

DRAWDOWN PROSPECTUS



HSBC Bank plc

(A company incorporated with limited liability in England with registered number 14259)

as Issuer

PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS

Issue of EUR 5,000,000

HSBC Uniform EUR Volatility Budgeted Index Linked Notes due 28 June 2016

Application will be made to the Financial Services Authority (the "FSA") in its capacity (as competent authority under the Financial Services and Markets Act 2000) (the "UK Listing Authority") for the EUR 5,000,000 HSBC Uniform EUR Volatility Budgeted Index Linked Notes due 28 June 2016 (the "Notes") of HSBC Bank plc (the "Issuer") to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for the Notes to be admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange is a regulated market for purposes of Directive 2004/39/EC.

The Issuer's long-term credit has been rated AA- by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), Aa3 by Moody's Investors Service Ltd ("Moody's") and AA by Fitch Ratings Limited ("Fitch"). Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The Notes have not specifically been rated.

This Drawdown Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference" below).

This Drawdown Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Drawdown Prospectus. Any references to Drawdown Prospectus in this document shall include all documents incorporated by reference herein.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" contained herein and on pages A-12 to A-23 of the Base Prospectus dated 19 June 2012 (the "Base Prospectus").

7 December 2012

This Drawdown Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC as amended by Directive 2010/73/EU.

The Issuer accepts responsibility for the information contained in this Drawdown Prospectus. To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Drawdown Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Drawdown Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**") and may not be offered, sold, pledged or otherwise transferred in the United States or to U.S. persons (as defined in Regulation S) except in a transaction that is exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Terms in the previous sentence have the meaning given to them in Regulation S.

The distribution of this Drawdown Prospectus and the offer, distribution or sale of the Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Arranger represents that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Notes or a distribution of this document in any jurisdiction where action for that purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Drawdown Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Drawdown Prospectus or the Notes come must inform themselves about, and observe, any such restrictions.

In deciding whether or not to purchase the Notes, investors should conduct their own investigation of the Notes and form their own view of the merits of an investment in the Notes based upon such investigation and not in reliance upon the information relating to the securities.

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SUMMARY

Section A. Introduction and Warnings

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

A.1	Summary as introduction to prospectus	The following summary information should be read as an introduction to the Drawdown Prospectus. Any decision to invest in the Notes should be based on consideration of the Drawdown Prospectus as a whole by the investor. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Drawdown Prospectus or it does not provide, when read together with the other parts of the Drawdown Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Consent(s)	Not applicable. The Notes will not be sold or placed by financial intermediaries.
Section B. Issuer		
B.1	Legal and Commercial Name	HSBC Bank plc (the " Issuer " or the " Bank ")
B.2	Domicile, legal form, legislation under which issuer operates, country of incorporation	The Issuer is a public limited company registered in England and Wales under registration number 14259. The liability of its members is limited. The Issuer was constituted by Deed of Settlement on 15 August 1836, registered under Companies Act 1862 as an unlimited company and re-registered under the Companies Act 1948 to 1980 as a public limited company.
B.4b	Description of any known trends affecting the Issuer and the industries in which it operates	Reported profit before tax for the Issuer and its subsidiaries (the " Group ") of £757 million was 60 per cent lower than the first half of 2011 and 37 per cent lower than the second half of 2011. The results reflect the impact of the ongoing challenging operating environment across Europe together with a higher level of provisions in respect of customer redress and non-recurrence of the

		<p>benefits of the pensions accounting gain which arose in the first half of 2011.</p> <p>A number of mature economies are implementing austerity measures in order to reduce their deficits and public debt. While it is expected to help resolve the sovereign and banking crisis in the medium term, in the short term it is limiting growth, increasing unemployment and restricting taxation revenues severely.</p> <p>Financial services providers face increasingly stringent and costly regulatory and supervisory requirements, particularly in the areas of capital and liquidity management, the conduct of business, the structure of operations and the integrity of financial services delivery. Increased government intervention and control over financial institutions, together with measures to reduce systemic risk, may significantly alter the competitive landscape.</p>																								
B.5	Description of the group and Issuer's position within the group	The Issuer is a wholly owned subsidiary of HSBC Holdings plc (" HSBC Holdings "). The Issuer and its subsidiaries form a UK-based group providing a comprehensive range of banking and financial services. The Group divides its activities into four business segments: UK Retail Banking; Continental Europe Retail Banking; Global Banking and Markets and Private Banking. The Issuer is HSBC Holdings plc's principal operating subsidiary undertaking in Europe.																								
B.9	Profit forecast	Not applicable. The Issuer has not made any public profit forecast or profit estimate.																								
B.10	Qualifications in audit report	Not applicable. None of the audit reports on the Issuer's audited consolidated financial statements for the years ended 31 December 2010 and 2011 including any qualifications.																								
B.12	Historical key financial information and statement regarding material adverse change or significant changes in financial or trading position	<p>The selected financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ending 31 December 2010 and 31 December 2011 and the unaudited financial results for the six month periods ending 30 June 2011 and 30 June 2012:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Six Months Ended</th> <th colspan="2">Year Ended</th> </tr> <tr> <th>30 June 2012</th> <th>30 June 2011</th> <th>31 December 2011</th> <th>31 December 2010</th> </tr> </thead> <tbody> <tr> <td>For the period (£m)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Profit before tax</td> <td>757</td> <td>1,908</td> <td>3,111</td> <td>4,011</td> </tr> <tr> <td>Total operating income</td> <td>8,186</td> <td>8,685</td> <td>16,205</td> <td>18,099</td> </tr> </tbody> </table>		Six Months Ended		Year Ended		30 June 2012	30 June 2011	31 December 2011	31 December 2010	For the period (£m)					Profit before tax	757	1,908	3,111	4,011	Total operating income	8,186	8,685	16,205	18,099
	Six Months Ended			Year Ended																						
	30 June 2012	30 June 2011	31 December 2011	31 December 2010																						
For the period (£m)																										
Profit before tax	757	1,908	3,111	4,011																						
Total operating income	8,186	8,685	16,205	18,099																						

Net operating income before loan impairment charges and other credit risk provisions	6,813	7,139	14,023	15,076
Profit attributable to shareholders of the parent company	762	1,407	2,329	2,959
At period end (£m)				
Total equity attributable to shareholders of the parent company	32,347	31,984	31,090	31,825
Risk weighted assets	216,366	201,865	227,679	201,720
Loans and advances to customers (net of impairment allowances).....	291,804	311,290	288,014	285,218
Customer accounts	364,568	371,527	346,129	344,123
Ratio of customer advances to customer accounts.....	80.0	83.8	83.2	82.9
Capital ratios²				
Core Tier 1 ratio	9.9	10.5	9.1	10.5
Tier 1 ratio	10.8	11.4	10.0	11.4
Total capital ratio	15.3	16.0	14.4	16.1
Performance and efficiency ratios (annualized %)				
Return on average shareholders' funds (equity) of the parent company	4.8	9.0	7.4	9.9
Cost efficiency ratio	78.9	63.0	66.2	60.5
2	<i>Includes externally verified profits for the period to 30 June 2012. Does not include the interim dividend of £575 million declared by the Board of Directors after 30 June 2012.</i>			
		<p>There has been no material adverse change in the prospects of the Issuer since 31 December 2011.</p> <p>Save for a provision of US\$353 million made in the consolidated financial statements of HSBC Holdings, the parent company of the Issuer, the majority of which provision relates to the Issuer, in relation to UK customer redress, mainly in respect of Payment Protection Insurance, and the possibility of significant consequences to HSBC Holdings and its affiliates, including the Issuer, arising out of US anti-money laundering, Bank Secrecy Act and Office of Foreign Asset Control investigations, there have been no significant changes in the financial or trading position of the Issuer and its subsidiary undertakings, taken as a whole, since 30 June 2012.</p>		
B.13	Description of recent events particular to the Issuer which are to a material extent relevant to the Issuer's solvency	Not applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.		
B.14	Description of the Group and Issuer's dependency upon other entities within the Group	Please see Element B.5 above. As the Group's business is conducted through the members of the Group referenced in that Element, the Issuer is, accordingly, dependent upon those members of the Group.		
B.15	Issuer's principal activities	The Issuer and its subsidiaries, or the Group, provide a comprehensive range of banking and financial services. The Group divides its		

		activities into four business segments: UK Retail Banking; Continental Europe Retail Banking; Global Banking and Markets and Private Banking. The Issuer is HSBC Holdings plc's principal operating subsidiary undertaking in Europe.
B.16	Control of Issuer	The Issuer is a wholly owned subsidiary of HSBC Holdings plc.
B.17	Credit ratings	<p>The long term senior debt of the Issuer has been rated:</p> <p>S&P: AA-</p> <p>Moody's: Aa3</p> <p>Fitch: AA</p> <p>The Notes have not specifically been rated.</p> <p>Each of Fitch, S&P and Moody's are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).</p>
Section C. Securities		
C.1	Type, class and security identification number	<p>HSBC Uniform EUR Volatility Budgeted Index Linked Notes due 28 June 2016 (the "Notes").</p> <p>ISIN: XS0799351076</p> <p>Common Code: 079935107</p>
C.2	Currency of the Notes	EUR
C.5	Restrictions on free transferability	Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S) at any time.
C.8	Rights attached, including ranking and including limitation to those rights	<p>Status: The Notes are senior and unsecured obligations of the Issuer.</p> <p>Negative Pledge: The Notes will not have the benefit of negative pledge or cross-default provisions (in respect of events of default).</p> <p>Deed of Covenant: The Notes are constituted by, and have the benefit of, a deed of covenant dated 27 July 2011.</p> <p>Issuer Call Option: Not applicable.</p> <p>Noteholder Put Option: Not applicable.</p>

		<p>Redemption: The Notes will be redeemable at par on the Maturity Date (as defined in C.9 below), subject to creditworthiness of the Issuer</p> <p>Early Redemption: The Notes are subject to early redemption by the Issuer for taxation reasons, illegality and upon an Event of Default.</p> <p>Events of Default: An "Events of Default" under the Notes include non-payment of principal for 14 days and certain events related to the winding up of the Issuer in England.</p> <p>Taxation: Although any payments are made gross of tax, transactions involving the Notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.</p> <p>Payment: Payments of principal and interest (if any) in respect of the Notes will be made in EUR.</p> <p>Redenomination: Not applicable.</p> <p>Meeting Provisions: The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p>Modification: Modification to the terms and conditions of the Notes may be made without the consent of any Noteholders where the Issuer determines that the modification is not materially prejudicial to the interests of the Noteholders and also in circumstances where the terms and conditions are inconsistent with the termsheet relating to the Notes.</p> <p>Governing Law: English law.</p>
C.9	Nominal interest rate	The interest rate in respect of each Interest Period (as defined below) up to (and including) the Interest Period scheduled to end on 28 June 2015 will be equal to 0.00% per annum.

		<p>The interest rate in respect to the Interest Period ending on the Maturity Date (as defined below) will be equal to a per annum rate calculated in accordance with the following formula:</p> <p>Maximum[42% * Reference Index Return(t), 0]</p> <p>For purposes of determining the interest rate in respect to the Interest Period ending on the Maturity Date:</p> <p>"Reference Index Return(t)" means (Reference Index(t) – Reference Index(0)) / Reference Index(0);</p> <p>"Reference Index(0)" means the level of the Reference Index as determined by the Calculation Agent on the third Business Day prior to the Issue Date;</p> <p>"Reference Index(t)" means the level of the Reference Index as determined by the Calculation Agent on the Valuation Date;</p> <p>"Calculation Agent" is HSBC Bank plc;</p> <p>"Business Day" means a day on which commercial banks and foreign exchange markets settle payments generally in each of Frankfurt and London;</p> <p>"Index Sponsor" is HSBC Bank plc;</p> <p>"Issue Date" means 28 June 2012;</p> <p>"Valuation Date" means the date that is five Business Days prior to the Maturity Date subject to the Disrupted Day provisions (set out below). For the purposes of determining the Valuation Date;</p> <p>"Scheduled Valuation Date" means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;</p> <p>"Scheduled Trading Day" means any day on which the Index Sponsor is scheduled to publish the level of the Index;</p> <p>"Disrupted Day" means any Scheduled Trading Day on which the Index Sponsor fails to publish the level of the Index.</p>
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	<p>Date from which interest becomes payable and the due dates for interest</p>	<p>If any Valuation Date is a Disrupted Day, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation date and the Valuation Date for each Index affected by the occurrence of a Disrupted day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date (i.e. the 8th Scheduled Trading Day) is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its sole and absolute discretion either:</p> <ol style="list-style-type: none"> (1) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is a Disrupted Day relating to such index; or (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to such Index, <p>and, in the case of (1) above, the Calculation Agent shall determine the level of that Index on the Limit Valuation Day using (i) quotations (either firm or indicative) for each of the index components or for similar indices or for over-the-counter transactions that are equivalent to any component of that Index, which quotations are supplied by one or more third parties; (ii) information consisting of relevant market data supplied by one or more third parties (including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, and correlations); and/or (iii) information of the types described under (i) or (ii) above from internal sources (including any of the Calculation Agent's affiliates) if that information is of the same type used by the Calculation Agent in the regular course of its business for the valuation of similar transactions, available on the Limit Day or, if such quotation or information is not available, its good faith estimate of the value of each of the relevant components comprised in that Index on the Limit Valuation Day.</p> <p>An "Interest Period" commences from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the initial Interest Period commences on (and includes) 28 June 2012 and ends on (but excludes) 28 June 2013 and annually thereafter until Maturity Date.</p>
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	<p>Description of the underlying on which the interest is based</p> <p>Maturity Date and arrangements for the amortization of the loan, including repayment procedures</p> <p>Indication of yield</p> <p>Name of representative of Noteholders</p>	<p>"Interest Payment Dates" shall be 28 June in each year from and including 28 June 2013 provided that the last Interest Payment Date will be the Maturity Date.</p> <p>The interest on the Notes is linked to the HSBC Uniform EUR Volatility Budgeted Index (the "Index" or the "Reference Index"). The Index tracks the performance of a systematically managed strategy which aims to benefit from the term premium embedded in the short-term EURIBOR forward curve as well as from moves in the respective Fourth EURIBOR Future contract. The Index is published on Bloomberg page HSUNEU01.</p> <p>28 June 2016, subject to adjustment in accordance with Modified Following Business Day Convention (the "Maturity Date").</p> <p>"Modified Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.</p> <p>Not applicable – the interest on the note, if any, is not fixed but is instead dependent on the performance of the Index. The information for the interest rate is set out in this C.9 under "Nominal interest rate".</p> <p>The Notes are not constituted by a Trust Deed, and therefore there is no representative for the Noteholders.</p>
<p>C.10</p>	<p>Provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the Index, especially under the circumstances when the risks are most evident</p>	<p>If the Notes are held until the Maturity Date, investors will receive at 100.00% of their investment, subject to the creditworthiness of the Issuer.</p> <p>Furthermore, investors will receive an interest payment on the Maturity Date equal to a per annum rate calculated in accordance with the following formula:</p> <p>Maximum[42% * Reference Index Return(t) , 0]</p> <p>If the level of the Reference Index on the Valuation Date is less than or equal to Reference Index(0), the interest rate payable on the Maturity Date will be equal to 0.00%.</p> <p>For the avoidance of doubt, if the Reference Index Return(t) is negative, investors will receive an interest payment equal to 0.00% on</p>

		the Maturity Date. The level of the Reference Index may decrease during the term of the Notes or not increase substantially, which means that an investor may be better suited to invest in more traditional products that offer a guaranteed interest rate.
C.11	An indication as to whether the Notes are offered or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question	Applications have been made for Notes to be admitted to listing on the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange from the Issue Date.
Section D. Risks		
D.2	Key information on the risks that are specific to the Issuer	<p>Current economic and market conditions may adversely affect the Bank's results: The Bank's earnings are affected by global and local economic and market conditions. The Group's results are subject to the risk of loss from unfavourable political developments, currency fluctuations, social instability and changes in government policies on matters such as expropriation, authorisations, international ownership, interest-rate caps, foreign exchange transferability and tax in the jurisdictions in which it operates. The global economy will remain very volatile and subject to shocks and this could have an adverse effect on the Group's results.</p> <p>The Bank has exposure to the ongoing economic crisis in the eurozone: The Eurozone has received increasing focus given the continued instability in the area and the potential for contagion from the peripheral to core eurozone countries, and beyond to trading partners. There is significant risk of one or more countries leaving the euro. This would place further pressure on banks within the core European countries through their exposures to banks in these countries. In the current context of very low growth this could further aggravate the economic crisis and could push European countries into a vicious circle of economic and sovereign debt defaults..</p> <p>Liquidity, or ready access to funds, is essential to the Bank's business: The Bank's ability to borrow on a secured or unsecured basis and the cost of so doing can be affected by a number of factors. If the Bank is unable to raise funds its liquidity position could be adversely affected and the Bank might be unable to meet deposit withdrawals or obligations under committed financing facilities, to fund new investments and to</p>

		<p>repay borrowings as they mature.</p> <p>The Bank is subject to political and economic risks in the countries in which it operates: The Bank operates through an international network of subsidiaries and is subject to the risk of loss from unfavourable political developments, currency fluctuations, social instability and changes in government policies.</p> <p>The Bank has significant exposure to counterparty risk both within the financial sector and to other risk concentrations: The Bank's ability to engage in routine transactions to fund its operations and manage its risks could be adversely affected by the actions and commercial soundness of other financial institutions. Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships.</p> <p>The Bank is subject to legal and compliance risks, which may have an adverse effect on the Bank: Legal and compliance risks arise from a variety of sources and require the Bank to deal appropriately with potential conflicts of interest, legal and regulatory requirements, ethical issues, anti-money laundering laws or regulations, privacy laws, information security policies, sales and trading practices and the conduct of its associated companies.</p> <p>Operational risks are inherent in the Bank's business: The Bank is exposed to many types of operational risks, including fraudulent or other criminal activities, breakdowns in processes or procedures, systems failure or non-availability and disruption of its business arising from events that are wholly or partially beyond its control.</p> <p>The Bank is subject to tax-related risks in the countries in which it operates, which could have an adverse effect on its operating results: The Bank is subject to the substance and interpretation of tax laws in all countries in which it operates, the risk associated with changes in tax law or in the interpretation of tax law, the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities.</p> <p>The Bank's operations are highly dependent on its information technology systems: The reliability and security of the Bank's information and technology infrastructure and the Bank's customer databases are crucial to maintaining the</p>
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		<p>service availability of banking applications and processes and to protecting the HSBC brand. Critical system failure, prolonged loss of service or a material breach of security could cause long-term damage to the Bank's business and brand.</p> <p>The Bank faces a number of challenges in regulation and supervision: The Bank is subject to ongoing regulation and associated regulatory risks. In addition there are a number of regulatory changes which are likely to have an effect on the activities of the Group; including those proposed under Basel III and/or the Capital Requirements Directive IV and those proposed by the UK Independent Commission on Banking ("ICB"). The proposals relating to capital and liquidity will result in increased capital and liquidity requirements and could have a material effect on the Group's future financial condition or results of its operations. The ICB proposals may affect the manner in which the Group conducts its activities and structures itself, with the potential to both increase the costs of doing business and curtail the types of business carried out, with the risk of decreased profitability as a result.</p> <p>Financial service providers, including the Bank, are at risk of regulatory sanctions or fines related to conduct of business and financial crime: The incidence of regulatory and other adversarial proceedings against financial services firms is increasing. Various regulators and competitive and enforcement authorities are conducting investigations related to certain past submissions made by panel banks, including certain Group entities, in connection with the setting of London interbank offered rates ("LIBOR") and other interbank offered rates.</p> <p>The extensive programme of regulatory change carries significant implementation risks for authority and industry participants, including the Bank, alike: Disparities in implementation of official measures could result in differing, fragmented and overlapping implementation around the world, leading to risks of regulatory arbitrage, a far from level competitive playing-field and increased compliance costs. Furthermore, market expectations in relation to Basel III could exert pressure on institutions to assess and effect compliance well in advance of official timetables. While the conclusions of official and industry studies have diverged, the measures proposed will clearly impact on financial and economic activity in ways that</p>
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		cannot yet be clearly foreseen.
D.3	Key information on the key risks that are specific to the Notes	<p>Potential conflicts of interest: The Index to which the Notes are linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The Index Calculation Agent is a division of HSBC Global Research which is also a division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.</p> <p>Suspension and termination of the Index: The Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, the of the Index Sponsor of the Index or the Calculation Agent accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.</p> <p>The Notes are not ordinary debt securities: The terms of the Notes differ from those of ordinary debt securities because the Notes may not pay interest. The interest payment on the Maturity Date is dependent on the performance of the Reference Index, and if its value on the Valuation Date is less than or equal to Reference Index(0), the interest rate payable on the Maturity Date will be equal to 0.00%.</p> <p>There is no active trading market or secondary market liquidity for the Notes: The Notes are new securities for which there is no active trading market. There is no assurance that an active trading market will develop.</p> <p>Fluctuation in the level of the Reference Index: Fluctuations in the level of the Reference Index will affect the value of the Notes. Purchasers of the Notes risk receiving no interest payment if the level of the Reference Index does not move in the anticipated direction.</p> <p>Owning the Notes is not the same as owning the Reference Index: Owning the Notes does not confer any legal or beneficial interest in the Reference Index. The return on your Notes may not reflect the return you would realise if</p>

		<p>you actually owned the Reference Index.</p> <p>Credit risk of the Bank: Investors in the Notes bear the risk that the Issuer may not be able to meet its obligations created by the issuance of the Notes. Any rating of the Issuer reflects the independent opinion of the relevant rating agency and is not a guarantee of the Issuer's credit quality.</p> <p>Early redemption: The Notes are subject to early redemption in certain circumstances, including pursuant to illegality, for tax reasons and upon the occurrence of an Event of Default. Upon the occurrence of such an early redemption prior to the Maturity Date, there is no guarantee that Noteholders will receive the principal amount. Any early redemption amount may vary considerably due to market conditions and will likely be valued at a considerable discount to its par value and in a worst case may even be zero. Investors may therefore suffer a loss or some or of all of their investment and will forego any future interest payments</p> <p>Additional Disruption Event: If certain events, amongst which, a hedging disruption occurs, the Issuer may at its discretion and without obligation terminate early the Notes. If the Issuer terminates early the Notes, it will pay the holder of each Note an amount determined by the Calculation Agent to be its fair market value less the cost to the Issuer of unwinding any underlying related hedging arrangements. As a result Noteholders may suffer a loss of some or of all of their investment.</p> <p>Calculation Agent's discretion: The Calculation Agent is solely responsible for making determinations and calculations in connection with the Notes. Because the Calculation Agent is the Issuer, and is obligated to redeem the Notes, the Calculation Agent may have economic interests adverse to those of the holders of the Notes, including with respect to certain determinations and judgements that the Calculation Agent must make, any of which may affect payments in respect of the Notes.</p> <p>Adjustment of Index: In certain circumstances, certain adjustments may be made to the Index which may result in a loss to the Noteholders. Those may include the replacement of the Reference Index by a successor index, the modification of the Reference Index by the Index Sponsor which may have a material effect on the Notes and</p>
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		<p>the cancellation of the Reference Index by the Index Sponsor which may result in the termination of the relevant Notes upon payment of such amount as may be determined by the Calculation Agent to be the fair market value of the Notes immediately prior to such redemption.</p> <p>HSBC Bank plc as Index Sponsor: Investors should understand that, although the Issuer is the sponsor of the Reference Index, the Reference Index is calculated independently and the Issuer as Index Sponsor will make determinations of the level of the Reference Index, and of any adjustments that need to be made to the Reference Index, without considering the interests of Noteholders.</p> <p>Modification: Modifications to the terms and conditions of the Notes may be made by resolution of Noteholders, permitting defined majorities to bind all Noteholders. Therefore there is a risk that Noteholders who did not attend and vote at the meeting in which the resolution was passed, and Noteholders who voted contrary to the majority, will be bound by a majority decision.</p>
Section E. Offer		
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	Not applicable – use of proceeds is to make a profit and/or hedging certain risks.
E.3	A description of terms and conditions of the offer	Not applicable – there is no public offer for the Notes.
E.4	A description of any interest that is material to the issue/offer including conflicting interests	The Index to which the Notes are linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The calculation agent of the Index is a division of HSBC Global Research which is also a division of the Issuer. In addition, the Issuer will act as Calculation Agent of the Notes. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.
E.7	Estimated expenses charged to the investor by the Issuer	Not applicable – no expenses will be charged to the investor by the Issuer.

RISK FACTORS

These risk factors supplement and should be read together with the section entitled "**Risk Factors**" on pages A-12 to A-23 in the Base Prospectus and the risk factors set out under the sections entitled "Challenges and uncertainties" on pages 27 to 30 and "Regulation and supervision" on pages 30 to 32 of the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 2011 (the "**Incorporated Risk Factors**"). This section, together with the Incorporated Risk Factors, describes the significant risks which the Issuer, as of the date of this Drawdown Prospectus, considers to be the material risk factors of investing in the Notes. Each investor should carefully consider whether the Notes, as described herein, are suited to its particular circumstances before deciding to purchase any Notes. Investing in the Notes involves certain risks. Prospective investors should consider the following principal risks, together with Incorporated Risk Factors, in respect of the Notes.

Conflicts of Interest

The Index to which the Notes are linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The Index Calculation Agent (as defined below) is a division of HSBC Global Research which is also a division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

The Issuer makes no representation whatsoever, including as Index Sponsor and Index Calculation Agent, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the Notes.

Various potential and actual conflicts may arise between the interests of the Noteholders and the Issuer, as a result of the commercial and investment banking businesses and activities of the Issuer and its affiliates. The Issuer may recommend or effect a transaction in which it or any affiliate, or one of its other clients, may have an interest, relationship or arrangement that is material. In particular, the Issuer or any affiliate may deal as principal for its own account, to hedge liabilities under the Notes or for other purposes, and may match a transaction or order with that of another client. Neither the Issuer nor any affiliate is under any duty to account for any profits, commission, remuneration, rebates or other benefits made or received as a result of such transaction or service.

Further, the Issuer is the Calculation Agent with regard to the Notes. The Calculation Agent is solely responsible for making certain determinations of the redemption amount and other determinations and calculations in connection with the Notes. Because the Calculation Agent is the Issuer, and is obligated to redeem the Notes, the Calculation Agent may have economic interests adverse to those of the holders of the Notes, including with respect to certain determinations and judgements that the Calculation Agent must make, any of which may affect payments in respect of the Notes. In its capacity as Calculation Agent, HSBC Bank plc does not act as fiduciary for or an advisor to any of the Noteholders in respect of any such determination or judgment or otherwise.

As at the date hereof, HSBC Bank plc acts as Index Sponsor and Index Calculation Agent with respect to the Index. In such capacities, HSBC Bank plc may have economic interests adverse to those of the Noteholders, including with respect to certain determinations and judgments that the Index Sponsor and/or Index Calculation Agent may be required to make pursuant to the terms of the Index, any of which may affect payments in respect of the Notes. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the Noteholders.

In its capacity as either the Index Sponsor or Index Calculation Agent, the Issuer does not act as fiduciary for or an advisor to the Noteholder in respect of any determination or judgment or otherwise.

None of the Issuer or any of its affiliates is under any obligation to the Noteholder in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the Noteholder.

Suspension and Termination of the Index

The Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor or the Index Calculation Agent accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and form part of, this Drawdown Prospectus, save that any documents incorporated by reference in any of the documents set forth below do not form part of this Drawdown Prospectus:

1. the registration document relating to the Issuer dated 25 May 2012 and filed with the UK Listing Authority pursuant to Article 11 of the Prospectus Directive (the "**Registration Document**");
2. the following pages from the Base Prospectus: A-1 – A-124 (Information Relating to the Programme Generally), B-1 – B-27 (Information Relating to the Notes Generally – Terms and Conditions of the Notes), B-48 – B-57 (Information Relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form), B-58 – B-70 (Information Relating to the Notes Generally – Subscription and Sale of Notes), D-1 – D-2 (Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes), D-3 – D-11 (Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Product Description) and D-12 – D-42 (Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Additional Provisions Relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes and Preference Share-Linked Notes);
3. a supplement to the Base Prospectus dated 28 June 2012 to disclose the revised long-term credit rating of the Issuer issued by Moody's Investors Service Limited on 21 June 2012 (the "**First Base Prospectus Supplement**");
4. the following pages from a supplement to the Base Prospectus dated 7 August 2012 (the "**Second Base Prospectus Supplement**") related to the publication of the unaudited consolidated interim report of the Issuer and its subsidiary under takings for the six months ended 30 June 2012: 2-5 (Revised Summary Note set out in the NWP Base Prospectus);
5. a supplement to the Base Prospectus dated 27 November 2012 (the "**Third Base Prospectus Supplement**") related to provisions made in the Interim Management Statement dated 5 November 2012 of HSBC Holdings plc, the parent company of the Issuer, relating to its results for the third quarter of 2012, changes to the Board of Directors and the members of the Executive Committee of the Issuer and restructuring changes within the HSBC group;
6. the unaudited consolidated interim report of the Issuer and its subsidiary under takings for the six months ended 30 June 2012 submitted to and filed with the UK Listing Authority; and
7. the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2010 and 2011 submitted to and filed with the FSA (the "**Financial Information**"),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein expressly or impliedly modifies or supersedes such earlier statement.

Any documents incorporated by reference in the Registration Document or the Financial Information does not form part of this Drawdown Prospectus. To the extent that only certain parts of the above documents are specified to be incorporated by reference herein, the non-incorporated parts of such documents are either not relevant for investors or covered elsewhere in this Drawdown Prospectus.

The Issuer will at its registered office and at the offices of the Principal Paying Agent make available for inspection during normal business hours and free of charge, upon oral or written request, as well as publish on its website (<http://www.hsbc.com/1/2/investor-relations/fixed-income>) a copy of this Drawdown Prospectus (or any document incorporated by reference in this Drawdown Prospectus and any future filings or financial statements published by the Issuer). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent.

In the event of any inconsistency between the provisions of this Drawdown Prospectus and those of the Registration Document, the Base Prospectus, the First Base Prospectus Supplement, the Second Base Prospectus Supplement, the Third Base Prospectus Supplement or the Financial Information, this Drawdown Prospectus shall prevail.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the "Terms and Conditions of the Notes" set out on pages B-1 to B-27 and D-12 to D-42 of the Base Prospectus (the "**Base Conditions**"), as amended and completed below. References in the Base Prospectus to Final Terms shall be deemed to refer to terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. All references to Conditions or to a numbered Condition shall be to the Base Conditions or the relevant numbered Condition of the Base Conditions.

For purposes of the Notes, the following definitions in Condition 21(a) shall be deemed to be deleted and replaced with the following:

"**Scheduled Valuation Date**" means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Scheduled Trading Day**" means any day on which the Index Sponsor is scheduled to publish the level of the Index.

"**Disrupted Day**" means any Scheduled Trading Day on which the Index Sponsor fails to publish the level of the Index."

For purposes of the Notes, Condition 21(e) shall be deemed to be deleted and replaced with the following:

"If any Valuation Date is a Disrupted Day, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date (i.e. the 8th Scheduled Trading Day) is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its sole and absolute discretion either:

- (1) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is a Disrupted Day relating to such Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to such Index,

and, in the case of (1) above, the Calculation Agent shall determine the level of that Index on the Limit Valuation Day using (i) quotations (either firm or indicative) for each of the index components or for similar indices or for over-the-counter transactions that are equivalent to any component of that Index, which quotations are supplied by one or more third parties; (ii) information consisting of relevant market data supplied by one or more third parties (including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, and correlations); and/or (iii) information of the types described under (i) or (ii) above from internal sources (including any of the Calculation Agent's affiliates) if that information is of the same type used by the Calculation Agent in the regular course of its business for the valuation of similar transactions, available on the Limit Day or, if such quotation or information is not available, its good faith estimate of the value of each of the relevant components comprised in that Index on the Limit Valuation Day."

For purposes of the Notes, Condition 21(f)(ii) shall be deemed to be deleted and replaced with the following:

"Index Modification

If on or prior to any Valuation Date, a relevant Index Sponsor or a relevant Index Calculation Agent, as applicable, announces that it will make a material change in the formula for or the

method of calculating that Index or in any other way materially modifies that Index, including, but not limited to, making adjustments to the value, term or other variable of the Index (an "**Index Modification**"), as determined by the Calculation Agent in its sole and absolute discretion, then the Calculation Agent shall determine whether such change has a material effect on the Notes and, if so, may make such adjustment to the payment, settlement or other terms of the Notes as the Calculation Agent determines appropriate to account for the economic effect on the Notes of such Index Modification and the effective date of such adjustment.

Until the Issuer has provided the Noteholders with the details of a website including any relevant details relating to that Index (the "**Index Website**"), the Issuer as soon as reasonably practicable upon becoming aware of it shall notify Noteholders of any such Index Modification in accordance with Condition 13."

For the purpose of the Notes, Condition 21(f)(iii) shall be deemed to be deleted and replaced with the following:

"Index Cancellation

If on or prior to any Valuation Date, the Index Sponsor announces that (A) it suspends the calculation and publication of the level of the Index for a continuous period of eight or more Scheduled Trading Days; (B) it permanently cancels the Index and no Successor Index exists; or (B) the Index Sponsor ceases to be the calculation agent for the Index and no successor Index Calculation Agent is appointed (each, an "**Index Cancellation**"), then:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 13 (*Notices*);
- (2) in its sole and absolute discretion, determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice, the Issuer shall, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and:
 - (A) if it determines that the Notes shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the level of the Index for such Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation; and
 - (B) if it determines that the Notes shall not continue, the Notes shall be terminated and the Issuers obligations under the Notes shall be satisfied in full upon payment of the early redemption amount at Fair Market Value.

For these purposes:

"Substitute Index" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation."

For the purpose of the Notes, Condition 21(h)(i) shall be deemed to be deleted and replaced with the following:

"Change in Law" means on or after the Issue Date (i) due to the adoption of any or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), (X) it has become illegal to hold, acquire or dispose of any Hedge Positions

relating to such Notes or (Y) the Issuer will incur a materially increased cost in performing its obligations relating to such Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Hedge Positions" means, with respect Issuer, any purchase, sale, entry into or maintenance of one or more positions or contracts in deposits, rates, swaps, options, futures, derivatives or foreign exchange or any other instruments or arrangements (howsoever described) by the Issuer in order to hedge, individually or on a portfolio basis, such Notes."

For the purpose of the Notes, Condition 21(h)(iv) shall be deemed to be deleted and replaced with the following. For the purposes of a Hedging Disruption (as defined below) the consequences of an Additional Disruption Event (as set out in Condition 21(h)) shall not apply.

"If the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s) ("**Hedging Disruption**"), then:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 13 (*Notices*);
- (2) in its sole and absolute discretion, determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice, the Issuer shall, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and:
 - (A) if it determines that the Notes shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the level of the Index for such Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation; and
 - (B) if it determines that the Notes shall not continue, the Notes shall be terminated and the Issuers obligations under the Notes shall be satisfied in full upon payment of the early redemption amount at Fair Market Value.

For these purposes:

"Substitute Index" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation."

ISSUE TERMS

- | | | |
|-----|--|---|
| 1. | (i) Series number: | NWP 24021 |
| | (ii) Tranche number: | 1 |
| 2. | Specified Currency or Currencies: | |
| | (i) of denomination: | EUR |
| | (ii) of payment: | EUR |
| 3. | Aggregate Principal Amount: | |
| | (i) Series: | EUR 5,000,000 |
| | (ii) Tranche: | EUR 5,000,000 |
| 4. | (i) Issue Price: | 100 per cent. of the Aggregate Principal Amount |
| 5. | (i) Denomination(s):
(<i>Condition 1(b)</i>) | EUR 10,000 |
| | (ii) Calculation Amount: | EUR 10,000 |
| 6. | (i) Issue Date: | 28 June 2012 |
| | (ii) Interest Commencement Date: | 28 June 2012 |
| 7. | Maturity Date:
(<i>Condition 6(a)</i>) | 28 June 2016 adjusted in accordance with Modified Following Business Day Convention and the Business Centres for the definition of Business Day |
| 8. | Interest basis:
(<i>Conditions 3 to 5</i>) | <p>The interest rate in respect of each Interest Period up to (and including) the Interest Period scheduled to end on 28 June 2015 will be equal to 0.00% per annum.</p> <p>The interest rate in respect to the Interest Period ending on the Maturity Date will be equal to a per annum rate calculated in accordance with the following formula:</p> <p>Maximum[42% * Reference Index Return(t), 0]</p> |
| 9. | Redemption basis:
(<i>Condition 6</i>) | Redemption at par |
| 10. | (i) Status of the Notes:
(<i>Condition 2</i>) | Unsubordinated, unsecured |

11. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Index-Linked Interest Note/other variable-linked interest Note Provisions:
- (i) Index/Formula/other variable: HSBC Uniform EUR Volatility Budgeted Index (the "**Index**" or the "**Reference Index**"). The Index tracks the performance of a systematically managed strategy which aims to benefit from the term premium embedded in the short-term EURIBOR forward curve as well as from moves in the respective Fourth EURIBOR Future contract. See Annex 1 for a summary of the Index (the "**Index Summary**").
- (ii) Calculation Agent responsible for calculating the interest due: HSBC Bank plc
- (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: For purposes of determining the interest rate:
"Reference Index Return(t)" means (Reference Index(t) – Reference Index(0)) / Reference Index(0);
"Reference Index(0)" means the level of the Reference Index as determined by the Calculation Agent on the third Business Day prior to the Issue Date;
"Reference Index(t)" means the level of the Reference Index as determined by the Calculation Agent on the Valuation Date;
- (v) Interest or calculation period(s): Each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the initial Interest Period commences on (and includes) 28 June 2012 and ends on (but excludes) 28 June 2013 and annually thereafter until Maturity Date.
- (vi) Interest Payment Dates: 28 June in each year from and including 28 June 2013 provided that the last Interest Payment Date will be the Maturity Date
- (vii) Business Day Convention: Modified Following Business Day Convention
- (viii) Business Centre(s): Frankfurt and London
- (xi) Day Count Fraction: Act/Act ICMA, unadjusted

PROVISIONS RELATING TO REDEMPTION

13. Final Redemption Amount of each Note: 100% of the Calculation Amount

(Condition 6(a))

14. Early Redemption Amount: Yes
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default: (Conditions 6(b), 6(h) or 10) Fair Market Value
- (ii) Other redemption provisions: (Condition 6(i)) Fair Market Value.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

15. Form of Notes: (Condition 1(a)) Bearer Notes
- Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note.
16. Payments: (Condition 8)
- (i) Relevant Financial Centre Day: Frankfurt and London
- (ii) Local banking day specified for payments in respect of the Notes in global form: No
17. Partly Paid Notes: (Condition 1) No

PROVISIONS APPLICABLE TO INDEX-LINKED NOTES, CASH EQUITY NOTES, EQUITY-LINKED NOTES

18. Provisions for Index-Linked Notes:
- (i) Index(ices): HSBC Uniform EUR Volatility Budgeted Index
- (ii) Index Sponsor: HSBC Global Markets, a business unit of HSBC Bank plc, which shall be deemed to act independently of the Quantitative Techniques business of HSBC Global Research, the Index Calculation Agent
- (iii) Index Rules: See Annex 1 hereto for the Index Summary
- (x) Adjustments to Indices: Successor Index (Condition 21 (f) (i)), Index Modification (Condition 21 (f)(ii)), Index Cancellation (Condition 21 (f) (iii)), Correction of Index Levels (Condition 21 (f)(ix))
- (xi) Additional Disruption: The following Additional Disruption Events apply: Change in Law, Hedging Disruption,

	Event:	Increased Cost of Hedging
19.	For Equity-Linked and Credit-Linked Notes:	US Federal Income Tax Considerations
20.	Valuation Date(s):	The date that is five Business Days prior to the Maturity Date subject to the Disrupted Day provisions in Condition 21(e).
21.	Averaging Dates:	No

PART B - OTHER INFORMATION

1. LISTING

- (i) Listing: Application will be made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to Listing Rule 17. No assurance can be given as to whether or not, or when, such application will be granted
- (ii) Admission to trading: Application will be made for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange. No assurance can be given as to whether or not, or when, such application will be granted.

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

"Save as discussed in "*Subscription and Sale of Notes*", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

3. **Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

If the Notes are held until the Maturity Date, investors will receive at 100.00% of their investment, subject to the creditworthiness of the Issuer.

The final interest rate payment made on the Maturity Date is linked to the value of the Reference Index. If the value of the Reference Index declines during the term of the Notes, an investor will receive an interest payment equal to 0.00% on the Maturity Date. Furthermore, even if the value of the Reference Index increases during the term of the Note, the maximum interest rate payable on the Maturity Date is equal to 42% times Reference Index Return(t).

The Index is published on Bloomberg page HSUNEU01.

Please refer to the Annex 1 hereto for the Index Summary.

OPERATIONAL INFORMATION

4. ISIN Code: XS0799351076
5. Common Code: 079935107
6. Delivery: Delivery against payment
7. Common Depositary: HSBC Bank plc

ANNEX 1: SUMMARY OF THE RULES OF THE HSBC UNIFORM EUR VOLATILITY BUDGETED INDEX

*This is a summary of the technical index rules (the "**Index Rules**") for the HSBC Uniform EUR Volatility Budgeted Index (the "**Index**"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine the level of the Index. The Index Rules comprise a base terms module and two index terms modules, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to the Issuer and subject to confidentiality undertakings.*

1. OVERVIEW

The Index has been designed by the Index Sponsor to benefit from price movements in the three month EURIBOR future contract (the "**EURIBOR Future**") traded on London International Financial Futures and Options Exchange ("**LIFFE**"). It uses the HSBC Uniform EUR Core Index (the "**Core Index**") as the basis, but it modifies its level by applying a "volatility budget" mechanism. That mechanism aims to control the volatility of the daily returns of the Core Index, as explained further in Section 3 (*Calculation of the Index Level*) below.

Each of the Index and the Core Index was first calculated on 10 March 2000, at which time their respective levels were set at 100. The level of the Index (the "**Index Level**") and the level of the Core Index (the "**Core Index Level**") are released by 5 p.m. (London time) on each date on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency) in London and Frankfurt (each, an "**Index Valuation Date**") and are calculated in Euro only. Their respective calculation methods do not incorporate any deductions for transaction costs, taxes or fees. The Index is published on Bloomberg page HSUNEU01, whereas the Core Index is published on Bloomberg page HSUNEU00.

2. MANAGEMENT RESPONSIBILITIES

(a) Index Sponsor

The index sponsor is the Global Markets division (the "**Index Sponsor**") of HSBC Bank plc ("**HSBC**"). The Index is sponsored, developed and promoted by the Index Sponsor and is a proprietary index of the Index Sponsor. In certain circumstances, the Index Sponsor may be entitled to make certain amendments or modifications to the Index. In making any such amendments or modifications, the Index Sponsor will, acting in good faith and a commercially reasonable manner, ensure that such amendments or modifications will result in a methodology that, in the Index Sponsor's determination, is consistent in its intended commercial purpose with the methodology originally set out in the terms of the Index.

(b) Index Calculation Agent

The index calculation agent is the Quantitative Techniques business of HSBC Global Research (the "**Index Calculation Agent**"). The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. The Index Calculation Agent is responsible for obtaining information for inclusion or use in the calculation of the Index. The Index Calculation Agent will not independently verify such information and does not guarantee the accuracy or completeness of the Index or any data included therein.

(c) Index Committee

The HSBC Global Markets Indices and Strategies Governance Committee (the "**Index Committee**") has been established by the Index Sponsor and comprises core representatives from various functions within the Index Sponsor. The Index Committee

is responsible for approving new indices and making certain amendments to existing indices (including the Index), determining the effects on the indices of certain exceptional events and periodically reviewing each index. The Index Committee is not responsible for assessing the suitability of indices for any index-linked investment product or for investors in such investment product.

(d) **Limitation of liability**

To the extent permitted by applicable law, neither the Index Sponsor nor the Index Calculation Agent shall be liable (whether in negligence or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with any error in the Index and neither the Index Sponsor nor the Index Calculation Agent is under any obligation to advise any person of any error therein.

3. **CALCULATION OF INDEX LEVEL**

(a) **Duties and discretions of Index Sponsor and Index Calculation Agent**

All calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made in good faith and a commercially reasonable manner by reference to such factors as the Index Sponsor and/or the Index Calculation Agent deem appropriate. The Index Sponsor and the Index Calculation Agent will, as far as practicable, exercise any discretion with the aim of preserving the intended commercial purpose of the Index. Neither the Index Sponsor nor the Index Calculation Agent is required to consider the interest of any investor in Index-linked investment products in exercising such discretion.

In addition, in exercising its discretion, the Index Sponsor may take into account the effects of any positions, contracts, transactions or other instruments or arrangements (howsoever described) that the Index Sponsor reasonably believes a provider of any Index-linked investment product may reasonably hold in order to hedge its obligations in respect of the performance of the Index in respect of that Index-linked investment product ("**Investment Product Hedging**"). In exercising its discretion, the Index Calculation Agent may also take into account the effects of any such Investment Product Hedging as notified to it by the Index Sponsor, which may have a positive or negative impact on the level of the Index.

The calculations and determinations of each of the Index Sponsor and the Index Calculation Agent in relation to the Index and/or any constituent thereof shall be final and binding on all parties in the absence of manifest error.

(b) **Calculation methodology**

The level of the Index is calculated by the Index Calculation Agent in accordance with the terms of the Index.

The "**Index Level**", $S(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Index on the immediately preceding Index Valuation Date, $S(t-1)$, the "**Target Volatility Factor**" for the immediately preceding Index Valuation Date, $TVF(t-1)$ (which represents the volatility-budgeted element of the Index) and the "**Core Index Return**", $R(t)$, (which represents a return on the Core Index, which in turn reflects the application of a defined strategy in respect of the EURIBOR futures market, as further described in Section 4(c) (*Determination of the Indicator and the Trading Strategy*) below):

$$S(t) = S(t-1) \times [1 + TVF(t-1) \times R(t)]$$

(c) **Calculation of the Core Index Return**

The "**Core Index Return**", $R(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index, $BI(t)$, and the level of the Core Index on the immediately preceding Index Valuation Date, $BI(t-1)$:

$$R(t) = \frac{BI(t) - BI(t-1)}{BI(t-1)}$$

(d) **Calculation of the Target Volatility Factor**

The "**Target Volatility Factor**", $TVF(t)$, is determined in accordance with the following formula on each Index Valuation Date t to be equal to the lower of: (1) 200% and (2) the ratio of (i) the target volatility of 8%, σ_{Target} , and (ii) the Realised Volatility in respect of the Core Index, $\sigma_{Realized}(t)$:

$$TVF(t) = \text{Minimum} \left(\frac{\sigma_{Target}}{\sigma_{Realized}(t)}, 200\% \right)$$

The "**Realised Volatility**" in respect of an Index Valuation Date t is a value representing the highest volatility of the Core Index in a defined period preceding Index Valuation Date t .

4. **CALCULATION OF THE LEVEL OF THE CORE INDEX**

(a) **Calculation methodology**

The level of the Core Index, "**Core Index Level**", $BI(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index on the immediately preceding Rebalancing Date, $BI(n)$, and the "**Futures Return**" on such Index Valuation Date, $F(t)$, (which represents a long or a short position in respect of the price for the Fourth EURIBOR Future (as defined below) on that Index Valuation Date and on the immediately preceding Rebalancing Date):

$$BI(t) = BI(n) \times [1 + (10 \times F(t))]$$

The Core Index is rebalanced as of each third Index Valuation Date prior to the third Wednesday in each calendar month, each a "**Rebalancing Date**".

(b) **Calculation of the Futures Return**

The Futures Return, $F(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the value of the Indicator (which determines whether the Core Index assumes a long or a short position in respect of the Fourth EURIBOR Future), $Indicator(t)$, and the price of the Fourth EURIBOR Future in respect of (i) that Index Valuation Date t , $EF(t)$, and (ii) the immediately preceding Rebalancing Date n , $EF(n)$:

$$F(t) = \frac{EF(t) - EF(n)}{100} \times Indicator(t)$$

The "**Fourth EURIBOR Future**" in respect of an Index Valuation Date is the EURIBOR Future which expires in the month of the fifth future expiry date on or after that Index Valuation Date. The price of the Fourth EURIBOR Future in respect of any

Rebalancing Date is calculated as an arithmetic average of the relevant prices at five different observation points on such date.

(c) **Determination of the Indicator and the Trading Strategy**

The "**Indicator**", *Indicator(t)*, is determined on each Index Valuation Date *t* as either:

- (i) number "1", if the Trading Strategy is to buy the Fourth EURIBOR Future, or
- (ii) number "-1", if the Trading Strategy is to sell the Fourth EURIBOR Future.

The Index Calculation Agent determines the answer to the following questions on the second Index Valuation Date prior to each Rebalancing Date in order to determine the "**Trading Strategy**":

Question 1: Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than a specified level?

Question 2: Is the ratio of the TwosTens Spread over the TwosTens Volatility less than a specified level?

Question 3: Is the Rates Trend Indicator greater than the Rates Level Barrier?

Question 4: Is the Spread Trend Indicator less than the Spread Level Barrier?

The "**TwosTens Spread**" means, in respect of the relevant Index Valuation Date, the difference between the rates for the EURIBOR swap rate (a "**EURIBOR Swap Rate**") with the designated maturity of ten and two years, each as calculated by reference to relevant public sources, whereas the "**TwosTens Volatility**" represents the volatility of such spread.

The "**Rates Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to a 3-month EURIBOR rate (a "**EURIBOR Rate**"), as calculated by reference to relevant public sources, whereas the "**Rate Level Barrier**" is determined by reference to the volatility of the absolute returns on such rate.

The "**Spread Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to the TwosTens Spread, whereas the "**Spread Level Barrier**" is determined by reference to the volatility of the absolute returns on such spread.

The Index Calculation Agent uses the following diagram to determine whether the Trading Strategy is to buy or to sell the Fourth EURIBOR Future:

5. **DISRUPTION EVENTS**

From time to time the Index Calculation Agent and/or the Index Sponsor may determine that the Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the constituents of the Index, any cancellation, suspension or substitution of the Core Index, any changes in laws or regulations affecting the Index or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the Index or to suspend or terminate the calculation or publication of the Index. Further detail on disruption events is set out below.

(a) **Data disruption**

In the event of a disruption relating to the manner that the Index Calculation Agent receives or otherwise acquires information necessary to make any determination or calculation relevant to the Index ("**Data Disruption**"), the Index Calculation Agent shall use reasonable endeavours to source data from alternative sources with the aim of publishing the level of the Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of the Index until the relevant Data Disruption is over or until it acquires the required data from an alternative source.

(b) **Market Disruption Event**

"**Market Disruption Events**" means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent, any rate or any other value relevant to the determination of the level of the Index is not available or does not accurately reflect the relevant market, any other disruption which disrupts the ability of market participants to effect transactions or obtain quotes in respect of the relevant rate or value or prevents the Index Calculation Agent from calculating or disseminating the Index Level, including but not limited to:

- (i) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (ii) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

If the Index Calculation Agent determines that a Market Disruption Event has occurred in respect of any Index Valuation Date, then no level of the Index shall be determined for such Index Valuation Date and determination of the level of the Index shall be suspended until such time as the Index Calculation Agent determines that the Market Disruption Event no longer exists. If the Market Disruption Event continues for eight Index Valuation Dates, then the Index Sponsor may determine that it will terminate the publication of the Index.

(c) **Liquidity Disruption Event**

"**Liquidity Disruption Event**" means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent, a material reduction in the liquidity of the EURIBOR Future on LIFFE such that the prices quoted on the relevant Reuters page for such rate do not adequately reflect the price at which a market participant may enter into a position in respect of the EURIBOR Future. Factors which may indicate a Liquidity Disruption Event include, without limitation, a material reduction in the volume of trades in the EURIBOR Future, a material widening of the bid-offer spread in respect of the EURIBOR Future or a material increase in the volatility of the price of the EURIBOR Future, in each case when compared to historic averages.

If the Index Calculation Agent determines that a Liquidity Disruption Event has occurred in respect of any Index Valuation Date, then the Index Sponsor may determine that it will terminate the publication of the Index. Any event that the Index Calculation Agent determines would constitute a Market Disruption Event and a Liquidity Disruption Event shall be considered to be a Liquidity Disruption Event and the provisions of this paragraph (c) shall apply.

(d) **Indicator Disruption Event**

If a EURIBOR Swap Rate or a EURIBOR Rate does not appear on the relevant Reuters screen on any Index Valuation Date, the relevant rate for that Index Valuation Date will be determined by the Index Calculation Agent on the basis of either (i) mid-market

semi-annual swap rate quotations, in respect of a EURIBOR Swap Rate, or (ii) the mid-market quarterly money market rate quotations, in respect of a EURIBOR Rate, provided by five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent, at approximately 11 a.m. Frankfurt time on the relevant Index Valuation Date. If the Index Calculation Agent is unable to obtain any relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of paragraph (b) above shall apply.

(e) **Disruption of the Core Index**

If, in respect of any Index Valuation Date, no level of the Core Index is determined for such Index Valuation Date then the level of the Index will not be determined for such Index Valuation Date and determination of the level of the Index shall be suspended until such time as the level of the Core Index is determined. If the Index Sponsor determines that it will terminate the publication of the Core Index, publication of the Index may also be terminated.

(f) **Index Restrictions**

If any EURIBOR Future referenced the Index, causes or would cause HSBC and/or certain HSBC group entities to become:

- (i) subject to any legal and/or regulatory reporting and/or disclosure requirements and/or any legal and/or regulatory restrictions; or
- (ii) subject to the imposition of any taxes, duty, withholding, deduction or other charge; or
- (iii) restricted from dealing in such Index constituent pursuant to regulatory or legal obligations or internal policies,

then, if the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) is material, such EURIBOR Future shall be a "**Restricted Index Constituent**" and no Restricted Index Constituent shall be an Index constituent. The Index Sponsor may make such amendments or modifications to the Index Rules for the Index in its discretion as it deems appropriate as a result, including excluding the Restricted Index Constituent from the Index.

In the event that the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) above has ceased to be material in relation to any Restricted Index Constituent, then the Index Sponsor will determine that such Index constituent shall cease to be a Restricted Index Constituent.

6. **SUSPENSION AND TERMINATION OF THE INDEX**

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time, notwithstanding the fact whether any one or more of the disruption events set out in Section 5 (*Disruption Events*) has occurred or not.

In the event that the Index is suspended or terminated, the Index Sponsor accepts no responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence and publication of the Index.

7. **DISCLAIMER**

The Index is sponsored, developed and promoted by the Index Sponsor. The Index is calculated by the Index Calculation Agent, which is part of HSBC Global Research. The Index Sponsor has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of the Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of the Index or any data included therein. While any inaccuracy in such sources may have an adverse effect on level of the Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination. Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law and/or the regulatory system to which they are subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by either the Index Sponsor or the Index Calculation Agent or any other member, division, affiliate or agent of the HSBC Group whatsoever for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with the Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules.

Neither the Index Sponsor nor the Index Calculation Agent make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investment products linked to the performance of the Index ("**Investment Products**") can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the level of the Index and the value, price or income of any Investment Product.

Potential purchasers of any Investment Product are solely responsible for making their own independent appraisal of and investigation into the Index and its components and they should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing such potential purchasers with legal, tax or other specialist advice and they should make their own arrangements in respect of this accordingly. Neither the Index Sponsor nor the Index Calculation Agent can be held responsible for any errors, intentional or unintentional on the part of external data providers, nor for any delays in publishing the Index.

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