REGISTRATION DOCUMENT DATED 8 JUNE 2021

HSBC UK BANK PLC

(a company incorporated with limited liability in England with registered number 09928412)

This document (which expression shall include this document and all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to HSBC UK Bank plc (the "**Issuer**") and has been approved by the Financial Conduct Authority (the "**FCA**") as a registration document ("**Registration Document**") for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") (the "**UK Prospectus Regulation**") for the purpose of providing the information with regard to the Issuer of debt or derivative securities during the period of twelve months after the date hereof. The FCA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of the Registration Document. This Registration Document is valid for a period of twelve months from the date of approval.

This Registration Document includes details of the long-term and short-term credit ratings assigned to the Issuer by S&P Global Ratings UK Limited ("**S&P**"), Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Each of S&P, Moody's and Fitch is established in the United Kingdom and registered under Regulation (EU) No. 1060/2009 on credit rating agencies as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, each of S&P, Moody's and Fitch appears on the latest update of the list of registered credit rating agencies (as of the date of this Registration Document) on the UK FCA's Financial Services Register. The ratings each of S&P, Moody's and Fitch have given to the Issuer are endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, each of which is established in the European Union (the "**EU**") and registered under Regulation (EU) No 1060/2009 on credit rating agencies.

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RISK FACTORS

*All references in this section of this Registration Document to "Issuer" refer to HSBC UK Bank plc, all references to the "Group" refer to HSBC UK Bank plc and its subsidiary undertakings, and all references to the "HSBC Group" refer to HSBC Holdings plc ("**HSBC Holdings**") and its subsidiary undertakings.*

*Prospective investors in any debt or derivative securities ("**Securities**") issued by the Issuer should carefully consider risk factors associated with the business of the Group and the industry in which it operates together with all other information contained in this Registration Document, including, in particular, the risk factors referred to in this section, which the Issuer considers to be the principal risk factors relating to the Group that may affect the Issuer's ability to fulfil its obligations under its Securities.*

The risk factors relating to the Group specified in this section "Risk Factors" do not comprise an exhaustive list or explanation of all risks relating to the Group which investors may face when making an investment in Securities issued by the Issuer. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, also may have, individually or cumulatively, a material adverse effect on the business, prospects, results of operations and/or financial position of the Group and, if any such risk should occur, the price of any Securities issued by the Issuer may decline and investors could lose all or part of their investment.

Risks Relating to the Group

A description of the risk factors relating to the Group that may affect the ability of the Issuer to fulfil its obligations to investors in relation to any of its Securities is set out below.

Macroeconomic and geopolitical risk

1. ***Risks relating to the impact of Covid-19***

The Covid-19 outbreak and its effect on the global economy have impacted the Group's customers, operations and performance, and the future effects of the outbreak are uncertain.

Covid-19 necessitated governments (including the United Kingdom (the "**UK**") government) to respond at unprecedented levels to protect public health, local economies and livelihoods. It has affected regions at different times and varying degrees as it has developed. The varying government support measures and restrictions imposed in response to the Covid-19 outbreak have added challenges, given the rapid pace of change and significant operational demands. The speed at which countries and territories will be able to unwind the government support measures and restrictions and return to pre-Covid-19 economic levels will vary based on the levels of infection, local governmental decisions and access to, and ability to roll out, vaccines. Renewed outbreaks, including as a result of the emergence of new variants of the virus, emphasise the ongoing threat of Covid-19.

Government restrictions imposed around the world to limit the spread of Covid-19 resulted in a sharp contraction in global economic activity during 2020, including in the UK. While the UK government took steps designed to soften the extent of the damage to investment, trade and labour markets, real UK gross domestic product ("**GDP**") fell 21.5 per cent. over the first half of 2020, before rising 17 per cent. over the second half, to give a full year contraction of 9.9 per cent. in 2020. The level of GDP remained 6.3 per cent. below its pre-pandemic peak at the end of the year.

A recovery in economic activity in the UK is currently expected in 2021, but the level of such recovery, and any reduction in the UK unemployment rate, is contingent on the successful rollout of the vaccination programme, the containment of the virus and the evolution of other top risks facing the UK, such as the UK's relationship with the EU now that the transition period has ended. It also relies on the willingness and ability of households and businesses to return towards pre-Covid-19 spending levels.

The development of Covid-19 vaccines has raised hopes of widespread immunisation being achieved across developed countries (including the UK) by the end of 2021 and government restrictions being lifted. While the UK has managed to offer the vaccine to a large proportion of its adult population, there remains uncertainty regarding the efficacy and side effects of the vaccines over various time horizons. Tensions have been evident and may continue to persist as countries compete for access to the array of vaccines either under development, pending approval or already approved. The operational support functions on which the Group relies are based in a number of countries worldwide, some of which, including India, have been particularly affected by the Covid-19 outbreak and have recently experienced a significant increase in infection rates. As a result of the Covid-19 outbreak, business continuity responses have been implemented in locations where the Group operates, and the Group continues to monitor the situation, in particular, in those countries and regions where the level of Covid-19 infections is most prevalent.

There remains a material risk of a renewed drop in economic activity. The economic fallout from Covid-19 risks increasing inequality across markets in which the Group's clients operate. This leaves the burden on governments and central banks to maintain or increase fiscal and monetary stimulus. After financial markets suffered a sharp fall in the early phases of the spread of Covid-19, they rebounded but still remain volatile.

The Covid-19 outbreak will likely have a detrimental impact on capital adequacy. This may include downward migration of customer credit ratings, which could negatively impact the Group's risk-weighted assets ("**RWAs**") and capital position. In addition, it may include a stress on liquidity due, among other factors, to increased customer drawdowns, notwithstanding the significant initiatives that the UK government and the Bank of England (the "**BoE**") have put in place to support funding and liquidity. The BoE has, however, reduced the UK countercyclical capital buffer rate to zero per cent., which is intended to support the ability of banks to supply credit to businesses and households through this period of economic disruption.

The UK government has deployed extensive measures to support households and corporates. Measures implemented included income support to households and funding support to corporates, while measures taken by the BoE included cuts to interest rates, support to funding markets and asset purchases. These measures are expected to be unwound gradually as government restrictions ease and as economic activity increases. The BoE is expected to maintain low interest rates for a considerable period of time and the debt burden of the UK government is expected to rise significantly.

The Group has initiated numerous measures to support its personal and business customers through these challenging times. These have included mortgage assistance, payment holidays, the waiving of certain fees and charges, and liquidity relief for businesses facing market uncertainty and supply chain disruption. The Group is also working closely with the UK government, and providing support to its national schemes that focus on the parts of the economy most impacted by Covid-19. The Issuer has been a provider of the UK government's Coronavirus Business Interruption Loan Scheme from the beginning.

It is recognised that all of the above measures expose the Group to heightened risks. The rapid introduction and varying nature of the UK government support schemes, as well as customer expectations, has led to risks as the Group implements large-scale changes in a short period of time. This has led to increased operational risks, including complex conduct considerations, increased reputational risk and increased risk of fraud. These risks are likely to be heightened further as and when those UK government support schemes are unwound.

The Covid-19 outbreak has led to a worsening of economic conditions in the UK and increased uncertainty, which has been reflected in higher expected credit losses ("**ECL**") reserves. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy, such as retail, transport, hospitality and commercial real estate. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates. In addition, in times of crisis, fraudulent activity is often more prevalent, leading to potentially significant credit or operational losses.

As a result of the Covid-19 outbreak and the imposition of lockdowns, a significant proportion of the Group's workforce were enabled to work remotely and continue to do so. While the Group has put in place effective remote working arrangements, its operational resilience is exposed to potential failures affecting its remote working technology and systems.

The significant changes in economic and market drivers, customer behaviours and government actions caused by Covid-19 have also impacted the performance of financial models. These include retail and wholesale credit models such as IFRS loss models, as well as capital models, traded risk models and models used in the asset/ liability management process. While the Group continues to review and redevelop relevant financial models, there remains considerable uncertainty around the magnitude of change required for models used by the Group. The effectiveness of financial models that are redeveloped will depend in large part on the depth and length of the economic downturn currently faced by the economies of the major markets in which the Group operates (see "*The Group could incur losses or be required to hold additional capital as a result of model limitations or failure*").

The BoE's base rate in the UK has been reduced by the BoE in March 2020 and there remains a possibility of negative rates being applied in the UK. This raises a number of risks and concerns, such as the readiness of the Group's systems and processes to accommodate zero or negative rates, the resulting impacts on customers, regulatory constraints and the financial implications given the significant impact that prolonged low interest rates have had, and may continue to have, on the Group's net interest income and overall profitability. For some products, deposit or asset rates can be floored at zero, or decisions may be made not to pass through the negative rates to customers.

In addition, the Group has financial instruments which are carried at fair value, and such fair values may be impacted by the market volatility resulting from the Covid-19 outbreak. This may increase volatility in key financial metrics, such as profitability and capital ratios.

There remain significant uncertainties in assessing the duration of the Covid-19 outbreak and its impact. The actions taken by the UK government and the BoE, provide an indication of the potential severity of the downturn and post-recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. A prolonged period of significantly reduced economic activity as a result of the impact of the outbreak could have a material adverse effect on the Group's financial condition, results of operations, prospects, liquidity, capital position and credit ratings.

2. ***Current economic and market conditions may adversely affect the Group's results***

Uncertain and at times volatile economic conditions can create a challenging operating environment for financial institutions such as the Issuer. In particular, the Group has faced and may continue to face the following challenges to its operations and operating model in connection with these factors:

- the Covid-19 outbreak and its impact on global economies could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as the Issuer (see "*Risks relating to the impact of Covid-19*");
- the retail sales environment continues to be heavily impacted by the current Covid-19 outbreak and, with social distancing measures still in place, it is currently uncertain when and by how much the level of UK household consumption will rise;
- the demand for borrowing from creditworthy customers may diminish during periods of recession or where economic activity slows or remains subdued;
- low or negative interest rates could impact the Group's profitability due to reductions in the Group's net interest income;
- the Group's ability to engage in funding transactions may be adversely affected by market disruption; and
- market developments may depress consumer and business confidence beyond expected levels. If economic growth is subdued, for example, asset prices and payment patterns may be adversely affected, leading to greater than expected increases in the Group's delinquencies, default rates and ECLs. However, if growth is too rapid, new asset valuation bubbles could appear, particularly in the real estate sector, with potentially negative consequences for financial institutions, such as the Issuer.

The occurrence of any of these events or circumstances could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and customers.

3. ***The UK's trading relationship with the EU, following its withdrawal from the European Union, may adversely affect the Group's operating model and financial results***

The UK left the EU on 31 January 2020 and entered a transition period until 31 December 2020. During the transition period, the UK continued to be bound by EU laws and regulations. A Trade and Cooperation Agreement between the EU and the UK was agreed on 24 December 2020 and it was ratified by the UK on 30 December 2020. On 28 April 2021, the Trade and Cooperation Agreement received formal approval from the European Parliament. The agreement mainly focused on goods and services but also covered a wide range of other areas, including competition, state aid, tax, fishery, transport, data and security. However, it included limited elements on financial services: in this respect, it includes a joint declaration of cooperation based on which both parties are expected to enter discussions at a technical level with the aim of agreeing a memorandum of understanding establishing the framework for cooperation in relation to financial services. Once formally approved, the memorandum of understanding is expected to create the framework for voluntary regulatory cooperation in financial services between the UK and EU through the establishment of a Joint UK-EU Financial Regulatory Forum, which will provide a platform within which both parties will be able to discuss financial services related issues including future equivalence determinations. The requirement to agree a framework of cooperation between the EU and UK under the new framework will take some time to be fully implemented, and this could lead to some uncertainty and have negative economic impacts for both the UK and the EU.

As expected, the financial passporting arrangement that existed prior to, and during, the transition period has expired and, therefore, financial institutions in the UK, such as the Issuer, lost their existing EU regulatory permissions or "passporting rights" to continue servicing clients in regulated products in the European Economic Area (EEA) from 1 January 2021, subject to certain exceptions.

In its programme to manage the impact of the UK's withdrawal from the EU, the Group had assumed a scenario whereby the UK would exit the EU without the existing financial passporting rights or the establishment of a regulatory equivalence framework that supports cross-border business. This scenario impacts the Group's (i) product offering, (ii) clients and (iii) employees.

Notwithstanding the progress made in ensuring the Group was prepared for the end of the transition period, there remain execution risks, many of them linked to the uncertain outcome of ongoing negotiations relating to financial services and any potential financial equivalence determinations that may be agreed between the EU and the UK. The outcome of these negotiations could potentially trigger tight timelines to implement further changes to the Group's operating models. If any of these risks materialise, the Group's clients and employees are likely to be affected. The exact impact on the Group's clients will depend on their individual circumstances and, in a worst case scenario, could include disruption to the provision of products and services, and this could in turn increase operational complexity and/or costs for the Group.

Over the medium to long term, the UK's exit from the EU and the operation of the new Trade and Cooperation Agreement (and any complexities that may result therefrom), may impact markets and increase economic risk, particularly in the UK, which could adversely impact the Group's profitability and prospects for growth.

In addition, the UK's future trading relationship with the EU and the rest of the world will likely take a number of years to fully resolve. This may result in a prolonged period of uncertainty, unstable economic conditions and market volatility, including currency fluctuations.

4. ***The Group is subject to political, social and other risks***

The Group's operations are subject to potentially unfavourable political, social, environmental and economic developments in the UK and regionally, which may include:

- acts of terrorism;
- political and/or social instability;
- geopolitical tensions;

- climate change, acts of God, including epidemics and pandemics (such as the Covid-19 outbreak, further details on which can be found in "*Risks relating to the impact of Covid-19*") and natural disasters (such as floods, abnormally heavy rainfall events, land subsidence and ground slip); and
- infrastructure issues, such as transportation or power failures.

Each of the above could impact credit RWAs, and the financial losses caused by any of these risk events or developments could impair asset values and the creditworthiness of customers.

These risk events or developments may also give rise to disruption to the Group's services and some may result in physical damage to its operations and/or risks to the safety of its personnel and customers.

5. ***The Group operates in markets that are highly competitive***

The Group competes with other financial institutions in a highly competitive industry that continues to undergo significant change as a result of financial regulatory reform, including the Directive (EU) 2015/2366 (the EU's Second Payment Services Directive) ("**PSD2**") and its implementation in the UK, and the Competition and Markets Authority's directions on Open Banking ("**Open Banking**") in the UK, as well as increased public scrutiny stemming from the financial crisis and a continued challenging macro-economic environment.

The Group targets clients based on their outlook and attitudes towards financial health. The Group generally competes on the basis of the quality of its customer service, the wide variety of products and services that the Group can offer its customers, the ability of those products and services to satisfy its customers' needs, the extensive distribution channels available for its customers, its innovation and its reputation. Continued and increased competition in any one or all of these areas may negatively affect the Group's market share and/or cause it to increase its capital investment in its businesses in order to remain competitive. Additionally, the Group's products and services may not be accepted by its targeted clients.

In many markets, there is increased competitive pressure to provide products and services at current or lower prices.

Consequently, the Group's ability to reposition or reprice its products and services from time to time may be limited, and could be influenced significantly by the actions of its competitors who may or may not charge similar fees for their products and services. Any changes in the types of products and services that the Group offers its customers, and/or the pricing for those products and services, could result in a loss of customers and market share.

Further, new entrants to the market or new technologies could require the Group to spend more to modify or adapt its products to attract and retain customers. The Group may not respond effectively to these competitive threats from existing and new competitors, and may be forced to increase its investment in its business to modify or adapt its existing products and services or develop new products and services to respond to its customers' needs.

Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

6. ***The Group is subject to financial and non-financial risks associated with climate change***

Climate change brings risks to the Group's business, its customers and wider society. Climate change could impact the Group through both transition and physical channels. Transition risk can arise from the move to a low-carbon economy, such as through policy, regulatory and technological changes. Physical risk can arise through increasing severity and/or frequency of severe weather or other climatic events, such as rising sea levels and flooding. The focus on climate risks increased over 2020 primarily as a result of the pace and volume of policy and regulatory changes, which impacts the Group both directly and indirectly through its customers.

The Group currently expects that the following are the most likely ways in which climate risk may materialise for the Group:

- transition and physical risk may impact the Group's corporate customers, for example if regulatory, legislative or technological developments impact customers business models resulting in financial difficulty for customers and/or stranded assets;

- physical risk may impact the Group's mortgage portfolios, impacting the ability of customers to repay their mortgages as well as impacting the value of the underlying property;

- physical risk may impact the Group's operations, for example if flooding or extreme weather events impacted its critical operations;

- regulatory compliance risk may result from the increasing pace, breadth and depth of regulatory expectations requiring implementation in short timeframes;

- conduct risks could develop associated with the increasing demand for "green" products where there are differing and developing standards or taxonomies;

- reputational risks may result from the Group's decisions on how it supports its customers in high-emitting sectors.

These events have potential to cause both idiosyncratic and systemic risks, resulting in potential financial and non-financial impacts for the Group which could, in turn, have a material adverse effect on its business, financial condition, results of operations, prospects and strategy.

Financial impacts could materialise, if, for example, transition and physical risks impact the ability of borrowers to repay their loans. This could in turn, result in higher RWAs, greater impairment losses and/or increased capital requirements over the long term.

Non-financial impacts could materialise, for example, through inability to adhere to emerging regulatory requirements. Additionally, the Group's own assets or operations could be impacted by extreme weather or chronic changes in weather patterns, or as a result of business decisions to achieve its climate ambition.

In October 2020, the HSBC Group announced its ambition to become net zero in all direct and indirect emissions, known as scope 1, 2 and 3 emissions. The HSBC Group aims to deliver this by achieving net zero in its operations and its supply chain by 2030 or sooner. The HSBC Group also plans to align its financed emissions (the carbon emissions of its portfolio of customers) to the Paris Agreement goal of net zero by 2050 or sooner. In order to reach these ambitions and targets or any other climate-related ambitions or targets the HSBC Group may set, the Group will need to incorporate climate considerations into its business strategy; the products and services it provides to customers; and its financial and non-financial risk management processes (including processes to measure and manage the various financial and non-financial risks the Group faces as a result of climate change). The Group also needs to ensure that its strategy and business model adapt to changing regulatory requirements and market expectations. Achieving these climate-related ambitions and targets will also depend on a number of factors outside of the Group's control, including availability of data to measure and assess the climate impact of its customers; advancements of low carbon technologies; and supportive public policies in the markets where it operates. If these external factors and other changes do not occur, or do not occur on a timely basis, the HSBC Group may fail to achieve its climate-related ambitions and targets and this could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

7. ***Market fluctuations may reduce the Group's income or the value of its portfolios***

The Group's businesses are inherently subject to risks in financial markets and in the wider economy, including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, bond and property prices, and the risk that the Group's customers act in a manner inconsistent with its business, pricing and hedging assumptions.

Since February 2020, market volatility has been high, particularly as a result of the ongoing Covid-19 pandemic, and ongoing market movements could significantly affect the Group in a number of key areas. For example, banking and trading activities are subject to interest rate risk, foreign exchange risk, inflation risk and credit spread risk. Changes in interest rate levels, interbank spreads over official rates and yield curves affect the interest rate spread realised between lending and borrowing costs. For example, a change in the interest rate environment could affect prepayment activity and this could change the weighted average lives of the Group's interest-earning assets, which could in turn have a material adverse effect on the Group's income. Further, changes in interest rates and credit spreads could impact the value of Group's investment portfolios. The potential for future volatility and margin changes remains. See "*Risks relating to the impact of Covid-19*" above regarding the impact of Covid-19 on the interest rate environment.

Competitive pressures on fixed rates or product terms in existing customer products sometimes restrict the Group's ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

The Group's pension plan is exposed to market risk from their assets and liabilities. The liability discount rate provides exposure to interest rate risk, credit spread risk and inflation risk which are only partially offset by fixed interest assets and swaps.

It is difficult to predict with any degree of accuracy changes in market conditions, and such changes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

8. ***Liquidity, or ready access to funds, is essential to the Group's businesses***

The Group's ability to borrow on a secured or unsecured basis, and the cost of doing so, can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to the Group or the banking sector, including the Group's perceived or actual creditworthiness.

Current accounts and savings deposits payable on demand or at short notice form a significant part of the Group's funding, and the Group places considerable importance on maintaining their stability. For deposits, stability depends upon preserving investor confidence in the Group's capital strength and liquidity, and on comparable and transparent pricing. Although deposits have been a stable source of funding historically, this may not continue.

The Group also plans to increase its access to wholesale markets in order to align asset and liability maturities and currencies.

An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have an adverse effect on the Group's liquidity.

Unfavourable macroeconomic developments, market disruptions or regulatory developments may increase the Group's funding costs or challenge the Group's ability to raise funds to support or expand the Group's businesses.

If the Group is unable to raise sufficient funds through deposits and/or in the capital markets, the Group's liquidity position could be adversely affected, and the Group might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature, to meet the Group's obligations under committed financing facilities or to fund new loans, investments and businesses. The Group may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, the Group may be unable to sell some of its assets, or the Group may need to sell assets at reduced prices, which in either case could materially adversely affect the Group's business, financial condition, results of operations and prospects.

9. ***A potential departure of Scotland from the UK could adversely affect the Group's operations***

A potential departure of Scotland from the UK could adversely affect the Group's operations in the UK, including Scotland. These operations could be adversely affected by a lack of legal harmonisation across the UK, including through the further devolution of powers to the Scottish Parliament. For example, differences in regulatory regimes or differing tax legislation between Scotland and England may result in additional compliance and other costs for the Group or adversely impact the financial performance and prospects of its customers.

The UK's exit from the EU and the political response to Covid-19 have also caused increased constitutional tension within the UK. The majority of voters in the May 2021 Scottish Parliament elections voted for parties campaigning for Scottish independence and the First Minister of Scotland as part of this election campaign committed to seek a second referendum on Scottish independence. If such a referendum resulted in Scotland leaving the UK, this could impact the Group's business and financial performance.

Moreover, a future departure of Scotland from the UK could impact the fiscal, monetary and regulatory landscape to which the Group is subject. While the operational consequences of independence remain uncertain, it could have an adverse effect on the Group's business, prospects and results of operations as a result of, for instance, (i) changes to the economic climate in Scotland and political and policy developments, (ii) changes to Scottish law, regulation accounting or administrative practice in Scotland, and/or (iii) Scotland not continuing to use pounds sterling as its base currency. Risks and uncertainties associated with a departure of Scotland from the UK could materialise both before any referendum for independence takes place and, in addition, in the case of a vote for independence, after the referendum but before independence. The final negotiated terms of independence, as well as the risks and uncertainty created, could have an adverse impact on the Group's business and financial performance more generally.

Macro-prudential, regulatory and legal risks to the Group's business model

10. ***The Group is subject to numerous legislative or regulatory requirements and developments and changes in the policy of regulators or governments and the Group may fail to comply with all applicable regulations, particularly any changes thereto***

The Group's businesses are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in the UK and the EU. This is particularly the case given the expected long term economic impact of the Covid-19 outbreak and the consequent high volume and wide-ranging regulatory interventions. Additionally, many of these changes have an effect beyond the country in which they are enacted, as regulators deliberately enact regulation with extra-territorial impact.

In recent years, regulators in the UK and EU have focused on reforming both the prudential regulation of the financial services industry and the ways in which the business of financial services is conducted, including Open Banking, the Financial Conduct Authority's ("**FCA**") call for input on Open Finance and resulting feedback statement, the FCA's "Retail Distribution Review", "Mortgage Market Review", and reforms to the way banks, including the Group, charge for overdrafts as part of its "High-Cost Credit Review", which are now in force. In addition, the UK Financial Services Act 2021 introduced requirements for the FCA to conduct a public consultation about whether it should impose a duty of care to consumers on regulated firms, to publish its analysis of the outcome of such consultation before 1 January 2022, and to make general rules about the level of care that regulated firms must provide to consumers, or particular classes of consumers, before 1 August 2022. Pursuant to the requirements of the UK Financial Services Act 2021, on 14 May 2021, the FCA published a consultation paper (CP 21/13) which sets out proposals to expand its existing rules and principles to ensure firms provide a higher level of protection to retail consumers via a new "Consumer Principle" that provides an overarching standard of conduct, and a set of "Cross-cutting Rules" and "Outcomes" which support the Consumer Principle (together, the "**Consumer Duty**"). In connection with such consultation, the FCA is also seeking stakeholders' views as to the potential benefits of attaching a private right of action to the Consumer Duty.

Other specific areas where regulatory changes could have a material effect on the Group's business, financial condition, results of operations, prospects, capital position, and reputation as well as on the market value of the Securities include, but are not limited to those discussed in "*Risks relating to the impact of Covid 19*", "*The UK's trading relationship with the EU, following its withdrawal from the European Union may adversely affect the Group's operating model and financial results*", "*The Group is subject to financial and non-financial risks associated with climate change*", "*The Group may not manage risks associated with the replacement of benchmark indices effectively*", "*The Securities and the Issuer will be subject to certain bank resolution powers under the Banking Act*", "*The Group may be subject to increased regulation regarding culture and accountability*", "*The Group's data management and data privacy controls must be sufficiently robust to support the increasing data volumes and evolving regulations*" and *"The Group could incur losses or be required to hold additional capital as a result of model limitations or failure*", as well as:

- general changes in government, central bank, regulatory or competition policy, or changes in regulatory regimes that may influence investor decisions. For example, the UK Financial Policy Committee ("**FPC**") has the ability to require UK banks to hold additional capital for lending to sectors perceived as higher risk and to increase the amount of capital that banks are required to hold when threats to financial stability are judged to be emerging;

- the potential for developments in, and the consequences for breaches of, the Financial Services (Banking Reform) Act 2013, which requires (amongst other matters) the legal separation of core deposits from wholesale and investment banking activities. In particular, in order to comply with the ongoing requirements of the UK ring-fencing regime, the Group must ensure that its operations and infrastructure comply with the requirements set out in the UK ring-fencing legislation and rules such as independence, prohibition of "excluded activities", no exposure to relevant financial institutions, shared services and resolvability amongst others, which may involve associated operational risk and may result in increased costs and higher risk of breach of rules and regulations. Arrangements between HSBC Bank plc ("**HBEU**") and the Group also need to meet these requirements and the requirement that all such transactions take place on an arm's length basis. The duplication of certain infrastructure or functions required to comply with the UK ring-fencing legislation and rules, and inefficiencies resulting therefrom, have resulted in additional costs and/or changes to the Group's business and operations;

- the Basel Committee on Banking Supervision agreed the final form of the reforms to strengthen global capital and liquidity rules (the "**Basel III Reforms**") in December 2017. The package is scheduled to be implemented on 1 January 2023, with a five-year transitional provision for the output floor. This floor ensures that, at the end of the transitional period, banks' total RWAs will be no lower than 72.5 per cent. of those generated by the standardised approaches. The final standards will need to be transposed into the relevant local law before coming into effect. In June 2019, the EU enacted Regulation (EU) No. 2019/876 amending Regulation (EU) No. 575/2013 ("**CRR II**"). This implemented changes to the own funds regime and to the Financial Stability Board's requirements for total loss-absorbing capacity, known in the EU as the minimum requirements for own funds and eligible liabilities. It also included the first tranche of changes to the EU's legislation to reflect the Basel III Reforms, including the changes to market risk rules under the Fundamental Review of the Trading Book, revisions to the standardised approach for measuring counterparty risk, changes to the equity investments in funds rules, amendments to the large exposures rules, the new leverage ratio rules and the implementation of the net stable funding ratio. Given that many of the CRR II changes do not enter into force until June 2021, these were not transposed into UK law on 31 December 2020 and therefore will be implemented separately in the UK. The legislation and rules implementing CRR II standards are intended to come into effect on 1 January 2022. The PRA has confirmed that its proposed changes to the leverage ratio will be published once a review by the Financial Policy Committee and Prudential Regulation Committee has been completed in the summer of 2021. The remaining elements of the Basel III Reforms will be implemented separately in the UK. There remains a significant degree of uncertainty due to the number of national discretions and the need for further supporting technical standards. The UK's implementation of the remaining elements of the Basel III Reforms is expected to be on 1 January 2023;

- the implementation of more stringent capital, liquidity and funding requirements, including changes to internal ratings-based modelling requirements and as the result of industry wide reviews e.g. structural foreign exchange risk;

- a continuing interest in financial services activities by competition authorities at the UK and European level when enforcing laws against anticompetitive practices (in the UK, the FCA and the Payment Systems Regulator are competition law enforcers). This is also being accompanied by a rise in private damages litigation relating to alleged competition law infringements. Currently, much of this is brought in the UK (for example, ongoing litigation by UK retailers regarding consumer credit and debit card interchange fee levels under the Visa and MasterCard schemes);

- restrictions on the structure of remuneration and increasing requirements to detail management accountability within the Group (for example, the requirements of the Senior Managers and Certification Regime in the UK);

- the implementation of any conduct measures as a result of regulators' increased focus on institutional culture, employee behaviour and whistleblowing, including measures resulting from ongoing thematic reviews into the workings of the retail, SME and wholesale banking sectors and the provision of financial advice to consumers;

- increasing regulatory expectations and requirements relating to operational resilience, including an increasing focus on the response of institutions to operational disruptions;

- changes in national or supra-national requirements regarding the ability to offshore or outsource the provision of services and resources or transfer material risk to financial services companies located in other countries, which impact the Group's ability to implement consistent and efficient operating models; and

- continuing regulatory focus on the effectiveness of internal controls and risk management frameworks, as evidenced in regulatory fines imposed against other financial institutions.

The Group continues to strengthen its processes and controls over regulatory reporting to accommodate challenges arising from expanding and increasingly complex regulatory reporting obligations. This includes commissioning independent external reviews of various aspects of regulatory reporting. There may be impacts on some of the Group's regulatory ratios, such as the common equity tier 1 ("**CET1**") ratio and liquidity coverage ratio, which could in turn have a material effect on the capital position of the Issuer or the market value of the Securities.

11. ***The Group may not manage risks associated with the replacement of benchmark indices effectively***

The Financial Stability Board has observed that the decline in interbank short-term unsecured funding poses structural risks for interest rate benchmarks that reference these markets. In response, regulators and central banks in various jurisdictions have convened industry-led national working groups ("**NWGs**") to identify alternative replacement rates ("**near risk-free rates**" or "**RFRs**") for these interbank offered rate ("**Ibor**") reference rates and, where appropriate, make recommendations that would facilitate an orderly transition to these RFRs.

Following the announcement by the FCA in July 2017 that it will no longer continue to persuade or require panel banks to submit rates for the London Interbank offered rate ("**Libor**") after 2021, the NWGs for the impacted currencies were tasked with providing guidance and support to financial and non-financial firms to help them facilitate an orderly transition of the relevant Libors to their chosen RFRs. Further, on 5 March 2021, the FCA announced that all Libor settings will either cease to be provided by any administrator or no longer be representative: (i) immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and (ii) immediately after 30 June 2023, in the case of the remaining US dollar settings. The administrator of Libor, ICE Benchmark Administration, also announced that, absent any intervention by the FCA or support from the panel, and subject to the FCA's powers to require it to publish one or more Libor settings on a "synthetic basis" using a changed methodology, it would not publish Libor tenors and would cease publication of the respective rates on the abovementioned dates announced by the FCA.

The working group on euro risk free rates recommended replacing the euro overnight index average ("**Eonia**") with the euro short-term rate €STR (plus a fixed parameter spread), as changes needed to be made to Eonia's methodology as it was not compliant with 2016 EU Benchmark Regulation. As such Eonia will therefore be discontinued on 3 January 2022.

The expected discontinuation of certain key Ibors, the adoption of replacement RFRs by the market and the development of RFR products by the Group introduce a number of risks for the Group, its clients, and the financial services industry more widely. These include, but are not limited to:

- regulatory compliance, legal and conduct risk, arises from both the continued sale of products referencing Ibors and sales of products referencing RFRs and the transition of legacy contracts to alternative rates. There is a risk that the Group is unable to meet regulatory milestones associated with the discontinuance of sale of certain Ibor products, which may result in regulatory investigations or reviews being conducted into its preparation and readiness for the replacement of Ibors with alternative reference rates. Additionally, if the Group's sales processes are not appropriately adapted to account for the additional complexity of new products, or new RFR market conventions, additional conduct risks and regulatory actions may result and there may be a heightened risk of disputes;

- legal risks associated with the enforceability of fallback provisions in Ibor contracts. There is a risk that some contracts will not be transitioned before the relevant Ibor is discontinued and the parties will need to rely on the "fallback" provisions of those contracts. As these fallback provisions do not always contemplate the permanent cessation of the relevant Ibor, there is a risk that the provisions may not work from a contractual, practical or financial perspective, potentially resulting in unintended outcomes for clients. This may lead to complaints, litigation and/or regulatory action. While legislative solutions have been proposed or enacted in the UK and the EU, market participants will need to consider the impact of any proposals ultimately adopted;

- financial risks resulting from the discontinuation of Ibors and the development of RFR market liquidity will affect the Group throughout the transition. The differences in Ibor and RFR interest rate levels will create a basis risk that the Group will need to actively manage through appropriate financial hedging. Basis risk in the trading book and in the banking book may arise out of the asymmetric adoption of RFRs across assets and liabilities and across currencies and products. In addition, this may limit the ability to hedge effectively; and

- resilience and operational risks are heightened, as the Group's Ibor transition programme progresses to its execution phase, due to an expected increase in the number of new RFR products being rolled out, the short timelines for transitioning legacy Ibor contracts and the continued systems changes required to facilitate both new products and transition. These risks increased due to the impact that the Covid-19 outbreak and interest rate environment have had on client readiness to transition. This has resulted in compressed timelines for completing transition processes.

If any of these risks materialises, this could have a material adverse effect on the Group's business, financial condition, capital position, results of operations, prospects and customers.

12. ***The Group is subject to the risk of current and future legal, regulatory or administrative actions and investigations, the outcomes of which are inherently difficult to predict***

The Group faces significant risks in its business relating to legal, regulatory or administrative actions and investigations. The volume and complexity of litigation, regulatory proceedings, investigations, administrative actions and other adversarial proceedings against financial institutions remain high and the amount of damages claimed are increasing for many reasons, including a substantial increase in the number of regulatory changes taking place globally, increasing focus from regulators, investors and other stakeholders on environmental, social and governance ("**ESG**") disclosures, including in relation to the measurement and reporting of such matters in the absence of local or internationally accepted standards, increased media attention and higher expectations from regulators and the public. In addition, criminal prosecutions of financial institutions for, among other things, alleged conduct breaches, breaches of anti-money laundering ("**AML**"), anti-bribery/corruption, and sanctions and counter-terrorist financing regulations, antitrust violations, market manipulation, and aiding and abetting tax evasion, have become more commonplace and may increase in frequency due to increased media attention and higher expectations from prosecutors and the public.

Any such legal, regulatory or administrative action or investigation against the Group or one or more of its subsidiaries could result in, among other things, substantial fines, civil penalties, criminal penalties, cease and desist orders, forfeitures, the suspension or revocation of key licences, requirements to exit certain businesses, other disciplinary actions and/or withdrawal of funding from depositors and other stakeholders. Any threatened or actual litigation, regulatory proceeding, administrative action, investigation or other adversarial proceeding against the Group or one or more of its subsidiaries could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation. Additionally, the Group's financial statements reflect provisioning for legal proceedings, regulatory and customer remediation matters. Provisions for legal proceedings, regulatory and customer remediation matters, such as, for example, the customer redress programme related to and any legal claims resulting from the mis-selling of payment protection insurance policies, typically require a higher degree of judgement than other types of provisions, and the actual costs resulting from such proceedings and matters may exceed existing provisioning.

The Group and its subsidiaries continue to be subject to a number of material legal proceedings, regulatory actions and investigations, a number of which are described in Note 26 ("Legal proceedings and regulatory matters") on pages 122 to 123 of the 2020 Annual Report and Accounts (the "**2020 Annual Report and Accounts**"). It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving the Group's businesses, particularly those cases in which the matters are brought on behalf of a range of types of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. Moreover, the Group may face additional legal proceedings, investigations or regulatory actions in the future, including in other jurisdictions and/or with respect to matters similar to, or broader than, the existing legal proceedings, investigations or regulatory actions, such as any disputes resulting from the global market volatility associated with the Covid-19 outbreak. An unfavourable result in one or more of these proceedings could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

13. ***The Group may fail to meet the requirements of regulatory stress tests***

The Group is subject to regulatory stress testing, which is described under "Risk – Risk Management – Stress testing" on page 20 of the 2020 Annual Report and Accounts. These exercises are designed to assess the resilience of banks to potential adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on the Group's data provision, stress testing capability and internal management processes and controls.

Failure to meet quantitative or qualitative requirements of regulatory stress test programmes, or the failure by regulators to approve the Group's stress test results and capital plans, could result in the Group being required to enhance its capital position and this could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations, prospects, capital position and reputation.

14. ***The Securities and the Issuer will be subject to certain bank resolution powers under the Banking Act***

Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended, supplemented or replaced from time to time, the "**BRRD**") provides an EU-wide framework for the recovery and resolution of credit institutions and their parent companies and other group companies. The BRRD is designed to provide relevant authorities with a set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. In the UK, the Banking Act 2009, as amended from time to time (the "**Banking Act**"), has implemented the majority of the provisions of the BRRD, and was recently amended by, amongst other statutory instruments, The Bank Recovery and Resolution (Amendments) (EU Exit) Regulations 2020, which implement into UK law certain of the recent amendments to BRRD which were required to be implemented prior to IP completion day (as defined in the European (Withdrawal Agreement) Act 2020).

a. *Statutory intervention powers*

The Issuer is subject to the Banking Act, which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the BoE, the PRA and/or the FCA (each a "**relevant UKRA**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include Securities issued by the Issuer), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the BoE; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

b. *Write-down and conversion of capital instruments and liabilities powers and/or bail-in powers*

The powers granted to the relevant UKRA also include powers to vary or extinguish the claims of certain creditors. These powers include a "write-down and conversion of capital instruments and liabilities" power and a "bail-in" power.

The write-down and conversion of capital instruments and liabilities power may be used where the relevant UKRA has determined that the institution concerned has reached the point of non-viability, but that no bail-in of instruments other than capital instruments or (where the institution concerned is not a resolution entity) certain internal non-own funds liabilities ("**relevant internal liabilities**") is required (however the use of the write-down and conversion power does not preclude a subsequent use of the bail-in power) or where the conditions to resolution are met. Any write-down or conversion effected using this power must be carried out in a specific order such that common equity must be written off, cancelled or appropriated from the existing shareholders in full before additional tier 1 instruments are affected and additional tier 1 instruments must be written off or converted in full before tier 2 instruments are affected and (in the case of a non-resolution entity, such as the Issuer) tier 2 instruments must be written off or converted in full before relevant internal liabilities are affected. Where the write-down and conversion of capital instruments and liabilities power is used, the write-down is permanent and investors receive no compensation (save that CET1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments and liabilities power is not subject to the "no creditor worse off" safeguard (unlike the bail-in power described below).

The bail-in power gives the relevant UKRA the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include any unsecured Securities) of a failing financial institution or its holding company, to convert certain debt claims (which could be amounts payable under any unsecured Securities) into another security, including ordinary shares of the surviving entity or its holding company, if any and/or to amend or alter the terms of such claims, including the maturity of any unsecured Securities or amendment of the amount of interest payable on any unsecured Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period. The Banking Act requires the relevant UKRA to apply the bail-in power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the relevant UKRA must write-down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) certain senior claims. The claims of some creditors whose claims would rank equally with those of unsecured Securityholders may be excluded from bail-in. The more of such creditors there are, the greater will be the impact of bail-in on such Securityholders. The bail-in power is subject to the "no creditor worse off" safeguard, under which any shareholder or creditor which receives less favourable treatment than they would have had if the institution entered into insolvency may be entitled to compensation.

Although the exercise of the bail-in power under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Group or not directly related to the Group) which the relevant UKRA would consider in deciding whether to exercise such power with respect to the Issuer and its securities (including any unsecured Securities). Moreover, as the relevant UKRA may have considerable discretion in relation to how and when it may exercise such power, holders of the Issuer's securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Issuer and its securities.

c. *Powers to direct restructuring of the Group*

As well as a write-down and conversion of capital instruments and liabilities power and a bail-in power, the powers of the relevant UKRA under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only). In addition, the Banking Act gives the relevant UKRA power to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinuing the listing and admission to trading of debt instruments.

The exercise by the relevant UKRA of any of the above powers under the Banking Act may limit the Issuer's capacity to meet its repayment obligation under the Securities and the exercise of any such powers (including especially the bail-in power) could lead to the holders of the Securities losing some or all of their investment.

Moreover, trading behaviour in relation to the securities of the Issuer (including the Securities), including market prices and volatility, may be affected by the use of, or any suggestion of the use of, these powers and accordingly, in such circumstances, the Securities are not necessarily expected to follow the trading behaviour associated with other types of securities. There can be no assurance that the taking of any actions under the Banking Act by the relevant UKRA or the manner in which its powers under the Banking Act are exercised will not materially adversely affect the rights of holders of the Securities, the market value of an investment in the Securities and/or the Issuer's ability to satisfy its obligations under the Securities.

Although the Banking Act also makes provision for public financial support to be provided to an institution in resolution subject to certain conditions, it provides that the financial public support should only be used as a last resort after the relevant UKRA has assessed and exploited, to the maximum extent practicable, all the resolution tools, including the bail-in power. Accordingly, it is unlikely that investors in the Securities will benefit from such support even if it were provided.

15. ***The Group is subject to tax-related risks***

The Group is subject to the substance and interpretation of UK tax laws and is subject to routine review and audit by tax authorities in relation thereto. The Group's interpretation or application of these tax laws may differ from those of the relevant tax authorities, and the Group provides for potential tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities. The amounts ultimately paid may differ materially from the amounts provided depending on the ultimate resolution of such matters. In general, changes to tax laws and tax rates, including as a result of policy changes by governments and/or regulators, and penalties for failing to comply, could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, capital position and reputation.

16. ***The Group may be subject to increased regulation regarding culture and accountability***

Financial institutions remain under considerable scrutiny by regulators, international bodies, organisations and unions regarding conduct of business, particularly in relation to fair outcomes for customers, including those who are or who could be identified as vulnerable, promoting effective competition in the interests of customers, driving higher standards of both personal and corporate conduct and ensuring the orderly and transparent operation of global financial markets. As a result, the Group and its personnel may be subject to increased regulation in connection with institutional culture, employee behaviour and whistleblowing, including measures arising from ongoing thematic reviews into the workings of the SME and wholesale banking sectors and the provision of financial advice to consumers (particularly the FCA's Senior Managers and Certification Regime and the continued focus in the UK on the progress being made in implementing wider recommendations made by the Parliamentary Commission on Banking Standards). Regulators, prosecutors, the media and the public all have heightened expectations as to the behaviour and conduct of financial institutions, and any shortcomings or failure to demonstrate adequate controls are in place to mitigate such risks, particularly risks associated with the mis-selling of financial products (such as payment protection insurance policies) or the mis-handling of customer complaints, could result in regulatory sanctions, fines or an increase in civil litigation, and could have a material adverse effect on the Group's business, financial condition, results of operations and reputation.

Risks related to the Group's operations

17. ***The Group's operations are highly dependent on the HSBC Group's information technology systems***

The reliability and security of the HSBC Group's information technology infrastructure is crucial to the Group's provision of banking services and protecting the HSBC brand. The effective functioning of the HSBC Group's payment systems (including the Group's payment systems), financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems, the communication networks between the Group's branches and main data processing centres, and the ability of the Group's customers to access their accounts, is important to the Group's operations. As a result of the Covid-19 outbreak, business continuity responses were implemented and the Group continues to monitor the situation, in particular, in those countries and regions where the level of Covid-19 infections is most prevalent.

Critical system failure, prolonged service unavailability or a material breach of data security, particularly of confidential customer data, could compromise the Group's ability to service its clients, could breach regulations and could cause long-term damage to the Group's business and brand that could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

18. ***The Group remains susceptible to a wide range of cyber risks that impact and/or are facilitated by technology***

The threat of cyber-attacks remains a concern for the Group, as it does across the entire financial sector. Failure to protect the Group's operations from internet crime or cyber-attacks may result in financial loss, disruption for customers or a loss of data. This could undermine the Group's reputation and its ability to attract and keep customers. The most prevalent cybersecurity threats intend to prevent customers from accessing the Group's online services by attempting to identify any vulnerabilities in the Group's systems (through malware or unauthorised access), disrupt its business, and cause data loss.

There have been no material cyber-related breaches that impacted the Group's customers or operations in 2020. However the risk remains that future cyber-related attacks will have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

19. ***The Group could incur losses or be required to hold additional capital as a result of model limitations or failure***

The Group uses models for a range of purposes in managing its business, including regulatory capital calculations, stress testing, credit approvals, calculation of ECLs on an IFRS 9, Financial Instruments ("**IFRS 9**") basis, financial crime and fraud risk management and financial reporting. The Group could face adverse consequences as a result of decisions that may lead to actions by management, based on models that are poorly developed, implemented or used, or as a result of the modelled outcome being misunderstood or the use of such information for purposes for which it was not designed or by inherent limitations arising from the uncertainty inherent in predicting or estimating future outcomes. Regulatory scrutiny and supervisory concerns over banks' use of models is considerable, particularly the internal models and assumptions used by banks in the calculation of regulatory capital. If regulatory approval for key capital models is not achieved in a timely manner or if those models are subject to review and challenge, the Group could be required to hold additional capital. Evolving regulatory requirements have resulted in changes to the Group's approach to model risk management, which poses execution challenges. The adoption of more sophisticated modelling approaches including machine learning and technology by both the Group and the financial services industry could also lead to increased model risk.

The economic consequences of the Covid-19 outbreak on macroeconomic variables that are used in models are outside of the bounds for which IFRS 9 models have been built and calibrated to operate. Moreover, complexities of current governmental support programmes and regulatory guidance on the treatment of customer impacts, such as forbearance and payment holidays, and the unpredictable pathways of the Covid-19 outbreak, cannot realistically be factored into the modelling. Consequently, IFRS 9 models under the current economic conditions are generating outputs that do not accurately assess the actual level of credit quality in all cases. This has required more ongoing monitoring and more frequent testing across the Group, particularly for credit models. It also has resulted in enhanced and more frequent loss model monitoring. In addition, compensating controls, such as post model management adjustments based on expert judgement are required. Such compensating controls require a significant degree of management judgment and assumptions. There is a risk that future actual results/performance may differ from such judgments and assumptions. The effectiveness of the existing models will depend in large part on the depth and length of the economic downturn faced by the world's economies.

Risks arising from the use of models, including reputational, could have a material adverse effect on the Group's business, financial condition, capital position, results of operations and prospects.

20. ***The Group's operations utilise third-party suppliers and service providers***

The Group relies on third parties to supply goods and services. The use of third-party service providers by financial institutions is of particular focus to global regulators, including with respect to how outsourcing decisions are made and how key relationships are managed. The inadequate management of third-party risk could impact the Group's ability to meet strategic, regulatory and client expectations. This may lead to a range of effects, including regulatory censure, civil penalties or damage to the Group's reputation, which could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and strategy.

Risks related to the Group's governance and internal controls

21. ***The Group's data management and data privacy controls must be sufficiently robust to support the increasing data volumes and evolving regulations***

As the HSBC Group becomes more data-driven and the Group's business processes become more digital, the volume of data that the Group relies on has grown exponentially. In addition, the focus on technology, underpinned by customer protection, including the use of artificial intelligence and digital assets (data, identity and disclosures), financial technology risks, operational resilience, virtual currencies (including central bank digital currencies and global stablecoin) and cybersecurity and the introduction of new and/or enhanced standards in this area has increased. As a result, management of data (including data retention and deletion, data quality, data privacy and data architecture policies and procedures) from creation to destruction must be robust and designed to effectively identify any quality and availability issues. Inadequate data management could result in negative impacts to customer service, business process, or could result in manual intervention and reconciliation to reduce the risk of errors in reporting to senior management, regulators or executives.

In addition, failure to comply with data privacy laws or other legislation in the jurisdictions in which the Group operates may result in regulatory sanctions. Any of these failures could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

22. ***Third parties may use the Group as a conduit for illegal activities without the Group's knowledge***

The Group is required to comply with applicable AML and sanctions laws and regulations, and has adopted various policies and procedures, including internal control and "know your customer" procedures, aimed at preventing use of its products and services for the purpose of committing or concealing financial crime. Moreover, in relevant situations, and where permitted by regulation, the Group may rely upon certain counterparties to maintain and properly apply their own appropriate AML procedures. While permitted by regulation, such reliance may not prevent third parties from using the Group (and the Group's relevant counterparties) as a conduit for money laundering, without the Group's knowledge (and that of the Group's relevant counterparties). Further, a major focus of US and UK government policy relating to financial institutions in recent years has been combating money laundering and enforcing compliance with US, UK and EU sanctions.

Becoming a party to, associated with, or even accusations of being associated with, money laundering, or violations of sanctions laws or regulations could damage the Group's reputation and could make it subject to fines, sanctions and/or legal enforcement. Any one of these outcomes could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

23. ***The Group may suffer losses due to employee misconduct***

The Group's businesses are exposed to risk from potential non-compliance with the HSBC Group's policies and related behaviours and employee misconduct such as fraud, negligence or non-financial misconduct, all of which could result in regulatory sanctions and/or reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of "rogue traders" or other employees. It is not always possible to deter employee misconduct, and the precautions the Group takes to prevent and detect this activity may not always be effective. Misconduct risks could be increased if prevent and detect measures are less effective because of remote and home working. Employee misconduct, or regulatory sanctions if a regulator deems the Group's actions to deter such activity to be insufficient, could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

24. ***The delivery of the Group's strategic actions is subject to execution risk and the Group may not achieve any of the expected benefits of its strategic initiatives***

The Group's strategy is built around four strategic priorities - focus on our strengths, digitise at scale, energise for growth and transition to net zero. The development and implementation of the Group's strategy requires difficult, subjective and complex judgements, including forecasts of customer needs and economic conditions in the UK, as well as development and deployment of modernised platforms, architecture and products. The Group may fail to correctly identify the trends it seeks to exploit and the relevant factors in making decisions as to deployment of resources.

The Group's ability to execute its strategy may be limited by its operational capacity and the increasing complexity of the regulatory environment in which the Group operates. Effective management of transformation projects is required to effectively deliver the Group's strategic priorities, involving delivering both on externally driven programmes for example, Ibor transition, as well as key business initiatives to deliver revenue growth, product enhancement and operational efficiency outcomes. The magnitude, complexity and, at times, concurrent demands of the projects required to meet these can result in heightened execution risk.

The HSBC Group's strategy is supported by global trends – the continued economic development in emerging markets, growth of international trade and capital flows, and wealth creation, particularly in faster-growing markets. The HSBC Group takes into consideration global trends along with its strategic advantages to help it better deploy capital. As outlined above, the development and implementation of the HSBC Group's strategy requires difficult, subjective and complex judgements. The HSBC Group may fail to correctly identify the relevant factors in making decisions as to capital deployment and cost reduction.

The Group continues to pursue cost management initiatives, though they may not be as effective as expected, and the Group may be unable to meet the HSBC Group's cost saving targets.

The global economic outlook remains uncertain, particularly with regard to the ongoing effects of the Covid-19 outbreak, the low global interest rate environment, heightened geopolitical tensions (particularly between the US and China) and the future UK relationship with the EU now that the transition period has ended. There remains a risk that, in the absence of an improvement in economic conditions, the Group's cost and investment actions may not be sufficient to achieve the expected benefits.

The failure to successfully deliver or achieve any of the expected benefits of these key strategic initiatives could have a material adverse effect on the Group's business, financial condition, results of operations, prospects and reputation.

25. ***Concentration of credit and market risk could increase the Group's potential for losses***

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or are engaged in similar activities, or operate in the same geographical areas/industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group has exposure to concentration risk where its business activities focus particularly on a single obligor or a similar type of customer, product, industrial sector or geographic location.

In particular, the Group has significant exposure to UK residential mortgages and retail banking. The Group's UK mortgage and retail banking portfolios are strongly linked to the UK economy, and any deterioration in the UK's economic environment (including as a result of the Covid-19 outbreak) could materially and adversely affect the credit quality of such portfolios. See "*Current economic and market conditions may adversely affect the Group's results*" and "*The UK's trading relationship with the EU, following its withdrawal from the European Union, may adversely affect the Group's operating model and financial results*." Additionally, any decreases in property values may also reduce the collateral values against the mortgage portfolios, which could negatively impact recovery values in default situations and lead to higher impairment charges.

The Group's efforts to diversify or manage its credit portfolio against concentration risks may not be successful and any concentration of credit risk could increase the potential for significant losses in its credit portfolio. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

26. ***The Group's risk management measures may not be successful***

The management of risk is an integral part of all the Group's activities. Risk constitutes the Group's exposure to uncertainty and the consequent variability of return. Specifically, risk equates to the adverse effect on profitability or financial condition arising from different sources of uncertainty, including retail and wholesale credit risk, market risk, non-traded market risk, operational risk, concentration risk, liquidity and funding risk, litigation risk, conduct risk, reputational risk, strategic risk, pension risk and regulatory risk.

While the Group employs a broad and diversified set of risk monitoring and mitigation techniques, such methods and the judgements that accompany their application cannot anticipate every unfavourable event or the specifics and timing of every outcome. Failure to manage risks appropriately or regulatory sanctions if a regulator deems the Group's risk management measures to be insufficient could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, strategy and reputation.

Risks related to the Group's business

27. ***The Group's business has inherent reputational risk***

Reputational risk is the risk of failing to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by the Group or a member of the HSBC Group, the Group's employees or those with whom the Group is associated. Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputational risk. Stakeholder expectations constantly evolve, and so reputational risk is dynamic and varies between regions, groups and individuals. In addition, the Group's business faces increasing scrutiny related to environmental, social and governance activities. If the Group fails to act responsibly, or to contribute to the achievement of the HSBC Group's announced targets, in a number of areas, such as diversity and inclusion, climate change, sustainability, workplace conduct, human rights, and support for local communities, the Group's reputation and the value of its brand may be negatively affected.

Modern technologies, in particular online social media channels and other broadcast tools that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Reputational risk could also arise from negative public opinion about the actual, or perceived, manner in which the Group conducts its business activities, or its financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Negative public opinion may adversely affect the Group's ability to retain and attract customers, in particular, depositors, and to retain and motivate staff, and could have a material adverse effect on the Group's business, financial condition, results of operations, and prospects.

28. ***Non-financial risks are inherent in the Group's business, including the risk of fraudulent activity***

The Group is exposed to many types of non-financial risks that are inherent in banking operations. Non-financial risk can be defined as the risk to the Group of achieving its strategy or objectives as a result of inadequate or failed internal processes, people and systems, or from external events. It includes; fraudulent and other criminal activities (both internal and external), breakdowns in procedures, breaches of regulations or law, and financial reporting and tax errors. These risks are also present when the Group relies on outside suppliers or vendors to provide services to the Group and its customers.

For example, fraudsters may target any of the Group's products, services and delivery channels, including lending, internet banking, payments, bank accounts and cards. This may result in financial loss to the Group and/or its customers, an adverse customer experience, reputational damage and potential litigation, regulatory proceeding, administrative action or other adversarial proceeding in any jurisdiction in which the Group operates, depending on the circumstances of the event. The adoption of the Contingent Reimbursement Code has increased customer protection from Authorised Push Payment ("**APP**") scams which has the risk of significant additional costs, including contributions to industry funding of "no blame" claims.

These non-financial risks could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, strategy and reputation. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Group will necessarily be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the FCA and the PRA.

29. ***The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel***

Meeting the demand to recruit, retain and develop appropriate senior management and skilled personnel remains subject to a number of challenges. These include rapidly changing skill requirements and ways of working, the evolving regulatory landscape plus increased requirements and expectations regarding diversity. Ongoing talent shortages and capabilities, particularly where those with the scarce capabilities are globally mobile, add to the complexity of the Group's supply challenge.

The Group's continued success depends in part on the retention of key members of its management team and wider employee base, the availability of skilled management in each of its business units, and the ability to continue to attract, train, motivate and retain highly qualified professionals, each of which may depend on factors beyond the Group's control, including economic, market and regulatory conditions, and the impact of the Covid-19 outbreak on health and wellbeing. In addition, the HSBC Group announced targets in relation to increasing the representation of women and black employees in senior leadership roles by 2025. If the HSBC Group fails to achieve these targets, the Group's ability to attract and retain qualified professionals may be negatively affected.

If one of the Group's business units fails to staff its operations appropriately or loses one or more of their key senior executives and fails to successfully replace them in a satisfactory and timely manner, or fails to implement successfully the organisational changes required to support the Group's business, this could place the Group at a significant competitive disadvantage and prevent it from successfully implementing its strategy, which could have a material adverse effect on the Group's financial condition, results of operations and prospects, including control and operational risks.

30. ***Any reduction in the credit rating assigned to the Issuer or any of its Securities could increase the cost or decrease the availability of the Group's funding and materially adversely affect the Group's liquidity position and/or net interest margin***

Credit ratings affect the cost and other terms upon which the Group is able to obtain market funding. Rating agencies regularly evaluate the Issuer, as well as its Securities. Their ratings are based on a number of factors, including their assessment of the relative financial strength of the Issuer, as well as conditions affecting the financial services industry generally. There can be no assurance that the rating agencies will maintain the Issuer's current rating or outlook, particularly given the risks relating to the ongoing Covid-19 outbreak (as discussed further under "*Risks relating to the impact of Covid-19*"). For example, on 20 October, 2020, Moody's Investors Service Limited downgraded the Issuer's long-term issuer credit ratings. This reflected the agency's downgrade of the Government of the United Kingdom's sovereign debt rating on 16 October, 2020. At the same time, Moody's Investors Service Limited changed the outlook on the Issuer's long-term ratings from negative to stable.

Any reductions in these ratings and outlook could increase the cost of the Group's funding, limit access to capital markets and require additional collateral to be placed and, consequently, materially adversely affect the Group's interest margins and its liquidity position.

31. ***Risks concerning borrower credit quality are inherent in the Group's businesses***

Risks arising from changes in credit quality and the recoverability of loans and amounts due from borrowers and counterparties are inherent in a wide range of the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties arising from a general deterioration in economic conditions or systemic risks in the financial systems, including from the impact of the ongoing Covid-19 outbreak (see "*Risks relating to the impact of Covid-19*") could reduce the recoverability and value of the Group's assets, and require an increase in the Group's ECLs.

The Group estimates and recognises ECLs in its credit exposure. This process, which is critical to the Group's results and financial condition, requires difficult, subjective and complex judgements, including forecasts of how the economic conditions might impair the ability of the Group's borrowers to repay their loans and the ability of other counterparties to meet their obligations. This assessment considers multiple alternative forward-looking economic conditions (including GDP estimates) and incorporates this into the ECL estimates to meet the measurement objective of IFRS 9. As is the case with any such assessments, the Group may fail to estimate accurately the effect of factors that it identifies or fail to identify relevant factors. Further, the information the Group uses to assess the creditworthiness of its counterparties may be inaccurate or incorrect. Any failure by the Group to accurately estimate the ability of its counterparties to meet their obligations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

32. ***The Group may be required to make substantial contributions to its pension plans***

The Group operates a pension plan, which has a defined benefit section and a defined contribution section. Defined benefit pension obligations fluctuate with changes in long-term interest rates, inflation, salary levels and the longevity of scheme members. They can also be affected by operational and legal risks. The level of contributions the Group makes to its pension plan has a direct effect on its cash flow. To the extent plan assets are insufficient to cover existing liabilities, higher levels of contributions may be required. As a result, deficits in the pension plan could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks related to the Group's financial statements and accounts

33. ***The Group's financial statements are based in part on judgements, estimates and assumptions that are subject to uncertainty***

The preparation of financial information requires management to make judgements and use estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, which may include estimates regarding the impact of Covid-19 (as discussed further under "*Risks relating to the impact of Covid-*

19"), particularly those involving the use of complex models, actual results reported in future periods could differ from those on which management's estimates are based. Estimates, judgements, assumptions and models are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances. The impacts of revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Accounting policies deemed critical to the Group's results and financial position are those that involve a high degree of uncertainty and have a material impact on the financial statements. In 2020 these include interest income (effective interest rate), goodwill, post-employment benefit plans, impairment of loans and advances and provisions, which constitute "Critical accounting estimates and judgements" with respect to the Group's financial statements.

The measurement of impairment of amortised cost financial assets and financial assets measured at fair value through other comprehensive income requires the selection and calibration of complex models and the use of estimates and assumptions to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Additionally, significant judgement is involved in determining what is considered to be significant increases in credit risk and what the point of initial recognition is for revolving facilities. The recognition and measurement of provisions involve significant judgements due to the high degree of uncertainty in determining whether a present obligation exists, and in estimating the probability and amount of any outflows that may arise. The calculation of the defined benefit pension obligation involves the determination of key assumptions, including discount rate, inflation rate, pension payments and deferred pension and pay and mortality. The effective interest rate applied to interest income recognised on credit card lending includes significant estimates and judgements related to their behavioural life which is estimated based on internal models and is reviewed regularly to reflect actual experience. The assessment of whether goodwill is impaired, and the measurement of any impairment, involves the application of judgement in determining key assumptions, including discount rates, estimated cash flows for the periods for which detailed cash flows are available and projecting the long term pattern of sustainable cash flows thereafter.

The effect of these changes on the future results of operations and the future financial position of the Group may be material, and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

34. ***Changes in accounting standards may have a material impact on how the Group reports its financial results and financial condition***

The Group prepares its consolidated financial statements in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and additionally, the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"), including interpretations ("**IFRICS**") issued by the IFRS Interpretations Committee. From time to time, the IASB or the IFRS Interpretations Committee may issue new accounting standards or interpretations that could materially impact how the Group calculates, reports and discloses its financial results and financial condition, and which may affect the Group's capital ratios, including the CET1 ratio. The Group could also be required to apply new or revised standards retrospectively, resulting in the Group restating prior period financial statements in material amounts.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Registration Document. To the best of the knowledge of the Issuer the information contained in this Registration Document is in accordance with the facts and this Registration Document does not omit anything likely to affect the import of such information.

This Registration Document is to be read and construed with all documents incorporated by reference into it.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document, including any documents incorporated by reference herein, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any trustee or any dealer appointed in relation to any issue of Securities by the Issuer.

This Registration Document, including any documents incorporated by reference herein should not be considered as a recommendation by the Issuer, any trustee or any dealer appointed in relation to any issue of Securities by the Issuer that any recipient of this Registration Document, including any document incorporated by reference herein, should purchase any Securities issued by the Issuer. Each investor contemplating subscribing for or purchasing Securities issued by the Issuer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. No part of this Registration Document, including any documents incorporated by reference herein, constitutes an offer or invitation by or on behalf of the Issuer, any trustee or any dealer appointed in relation to any issue of Securities by the Issuer or any of them to any person to subscribe for or to purchase any of the Securities issued by the Issuer.

None of the delivery of this Registration Document or any documents incorporated by reference herein or any prospectus prepared by the Issuer ("**Prospectus**"), other offering document referring to this Registration Document or any relevant Final Terms or Pricing Supplement or the offering, sale or delivery of any Securities shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that the information contained in this Registration Document including any documents incorporated by reference herein is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. Any dealer or trustee appointed in relation to any issue of Securities by the Issuer expressly does not undertake to review the financial condition or affairs of the Issuer or its subsidiary undertakings during the life of such Securities.

The distribution of this Registration Document, including any document incorporated by reference herein, and the offer or sale of Securities issued by the Issuer may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any Securities issued by the Issuer come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities issued by the Issuer and on the distribution of this Registration Document, including any document incorporated by reference herein, see the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant Prospectus or other offering document.

In this Registration Document and in relation to any Securities issued by the Issuer, references to the "**relevant dealers**" are to whichever of the dealers enters into an agreement for the issue of such Securities issued by the Issuer as described in the applicable description of arrangements relating to subscription and sale of the relevant Securities in the relevant Prospectus or other offering document and references to the "**relevant Final Terms**" are to the Final Terms or Pricing Supplement relating to such Securities.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Registration Document:

- the 2020 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2020 submitted to and filed with the FCA (the "**2020 Annual Report and Accounts**"); and

- the 2019 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2019 submitted to and filed with the FCA (the "**2019 Annual Report and Accounts**").

The Issuer will, at its registered office and at the specified offices of the principal paying agent specified on the final page of this Registration Document (the "**Principal Paying Agent**"), make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Registration Document including any document incorporated by reference herein. Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent. Additionally, this Registration Document and all the documents incorporated by reference herein will be available for viewing at www.hsbc.com (please follow links to 'Investors', 'Fixed income investors', 'Issuance programmes' for this Registration Document and 'Investors', 'Results and Announcements', 'All Reporting', 'Subsidiaries' for the remaining documents). For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, any websites referred to in this Registration Document or any information appearing on such websites and pages do not form part of this Registration Document.

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

THE ISSUER AND ITS SUBSIDIARIES

Introduction

History and Development of the Issuer

The Issuer forms part of the HSBC Group (being HSBC Holdings plc and its subsidiaries). The Issuer and its subsidiaries (together, the "**Group**") largely comprise Wealth and Personal Banking ("**WPB**"), Commercial Banking ("**CMB**") and a restricted Global Banking and Markets business ("**GB&M**"). The HSBC Group completed the ring-fencing of its UK retail banking activities on 1 July 2018, when it completed the transfer to the Issuer by HSBC Bank plc of the qualifying businesses and subsidiaries, together with supporting capital, following the Court approval of the ring-fenced transfer scheme to meet the regulatory ring-fencing requirements in accordance with the Financial Services (Banking Reform) Act 2013 and related legislation.

The Issuer is a public limited company registered in England and Wales under registration number 09928412. The liability of its members is limited. It has its registered and head office at 1 Centenary Square, Birmingham, B1 1HQ, United Kingdom; telephone number +44 3456 040 626. The Issuer was incorporated on 23 December 2015 under the Companies Act 2006 as a private limited company and then re-registered as a public limited company on 8 August 2017.

As at 31 December 2020, the Group had total consolidated assets of £304,864 million, and total consolidated equity of £22,858 million.

As at 31 December 2020, the Issuer had over 15 million customers being served by 19,000 full time equivalent employees across the UK, supported by a further 9,000 full time equivalent employees based in its UK service company HSBC Global Services (UK) Limited who provide services to the Issuer and the wider HSBC Group.

Legislation

The Issuer is subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, *inter alia*, the Financial Services and Markets Act 2000, for the purposes of which the Issuer is an authorised person carrying on the business of financial services provision. In addition, as a public limited company, the Issuer is subject to the Companies Act 2006 (as amended).

Principal activities and markets

The Group manages its products and services through three businesses: WPB, CMB and GB&M. In addition, certain central operations of the Group business lines are managed through the Corporate Centre.

In 2020, the Issuer combined its Retail Banking and Wealth Management and Private Banking businesses to form Wealth and Personal Banking. WPB serves over 14.15 million active customers under four brands: HSBC UK, first direct, Marks and Spencer Financial Services and John Lewis Financial Services. As well as catering for the mass retail market, WPB also provides services for emerging affluent to upper affluent individuals under the following propositions: Advance, Premier and Jade. WPB offers a comprehensive set of banking products and services to support retail customers' everyday banking needs including current and savings accounts, mortgages, unsecured lending, wealth solutions and general insurance.

CMB serves over 848,000 active customers across the UK, ranging from start-ups to multi-national corporates, through four customer groups: Small Business Banking; Business Banking; Mid-Market Enterprises; and Large Corporates. CMB supports customers with tailored financial products and services to allow them to operate efficiently and to grow, with a strong relationship focus. These include credit and lending, global liquidity and cash management, and global trade and receivables finance.

The Group is able to offer products to enable commercial hedging by its customers in permitted products under UK legislation, whilst also supporting the foreign currency payments and transaction banking offering for its customers. Through close collaboration with HSBC Holdings plc and its subsidiary undertakings, the Group offers other GB&M products required by its clients that are not available within the Group.

Corporate Centre comprises Markets Treasury, interests in a joint venture, and central stewardship costs that support the Issuer's businesses.

The principal activities and markets of the Group are described in more detail on page 4 of the 2020 Annual Report and Accounts.

As at 31 December 2020, the Issuer's principal subsidiary undertakings and their country of incorporation were:

Name of Subsidiary Undertaking	*Location*
HSBC Equipment Finance (UK) Limited	England
HSBC Invoice Finance (UK) Limited	England
HSBC Trust Company (UK) Limited	England
Marks and Spencer Financial Services plc	England

The subsidiaries, joint ventures and associates of the Issuer are described in more detail on pages 125 and 126 of the 2020 Annual Report and Accounts.

Organisational Structure

Until 10 May 2021, the whole of the issued ordinary share capital of the Issuer was legally and beneficially owned by HSBC UK Holdings Limited. HSBC UK Holdings Limited is a wholly and directly owned subsidiary of HSBC Holdings plc. HSBC UK Holdings Limited transferred the ordinary shares in the Issuer to HSBC Holdings plc in part-satisfaction of a dividend declared on 10 May 2021. An application for stamp duty relief for this transfer has been submitted to Her Majesty's Revenue and Customs ("**HMRC**"), by HSBC UK Holdings Limited. Until such time that stamp duty relief is granted by HMRC, HSBC UK Holdings Limited will remain entered on the Issuer's register of members as the legal holder of the ordinary shares with HSBC Holdings plc as the beneficial owner.

Ratings

The Issuer has been assigned the following long-term credit ratings:

- A+ by S&P. This means that S&P is of the opinion that the Issuer has a strong capacity to meet its financial commitments;
- A1 by Moody's. This means that Moody's is of the opinion that the Issuer is judged to be of high quality and is subject to very low credit risk; and
- AA- by Fitch. This means that Fitch is of the opinion that the Issuer poses expectations of very low default risk, indicates very strong capacity for payment of financial commitments and this capacity is not significantly vulnerable to foreseeable events.

The Issuer has also been assigned the following short-term credit ratings:

- A-1 by S&P. This means that S&P is of the opinion that the Issuer's capacity to meet its financial commitments on its short-term obligations is strong;
- P-1 by Moody's. This means that Moody's is of the opinion that the Issuer has a superior ability to repay short-term debt obligations; and
- F1+ by Fitch. This means that Fitch is of the opinion that the Issuer has the strongest intrinsic capacity for timely payment of financial commitments.

Each of S&P, Moody's and Fitch is established in the United Kingdom and is registered as a credit rating agency under the UK CRA Regulation.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Capital

The following table presents the Group's common equity tier 1 requirement as at 31 December 2020 on a CRD IV (comprising Directive (EU) 2013/36, as amended, and Regulation (EU) 575/2013, as amended) end point basis.

	As at 31 December 2020
Common equity tier 1 CRD IV end point requirement (%)	
Pillar 1	4.50%
Pillar 2A	2.54%
Capital conservation buffer	2.50%
O-SII buffer	1.00%
Common equity tier 1 regulatory minimum	**10.54%**

DIRECTORS OF THE ISSUER

The directors of the Issuer, each of whose business address is 1 Centenary Square, Birmingham, B1 1HQ, United Kingdom, their functions in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

Name	*Function(s) within the Group*	*Principal Outside Activities*
Dame Clara Furse	Chairman Independent non-executive Director Chairman of the Chairman's Nominations and Remuneration Committee	Non-executive director of Vodafone Group plc and Amadeus IT Group, S.A. Member of the Panel of Senior Advisors to Chatham House and of Bocconi University's International Advisory Council Chairman of the UK Voluntary Carbon Markets Forum
John David Stuart **(known as Ian Stuart)**	Executive Director and Chief Executive Officer Chairman of the Executive Committee	Group Managing Director of HSBC Holdings plc Member of the Economic Crime Strategic Board Business ambassador for Meningitis Now
James Coyle	Independent non-executive Director Chairman of the Audit Committee Member of the Risk Committee and Chairman's Nominations and Remuneration Committee	Chairman of Marks & Spencer Unit Trust Management Limited and HSBC Trust Company (UK) Limited. Non-executive director of Marks and Spencer Financial Services plc A non-executive director and chairman of the Audit and Risk Committee of Scottish Water; senior independent director and chairman of the Audit and Risk Committee of Honeycomb Investment Trust plc; and an independent non-executive member of Deloitte UK Oversight Board
Mridul Hegde CB	Independent non-executive Director Chairman of the Risk Committee Member of the Audit Committee and the Chairman's Nominations and Remuneration Committee	—

Alan Keir	Non-executive Director Member of the Audit Committee and Risk Committee	Non-executive director of Sumitomo Mitsui Bank Europe and Majid Al Futtaim Holdings Honorary President of Horizons, the Association for former HSBC employees
Rosemary Leith	Independent non-executive Director Member of the Risk Committee	Non-executive director of YouGov plc and chairs the Remuneration Committee and is a member of the Audit Committee Non-executive director of the World Wide Web Foundation and Trustee of the National Gallery where she chairs the Digital Advisory Board Non-executive director of Intermediate Capital Group plc. Member of the Advisory Councils of Glasswing Ventures, Motive Partners and the Queens University School of Business She is a Fellow at Harvard University's Berkman Klein Centre
David Lister	Independent non-executive Director Member of the Risk Committee	Chairman and non-executive director of HSBC Private Bank (UK) Limited, Marks and Spencer Financial Services plc and FDM Group (Holdings) plc Non-executive director of The Caledonian Club Trust Limited and a member of the board of governors at Nuffield Health
Philippe Leslie Van de Walle	Independent non-executive Director Member of the Audit Committee and Chairman's Nominations and Remuneration Committee	Non-executive chairman of Euromoney Institutional Investor plc
David Watts	Executive Director and Chief Financial Officer Member of the Executive Committee	—

Management Committees

Executive Committee

The Issuer's Executive Committee, whose business address is 1 Centenary Square, Birmingham, B1 1HQ, United Kingdom, meets regularly and operates as a management committee under the direct authority of the board of directors of the Issuer. The members of the Executive Committee and their functions in relation to the Issuer's Executive Committee and their principal outside activities (if any) of significance to the Issuer are as follows:

Name	*Function(s) within the Group*	*Principal Outside Activities*
John David Stuart **(known as Ian Stuart)**	Chief Executive Officer and Chairman of the Committee	Group Managing Director, HSBC Holdings plc Member of the Economic Crime Strategic Board Business ambassador for Meningitis Now
Ian Banks	Head of Global Markets and Balance Sheet Management	Member of the UK Finance Capital Markets and Wholesale Product and Services Board
Nicola Black	Company Secretary	—
Charles Boulton	Chief Executive Officer, UK Private Banking	Director, HSBC Private Bank (UK) Limited
Emma Bunnell	Chief Operating Officer	—
Cheryl Bosi	Head of HR	—
Julia Dunn	Chief Risk Officer	—
Kate Epworth	Head of Communications	—
Stuart Haire	Head of Wealth and Personal Banking	Group General Manager, HSBC Holdings plc Chair of UK Finance Personal Finance Product and Service Board
Esmond Kensington	Chief of Staff and Head of Strategy	Board member of the Financial Services Skills Commission
Amanda Murphy	Head of Commercial Banking	Group General Manager, HSBC Holdings plc
Ralph Nash	Chief Compliance Officer	Group General Manager, HSBC Holdings plc and Chief

		Compliance Officer Wealth & Personal Banking
Hugh Pugsley	General Counsel	Director, HSBC Bank Pension Trust (UK) Limited
David Watts	Chief Financial Officer	—

Conflicts of interest

There are no existing or potential conflicts of interest between any duties owed to the Issuer by its directors or its Executive Committee (each as described above) and the private interests and/or external duties owed by these individuals.

GENERAL INFORMATION

1. There has been no significant change in the financial position or financial performance of the Group nor any material adverse change in the prospects of the Issuer since 31 December 2020.

2. Save as disclosed in the section entitled "*Customer Remediation*" on page 113 and in Note 26 (*Legal proceedings and regulatory matters*) on pages 122 to 123 of the 2020 Annual Report and Accounts, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened against the Issuer or any of its subsidiary undertakings of which the Issuer is aware) which may have, or have had during the 12 months prior to the date of this Registration Document, significant effects on the financial position or profitability of the Issuer and/or the Group.

3. The Issuer prepares its consolidated financial statements in accordance with IFRS.

4. PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, of One Chamberlain Square, Birmingham, B3 3AX, United Kingdom has audited without qualification the financial statements contained in the Annual Report and Accounts of the Issuer for the financial years ended 31 December 2019 and 2020.

5. For so long as the Issuer may issue Securities with respect to which this Registration Document forms part of a prospectus prepared by the Issuer relating to such Securities, (a "**Prospectus**"), the following documents may be inspected during normal business hours at the registered office of the Issuer or at the website set out by each relevant document listed below for the 12 months from the date of this Registration Document:

   (a) the up to date memorandum and articles of the Issuer (website: www.hsbc.com (please follow links to 'Investors', 'Fixed income investors', 'Issuance programmes')); and

   (b) the 2019 Annual Report and Accounts and the 2020 Annual Report and Accounts (website: www.hsbc.com (please follow links to 'Investors', 'Results and Announcements', 'All Reporting', 'Subsidiaries')).

6. The Issuer will, at its registered office, and at the specified offices of the Principal Paying Agent, make available for inspection during normal office hours of the Principal Paying Agent, free of charge, upon oral or written request, a copy of this Registration Document and any Prospectus (as defined above). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent.

7. This Registration Document and all the documents incorporated by reference herein will be available for viewing at www.hsbc.com (please follow links to 'Investors', 'Fixed income investors', 'Issuance programmes'). For the avoidance of doubt, unless specifically incorporated by reference into this Registration Document, information contained on the website does not form part of this Registration Document.

8. The Legal Entity Identifier (LEI) code of the Issuer is 21380081EP12LC86CB82.

HEAD AND REGISTERED OFFICE OF THE ISSUER

HSBC UK Bank plc
1 Centenary Square
Birmingham B1 1HQ
United Kingdom

AUDITORS TO THE ISSUER

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham B3 3AX
United Kingdom