

Dated 27 October 2015

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

and

THE LAW DEBENTURE TRUST CORPORATION p.l.c.

**SUPPLEMENTAL TRUST DEED
RELATING TO A TRUST DEED DATED 9 JULY 1986
CONSTITUTING
U.S.\$400,000,000
PRIMARY CAPITAL UNDATED FLOATING RATE NOTES
(THIRD SERIES)**

 **NORTON ROSE FULBRIGHT**

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THIS SUPPLEMENTAL TRUST DEED is made on 27 October 2015

BETWEEN:

- (1) THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED as issuer (the Bank); and
- (2) THE LAW DEBENTURE TRUST CORPORATION p.l.c. as trustee (the Trustee).

WHEREAS:

- (A) The Bank (under its former name, The Hongkong and Shanghai Banking Corporation) and the Trustee entered into a trust deed dated 9 July 1986 constituting the Bank's U.S.\$400,000,000 Primary Capital Undated Floating Rate Notes (Third Series) (the Notes) (as amended, supplemented and/or restated from time to time, the Principal Trust Deed).
- (B) The Trustee has agreed to exercise the power conferred upon it by Clause 17(A) (Modifications) of the Principal Trust Deed to concur with the Bank in making a modification to the Principal Trust Deed which in its opinion will not be materially prejudicial to the interests of the Noteholders. Accordingly, the parties hereto now wish to enter into this supplemental trust deed (the Supplemental Trust Deed) in order to amend Condition 3(c)(iii) (Interest - Rate and Amount of Interest) of the Conditions of the Notes to insert a further fallback method for calculating the Rate of Interest.

NOW THIS DEED WITNESSETH and it is hereby agreed and declared as follows:

1 Definitions and interpretation

- 1.1 All words and expressions defined in the Principal Trust Deed and not otherwise defined herein shall have the same meaning in this Supplemental Trust Deed and the principles of interpretation specified in Clauses 1(B) to (E) of the Principal Trust Deed shall also apply to this Supplemental Trust Deed.
- 1.2 In addition, in this Supplemental Trust Deed the following expressions have the following meanings:

Effective Date means 27 October 2015; and

Letter Agreement means an agreement between the Bank and the Agent Bank in or substantially in the form set out in Schedule 1 to this Supplemental Trust Deed.

2 Amendments to the Principal Trust Deed

- 2.1 The Principal Trust Deed, with effect from the Effective Date, shall be amended as follows:
 - (a) Condition 3(c)(iii) shall be deleted in its entirety and replaced by the following:

"(iii) If on any Interest Determination Date fewer than two of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be whichever is the higher of:

- (A) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and
- (B) a rate per annum which the Agent Bank determines as being 3/16 per cent. per annum above three-month U.S. dollar LIBOR as it appears at or shortly after 11.00 a.m. (London time) on the Relevant Screen Page on the Interest Determination Date in question (rounded upwards if necessary to the nearest 1/16 per cent.),

provided, however, that if:

- (I) the Relevant Screen Page as set out in (B) above is not available at the relevant time on the relevant date, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Interest Period; and
- (II) (1) on any day during the relevant Interest Period prior to the seventh business day before the relevant Interest Payment Date the Agent Bank determines that at least two of the Reference Banks are quoting bid and offered rates for three-month U.S. dollar deposits to leading banks in the London inter-bank market, then the Agent Bank shall determine a new Rate of Interest (the "Substituted Rate") by application (mutatis mutandis) of the provisions set out in (i) or (ii) above, as the case may be, and (2) the Rate of Interest originally applicable to such Interest Period shall apply in respect of such Interest Period from and including the first day thereof up to but excluding the second business day after the day upon which the Substituted Rate is determined and the Substituted Rate shall apply from and including such second business day up to but excluding the next Interest Payment Date."

(b) A new paragraph (v) shall be inserted at the end of Condition 3(c) as follows:

"(v) for the purposes of Condition 3(c)(iii):

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor); and

"Relevant Screen Page" means the Reuters Screen Page LIBOR01, or such other page, section or other part as may replace it on that information service or any other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to LIBOR."

2.2 For the avoidance of doubt, nothing in this Supplemental Trust Deed shall amend the Coupon Amounts or the Rate of Interest determined by the Agent Bank in respect of the Interest Period ending on the Interest Payment Date falling in October 2015 (the **Previous Interest Period**), notwithstanding that such Previous Interest Period will end after the Effective Date, and the amendments to the Conditions which are set out in this Clause 2 shall only apply in relation to the determination of the Coupon Amounts or the Rate of Interest on or after the Effective Date.

3 Costs, expenses and indemnification

3.1 The Bank shall, from time to time on demand of the Trustee, reimburse the Trustee for all fees, costs and expenses (including legal fees) incurred by it in connection with the negotiation, preparation and execution or purported execution of this Supplemental Trust Deed and the completion of the matters herein contemplated.

3.2 The Bank shall indemnify the Trustee and every attorney, manager, agent, delegate or other person properly appointed by it hereunder against any and all losses, liabilities, costs, claims, actions or demands incurred by it or him or which may be made against it or him as a result of

or in connection with the execution or purported execution of this Supplemental Trust Deed and the amendments hereby effected.

4 Further assurance

The Bank undertakes to the Trustee to execute all such other documents, including the Letter Agreement, and comply with all such other requirements to effect the amendments contemplated hereby and any other matter incidental thereto as the Trustee may direct in the interests of the Noteholders and the Couponholders.

5 Trust Deed

This Supplemental Trust Deed is supplemental to the Principal Trust Deed and, subject to the amendments to be effected to the Principal Trust Deed hereunder, the Principal Trust Deed and the Notes shall remain in full force and effect and the Principal Trust Deed and this Supplemental Trust Deed shall be read and construed together as one deed.

6 Notices

- 6.1 A memorandum of this Supplemental Trust Deed shall be endorsed on the original of the Principal Trust Deed by the Trustee and on the duplicate thereof by the Bank.
- 6.2 The Bank shall, as soon as practicable after the amendments set out in Clause 2 (*Amendments to the Principal Trust Deed*) of this Supplemental Trust Deed become effective, give notice of the amendments to the Noteholders in accordance with Condition 12 (*Notices*).

7 Counterparts

This Supplemental Trust Deed may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement. This Supplemental Trust Deed shall not come into effect until each party has executed and delivered at least one counterpart.

8 Governing law and jurisdiction

This Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.

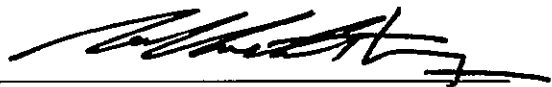
9 Third party rights

A person who is not party to this Supplemental Trust Deed may not enforce any terms of this Supplemental Trust Deed under the Contract (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any third party which exists or is available apart from that Act.

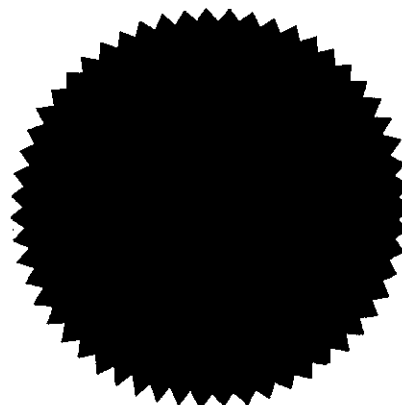
IN WITNESS WHEREOF this Supplemental Trust Deed has been executed as a deed by the parties hereto and is intended to be and is hereby delivered on the day first before written.

EXECUTION CLAUSES

SEALED with the **COMMON SEAL** of
THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED and signed by:



Authorised Signatory



THE COMMON SEAL of
THE LAW DEBENTURE TRUST
CORPORATION p.l.c. was affixed
to this **DEED** in the presence of:

Director

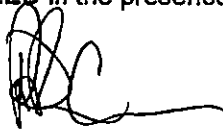
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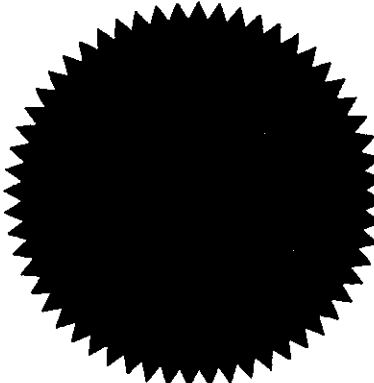
THE COMMON SEAL of
THE LAW DEBENTURE TRUST
CORPORATION p.l.c. was affixed
to this **DEED** in the presence of:



Director



Authorised Signatory


45936

Schedule 1
Form of Letter Agreement

[Letterhead of The Hongkong and Shanghai Banking Corporation Limited]

To:

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

(the Agent Bank)

With a copy to:

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London
EC2V 7EX

[●] October 2015

U.S.\$400,000,000 Primary Capital Floating Rate Notes (Third Series) (ISIN: GB0004355490) (the Notes)

We refer to the agency agreement in relation to the Notes, dated 7 July 1986 between The Hongkong and Shanghai Banking Corporation Limited (the **Bank**) under its former name The Hongkong and Shanghai Banking Corporation, Citibank N.A., Citicorp Bank (Luxembourg) S.A. and Citicorp Bank Switzerland), under which Citibank, N.A. is currently the entity acting as the Agent Bank (as amended, restated or supplemented from time to time, the **Agency Agreement**).

Unless defined otherwise herein or the context otherwise requires, terms and expressions used in this letter have the same meanings and shall be construed in the same manner as in the Agency Agreement.

The Bank and the Trustee have agreed to amend the method for calculating the Rate of Interest by entering into a supplemental trust deed dated [●] October 2015 supplemental to the Trust Deed.

Accordingly, with effect from [●] October 2015 (the **Effective Date**), Condition 3 shall be amended so as to reflect the amendments agreed with the Trustee, as follows (together the **Amendments**):

1. Condition 3(c)(iii) shall be deleted in its entirety and replaced by the following:

- “(iii) If on any Interest Determination Date fewer than two of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall, subject as provided below, be whichever is the higher of:
- (A) the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied; and
 - (B) a rate per annum which the Agent Bank determines as being 3/16 per cent. per annum above three-month U.S. dollar LIBOR as it appears at or shortly after 11.00 a.m. (London time) on the Relevant Screen Page on the Interest Determination Date in question (rounded upwards if necessary to the nearest 1/16 per cent.),

provided, however, that if:

- (I) the Relevant Screen Page as set out in (B) above is not available at the relevant time on the relevant date, the Rate of Interest shall be the Rate of Interest in effect for the last preceding Interest Period; and
- (II) (1) on any day during the relevant Interest Period prior to the seventh business day before the relevant Interest Payment Date the Agent Bank determines that at least two of the Reference Banks are quoting bid and offered rates for three-month U.S. dollar deposits to leading banks in the London inter-bank market, then the Agent Bank shall determine a new Rate of Interest (the "Substituted Rate") by application (*mutatis mutandis*) of the provisions set out in (i) or (ii) above, as the case may be, and (2) the Rate of Interest originally applicable to such Interest Period shall apply in respect of such Interest Period from and including the first day thereof up to but excluding the second business day after the day upon which the Substituted Rate is determined and the Substituted Rate shall apply from and including such second business day up to but excluding the next Interest Payment Date."

2. A new paragraph (v) shall be inserted at the end of Condition 3(c) as follows:

"(v) for the purposes of Condition 3(c)(iii):

LIBOR means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor); and

Relevant Screen Page means the Reuters Screen Page LIBOR01, or such other page, section or other part as may replace it on that information service or any other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to LIBOR."

For the avoidance of doubt, nothing in this letter shall amend the Coupon Amounts or the Rate of Interest determined by the Agent Bank in respect of the Interest Period ending on the Interest Payment Date falling in October 2015 (the **Previous Interest Period**), notwithstanding that such Previous Interest Period will end after the Effective Date and the Amendments shall only apply in relation to the determination of the Coupon Amounts or the Rate of Interest on or after the Effective Date.

Please confirm your agreement to the Amendments by countersigning this letter and the copy thereof enclosed with this letter in the space indicated. Please retain one copy of this letter for your records and return one copy with your countersignature to the Bank at the address specified in its letterhead above, for the Bank's records. This letter may be signed in counterpart, each of which is an original and all of which together evidence the same agreement.

All terms and provisions of the Agency Agreement will continue in full force and effect in accordance with its provisions on the date of this letter.

This letter, and any and all non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

Yours faithfully,

Name:

Title:

For and on behalf of
**THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED**

ACKNOWLEDGED AND AGREED BY:

Name:

Title:

For and on behalf of
CITIBANK, N.A., LONDON BRANCH

Date: _____