of considerable change within the organisation and its business infrastructure while continuing to meet the needs of the Group's clients and operate as business as usual.

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

In addition, although the Group is being restructured to focus on local execution and improved accountability, delivery of the benefits of this restructuring will require new

ways of working and decision making to be embedded within the Group and there are associated risks as to the timing and successful delivery of these outcomes.

The strategic plan includes a three year cost efficiency plan which is targeting a reduction in the Group's net costs to below 2015 levels by the end of 2018. The Group plans to deploy the majority of these cost savings to step-up investment in the Group's technology and infrastructure with a view to creating efficient, scalable platforms which support the proposed strategic repositioning of the Group (including the proposed change to the Group's business mix and the targeted growth of Wealth Management and Private Banking). Failure to deliver the targeted costs savings, or delayed delivery of such targeted costs savings, may adversely impact the Group's ability to implement the planned investment in its technology and infrastructure. Moreover, large technology investments generally carry a variety of execution risks. Both of these factors may have a consequential impact upon the Group's ability to deliver the strategic repositioning which forms part of the Group's revised strategy and the associated benefits from the strategy which are being targeted. In addition, while the Group plans to implement the strategic plan without negative consequences for its risk and control environment, and with limited impact on clients, such risks cannot be wholly eliminated.

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

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

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

New Documents Incorporated by Reference

The following sections of the Rights Issue Prospectus, which has been previously published and which has been filed with the FCA, are hereby incorporated in, and form part of, this Supplement:

1. "Part VIII - Letter from the Chairman", pages 60-65 (inclusive), but excluding paragraph 4 entitled "2015 Bank of England Stress Tests" therein, of the Rights Issue Prospectus; and

2. "Part XIV - Unaudited Pro Forma Financial Information", pages 139-144 (inclusive) of the Rights Issue Prospectus.

Any non-incorporated parts of the above mentioned document are either not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus to which this Supplement relates.

2015 Bank of England stress tests

On 1 December 2015, the Bank of England announced the results of the 2015 stress test which showed that the Group met both the threshold CET1 Capital ratio and Tier 1 leverage ratio requirements after the impact of strategic management actions. The PRA did not require the Group to submit a revised capital plan. The PRA judged that in the hypothetical stress scenario the Group's Tier 1 Capital Ratio after strategic management actions was below the Tier 1 minimum capital requirement.

General Information – Litigation and Investigation

The litigation statements of the Issuers at pages 148 to 150 of the Base Prospectus are updated as set out below:

The Group is co-operating with a number of ongoing reviews, requests for information and investigations by governmental authorities in various jurisdictions into compliance with applicable law and regulation.

2012 Settlements

As discussed in the "Regulatory compliance" section on page 32 of the 2015 Group Half Year Report and Note 21 "Legal and regulatory matters" on page 103 of the 2015 H1 Group Half Year Report Interim (which are incorporated by reference herein), in 2012 the Group reached settlements regarding US sanctions compliance with the US authorities. In connection with the 2012 settlements, the Group entered into DPAs with the DOJ and the DANY which include a number of conditions and ongoing obligations with regard to improving sanctions, AML and BSA controls such as remediation programmes, reporting requirements, compliance reviews and programmes, banking transparency requirements, training measures, audit programmes, disclosure obligations and, in connection with the NYDFS consent order, the appointment of the Monitor, Navigant Consulting, Inc.. In connection with the 2012 settlements, the Group was fined and agreed to pay approximately US\$667 million.

2014 Settlement

On 19 August 2014, the Group announced that it had reached a final settlement with the NYDFS regarding deficiencies identified by the Monitor in the anti-money laundering transaction surveillance system in the Branch. The system, which is separate from the sanctions screening process, is one part of the Group's overall financial crime controls and is designed to alert the Branch to unusual transaction patterns that require further investigation on a post-transaction basis.

The settlement provisions are summarised as follows:

- i) civil monetary penalty of US\$300 million;
- ii) enhancements to the transaction surveillance system at the Branch;
- iii) a two-year extension to the term of the Monitor; and
- iv) a set of temporary remediation measures, which will remain in place until the transaction surveillance system's detection scenarios are operating to a standard approved by the Monitor.

These temporary remediation measures include a restriction on opening (without prior consent of the NYDFS) a dollar demand deposit account for any client that does not already have such an account with the Branch, a restriction on US dollar clearing services for higher risk retail business clients in one jurisdiction and enhanced monitoring of certain high-risk clients in another jurisdiction.

Extension of DPAs

On 9 December 2014, the Group announced that the DOJ, DANY and the Group had agreed to a three-year extension of the DPAs entered into in 2012 until 10 December 2017, resulting in the subsequent retention of the Monitor to evaluate and make recommendations regarding the Group's sanctions compliance programme. The agreement with the DOJ acknowledged that the Group had taken a number of steps to comply with the requirements of the original DPAs and to enhance and optimise its sanctions compliance, including the implementation of more rigorous US sanctions policies and procedures, certified staff training, hiring of senior legal and financial crime compliance staff and implementing additional measures to block payment instructions for countries subject to US sanctions laws and regulations. The Group is working closely with the authorities to make additional substantial improvements to its US sanctions programme to reach the standard required by the DPAs.

US ongoing investigation

The Group is co-operating with an investigation by the US authorities and the New York State Attorney General relating to possible historical violations of US sanctions laws and regulations. In contrast to the 2012 settlements, which focused on the period before the Group's 2007 decision to stop doing new business with known Iranian parties, the ongoing investigation is focused on examining the extent to which conduct and control failures permitted clients with Iranian interests to conduct transactions through SCB after 2007 and the extent to which any such failures were shared with the relevant US authorities in 2012.

The nature and timing of the outcome of this matter is uncertain and difficult to predict. As such, it is not possible to predict the extent of liabilities or other adverse consequences that may arise to the Group. Regulatory and enforcement authorities have broad discretion to pursue prosecutions and impose a wide range of penalties for non-compliance with laws and regulations. Penalties imposed by authorities have included substantial monetary penalties, additional compliance and remediation requirements and additional business restrictions. In recent years, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and

regulations, and there can be no assurance that future penalties will not be of a different type or increased severity.

FCA investigations

The FCA is investigating SCB's financial crime controls, looking at the effectiveness and governance of those controls within the correspondent banking business carried out by SCB's London branch, particularly in relation to the business carried on with respondent banks from outside the European Economic Area, and the effectiveness and governance of those controls in one of SCB's overseas branches and the oversight exercised at Group level over those controls.

The nature and timing of the outcome of these matters is uncertain and difficult to predict. As such, it is not possible to predict the extent of liabilities or other adverse consequences that may arise to the Group. Regulatory and enforcement authorities have broad discretion to pursue prosecutions and impose a wide range of penalties for non-compliance with laws and regulations. In recent years, such authorities have exercised their discretion to impose increasingly severe penalties on financial institutions that have been determined to have violated laws and regulations.

Save in relation to the matters described above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCPLC is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCPLC and/or the Group nor is SCPLC aware that any such proceedings are pending or threatened.

Save in relation to the matters described above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCB is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCB and/or the Group nor is SCB aware that any such proceedings are pending or threatened.

Save in relation to the matters described above, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which SCBHK is aware) during the twelve months preceding the date of this document, which may have, or have had in the recent past, significant effects on the financial position or profitability of SCBHK and its subsidiaries nor is SCBHK aware that any such proceedings are pending or threatened.

General

Copies of the documents incorporated by reference in this Supplement may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and are available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuers and at the office of the Issuing and Paying Agent, as set out in the Base Prospectus.

If documents which are incorporated by reference into this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement. The websites which are referred to in the documents which are incorporated by reference into this Supplement do not form part of this Supplement for the purposes of the Prospectus Directive.

To the extent that there is any inconsistency between: (a) any statement in this Supplement or any statement incorporated by reference into this Supplement; and (b) any other statement in or incorporated by reference into the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the supplementary prospectus dated 9 November 2015, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.