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HSBC BANK PLC

CERTIFIED TRUE EXTRACT FROM THE MINUTES OF AN EXTRAORDINARY GENERAL MEETING HELD ON 27 SEPTEMBER 2001

THE FOLLOWING RESOLUTION WAS DULY PASSED AS A SPECIAL RESOLUTION

"IT WAS RESOLVED THAT:

- (1) the authorised share capital of the Company be increased by the creation of an additional 25,000,000 non-cumulative preference shares of US\$0.01 each ("**third dollar preference shares**") such shares to rank pari passu with the existing third dollar preference shares;
- (2) the alterations to the Articles of Association of the Company as set out in the Appendix to the Notice convening the Extraordinary General Meeting, a copy of which Appendix was produced to the Meeting and initialled by the Chairman for purposes of identification, be and are hereby approved; and
- (3) in addition to and without prejudice to the authority conferred by Article 8B(1) of the Articles of Association of the Company, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 (the "**Act**") to exercise all the powers of the Company to allot third dollar preference shares up to an aggregate nominal amount of US\$250,000 and this authority (unless previously revoked or varied) shall expire on 26 September 2006 but shall allow the Company before such expiry to make an offer or agreement which would or might require the allotment of all or any of those shares after such expiry."

Certified a true extract



I B Marshall
Secretary



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HSBC BANK PLC
SERIES 2 THIRD DOLLAR PREFERENCE SHARES
TERMS AND CONDITIONS

(Adopted by a Resolution of a duly authorised Committee of the
Board of Directors of HSBC Bank plc on 27 September 2001)

The non-cumulative third dollar preference shares Series 2 of US\$0.01 each (the "**Series 2 third dollar preference shares**") of HSBC Bank plc (the "**Bank**") shall have attached thereto the respective rights and shall be subject to the limitations and restrictions set out below and shall be otherwise subject to the articles of association of the Bank (the "**Articles**").


In these terms and conditions:-

- (a) the 200,000,000 non-cumulative dollar preference shares of US\$0.01 each in the capital of the Bank are referred to as the "first dollar preference shares";
- (b) the 4,000,000 non-cumulative second dollar preference shares of US\$0.01 each in the capital of the Bank are referred to as the "second dollar preference shares";
- (c) the 15,000,000 non-cumulative third dollar preference shares of US\$0.01 each in the capital of the Bank (created on 22 June 2001) are referred to as the "third dollar preference shares";
- (d) the 150,000,000 non-cumulative preference shares of £1 each in the capital of the Bank are referred to as the "sterling preference shares";
- (e) the one preferred ordinary share of £1 in the capital of the Bank is referred to as the "preferred ordinary share";
- (f) the ordinary shares of £1 each in the capital of the Bank are referred to as the "ordinary shares".

1. Status, Denomination, Form and Title

The Series 2 third dollar preference shares constitute a separate class of shares from the first dollar preference shares, the second dollar preference shares, the third dollar preference shares, the sterling preference shares, the preferred ordinary share, the ordinary shares and any other class of shares in the capital of the Bank for the time being. The Series 2 third dollar preference shares rank *pari passu* inter se and with the third dollar preference shares and with all other shares expressed to rank *pari passu* therewith. The Series 2 third dollar preference shares rank:-

- (a) after the first dollar preference shares, the second dollar preference shares and the sterling preference shares as regards dividends and a return of capital as described in paragraph 4 below;

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- (b) after the preferred ordinary share as regards dividends and return of capital of the kind described in paragraphs (i) and (ii) of Article 3C(1);
 - (c) in priority to the ordinary shares and (save as mentioned in (b) above) the preferred ordinary share as regards dividends and a return of capital as described in paragraph 4 below.

The Series 2 third dollar preference shares will be issued fully paid in registered form ("Registered Shares"). Title to Registered Shares will pass by transfer and registration in accordance with the Articles and as described in paragraph 2 below.

2. **Transfer of Registered Shares**

The Articles provide, inter alia, that Registered Shares shall be transferred by an instrument in writing in the usual common form or any other form which the Directors may approve, executed by or on behalf of the transferor. The Directors may decline to register any instrument of transfer unless the instrument of transfer is in respect of only Series 2 third dollar preference shares, is in favour of a single transferee or not more than four joint transferees, is duly stamped (if so required) and is deposited at the place in the United Kingdom where the register of members of Series 2 third dollar preference shares is kept. Each registration of transfer of Registered Shares will be effected upon the entry of the name of the transferee in the register of members in respect of the Registered Shares, without payment of any fee (but subject to payment of any taxes, stamp duties or other governmental charges payable in connection therewith).

Share certificates ("Certificates") representing more than one Series 2 third dollar preference share may be split upon request to the specified office at the Registrar. In the case of the transfer of some only of the Series 2 third dollar preference shares in registered form, a new Certificate or Certificates in respect of the Series 2 third dollar preference shares not transferred will be delivered to the transferor at his risk.

3. **Dividends**

The Series 2 third dollar preference shares shall confer on the holders thereof the right to receive, in priority to the ordinary shares and (save as referred to in paragraph 1(b) above) the preferred ordinary share, *pari passu* with the third dollar preference shares but subject to the rights attached to the first dollar preference shares, the second dollar preference shares, the sterling preference shares, the preferred ordinary share and any other class of shares in the capital of the Bank for the time being (other than the third dollar preference shares and the ordinary shares), non-cumulative dividends when, as and if declared by the Board of Directors of the Bank or an authorised committee thereof out of the distributable profits of the Bank in the amounts and at the rates provided below.

Such dividends will be payable in United States dollars annually in arrear on 31 October in each year (a "**Dividend Payment Date**") in respect of the year (a "**dividend period**") then ended, but so that the first dividend period shall be from (but excluding) the date of first issue of the Series 2 third dollar preference shares in question to (and including) 31 October 2002;

The dividend payable on each Series 2 third dollar preference share on any Dividend Payment Date will be fixed at the amount which, when annualised, will be equal to 7.5% of the liquidation value thereof (being US\$25.00)).



The amount of dividends payable on the Series 2 third dollar preference shares for any dividend period shorter or longer than a full dividend period will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in that period.

The Board of Directors of the Bank or an authorised committee thereof shall declare and pay in full on each Dividend Payment Date dividends on the Series 2 third dollar preference shares unless, in the opinion of the Board of Directors or such committee, (i) payment of any such dividend would breach or cause a breach of the capital adequacy requirements of the Financial Services Authority applicable to the Bank (or its subsidiary undertakings), or (ii) the distributable profits of the Bank are insufficient to enable the payment in full of dividends on the Series 2 third dollar preference shares and dividends on any other shares of the Bank stated to be payable on such Dividend Payment Date and ranking *pari passu* as to dividends with the Series 2 third dollar preference shares, or (iii) payment of any such dividend is prohibited by the rights attached to the first dollar preference shares, the second dollar preference shares, the sterling preference shares or any other class of shares in the capital of the Bank for the time being (other than the ordinary shares).

If on any Dividend Payment Date the distributable profits of the Bank are, in the opinion of the Board of Directors or an authorised committee thereof, insufficient to enable payment in full of dividends on the Series 2 third dollar preference shares and of any dividends payable on the same date on any other shares of the Bank ranking *pari passu* as to dividends with the Series 2 third dollar preference shares, the Bank shall declare and pay, to the extent of distributable profits (if any) (after payment in full, or the setting aside of a sum required for payment in full, of all dividends payable on any shares ranking in priority to the Series 2 third dollar preference shares), dividends on the Series 2 third dollar preference shares and such other shares *pro rata* to the amount of the cash dividend then owing in respect of them (together with arrears, if any, of cumulative dividends on any shares ranking *pari passu* as to dividends with the Series 2 third dollar preference shares) Provided that no dividend shall be payable under this paragraph if, in the opinion of the Board of Directors of the Bank or an authorised committee thereof, such payment is prohibited by the rights attached to the first dollar preference shares, the second dollar preference shares, the sterling preference shares or any other class of share in the capital of the Bank for the time being (other than the ordinary shares).

Dividends on the Series 2 third dollar preference shares shall be non-cumulative. If a dividend, or any part thereof, is not required to be paid, and is not paid, on a Dividend Payment Date in respect of Series 2 third dollar preference shares then holders of such shares will have no claim in respect of such non-payment or to any interest thereon, whether or not dividends on the Series 2 third dollar preference shares are declared for any future period.

Dividends on the Series 2 third dollar preference shares will be payable to the record holders thereof as they appear on the register for such Series 2 third dollar preference shares on such record dates, which will be not less than 15 nor more than 60 days prior to the relevant Dividend Payment Dates, as will be fixed by the Board of Directors of the Bank or an authorised committee thereof. Subject to any applicable fiscal or other laws and regulations, payments of dividends will be made by dollar cheque drawn on a bank in London or in The City of New York and mailed to the record holder thereof at such holder's address as it appears on the register for the Series 2 third dollar preference shares.

If any Dividend Payment Date is not a day on which banks in London and in The City of New York are open for business and on which foreign exchange dealings may be conducted in London and The City of New York (a "Dollar Business Day"), then payment of the dividend will be made on the next succeeding day which is a Dollar Business Day, without any interest or other payment in respect of any such delay.

Except as provided herein, the Series 2 third dollar preference shares shall carry no right to participate in the profits of the Bank.

4. Return of Capital

In the event of a return of capital in respect of a winding-up of the Bank or otherwise (but not a redemption or purchase by the Bank of any of its share capital), the then holders of the Series 2 third dollar preference shares shall be entitled to receive, in priority to the ordinary shares and (save as referred to in paragraph 1(b) above) the preferred ordinary share, *pari passu* with the third dollar preference shares but subject to the rights attached to the first dollar preference shares, the second dollar preference shares, the sterling preference shares, the preferred ordinary share (as referred to in paragraph 1(b) above) and any other class of shares in the capital of the Bank for the time being (other than the third dollar preference shares and the ordinary shares), out of the assets of the Bank available for distribution to shareholders, together with the holders of any other shares of the Bank ranking, as regards repayment of capital, *pari passu* with the Series 2 third dollar preference shares, the amount (in US dollars) of US\$25.00 per share plus (provided that the dividends mentioned below were or would have been payable in accordance with the Articles), an amount (to be paid as a dividend) equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of the winding-up of the Bank or the date of any such other return of capital, as the case may be.

If upon any return of capital in a winding up of the Bank, the amounts payable with respect to the Series 2 third dollar preference shares and any other preference shares of the Bank ranking as to any such distribution *pari passu* with the Series 2 third dollar preference shares are not paid in full, the holders of the Series 2 third dollar preference shares and of such other preference shares will share rateably in any such distribution of assets of the Bank in proportion to the full respective preferential amounts to which they are entitled.

After payment of the full amount (as described in the two preceding paragraphs) to which they are entitled, the holders of the Series 2 third dollar preference shares will have no right or claim to any of the remaining assets of the Bank and will not be entitled to any further participation or return of capital in a winding up.

5. **Redemption**

The Bank shall be entitled, subject to the provisions of applicable law, to redeem all or some only of the Series 2 third dollar preference shares by giving to the holders of any Series 2 third dollar preference share to be redeemed not less than 30 days' nor more than 60 days' prior notice in writing (a "**Notice of Redemption**") of a redemption date ("**Redemption Date**") which falls no earlier than 5 years and one day after the date of allotment of that Series 2 third dollar preference share.

Any such redemption shall be made at the redemption price of US\$25.00 per share.

Upon the redemption of all or any of the Series 2 third dollar preference shares, the Bank will, on or before the Redemption Date, pay in respect of the shares to be redeemed dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends (up to and including the Redemption Date, to be paid as a dividend) for the then-current dividend period.

In the event that less than all of the outstanding Series 2 third dollar preference shares are to be redeemed, the Series 2 third dollar preference shares to be redeemed will be selected by the Bank by a drawing in the presence of the Bank's auditors.

Each Notice of Redemption will specify (i) the Redemption Date, (ii) the particular Series 2 third dollar preference shares to be redeemed, (iii) the redemption price and (iv) the place or places at which documents of title in respect of such Series 2 third dollar preference shares are to be presented for redemption and payment of the redemption monies is to be effected. No defect in the Notice of Redemption or in the giving thereof will affect the validity of the redemption proceedings.

Payments in respect of the amount due on redemption shall be made by US dollar cheque drawn on a bank in London or in The City of New York or upon the request of the holder (or joint holders) not later than the date specified for the purpose in the Notice of Redemption by transfer to a US dollar account maintained by the payee with a bank in London or in The City of New York. Such payments will be made against presentation and surrender of the relevant Certificates at the place (or one of the places) specified in the Notice of Redemption and if any Certificate so surrendered includes any Series 2 third dollar preference shares not to be redeemed on the relevant Redemption Date the Company shall within 14 days thereafter issue to the holder, free of charge, a fresh Certificate or Certificates in respect of such shares.

All payments in respect of redemption moneys will in all respects be subject to any applicable fiscal or other laws.

As from the relevant Redemption Date the dividend on the Series 2 third dollar preference shares due for redemption shall cease to accrue, except on any such Series 2 third dollar preference share in respect of which, upon the due surrender of the

Certificate in respect thereof, payment of the redemption moneys due on such Redemption Date shall be improperly withheld or refused. In such case, such dividend, at the rate then applicable, shall be deemed to have continued and shall accordingly continue to accrue from the relevant Redemption Date to the date of payment of such redemption moneys. Such Series 2 third dollar preference share shall not be treated as having been redeemed until the redemption moneys in question together with any accrued dividend thereon shall have been paid.

If the due date for the payment of the redemption moneys on any Series 2 third dollar preference share is not a Dollar Business Day then payment of such moneys will be made on the next succeeding day which is a Dollar Business Day and without any interest or other payment in respect of such delay.

The receipt of the holder for the time being of any Registered Share (or in the case of joint holders the receipt of any of them) in respect of the moneys payable on redemption of such Registered Share shall constitute an absolute discharge to the Bank in respect thereof.

No redemption of any Series 2 third dollar preference shares will be made by the Bank without the prior consent of the Financial Services Authority.

6. Voting Rights at general meetings

Holders of Series 2 third dollar preference shares shall not be entitled to attend or vote at any general meeting of shareholders of the Bank except as provided below.

Holders of Series 2 third dollar preference shares shall have the right to attend any general meeting of the Bank, but will only be entitled to vote on the relevant resolution or resolutions, at which any resolution is proposed (i) to vary or abrogate any of the rights attaching to the Series 2 third dollar preference shares or the or (ii) to reduce the paid up capital of the Series 2 third dollar preference shares.

Holders of Series 2 third dollar preference shares will also be entitled to receive notice of, attend and vote at any general meeting of the Bank:

- (i) at which any resolution is proposed (a) for the winding-up of the Bank or (b) for the sale of the whole of the business of the Bank, or
- (ii) if the Bank shall have failed to pay in full the dividend payable on the Series 2 third dollar preference shares for the most recent dividend period.

In the case of sub-clause (i) above, the holders of Series 2 third dollar preference shares will be entitled to vote only on the relevant resolution(s). In the case of sub-clause (ii) above, the holders of Series 2 third dollar preference shares will be entitled to vote on all matters put before all general meetings of the Bank until such time as dividends on all outstanding Series 2 third dollar preference shares have been or contemporaneously are paid in full, or a sum shall have been set aside for such payment in full, in respect of one dividend period.

Whenever entitled to vote at a general meeting of the Bank, on a show of hands, each holder of Series 2 third dollar preference shares present in person shall have one vote and on a poll each such holder present in person or by proxy shall have three votes per share.

The Bank will send to each holder of Series 2 third dollar preference shares all notices of general meetings of the Bank at which such holder is entitled to attend and will be entitled to vote. Each such notice will include a statement specifying (i) the date of such meeting, (ii) a description of any resolution to be proposed for adoption at such meeting on which such holders are entitled to vote and (iii) instructions for the delivery of proxies. A holder of Series 2 third dollar preference shares who is not registered with an address in the United Kingdom and who has not supplied to the Bank an address within the United Kingdom for the purpose of the giving of notices is not entitled to receive notices of meetings from the Bank.

7. Further Issues and Variation of Rights

The rights attached to the Series 2 third dollar preference shares will not be deemed to be varied by the creation or issue of any shares of any class, or any securities convertible into shares of any class, ranking as regards the right to participate in the profits or assets of the Bank in priority to, pari passu with or after the Series 2 third dollar preference shares.

Subject to applicable law, the rights attached to the Series 2 third dollar preference shares may be varied or abrogated only with the written consent of the holders of three-quarters in nominal value of, or with the sanction of an extraordinary resolution passed at a separate general meeting of holders of, the Series 2 third dollar preference shares. The necessary quorum for any such meeting shall be two persons holding or representing by proxy not less than one-third of the Series 2 third dollar preference shares, but at any meeting of such holders adjourned through want of a quorum one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum. At a class meeting, on a show of hands every holder of such shares present in person is entitled to one vote and, on a poll, every holder of a such shares is entitled to one vote for each such share held by him. The necessary majority for the passing of an extraordinary resolution at a class meeting will be three-quarters of those present in person or by proxy in such class meeting.